

Cape Agulhas Municipality



*Annual Report
2013/14*



CONTENTS

| | |
|--|----|
| List of Tables | 12 |
| List of Figures | 21 |
| List of Graphs | 21 |
| CHAPTER 1:..... | 23 |
| MAYOR’S FOREWORD AND EXECUTIVE SUMMARY | 23 |
| Component A: Mayor’s Foreword | 23 |
| Component B: Executive Summary..... | 25 |
| 1.1 Municipal Manager’s Overview..... | 25 |
| 1.2 Municipal Overview..... | 27 |
| 1.2.1 Vision and Mission..... | 27 |
| 1.3 Municipal Functions, Population and Environmental Overview | 27 |
| 1.3.1 Population..... | 28 |
| 1.3.2 Socio Economic Information | 30 |
| 1.3.3 Demographic Information..... | 32 |
| 1.4 Service Delivery Overview..... | 34 |
| 1.4.1 Basic services delivery performance highlights..... | 34 |
| 1.4.2 Basic services delivery challenges | 35 |
| 1.4.3 Proportion of Households with access to Basic Services | 36 |
| 1.5 Financial Health Overview | 36 |
| 1.5.1 Financial Viability Highlights..... | 36 |
| 1.5.2 Financial Viability Challenges | 36 |
| 1.5.3 National Key Performance Indicators – Municipal Financial Viability and Management (Ratios)..... | 37 |
| 1.5.4 Financial Overview | 37 |
| 1.5.5 Operating Ratios..... | 37 |
| 1.5.6 Total Capital Expenditure..... | 38 |
| 1.6 Organisational Development Overview | 38 |
| 1.6.1 Municipal Transformation and Organisational Development Highlights..... | 39 |

CONTENTS

| | | |
|---|---|-----------|
| 1.6.2 | Municipal Transformation and Organisational Development Challenges | 39 |
| 1.7 | Auditor General Report | 39 |
| 1.7.1 | Audited Outcomes..... | 39 |
| CHAPTER 2:..... | | 40 |
| GOVERNANCE..... | | 40 |
| Component A: Political and Administrative Governance | | 40 |
| 2.1 | National Key Performance Indicators - Good Governance and Public Participation | 40 |
| 2.2 | Performance Highlights - Good Governance and Public Participation | 40 |
| 2.3 | Challenges - Good Governance and Public Participation | 40 |
| 2.4 | Governance Structure..... | 41 |
| 2.4.1 | Political Governance Structure..... | 41 |
| 2.4.2 | Administrative Governance Structure | 42 |
| Component B: Intergovernmental relations | | 43 |
| 2.5 | Intergovernmental Relations | 43 |
| 2.5.1 | National Intergovernmental Structures..... | 43 |
| 2.5.2 | Provincial Intergovernmental Structures..... | 43 |
| 2.5.3 | District Intergovernmental Structures | 44 |
| Component C: Public Accountability and Participation..... | | 44 |
| 2.6 | Public Meetings..... | 44 |
| 2.7 | Ward Committees | 46 |
| 2.7.1 | Ward 1: Napier, Elim, Spanjaardskloof and surrounding farms | 46 |
| 2.7.2 | Ward 2: Part of Bredasdorp, Klipdale, Houtkloof and surrounding farms | 47 |
| 2.7.3 | Ward 3: Part of Bredasdorp (Selfbou area, Kleinbegin, Zwelitsha, Kalkoonde, Volstruiskamp area) | 47 |
| 2.7.4 | Ward 4: Part of Bredasdorp (CBD), Protem, Van der Stelskraal and surrounding farms | 47 |
| 2.7.5 | Ward 5: Aniston, Struisbaai, L'Agulhas, Suiderstrand, Haasvlakte and surrounding farms | 48 |
| 2.8 | Functionality of a Ward Committee | 48 |
| 2.9 | Representative Forums..... | 49 |
| 2.9.1 | Labour Forum..... | 49 |

CONTENTS

| | | |
|---|--|-----------|
| 2.9.2 | IDP Forum (Cape Agulhas Municipal Advisory Forum) | 49 |
| 2.9.3 | Risk committee..... | 50 |
| Component D: Corporate Governance..... | | 51 |
| 2.10 | Risk Management..... | 51 |
| 2.11 | Anti-Corruption and Anti-Fraud | 52 |
| 2.11.1 | Developed Strategies..... | 52 |
| 2.11.2 | Implementation of Strategies | 52 |
| 2.12 | Audit Committee | 53 |
| 2.12.1 | Functions of the Audit Committee | 53 |
| 2.12.2 | Members of the Audit Committee | 54 |
| 2.12.3 | Municipal Audit Committee Recommendations | 54 |
| 2.14 | Performance audit committee | 55 |
| 2.14.1 | Functions of the Performance Audit Committee | 56 |
| 2.14.2 | Members of the Performance Audit Committee..... | 56 |
| 2.15 | Internal Auditing..... | 57 |
| 2.16 | By-Laws and Policies..... | 57 |
| 2.17 | Communication | 58 |
| 2.18 | Website..... | 61 |
| 2.19 | Supply Chain Management | 62 |
| 2.19.1 | Competitive Bids in Excess of R200 000..... | 62 |
| 2.19.2 | Deviation from Normal Procurement Processes | 64 |
| 2.19.3 | Logistics Management | 64 |
| 2.19.5 | Disposal Management | 65 |
| CHAPTER 3:..... | | 67 |
| SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1) | | 67 |
| 3.1 | INTRODUCTION..... | 67 |
| 3.2 | OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION | 67 |
| 3.2.1 | Legislative requirements..... | 68 |

CONTENTS

| | | |
|------------|---|-----------|
| 3.2.2 | Organisation performance | 68 |
| 3.3 | THE PERFORMANCE SYSTEM FOLLOWED FOR THE FINANCIAL YEAR 2012/13 | 68 |
| 3.3.1 | Adoption of a Performance Management Framework..... | 68 |
| 3.3.2 | The IDP and the budget | 68 |
| 3.3.3 | The Service Delivery Budget Implementation Plan | 68 |
| a) | The municipal scorecard (Top Layer SDBIP)..... | 69 |
| b) | Adjustment of the Top Layer SDBIP of 2013/14..... | 70 |
| 3.3.4 | System to monitor performance | 71 |
| 3.4 | PERFORMANCE MANAGEMENT | 71 |
| 3.4.1 | Organisational Performance | 71 |
| 3.4.2 | Individual Performance Management | 72 |
| a) | Municipal Manager and Managers directly accountable to the Municipal Manager..... | 72 |
| b) | Other municipal personnel | 72 |
| 3.4.3 | Service Provider Strategic Performance | 73 |
| 3.5 | STRATEGIC SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN (TOP LAYER)..... | 73 |
| 3.5.1 | Overall actual performance for 2013/14 | 73 |
| 3.5.2 | Detail actual performance for 2013/14 key performance indicators per strategic objective | 76 |
| a) | Development and regular maintenance of bulk infrastructure such as roads, storm water networks, potable water networks, waste water treatment plants, land and integrated human settlements..... | 76 |
| b) | Establishing a functional municipality that can deliver on the IDP priorities, implement policies that will facilitate transformation, effective staff structure, general management practices and training | 79 |
| c) | Promote service excellence and a corruption free environment | 81 |
| d) | Provision of quality basic services such as water, electricity, refuse removal and sanitation | 82 |
| e) | To facilitate economic development by creating a conducive environment for business development and unlock opportunities to increase participation amongst all sectors of society in the mainstream economy to ultimately create decent job opportunities | 84 |
| f) | To facilitate the holistic development of people, expand the safety net for vulnerable groups and implement sustainable programmes to improve their livelihoods | 85 |

CONTENTS

| | | |
|-------------|---|------------|
| g) | To implement sound financial management systems & procedures that will ensure the financial viability of Cape Agulhas Municipality | 89 |
| h) | To provide an administration that ensures public participation in a transparent and accountable way as well as to promote intergovernmental relations | 92 |
| 3.6 | MUNICIPAL FUNCTIONS | 93 |
| 3.6.1 | Analysis of Functions | 93 |
| 3.7 | OVERVIEW OF PERFORMANCE PER WARD | 94 |
| 3.7.1 | Ward 1: Napier, Elim, Haasvlakte and surrounding farms | 94 |
| 3.7.2 | Ward 2: Part of Bredasdorp, Klipdale, Proteem and surrounding farms | 95 |
| 3.7.3 | Ward 3: Part of Bredasdorp (Selfbou area, Kleinbegin, Zwelitsha, Kalkoonde area, Volstruiskamp) | 96 |
| 3.7.4 | Ward 4: Part of Bredasdorp | 96 |
| 3.7.5 | Ward 5: Aniston, Struisbaai, L'Agulhas, Suiderstrand and surrounding farms | 97 |
| 3.8 | COMPONENT A: BASIC SERVICES | 97 |
| 3.8.1 | Water Provision | 97 |
| 3.8.2 | Waste water (sanitation) provision | 100 |
| 3.8.3 | Electricity | 103 |
| 3.8.4 | Waste management (Refuse collections, waste disposal, street cleaning and recycling) | 106 |
| 3.8.5 | Housing | 109 |
| 3.8.6 | Free Basic Services And Indigent Support | 111 |
| 3.9 | COMPONENT B: ROAD TRANSPORT | 113 |
| 3.9.1 | Introduction to Road Transport | 113 |
| 3.10.2 | Roads | 113 |
| 3.9.3 | Waste water (Stormwater drainage) | 117 |
| 3.10 | COMPONENT C: PLANNING AND LOCAL ECONOMIC DEVELOPMENT | 118 |
| 3.10.1 | Introduction to Planning And Development | 118 |
| a) | Functions of the Town Planning Department | 118 |
| b) | Functions of the Building Control Section | 119 |
| c) | Opportunities in the department | 119 |

CONTENTS

| | | |
|-------------|--|------------|
| d) | Summary of challenges..... | 119 |
| 3.10.2 | Planning..... | 119 |
| a) | Achievements..... | 120 |
| b) | Service delivery priorities..... | 120 |
| c) | Measures to improve performance..... | 120 |
| d) | Major efficiencies achieved | 120 |
| 3.10.3 | Local Economic Development (Including Tourism and Market places) | 123 |
| a) | Introduction to Economic Development..... | 123 |
| b) | LED Strategy..... | 124 |
| c) | Service delivery indicators: LED..... | 127 |
| 3.11 | COMPONENT D: COMMUNITY AND SOCIAL SERVICES | 129 |
| 3.11.1 | Libraries | 129 |
| a) | Highlights: Libraries | 130 |
| b) | Service statistics for Libraries..... | 130 |
| 3.11.2 | Cemeteries..... | 131 |
| a) | Highlights: Cemeteries..... | 131 |
| b) | Challenges: Cemeteries | 131 |
| c) | Service statistics for Cemeteries | 131 |
| 3.11.3 | Human Development..... | 132 |
| a) | Highlights: Human Development | 132 |
| a) | Challenges: Human Development | 132 |
| b) | Service Statistics for Human Development | 132 |
| 3.12 | COMPONENT E: ENVIRONMENTAL PROTECTION | 135 |
| 3.12.2 | Air Quality Control..... | 136 |
| 3.12.3 | Bio-Diversity and Landscape | 136 |
| 3.12.4 | Coastal Protection | 137 |
| 3.13 | COMPONENT F: SECURITY AND SAFETY | 138 |
| 3.13.1 | Introduction to Security & Safety | 138 |

CONTENTS

| | | |
|-------------|--|------------|
| 3.13.2 | Traffic Services and Law Enforcement | 139 |
| a) | Highlights: Traffic Services and Law Enforcement | 139 |
| b) | Challenges: Traffic Services and Law Enforcement | 139 |
| 3.13.3 | Fire..... | 141 |
| 3.13.4 | Disaster Management | 141 |
| 3.14 | COMPONENT G: SPORT AND RECREATION | 142 |
| a) | Highlights: Sport and Recreation | 142 |
| b) | Challenges: Sport and Recreation | 143 |
| c) | Additional performance information for Sport and Recreation | 143 |
| d) | Service delivery indicators: Sport and Recreation | 144 |
| 3.15 | COMPONENT H: CORPORATE POLICY OFFICES AND OTHER SERVICES | 146 |
| 3.15.1 | Executive and Council..... | 146 |
| a) | Highlights: Executive and Council | 146 |
| c) | Challenges: Executive and Council | 146 |
| 3.15.2 | Financial Services..... | 147 |
| a) | Highlights: Financial Services | 147 |
| b) | Challenges: Financial Services | 148 |
| 3.15.3 | Human Resource Services..... | 150 |
| a) | Highlights: Human Resources..... | 151 |
| b) | Challenges: Human Resources | 151 |
| 3.15.4 | Information and Communication Technology (ICT) Services | 152 |
| a) | Highlights: ICT Services | 153 |
| b) | Challenges: ICT Services..... | 153 |
| c) | Employees: ICT Services..... | 154 |
| d) | Capital Expenditure 2013/14: ICT Services | 154 |
| 3.16 | COMPONENT I: DEVELOPMENT AND SERVICE DELIVERY PRIORITIES FOR 2014/15 | 154 |
| 3.16.1 | Development and regular maintenance of bulk infrastructure such as roads, storm water networks, potable water networks, waste water treatment plants, land and integrated human settlements..... | 154 |

CONTENTS

| | | |
|--|---|------------|
| 3.16.2 | Establishing a functional municipality that can deliver on the IDP priorities, implement policies that will facilitate transformation, effective staff structure, general management practices and training | 155 |
| 3.16.3 | Promote service excellence and a corruption free environment | 156 |
| 3.16.4 | Provision of quality basic services such as water, electricity, refuse removal and sanitation | 156 |
| 3.16.5 | To facilitate economic development by creating a conducive environment for business development and unlock opportunities to increase participation amongst all sectors of society in the mainstream economy to ultimately create decent job opportunities | 157 |
| 3.16.6 | To facilitate the holistic development of people, expand the safety net for vulnerable groups and implement sustainable programmes to improve their livelihoods | 157 |
| 3.16.7 | To implement sound financial management systems & procedures that will ensure the financial viability of Cape Agulhas Municipality | 158 |
| CHAPTER 4:..... | | 160 |
| ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART 11) | | 160 |
| 4.1 | National Key Performance Indicators – Municipal Transformation And Organisational Development..... | 160 |
| 4.1.1 | Municipal Transformation and Organisational Development Highlights..... | 160 |
| 4.1.2 | Municipal Transformation and Organisational Development Challenges | 160 |
| 4.2 | Introduction To The Municipal Workforce | 161 |
| 4.2.1 | Employment Equity | 161 |
| a) | Employment Equity Targets/Actual..... | 161 |
| b) | Employment Equity vs. Population..... | 161 |
| c) | Occupational Levels - Race..... | 162 |
| d) | Departments - Race | 162 |
| 4.2.2 | Vacancy Rate | 162 |
| 4.2.3 | Staff Turnover Rate..... | 164 |
| 4.3 | Managing The Municipal Workforce | 164 |
| 4.3.1 | Injuries | 164 |
| 4.3.2 | Sick Leave..... | 165 |
| 4.3.3 | HR Policies and Plans | 165 |
| 4.3.4 | Employee Performance Rewards | 166 |

CONTENTS

| | | |
|---|---|------------|
| 4.4 | Capacitating The Municipal Workforce | 167 |
| 4.4.1 | Skills Matrix..... | 167 |
| 4.4.2 | Skills Development - Training..... | 168 |
| 4.4.3 | Skills Development – Budget Allocation | 168 |
| 4.5 | Managing The Municipal Workforce Expenditure | 169 |
| 4.5.1 | Personnel Expenditure..... | 169 |
| 4.6 | MFMA Competencies..... | 170 |
| CHAPTER 5: | | 172 |
| FINANCIAL PERFORMANCE..... | | 172 |
| Component A: Statements of Financial Performance | | 172 |
| 5.1 | Financial Summary | 172 |
| 5.1.1 | Revenue collection by Vote..... | 176 |
| 5.1.2 | Revenue collection by Source | 176 |
| 5.1.3 | Operational Services Performance | 177 |
| 5.2 | Financial Performance Per Municipal Function..... | 179 |
| 5.2.1 | Water Services | 179 |
| 5.2.2 | Waste Water (Sanitation) | 179 |
| 5.2.3 | Electricity | 180 |
| 5.2.4 | Waste Management..... | 180 |
| 5.2.5 | Roads | 181 |
| 5.2.6 | Libraries | 181 |
| 5.2.7 | Environmental Protection..... | 182 |
| 5.2.8 | Social Services and Community Development | 182 |
| 5.2.9 | Traffic and Law Enforcement | 183 |
| 5.2.10 | Holiday Resorts and Campsites | 183 |
| 5.2.11 | Office of the Municipal Manager | 183 |
| 5.2.12 | Administration..... | 184 |
| 5.2.13 | Human Resources..... | 184 |

CONTENTS

| | | |
|---|---|------------|
| 5.2.14 | Financial Services..... | 185 |
| 5.3 | Grants..... | 185 |
| 5.3.1 | Grant Performance..... | 185 |
| 5.3.2 | Conditional Grants: Excluding MIG..... | 186 |
| 5.3.3 | Level of Reliance on Grants & Subsidies..... | 187 |
| 5.4 | Repairs and Maintenance..... | 188 |
| 5.5 | Financial Ratios Based on Key Performance Indicators..... | 189 |
| 5.5.1 | Liquidity Ratio..... | 189 |
| 5.5.2 | IDP Regulation Financial Viability Indicators..... | 189 |
| 5.5.3 | Borrowing Management..... | 191 |
| 5.5.4 | Employee costs..... | 192 |
| COMPONENT B: SPENDING AGAINST CAPITAL BUDGET | | 192 |
| 5.6 | Capital Expenditure by New Asset Program..... | 192 |
| 5.7 | Sources of Finance..... | 194 |
| 5.8 | Basic Service and Infrastructure Backlogs – Overview..... | 196 |
| 5.8.1 | Municipal Infrastructure Grant (MIG)..... | 196 |
| COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS..... | | 196 |
| 5.9 | Cash Flow..... | 196 |
| 5.10 | Gross Outstanding Debtors per Service..... | 197 |
| 5.11 | Total Debtors Age Analysis..... | 198 |
| 5.12 | Borrowing and Investments..... | 199 |
| 5.12.1 | Actual Borrowings..... | 199 |
| 5.12.2 | Investments..... | 199 |
| COMPONENT D: OTHER FINANCIAL MATTERS | | 200 |
| 5.13 | Supply Chain Management..... | 200 |
| 5.14 | GRAP Compliance..... | 200 |
| 5.14 | Southernmost Development Agency (Pty) Ltd..... | 201 |
| CHAPTER 6:..... | | 202 |

CONTENTS

| | |
|--|------------|
| AUDITOR-GENERAL AUDIT FINDINGS | 202 |
| COMPONENT A: AUDITOR-GENERAL OPINION 2012/13 | 202 |
| 6.1 Auditor General Report 2012/13..... | 202 |
| COMPONENT B: AUDITOR-GENERAL OPINION 2013/14 | 202 |
| 6.2 Auditor General Report 2013/14..... | 202 |
| 6.2.1 Financial Performance 2013/14 | 202 |
| 6.2.2 Service Delivery Performance 2013/14 | 202 |
| LIST OF ABBREVIATIONS..... | 203 |
| ANNEXURE A: FINANCIAL STATEMENTS | |
| ANNEXURE B: REPORT OF THE AUDITOR-GENERAL | |
| ANNEXURE C: REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE | |

LIST OF TABLES

| | |
|---|----|
| Table 1.: Demographic information of the municipal area – Total population..... | 28 |
| Table 2.: Total number of households..... | 28 |
| Table 3.: Key Economic activities | 30 |
| Table 4.: Socio Economic information | 30 |
| Table 5.: Demographic information of the municipal area – Gender..... | 30 |
| Table 6.: Demographic information of the municipal area by age..... | 32 |
| Table 7.: Demographic information of the municipal area – Race categories..... | 32 |
| Table 8.: Municipal Wards..... | 33 |
| Table 9.: Basic Services Delivery Highlights | 35 |
| Table 10.: Basic Services Delivery Challenges | 36 |
| Table 11.: Households with minimum level of Basic Services..... | 36 |
| Table 12.: Financial Viability Highlights | 36 |
| Table 13.: Financial Viability Challenges..... | 37 |
| Table 14.: National KPI's for financial viability and management..... | 37 |

CONTENTS

| | |
|---|----|
| Table 15.: Financial Overview | 37 |
| Table 16.: Operating ratios | 37 |
| Table 17.: Total Capital Expenditure | 38 |
| Table 18.: Municipal Transformation and Organisational Development Highlights | 39 |
| Table 19.: Municipal Transformation and Organisational Development Challenges | 39 |
| Table 20.: Audit Outcomes | 39 |
| Table 21.: National KPIs - Good Governance and Public Participation Performance | 40 |
| Table 22.: Good Governance and Public Participation Performance Highlights | 40 |
| Table 23.: Good Governance and Public Participation Challenges..... | 40 |
| Table 24.: Council Meetings..... | 41 |
| Table 25.: Executive Mayoral Committee..... | 42 |
| Table 26.: Portfolio Committees..... | 42 |
| Table 27.: Administrative Governance Structure..... | 43 |
| Table 28.: Public Meetings..... | 46 |
| Table 29.: Ward 1 Committee Meetings | 46 |
| Table 30.: Ward 2 Committee Meetings | 47 |
| Table 31.: Ward 3 Committee Meetings | 47 |
| Table 32.: Ward 4 Committee Meetings | 48 |
| Table 33.: Ward 5 Committee Meetings | 48 |
| Table 34.: Functioning of Ward Committees | 49 |
| Table 35.: Labour Forum | 49 |
| Table 36.: IDP Forum..... | 50 |
| Table 37.: Risk Committee..... | 51 |
| Table 38.: Strategies..... | 52 |
| Table 39.: Implementation of the Strategies..... | 53 |
| Table 40.: Members of the Audit Committee | 54 |
| Table 41.: Municipal Audit Committee Recommendations..... | 55 |

CONTENTS

| | |
|--|----|
| Table 42.: Members of the Performance Audit Committee | 56 |
| Table 43.: Table 36: Internal Audit Functions | 57 |
| Table 44.: Policies..... | 58 |
| Table 45.: By-laws | 58 |
| Table 46.: Communication platforms..... | 61 |
| Table 47.: Communication Activities..... | 61 |
| Table 48.: Website Checklist..... | 62 |
| Table 49.: Bid Committee Meetings..... | 62 |
| Table 50.: Attendance of members of bid specification committee | 62 |
| Table 51.: Attendance of members of bid evaluation committee | 62 |
| Table 52.: Attendance of members of bid adjudication committee | 63 |
| Table 53.: Ten highest bids awarded by bid adjudication committee..... | 64 |
| Table 54.: Awards made by Accounting Officer | 64 |
| Table 55.: Summary of deviations..... | 64 |
| Table 56.: Development and regular maintenance of bulk infrastructure such as roads, storm water networks, potable water networks, waste water treatment plants, land and integrated human settlements | 79 |
| Table 57.: Establishing a functional municipality that can deliver on the IDP priorities, implement policies that will facilitate transformation, effective staff structure, general management practices and training | 81 |
| Table 58.: Promote service excellence and a corruption free environment..... | 82 |
| Table 59.: Provision of quality basic services such as water, electricity, refuse removal and sanitation | 84 |
| Table 60.: To facilitate economic development by creating a conducive environment for business development and unlock opportunities to increase participation amongst all sectors of society in the mainstream economy to ultimately create decent job opportunities | 85 |
| Table 61.: To facilitate the holistic development of people, expand the safety net for vulnerable groups and implement sustainable programmes to improve their livelihoods | 89 |
| Table 62.: To implement sound financial management systems & procedures that will ensure the financial viability of Cape Agulhas Municipality..... | 91 |
| Table 63.: To provide an administration that ensures public participation in a transparent and accountable way as well as to promote intergovernmental relations..... | 93 |

CONTENTS

| | |
|---|-----|
| Table 64.: Functional Areas | 94 |
| Table 65.: Capital projects of Ward 1: Napier, Elim, Haasvlakte and surrounding farms | 95 |
| Table 66.: Basic Service provision per area..... | 95 |
| Table 67.: Top four service delivery priorities for Ward 1: Napier, Elim, Haasvlakte and surrounding farms | 95 |
| Table 68.: Capital projects of Ward 2: Part of Bredasdorp, Klipdale, Proteem and surrounding farms | 95 |
| Table 69.: Top four service delivery priorities for Ward 2: Part of Bredasdorp, Klipdale, Proteem and surrounding farms | 96 |
| Table 70.: Capital projects of Ward 3: Part of Bredasdorp (Selfbou area, Kleinbegin, Zwelitsha, Kalkoonde area, Volstruiskamp) | 96 |
| Table 71.: Top four service delivery priorities for Ward 3: Part of Bredasdorp (Selfbou area, Kleinbegin, Zwelitsha, Kalkoonde area, Volstruiskamp) | 96 |
| Table 72.: Capital projects of Ward 4: Part of Bredasdorp | 96 |
| Table 73.: Top four service delivery priorities for Ward 4: Part of Bredasdorp | 97 |
| Table 74.: Capital projects of Ward 5: Aniston, Struisbaai, L'Agulhas, Suiderstrand and surrounding farms..... | 97 |
| Table 75.: Top four service delivery priorities for Ward 5: Aniston, Struisbaai, L'Agulhas, Suiderstrand and surrounding farms..... | 97 |
| Table 76.: Total use of water by sector (cubic meters) | 98 |
| Table 77.: Water service delivery levels: Households | 98 |
| Table 78.: Access to water | 99 |
| Table 79.: Service delivery indicators: Water services | 100 |
| Table 80.: Employees: Water Services..... | 100 |
| Table 81.: Sanitation service delivery levels | 101 |
| Table 82.: Service delivery indicators: Waste water/Sanitation services | 102 |
| Table 83.: Capital Expenditure 2013/14: Sanitation Services | 103 |
| Table 84.: Electricity service delivery levels..... | 103 |
| Table 85.: Service delivery indicators: Electricity..... | 105 |
| Table 86.: Employees: Electricity services | 105 |
| Table 87.: Capital Expenditure 2013/14: Electricity Services..... | 106 |
| Table 88.: Solid Waste Service Delivery Levels | 107 |
| Table 89.: Service delivery indicators: Solid waste management | 108 |
| Table 90.: Employees: Solid Waste Services | 108 |

CONTENTS

| | |
|---|-----|
| Table 91.: Capital Expenditure 2013/14: Solid Waste Services..... | 109 |
| Table 92.: Percentage of households with access to basic housing | 109 |
| Table 93.: Housing waiting list | 110 |
| Table 94.: Houses built in 2013/14..... | 110 |
| Table 95.: Service delivery indicators: Housing..... | 110 |
| Table 96.: Employees: Housing services | 111 |
| Table 97.: Free basic services to low income households | 112 |
| Table 98.: Financial Performance 2013/14: Cost to the municipality of Free Basic Services delivered | 112 |
| Table 99.: Gravel road infrastructure | 113 |
| Table 100.: Tarred road infrastructure..... | 114 |
| Table 101.: Cost of construction/Maintenance | 114 |
| Table 102.: Service delivery indicators: Road transport..... | 116 |
| Table 103.: Employees: Roads and Stormwater | 116 |
| Table 104.: Capital Expenditure 2013/14: Roads (includes stormwater) | 116 |
| Table 105.: Storm water infrastructure..... | 117 |
| Table 106.: Stormwater infrastructure cost | 117 |
| Table 107.: Service delivery indicators: Storm water drainage..... | 118 |
| Table 108.: Service delivery priorities: Planning | 120 |
| Table 109.: Applications for Land Use Development | 121 |
| Table 110.: Service delivery indicators: Planning and development..... | 122 |
| Table 111.: Employees: Planning | 122 |
| Table 112.: LED Highlights | 123 |
| Table 113.: Challenges LED..... | 124 |
| Table 114.: LED Strategic areas..... | 125 |
| Table 115.: LED progress | 125 |
| Table 116.: LED Objectives and Strategies..... | 126 |
| Table 117.: Economic Activity by Sector..... | 126 |

CONTENTS

| | |
|--|-----|
| Table 118.: Jobs Created during 2013/14 by LED Initiatives (Excluding EPWP projects)..... | 127 |
| Table 119.: Job creation through EPWP* projects..... | 127 |
| Table 120.: Service delivery indicators: Local Economic Development..... | 129 |
| Table 121.: Employees: Local Economic Development | 129 |
| Table 122.: Libraries Highlights..... | 130 |
| Table 123.: Service statistics for Libraries | 130 |
| Table 124.: Employees: Libraries | 131 |
| Table 125.: Cemeteries Highlights | 131 |
| Table 126.: Cemeteries Challenges | 131 |
| Table 127.: Service stats for Cemeteries | 131 |
| Table 128.: Employees: Cemeteries..... | 131 |
| Table 129.: Human Development Highlights..... | 132 |
| Table 130.: Human Development Challenges..... | 132 |
| Table 131.: Service statistics for Human Development programmes | 133 |
| Table 132.: Service delivery indicators: Human Development | 135 |
| Table 133.: Employees: Human Development..... | 135 |
| Table 134.: Traffic Services and Law Enforcement Highlights | 139 |
| Table 135.: Traffic Services and Law Enforcement Challenges | 139 |
| Table 136.: Traffic Services and Law Enforcement Data | 140 |
| Table 137.: Additional performance information for Traffic Services and Law Enforcement..... | 140 |
| Table 138.: Service delivery indicators: Traffic and Law Enforcement..... | 140 |
| Table 139.: Employees: Traffic Services and Law Enforcement | 141 |
| Table 140.: Service delivery indicators: Disaster Management..... | 142 |
| Table 141.: Employees: Disaster Management..... | 142 |
| Table 142.: Employees: Disaster Management..... | 142 |
| Table 143.: Sport and Recreation Highlights | 143 |
| Table 144.: Sport and Recreation Challenges | 143 |

CONTENTS

| | |
|--|-----|
| Table 145.: Additional performance information for Sport and Recreation..... | 143 |
| Table 146.: Service delivery indicators: Sport and Recreation..... | 144 |
| Table 147.: Employees: Sport and Recreation | 145 |
| Table 148.: Capital Expenditure 2013/14: Sport and Recreation..... | 145 |
| Table 149.: Executive and Council Highlights | 146 |
| Table 150.: Executive and Council Challenges | 146 |
| Table 151.: Service delivery indicators: Executive and Council..... | 147 |
| Table 152.: Employees: Executive and Council | 147 |
| Table 153.: Financial Services Highlights | 147 |
| Table 154.: Financial Services Challenges..... | 148 |
| Table 155.: Debt recovery | 148 |
| Table 156.: Service delivery indicators: Financial Services | 150 |
| Table 157.: Employees: Financial services..... | 150 |
| Table 158.: Human Resources Highlights | 151 |
| Table 159.: Human Resources Challenges..... | 151 |
| Table 160.: Service delivery indicators: Human Resources | 152 |
| Table 161.: Employees: Human Resource services | 152 |
| Table 162.: ICT Service Highlights | 153 |
| Table 163.: ICT Service Challenges..... | 153 |
| Table 164.: Employees: ICT Services | 154 |
| Table 165.: Capital Expenditure 2013/14: ICT Services | 154 |
| Table 166.: Service delivery priorities for 2014/15: Development and regular maintenance of bulk infrastructure such as roads, storm water networks, potable water networks, waste water treatment plants, land and integrated human settlements | 155 |
| Table 167.: Service delivery priorities for 2014/15: Establishing a functional municipality that can deliver on the IDP priorities, implement policies that will facilitate transformation, effective staff structure, general management practices and training | 156 |
| Table 168.: Service delivery priorities for 2014/15: Promote service excellence and a corruption free environment..... | 156 |

CONTENTS

| | |
|--|-----|
| Table 169.: Service delivery priorities for 2014/15: Provision of quality basic services such as water, electricity, refuse removal and sanitation..... | 157 |
| Table 170.: Service delivery priorities for 2014/15: To facilitate economic development by creating a conducive environment for business development and unlock opportunities to increase participation amongst all sectors of society in the mainstream economy to ultimately create decent job opportunities | 157 |
| Table 171.: Service delivery priorities for 2014/15: To facilitate the holistic development of people, expand the safety net for vulnerable groups and implement sustainable programmes to improve their livelihoods | 158 |
| Table 172.: Service delivery priorities for 2014/15: To implement sound financial management systems & procedures that will ensure the financial viability of Cape Agulhas Municipality | 159 |
| Table 173.: National KPIs– Municipal Transformation and Organisational Development | 160 |
| Table 174.: Municipal Transformation and Organisational Development Highlights | 160 |
| Table 175.: Municipal Transformation and Organisational Development Challenges | 160 |
| Table 176.: 2013/14 EE targets/Actual by racial classification | 161 |
| Table 177.: 2012/14 EE targets/actual by gender classification..... | 161 |
| Table 178.: EE population 2013/14..... | 161 |
| Table 179.: Occupational Levels..... | 162 |
| Table 180.: Department – Race | 162 |
| Table 181.: Vacancy rate per post and functional level | 163 |
| Table 182.: Vacancy rate per salary level | 164 |
| Table 183.: Turnover Rate | 164 |
| Table 184.: Injuries..... | 165 |
| Table 185.: Sick Leave | 165 |
| Table 186.: HR policies and plans..... | 166 |
| Table 187.: Performance Rewards | 166 |
| Table 188.: Skills Matrix..... | 167 |
| Table 189.: Skills Development..... | 168 |
| Table 190.: Budget allocated and spent for skills development | 169 |
| Table 191.: Total Personnel Expenditure..... | 169 |
| Table 192.: Detail of Personnel Expenditure | 170 |

CONTENTS

| | |
|---|-----|
| Table 193.: Financial Competency Development: Progress Report | 171 |
| Table 194.: Financial Performance 2013/14 | 174 |
| Table 195.: Performance against budgets | 174 |
| Table 196.: Revenue by Vote | 176 |
| Table 197.: Revenue by Source..... | 177 |
| Table 198.: Operational Services Performance..... | 178 |
| Table 199.: Financial Performance: Water services | 179 |
| Table 200.: Financial Performance: Waste Water (Sanitation) services..... | 179 |
| Table 201.: Financial Performance: Electricity..... | 180 |
| Table 202.: Financial Performance: Waste Management | 180 |
| Table 203.: Financial Performance: Roads..... | 181 |
| Table 204.: Financial Performance: Libraries..... | 181 |
| Table 205.: Financial Performance: Environmental Protection | 182 |
| Table 206.: Financial Performance: Social Services and Community Development..... | 182 |
| Table 207.: Financial Performance: Traffic and Law Enforcement..... | 183 |
| Table 208.: Financial Performance: Holiday Resorts and Campsites..... | 183 |
| Table 209.: Financial Performance: Office of the Municipal Manager | 184 |
| Table 210.: Financial Performance: Administration..... | 184 |
| Table 211.: Financial Performance: Human Resources | 184 |
| Table 212.: Financial Performance: Financial Services | 185 |
| Table 213.: Grant Performance for 2013/14 | 186 |
| Table 214.: Conditional grant (excl. MIG)..... | 187 |
| Table 215.: Reliance on grants..... | 187 |
| Table 216.: Repairs and Maintenance Expenditure | 188 |
| Table 217.: Liquidity Financial Ratio..... | 189 |
| Table 218.: Financial Viability National KPAs..... | 190 |
| Table 219.: Borrowing Management | 191 |

CONTENTS

| | |
|--|-----|
| Table 220.: Employee Costs..... | 192 |
| Table 221.: Capital Expenditure by New Asset Program | 194 |
| Table 222.: Capital Expenditure by funding source..... | 195 |
| Table 223.: Municipal Infrastructure Grant (MIG) | 196 |
| Table 224.: Cash flow | 197 |
| Table 225.: Gross outstanding debtors per service..... | 198 |
| Table 226.: Service debtor age analysis..... | 198 |
| Table 227.: Actual Borrowings..... | 199 |
| Table 228.: Investments | 199 |
| Table 229.: AG Report on Financial Performance 2012/13 | 202 |

LIST OF FIGURES

| | |
|--|----|
| Figure 1.: Cape Agulhas Area map..... | 33 |
| Figure 2.: Components of the Municipal Scorecard | 70 |
| Figure 3.: SDBIP Measurement Categories | 73 |

LIST OF GRAPHS

| | |
|--|-----|
| Graph 1.: Total % indigent households within the municipal area..... | 29 |
| Graph 2.: Gender Population | 31 |
| Graph 3.: Population by race | 32 |
| Graph 4.: Total Capital Expenditure | 38 |
| Graph 5.: Overall performance per strategic objective..... | 76 |
| Graph 6.: Water service delivery levels | 99 |
| Graph 7.: Sanitation Service Delivery Levels..... | 101 |
| Graph 8.: Electricity service delivery levels..... | 104 |
| Graph 9.: Refuse Removal Service Delivery Levels..... | 107 |
| Graph 10.: Revenue..... | 175 |
| Graph 11.: Operating expenditure | 175 |

CONTENTS

| | |
|--|-----|
| Graph 12.: Reliance on grants as % | 188 |
| Graph 13.: Repairs and Maintenance..... | 188 |
| Graph 14.: Liquidity Ratio | 189 |
| Graph 15.: Cost coverage | 190 |
| Graph 16.: Outstanding service debtors..... | 190 |
| Graph 17.: Debt coverage..... | 191 |
| Graph 18.: Borrowing management..... | 191 |
| Graph 19.: Employee costs | 192 |
| Graph 20.: Service debtors age analysis for the 2012/13 and 2013/14 financial years..... | 198 |
| Graph 21.: Actual borrowings | 199 |
| Graph 22.: Investments | 200 |

CHAPTER 1:
MAYOR'S FOREWORD AND
EXECUTIVE SUMMARY

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD



As Executive Mayor of the southernmost municipality in South Africa, it is my pleasure to present the annual report for the 2013/14 financial year. It is my view that the municipality has once again shown that no matter the size of our budget, we were still able to deliver much needed services in terms of our constitutional mandate to the communities that we serve.

During the reporting year a number of changes occurred within the management of the municipality. A new municipal manager, as well as chief financial officer, were appointed from 1 September 2013 and 1 February 2014 respectively. This “new blood” resulted in a number of fundamental and necessary changes made to tighten the financial and administrative controls, as well as to increase the accountability of officials. These changes are in my view responsible for the excellent audit outcome reported in this report. Council has achieved, for the first time in the history of the municipality an unqualified audit without any significant matters, resulting in a so-called “clean audit”.

called “clean audit”.

We are indeed very proud of this achievement and I must express my sincere and heartfelt appreciation and gratitude towards all the people who have worked diligently towards achieving this goal. The Auditor-General’s office has acknowledged this in my meetings with them. Well done!

There is still a lot of work to be done to ensure the financial viability of the municipality. The financial statements once again confirm the decline in our reserves, as well as an increase in debtors and, although the number of indigents have declined slightly, this trend will most properly not continue in future. These are challenges that we need to address urgently. Hence the focus of council for the next few years would be to ensure the financial sustainability of the municipality.

In terms of service delivery the statistics in chapter 3 of this report speaks for itself. I am of the opinion that the municipality has done well considering the limited capital budget. I have instructed the administration to ensure that all grants received from the national and provincial governments be spent fully and effectively. Hence we can report that grant expenditure is close to 100%. Effective budgetary controls and the fact that virements were kept to a minimum, resulted in the reduction of unauthorised expenditures and ensured that officials are kept responsible for their portion of the budget.

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

The municipality recognise that there are still lots to be done in taking Cape Agulhas forward. As the sphere of government closest to the people, we understand that we play a fundamental role in building a capable state. We cannot do this alone. The past year, however, have shown us that, together we are able to reach greater heights. We will thus build on what we did right, remedy that which went wrong and keep going forward.

I take this opportunity to thank every community member, every government department, councillor, ward committee member, director and staff member for their support during the reporting year. With your assistance and guidance we were able to add yet another year of sound financial management and governance. This report is as much a tribute to you as to the municipal council and staff. For this we thank you.

It is my privilege to present to you the Cape Agulhas Municipal Annual Report for 2013/14. It is a sound basis on which we will build our future.

Ald. RG Mitchell

EXECUTIVE MAYOR

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT B: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGER'S OVERVIEW



The future viability of a small municipality like Cape Agulhas, is constantly challenged. The mutual challenges of a lack of sound financial and administrative management, as well as the decline in the tax – base and an increase in indigent households, remains a reality. When I was appointed as Municipal Manager in September 2013, my vision together with that of the Executive Mayor was to ensure that we tighten financial and budgetary controls, stick to our constitutional mandate and align our organisational structure to the above.

To achieve this we had to make some unpopular albeit rational and informed decisions. The organogram was revised, job security was strengthened and a number of policies were developed to ensure that our human resources could be managed effectively. Financial controls were put in place to limit over and under expenditure, unauthorised expenditure, virements were stopped and deviations kept to the minimum. This was managed while ensuring that service delivery still happens.

In the next few years it is imperative that we carefully manage and monitor the decline in our reserves, keep employee cost within the National Treasury limits, allocate sufficient budget for maintenance of infrastructure and find ways to increase our declining revenue base. Although debt collection is currently at 95%, we still experience year-on-year growth in debtors. Debtor controls will be explored within the next financial year in order to turn this trend around.

Although we are doing well with the provision of basic services, housing still and will for the foreseeable future remain one of our main challenges. We have, however, performed well in this as can be seen from the fact that we have constantly, for the last few years, received housing grants higher than was initially gazetted.

All his hard work has however paid off. As the Executive Mayor alluded to in his summary, we have received an unqualified audit report with no significant findings from the Auditor-General. We are indeed proud of this achievement and I would like to echo the Mayor's thanks to all who have contributed towards this milestone.

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

As a municipality we pledge to renew our efforts to provide you with quality, cost-effective services that will build on our successes of the past. It is our intention to scale up on our partnership efforts that will allow for not only positive outcomes, but profound ones.

Our warmest appreciation goes to our community, our councillors, ward committee members, management and staff for their support during the reporting year. A sound basis has been set on which we can build to address the remaining challenges.

Please take the time to peruse this Annual Report for 2013/14 and let us have your input on it.

DGI O'Neill

MUNICIPAL MANAGER

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.2 MUNICIPAL OVERVIEW

This report addresses the performance of the Cape Agulhas Municipality in the Western Cape in respect of its core legislative obligations. Local government must create the participatory framework that defines and enhances the relationship between elected leaders and their communities. This requires that the council of the municipality provides regular and accurate reporting on programme performance and the general state of affairs in their locality.

The 2013/14 Annual Report reflects on the performance of the Cape Agulhas Municipality for the period 1 July 2013 to 30 June 2014. The Annual Report is prepared in terms of Section 121(1) of the Municipal Finance Management Act (MFMA), requiring the municipality to prepare an Annual Report for each financial year.

1.2.1 Vision and Mission

The Cape Agulhas Municipality committed itself to the following vision and mission:

Vision:

“To render continuous, sustainable effective services to all inhabitants and visitors in the area in order to create a healthy and safer environment for happy communities”

Mission:

“We the Cape Agulhas Municipality will strive to render the best affordable municipal services in a sympathetic manner to the whole area and its inhabitants in order to create a happy economic active and informed community”

1.3 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

With a population of over 33 103 people Cape Agulhas Municipality places a very high premium on providing cost effective service delivery that improves its communities' standard of living. The municipality has an excellent service delivery record, having reached its Millennium Development Goals in respect of the delivery of water, sanitation and electricity to all its residents. No households receive services below the minimum standard within the region. Mindful of the poverty within our community, service delivery initiatives incorporate EPWP principles as far as possible. The most noticeable service delivery achievement in respect of service delivery was the municipality's housing project at Arniston for which we received the Govan Mbeki award for the Housing Project of the Year for the Arniston project. There has also been a constant decrease year-on-year in the housing backlog in the past three financial years which further emphasizes the municipality's commitment to eradicate poverty

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.3.1 Population

a) Population

The municipality is estimated to account for approximately **12.8%** of the district's approximate population of **258 176** in 2013/14. There was a marked increase of 14.7% in the total population in the municipal area when compared to the previous statistical period (28 786).

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

| Napier | Bredasdorp | Elim | Arniston | Struisbaai | L'Agulhas | Suiderstrand | Farms | Total |
|--------|------------|-------|----------|------------|-----------|--------------|-------|--------|
| 4 212 | 15 524 | 1 412 | 1 264 | 3 867 | 542 | 41 | 6 149 | 33 103 |

Source: Statistics SA

Table 1.: Demographic information of the municipal area – Total population

b) Households

The average household size in Cape Agulhas Municipal area is **3.5**. The majority of the households in the municipal area consist of core family members which are parents with children. In many cases children are unable to move out of their parents house, either because they cannot afford to move out or because there is a lack of affordable housing in the area. Single person households and single parent households are also very common in the different wards.

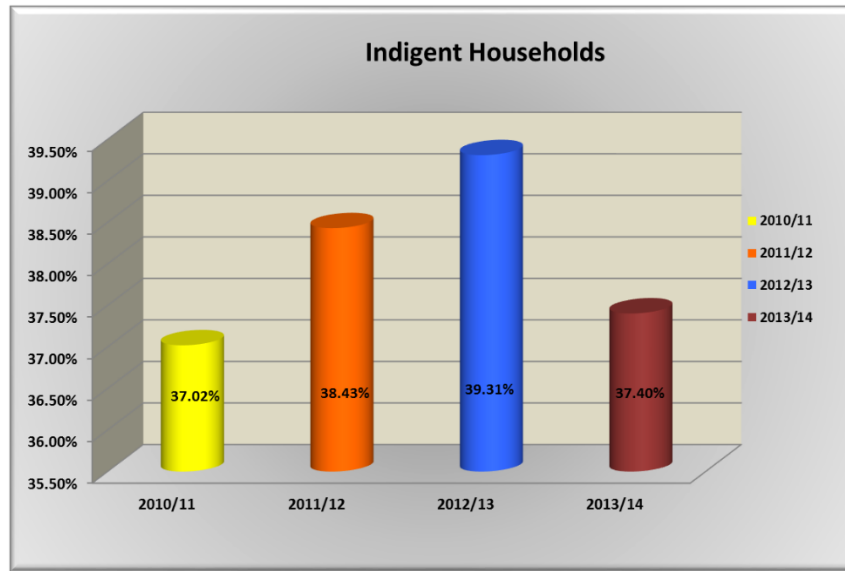
The total number of households within the municipal area that are serviced by the municipality, has **increased** from **8 807** households in the 2012/13 financial year to a total of **9 090** in the 2013/14 financial year. This indicates an **increase** of **3.2%** in the total number of households within the municipal area over the two years.

| Households | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|---|---------|---------|---------|---------|
| Number of households in municipal area | 8 128 | 8 449 | 8 807 | 9 090 |
| Number of indigent households in municipal area | 3 009 | 3 247 | 3 462 | 3 400 |

Table 2.: Total number of households

The graph below indicates that the total number of indigent households **decreased** from **39.3%** in 2012/13 to **37.4%** in the 2013/14 financial year. This is mainly due to deceased applicants, people moving out of the area or no longer qualifying as an indigent household.

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY



Graph 1.: Total % indigent households within the municipal area

c) Key Economic Activities

The Municipality is dependent upon the following economic activities:

| Key Economic Activities | Description |
|---------------------------------|--|
| Agriculture and Agro-processing | <ul style="list-style-type: none"> • Agriculture- Livestock farming, ostriches, wheat crops, canola, vegetables, dried flowers, grapes & olives • Agro-processing- Dairy products, wool, mutton, meat, wine • Oilseed, ostrich meat and feathers & geese feathers & down |
| Tourism | <ul style="list-style-type: none"> • Tourism industry is one of the more important economic sectors in Cape Agulhas although its contribution towards the GDP is not yet reflecting this trend. However, the recent economic recess had a noticeable negative influence in this area. The tourism industry includes: <ul style="list-style-type: none"> ○ Nature Based Tourism (fynbos, fauna & flora species) ○ Adventure Tourism (horse riding, mountain biking, paintballing, quad biking, river kayaking) ○ Marine Tourism (whales watching, fishing, De Hoop and De Mond marine conservation area) ○ Family Holidays (beaches & play parks) ○ Agri Tourism (wool route, wine farms) ○ Marine Tourism ○ Cultural & Heritage Tourism (Lighthouse, Elim, Shipwrecks) ○ ICE (Conferences, events, teambuilding) ○ Business Tourism ○ Events Tourism (Foot of Africa marathon, Overberg Air Show, Napier Patatfees, Agri Mega week, Heartbeat Christ Festival, Cape Floral Kingdom Expo) |

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

| Key Economic Activities | Description |
|--------------------------|--|
| Fishing and Mari-culture | Cape Agulhas is the most important production area in the Cape line-fish industry. Mari-culture and the processing of marine products like saltwater- and freshwater fish farms, abalone farm, mussels and seaweed cultivating, has the potential to become a very lucrative industry for the area. This provides valuable natural resources which can be harvested and processed for commercial use and can be converted into a financially viable economic opportunity with multiple business ventures |
| Trade | The trading industry has remained one of the dominant economic sectors in the municipal area during the past 10 years |

Table 3.: Key Economic activities

1.3.2 Socio Economic Information

a) Socio Economic growth

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

| Financial year | Housing Backlog | Unemployment Rate | Households with No Income | Skills prop. of pop. – Low skilled employ | People older than 14 years illiterate | HIV/AIDS Prevalence | Urban/rural household split |
|----------------|-----------------|--|---------------------------|---|---------------------------------------|---------------------|-----------------------------|
| 2011/12 | 4 331 | 16.8% | 15.2% | 40% | 26% | 2.8% | 83.2/16.8% |
| 2012/13 | 3 726 | Statistics only available on provincial level and not on municipal level | | | | | |
| 2013/14 | 3 319 | Statistics only available on provincial level and not on municipal level | | | | | |

Source: Municipal housing data base

Table 4.: Socio Economic information

b) Population by Gender

The population is fairly equally distributed in terms of gender with **50.9%** females and **49.1%** males, which is in line with South African, Western Cape and district percentages.

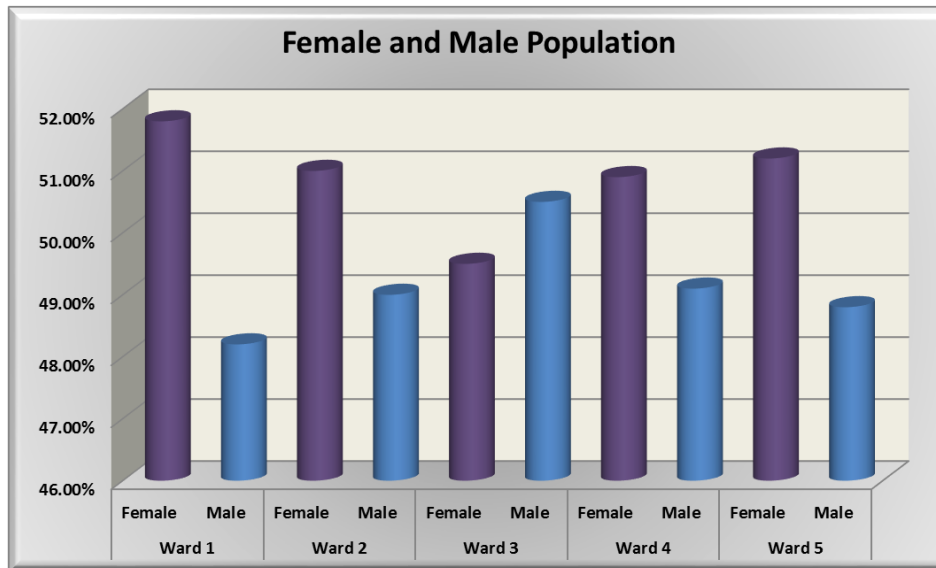
| Financial year | Ward 1 | | Ward 2 | | Ward 3 | | Ward 4 | | Ward 5 | |
|----------------|--------|-------|--------|-------|--------|-------|--------|-------|--------|-------|
| | Female | Male | Female | Male | Female | Male | Female | Male | Female | Male |
| 2013/14 | 51.8% | 48.2% | 51.0% | 49.0% | 49.5% | 50.5% | 50.9% | 49.1% | 51.2% | 48.8% |

Source: Statistics SA

Table 5.: Demographic information of the municipal area – Gender

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

The following graph displays the female and male population.



Graph 2.: Gender Population

c) Population by Gender/Age

Approximately **67.6%** of the total population of Cape Agulhas municipal area falls in the economically active population (EAP) which is classified as individuals aged 15-65. The municipal area has a fairly young population and 23.4% (age 0-14) are dependent on the economically active population. This has an effect on education and job creation. The table below indicates the population by age categories:

| Age group | Percentage of population |
|-----------|--------------------------|
| 0-4 | 8.15% |
| 5-9 | 7.28% |
| 10-14 | 8.00% |
| 15-19 | 8.03% |
| 20-24 | 8.50% |
| 25-29 | 6.56% |
| 30-34 | 6.56% |
| 35-39 | 6.79% |
| 40-44 | 7.55% |
| 45-49 | 6.85% |
| 50-54 | 6.13% |
| 55-59 | 4.72% |
| 60-64 | 4.30% |
| 65-69 | 3.32% |

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

| Age group | Percentage of population |
|-----------|--------------------------|
| 70-74 | 2.57% |
| 75+ | 3.05% |

Table 6.: Demographic information of the municipal area by age

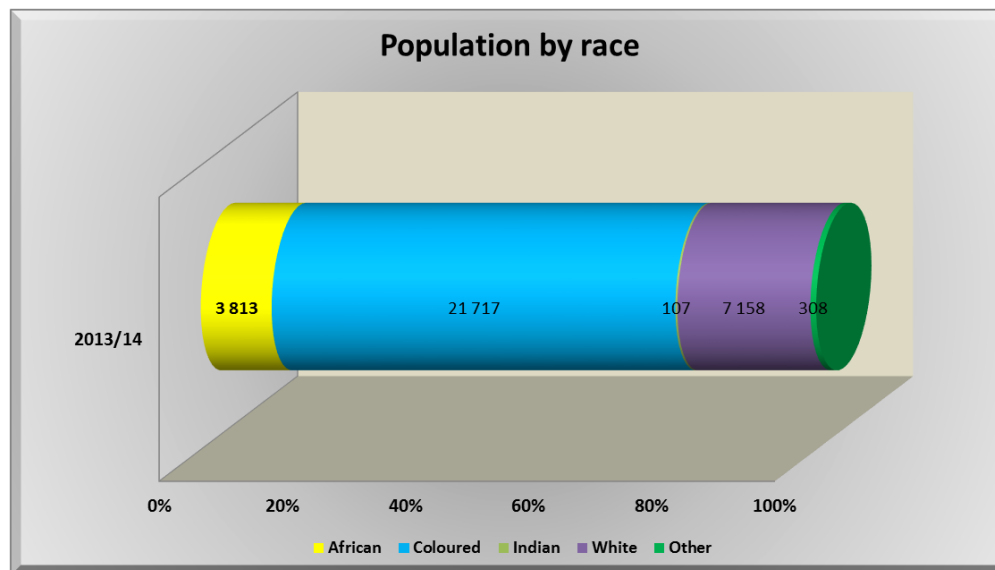
d) Population by race categories

| Population - Racial | 2013/14 |
|-----------------------|---------------|
| African | 3 813 |
| Coloured | 21 717 |
| Indian/Asian | 107 |
| White | 7 158 |
| Other (e.g. Khoi/San) | 308 |
| Total | 33 103 |

Source: Statistics SA

Table 7.: Demographic information of the municipal area – Race categories

The graph below shows the population by race.



Graph 3.: Population by race

1.3.3 Demographic Information

a) Municipal Geographical Information

Cape Agulhas Municipality is the southern most local municipality in Africa. Its coastline is surrounded by the Atlantic and Indian Oceans which meet at the most southern town in Africa, named L'Agulhas. The geographical area consists of approximately **2 411 km²**. The municipality falls within the jurisdiction of the Overberg District Municipality.

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Wards

The municipality is structured into the following 5 wards:

| Ward | Areas |
|------|---|
| 1 | Napier, Elim, Spanjaardskloof and surrounding farms |
| 2 | Part of Bredasdorp, Klipdale, Houtkloof and surrounding farms |
| 3 | Part of Bredasdorp (Selfbou area, Kleinbegin, Zwelitsha, Kalkoonde area, Volstruiskamp) |
| 4 | Part of Bredasdorp (CBD), Protem and Van der Stelskraal and surrounding farms |
| 5 | Aniston, Struisbaai, L'Agulhas, Suiderstrand, Haasvlakte and surrounding farms |

Table 8.: Municipal Wards

Below is a map that indicates the wards of the Municipality in the Overberg District area:



Figure 1.: Cape Agulhas Area map

The area includes a significant rural area, as well as the following towns:

Bredasdorp:

Bredasdorp can be reached by turning at the crossing of the N2 and the R316 route from Caledon to Anniston and on the R319 route from Swellendam to Struisbaai / L'Agulhas. Although it has a typical rural atmosphere, it has an average business core with all the important services, such as a hospital, clinic, police station, magistrate, bank services and retirement facilities.

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Napier

Napier is situated between Caledon and Bredasdorp on the R316 route. The town consists of a number of small businesses with agriculture as the dominant economic activity in the areas.

Waenhuiskrans / Arniston

Waenhuiskrans/Arniston is probably the only town in South Africa with two acknowledged names. This fisherman's town is situated approximately 24km from Bredasdorp on the R316 route. It is also host to the World Heritage site of Kassiesbaai, a quaint subsistence fishing community.

Struisbaai

Struisbaai is known for its 14km white sand beach. This is the longest uninterrupted white sand beach in Southern Africa. This beach town is a popular holiday town that attracts visitors throughout the year.

L'Agulhas

L'Agulhas is the most southern town in Africa. The legendary point of Africa is surrounded by both the warm Indian and the cold Atlantic Oceans that meet at the most southern point.

Suiderstrand

This beach town is situated approximately 5km from L'Agulhas. Suiderstrand is also a holiday town and was established as a result of a need for holiday houses with a rustic rural character.

Elim

Elim is a historical Moravian missionary station with monumental status. The town is communal property, belonging to the Moravian Church.

Klipdale and Proteem

Both these rural towns owe their establishment and development to the railroad and the grain silo's that were built there.

Rural Areas

Except for the occasional emptying of septic tanks on farms, no basic services are rendered to farm workers. A study was undertaken in 2007 to determine the backlogs in terms of basic water and sanitation services in rural areas. Potable water is supplied by Overberg Water and sanitation services are supplied by the land owners themselves.

1.4 SERVICE DELIVERY OVERVIEW

1.4.1 Basic services delivery performance highlights

| Highlight | Description |
|---|--|
| Winning of National Kamoso Award October 2013 for Best Infrastructure Project | Cape Agulhas received first place by beating City of Gauteng and Albert Luthuli Municipality as nominees for this prestigious award with |

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

| Highlight | Description |
|---|--|
| | an infrastructure project that was done in-house (Long Street upgrading) |
| Provision of Class 1 quality drinking water to Suiderstrand and Waenhuiskrans | Without having a capital budget a service provider was procured to install membrane technology methods to purify water to these areas. |
| Completion of Waste Water Treatment Works, Struisbaai | A 500 Kl/day activated sludge sewerage treatment works has been completed to the value of approximately R14 million partially funded by RBIG |
| Represented CAM at IMESA 2013 Congress | Key-note speaker on labour-based surfacing with reference to Napier IDP EPWP |
| Upgrading of Ou Meule Street, Bredasdorp | Upgrading from gravel to Class 4 tar road to amount of R2.8 million |
| Upgrading of streets, IDP Housing, Napier | Upgrading with labour-based surfacing generating 25 job opportunities over 6 months |
| The creation of 724 work opportunities | Through capital and operational projects 11 367 man days' work were created amounting to R1 313 601 paid in wages |
| Supporting local businesses | By doing projects in-house, local businesses were supported with purchases of up to R14 384 492.62 |
| Infrastructure at Blue Bay | Instillation of medium and low voltage infrastructure at Blue Bay |
| Electrification of RDP houses | Electrification of 218 RDB houses at Bredasdorp and 67 at Arniston |
| Arniston sewerage and desalination works | Building of a new line and installing transformer for the sewerage works as well as the desalination works at Arniston |
| Replacement of overhead electric line in Long street, Bredasdorp | Replacement of the overhead lines at the entrance of the town with underground cables |
| Thusong Centre | The first phase of the Thusong Centre was completed and the first occupants started using the facility during November 2013 |

Table 9.: Basic Services Delivery Highlights

1.4.2 Basic services delivery challenges

| Service Area | Challenge | Actions to address |
|------------------------|---|---|
| General | Lack of motivated staff Ageing infrastructure | Relevant training of staff Infrastructure development plan |
| Water distribution | Reduction of water loss | Study to be undertaken Replace all bulk water meters Leak detection project |
| Sewage treatment | Green Drop compliance | Appoint technician to manage Green Drop system Appoint process controllers in terms of legislation |
| Waste management | Illegal entrance to landfill site Illegal dumping Recycle campaign Shortage of staff | Law enforcement Appoint extra team with vehicle Awareness at schools Budget for additional staff |
| Streets and stormwater | Huge stormwater backlogs due to inadequate stormwater systems | Systematic upgrade of stormwater with budget available |

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

| Service Area | Challenge | Actions to address |
|-------------------------------|--|---|
| | Still too much gravel roads that need to be maintained Shortage of staff | Re-gravelling sections annually with budget available Appoint EPWP workers |
| Labour intensive construction | Untrained staff Over-reliance on municipality | EPWP training Job creation with exit strategy |
| Electro-mechanical services | Funding for the development and maintenance of electrical infrastructure | Determine ways of increasing municipal revenue and obtain funding for infrastructure projects |
| Funding | Limited capital budget (water & sewerage) Limited capital budget (streets & stormwater) | Will have to look at prioritisation of future budgets to ensure continues service delivery |

Table 10.: Basic Services Delivery Challenges

1.4.3 Proportion of Households with access to Basic Services

| Proportion of Households with minimum level of Basic services | | |
|---|---------|---------|
| Description | 2012/13 | 2013/14 |
| Electricity - service connections | 100% | 100% |
| Water - available within 200m from dwelling | 100% | 100% |
| Sanitation - Households with at least VIP service | 100% | 100% |
| Waste collection - kerbside collection once a week | 100% | 100% |

Table 11.: Households with minimum level of Basic Services

To date the municipality is coping well with the provision of the required basic services and there are no backlogs as can be seen from the above statistics. However, the current increase of indigent household's year-on-year is placing ever increasing financial pressure on the municipality to fulfill its obligations. The layout of the informal settlements also needs to be addressed in order for vehicles to have access to all areas of the settlement to be able to install electrical infrastructure.

1.5 FINANCIAL HEALTH OVERVIEW

1.5.1 Financial Viability Highlights

| Highlight | Description |
|-------------------|--|
| Debt collection | The municipality maintained a good debt collection rate of 95% |
| Liquidity ratio | Although less than the previous financial year, the municipality's liquidity ratio still reflects a sound financial position (see paragraph 1.5.3 below) |
| Creditor payments | Creditors are being paid within the 30 day limit as required in terms of legislation |

Table 12.: Financial Viability Highlights

1.5.2 Financial Viability Challenges

| Challenge | Action to address |
|-------------------------|--|
| Decline in revenue base | Development of a long term financial sustainability strategy |

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

| Challenge | Action to address |
|--|---|
| Increase in employee related cost | Filling of critical and legislative required post only |
| Decline in reserves | Investigate other sources of capital funding e.g. borrowing |
| Low expenditure on maintenance of infrastructure | This will form part of the development of a long term financial sustainability strategy mentioned above |

Table 13.: Financial Viability Challenges

1.5.3 National Key Performance Indicators – Municipal Financial Viability and Management (Ratios)

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 | 2012/13 | 2013/14 |
|--|---------|---------|
| Debt coverage ((Total operating revenue-operating grants received):debt service payments due within the year) (Higher is better) | 260.6 | 384.9 |
| Service debtors to revenue – (Total outstanding service debtors: revenue received for services) (Lower is better) | 20.3 | 20.4 |
| Cost coverage ((Available cash+ investments): Monthly fixed operating expenditure (Higher is better) | 1.4 | 1.92 |

Table 14.: National KPI's for financial viability and management

1.5.4 Financial Overview

| Details | Original budget | Adjustment Budget | Actual |
|------------------------------|-----------------|-------------------|--------------|
| Income | 234 315 | 229 990 | 220 660 |
| Grants | 75 960 | 74 859 | 66 986 |
| Taxes, Levies and tariffs | 39103 | 39 103 | 39 325 |
| Other | 119 252 | 116 028 | 114 349 |
| Less Expenditure | 223 500 | 219 545 | 213 295 |
| Net Surplus/(deficit) | 10 815 | 10 445 | 7 365 |

Note: surplus/(deficit)

Table 15.: Financial Overview

1.5.5 Operating Ratios

| Detail | Expected norm | Actual | Variance |
|--------------------------------|---------------|--------|----------|
| Employee Cost | <35% | 35.7% | 0.7% |
| Repairs & Maintenance | >10% | 4.4% | (5.6%) |
| Finance Charges & Depreciation | <10% | 4.3% | (5.7%) |

Table 16.: Operating ratios

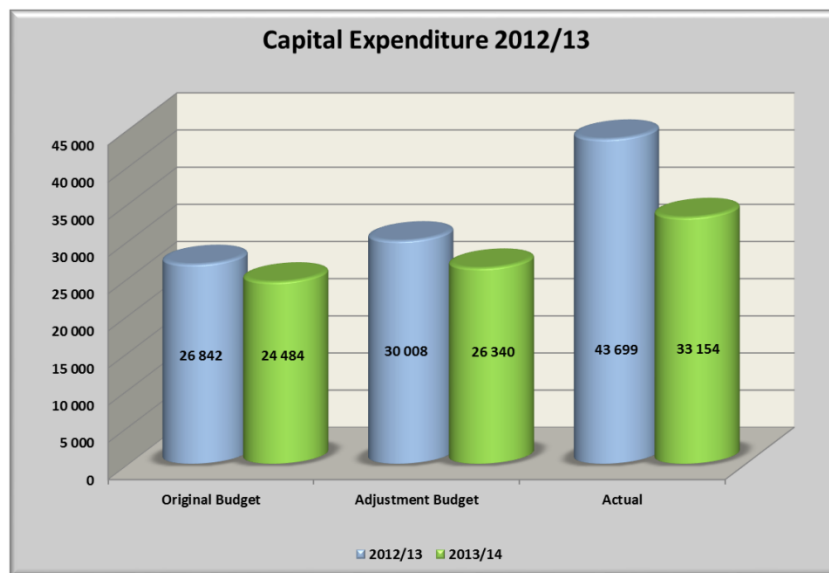
CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

The municipality's expenditure on employee related cost is still below the national norm. The finance charges is also well below the norm due to the municipality only having one small outstanding loan. However, the low cost on repairs and maintenance is still a concern that needs to be addressed.

1.5.6 Total Capital Expenditure

| Detail | 2012/13 | 2013/14 |
|-------------------|---------|---------|
| | R'000 | |
| Original Budget | 26 842 | 24 484 |
| Adjustment Budget | 30 008 | 26 340 |
| Actual | 43 699 | 33 154 |

Table 17.: Total Capital Expenditure



Graph 4.: Total Capital Expenditure

1.6 ORGANISATIONAL DEVELOPMENT OVERVIEW

The Cape Agulhas Municipality currently employs **293** officials (excluding non-permanent positions), who individually and collectively contribute to the achievement of the municipality's objectives. The primary objective of Human Resource Management is to render an innovative human resource service that addresses both skills development and an administrative function.

It is the municipality's aim to 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 staff of the municipality undergoes constant training throughout the year to ensure that the human resource capacity of the municipality complies with the Skills Development Act (SDA), 1998.

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.6.1 Municipal Transformation and Organisational Development Highlights

| Highlight | Description |
|--|---|
| Employment Equity targets | The set transformation targets at top and senior management levels has been met during the year |
| Council's commitment to transformation | The Council is fully committed to transformation |
| SETA projects | <ul style="list-style-type: none"> R8 million has been allocated for the Construction CETA projects An agreement has also been signed with LGSETA for R1.1 million for training on the municipal minimum competency project |
| Skill centre | Building plans have been approved and the tender process started |

Table 18.: Municipal Transformation and Organisational Development Highlights

1.6.2 Municipal Transformation and Organisational Development Challenges

| Challenge | Action to address |
|--|---|
| To attract the correct target groups to the municipality due to its rural location | Continuous advertising and head hunting |

Table 19.: Municipal Transformation and Organisational Development Challenges

1.7 AUDITOR GENERAL REPORT

The municipality has again maintained its record of unqualified audits, but still had other matters that were reported on. However, good progress was made regarding the performance part of the municipality's functions. We obtained a clean audit on performance. This serves to emphasize the municipality's commitment to excellent service delivery.

An action plan was drawn up based on the audit outcomes of the 2012/13 audit which is monitored and progress with the corrective actions evaluated on a monthly basis by the Internal Auditor and the CFO. This plan is a standing item on the Municipal Manager's monthly Directors meeting and is also submitted to Council during their monthly meetings.

1.7.1 Audited Outcomes

| Year | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|--------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|-----------------------------------|
| Status | Unqualified with other matters | Unqualified with other matters | Unqualified with other matters | Unqualified with other matters | Unqualified with no other matters |

Table 20.: Audit Outcomes

CHAPTER 2: GOVERNANCE

CHAPTER 2: GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE 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 796 of 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 | |
|---|-----------------------|---------|
| | 2012/13 | 2013/14 |
| 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 | 145.1 | 105.8 |

Table 21.: National KPIs - Good Governance and Public Participation Performance

2.2 PERFORMANCE HIGHLIGHTS - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

| Highlight | Description |
|---|--|
| IDP and budget Imbizo's | To capture issues and comments from the public on the draft IDP and Budget |
| Building of houses for the poor | <ul style="list-style-type: none"> Handover of 168 houses in Bredasdorp, Zwelitsha 1st phase 47 Serviced plots in Zwelitsha 111 houses in Struisbaai |
| Bursaries for further Education | Handover of bursaries to 11 beneficiaries |
| Visits and the announcements by the Minister of Higher Education, Dr Blade Nzimande | 84 beneficiaries for Services and Construction Seta Training Programs and the building of the Anene Booysen Training Centre |

Table 22.: Good Governance and Public Participation Performance Highlights

2.3 CHALLENGES - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

| Description | Actions to address |
|----------------------------------|--|
| Effectiveness of ward committees | Will be addressed through training programs for all ward committee members |

Table 23.: Good Governance and Public Participation Challenges

CHAPTER 2: GOVERNANCE

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

During the year a total of 22 council meetings were held including special council meetings.

Below is a table that categorise the councillors within their specific political parties and wards for the 2013/14 financial year:

| Council Members | Capacity | Political Party | Ward representing or proportional | Percentage Council Meetings Attendance | Percentage Apologies for non-attendance |
|-----------------|---|-----------------|-----------------------------------|--|---|
| | | | | % | % |
| R Mitchell | Executive Mayor | ANC | Ward 3 | 100 | n/a |
| D Jantjies | Executive Deputy Mayor | Independent | Ward 2 | 100 | n/a |
| R Mokotwana | Member of MAYCO | ANC | Proportional | 100 | n/a |
| E Marthinus | Speaker | ANC | Proportional | 100 | n/a |
| P Atyhosi | District representative | ANC | Proportional | 91 | 9 |
| D Burger | Ward Councillor | DA | Ward 5 | 77 | 23 |
| W October | Ward Councillor | DA | Ward 1 | 82 | 18 |
| J Nieuwoudt | Ward Councillor/ District representative | DA | Ward 4 | 91 | 9 |
| A Coetzee | Councillor | DA | Proportional | 86 | 14 |

Table 24.: Council Meetings

b) Executive Mayoral Committee

The Executive Mayor of the municipality, **Councillor R. Mitchell**, 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, assigned by legislation and delegated by Council. Although accountable for the strategic direction and performance of the municipality, the Executive Mayor operates in concert with the Mayoral Committee.

CHAPTER 2: GOVERNANCE

The name and portfolio of each Member of the Mayoral Committee is listed in the table below for the period 1 July 2013 to 30 June 2014:

| Name of member | Capacity |
|----------------|------------------------|
| R Mitchell | Executive Mayor |
| D Jantjies | Executive Deputy Mayor |
| R Mokotwana | Member |

Table 25.: Executive Mayoral Committee

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 Mayor on policy matters and make recommendations to the Executive Mayor. Section 79 committees are temporary and appointed by the council as needed. They are usually set up to investigate a particular issue and do not have any decision making powers, except those delegated to them by 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 2011/16 Mayoral term and their Chairpersons are as follow:

| Committee | Members | Section 79 or 80 Committee | Meeting Date |
|--------------------------------|--|----------------------------|--|
| Technical Services | D Jantjies (Chairperson) Ms. E Marthinus P Atyhosi Dr. A Coetzee | 80 | 20 August 2013 17 September 2013 |
| Community Services | R Mitchell (Chairperson) R Mokotwana D Jantjies J Nieuwoudt | 80 | 22 October 2013 26 November 2013 21 January 2014 18 February 2014 |
| Finance and Corporate services | Ms. E Marthinus (Chairperson) R Mitchell D Jantjies D Burger W October | 80 | 19 March 2014 20 May 2014 17 June 2014 |

Table 26.: Portfolio Committees

2.4.2 Administrative Governance Structure

The Municipal Manager is the Accounting Officer of the municipality. He is the Head of the Administration and primarily has to serve as 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:

CHAPTER 2: GOVERNANCE

| Name of Official | Department | Performance agreement signed |
|--|---|----------------------------------|
| | | Yes/No |
| Dean O'Neill (from 1 September 2013) | Municipal Manager | Yes |
| Samuel Ngwevu | Director: Corporate Services | Yes |
| Hendrik Schlebusch (until 30 October 2013) | Director: Financial Services | Yes |
| Hannes van Biljon (from 1 February 2014) | Director: Financial Services | Yes |
| Khaya Mrali (from 1 August 2014) | Director: Community Services | Yes |
| Norwood Kotze | Director: Technical Services | Yes |
| Pieter Everson | Assistant Director: Electro Mechanical Engineering Services | n/a (not a Section 56 appointee) |

Table 27.: Administrative Governance Structure

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.5 INTERGOVERNMENTAL RELATIONS

2.5.1 National Intergovernmental Structures

Intergovernmental relationships are guided by the Intergovernmental Framework Act, prescribing the principles of communications between inter-governmental spheres. A national intergovernmental relation is mostly need-driven. It is aimed at enabling the national sphere to fulfill their duties of oversight and support. Improved intergovernmental relations with the national sphere enable a municipality to procure access to national programmes and funding. It assists in ensuring that the municipality provides services aligned to the national agenda and vision.

2.5.2 Provincial Intergovernmental Structures

Provincial intergovernmental relations is mostly aimed at oversight and monitoring as set out in various pieces of legislation pertaining to local and provincial government. It does, however, take on a supporting role in the sharing of best-practices and knowledge sharing. Provincial intergovernmental structures include MINMAY meetings, Provincial Task Groups and FORA such as the Provincial Public Participation Forum and SALGA Work Groups. Various Provincial FORA exist in every field of Local Government. The benefit of such FORA is a more integrated and coordinated planning process ensuring optimum use of available resources.

CHAPTER 2: GOVERNANCE

2.5.3 District Intergovernmental Structures

District intergovernmental structure is aimed at best practice and knowledge sharing on a regional basis. It allows for the development of solutions based on the specific realities faced by a specific region and provides a unified voice in soliciting support for a specific need on provincial and national level. This structure support co-ordination and integrated planning and takes place via DCFTECHs, DCF's and various field specific FORA.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

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.

2.6 PUBLIC MEETINGS

The table below details public communication and participatory initiatives held by the municipality during the financial year under review:

| Activity | Date | Purpose | Target Audience | How was this communicated to the community? |
|----------------------------|--|---|-----------------------|---|
| Feedback meetings – Ward 1 | 16 July 2013 17 July 2013 21 July 2013 29 October 2013 20 December 2013 5 March 2014 31 May 2014 | To give quarterly feedback to residents of the ward regarding the activities of the Ward Councilor and municipality | Residents of the ward | Pamphlets , SMS, Facebook and loud hailing |
| Feedback meetings – Ward 2 | 11 July 2013 12 Nov 2013 27 Feb 2014 4 March 2014 | To give quarterly feedback to residents of the ward regarding the activities of the Ward Councilor and Municipalities | Residents of the ward | Pamphlets , SMS, Facebook and loud hailing |

CHAPTER 2: GOVERNANCE

| Activity | Date | Purpose | Target Audience | How was this communicated to the community? |
|----------------------------------|--|---|-----------------------------------|---|
| Feedback meetings – Ward 3 | 20 Aug 2013 15 Oct 2013 09 April 2014 | To give quarterly feedback to residents of the ward regarding the activities of the Ward Councilor and Municipalities | Residents of the ward | Pamphlets , SMS, Facebook and loud hailing |
| Feedback meetings – Ward 4 | 8 Oct 2013 9 Oct 2013 21 Jan 2013 27 Jan 2014 4 March 2014 5 March 2014 6 March 2014 12 June 2014 | To give quarterly feedback to residents of the ward regarding the activities of the Ward Councilor and Municipalities | Residents of the ward | Pamphlets , SMS, Facebook and loud hailing |
| Feedback meetings – Ward 5 | 22 Oct 2013 24 Oct 2013 1 July 2014 4 Dec 2014 | To give quarterly feedback to residents of the ward regarding the activities of the Ward Councilor and Municipalities | Residents of the ward | Pamphlets , SMS, Facebook and loud hailing |
| Wonderbag Project | 16 July 2013 | Environmental awareness and energy saving project | Households | Pamphlets, SMS, Facebook and loud hailing |
| Wonderbag Project | 27 July 2013 | Environmental awareness and energy saving project | Households | Pamphlets, SMS, Facebook and loud hailing |
| Women’s Day | 9 August 2013 | Motivation for women | Women from CAM area | Pamphlets, SMS, Facebook and loud hailing |
| Wonderbag Project | 23 August 2013 | Environmental awareness and energy saving project | Households | Pamphlets, SMS, Facebook and loud hailing |
| 50/50 Youth Leadership Project | Bi-monthly meetings | To encourage leadership skills in youth | Grade 9 Learners | Pamphlets, SMS, Facebook and loud hailing |
| Cape Agulhas Stakeholder Meeting | Bi-monthly meetings | Identification of community challenges and implementation of solutions | Stakeholders from various Sectors | Pamphlets, SMS, Facebook and loud hailing |
| Event for disabled People | 6 June 2014 | Motivation of disabled people | Disabled people within CAM area | Pamphlets, SMS, Facebook and loud hailing |
| World Environmental Day Event | 13 June 2014 | Cleaning up campaign | Youth of Cape Agulhas | Pamphlets, SMS, Facebook and loud hailing |

CHAPTER 2: GOVERNANCE

| Activity | Date | Purpose | Target Audience | How was this communicated to the community? |
|-----------------|--------------|--|---------------------------|---|
| Youth Day Event | 14 June 2014 | Addressed youth leaders on leadership issues | Youth Leaders in CAM area | Pamphlets, SMS, Facebook and loud hailing |

Table 28.: Public Meetings

2.7 WARD COMMITTEES

The ward committees support the Ward Councilor who receives reports on development, participate in development planning processes, and facilitate wider community participation. To this end, the municipality constantly strives to ensure that all ward committees function optimally with community information provision; convening of meetings; ward planning; service delivery; IDP formulation and performance feedback to communities.

2.7.1 Ward 1: Napier, Elim, Spanjaardskloof and surrounding farms

| Name of representative | Capacity representing | Dates of public ward meetings held during the year |
|---------------------------------|---|--|
| Cllr. W October | Chairperson | |
| J Adams | Napier Health – and Welfare Association | |
| J Wessels | House Klippedrift, Napier | 30 July 2013 |
| E Harker | Agulhas School of Skills | 22 August 2013 |
| J Stevens | Protea Primary School | 19 September 2013 |
| E Arends (from March 2014) | Elim E-Community forum | 22 October 2013 |
| C Viegeland (from January 2014) | Elim Overseers Council | 26 November 2013 |
| A Pick | Individual | 21 January 2014 |
| D Xinela | Individual | 18 February 2014 |
| I Pieterse | Individual | 19 March 2014 |
| M Cloete | Individual | 20 May 2014 |

Table 29.: Ward 1 Committee Meetings

CHAPTER 2: GOVERNANCE

2.7.2 Ward 2: Part of Bredasdorp, Klipdale, Houtkloof and surrounding farms

| Name of representative | Capacity representing | Dates of public ward meetings held during the year |
|------------------------|--------------------------|---|
| Ald. D Jantjies | Chairperson | 22 August 2013 16 September 2013 28 October 2013 19 November 2013 27 January 2014 24 February 2014 24 March 2014 26 May 2014 23 June 2014 |
| CM Kies | Liefdesnessie | |
| K Dunsdon | AMSSS | |
| J Adams | De Heide Primary | |
| E Green | Bet-Ell Church | |
| E Plaatjies | Compassion in Action | |
| C September (Klipdale) | Young Peoples Rugby Club | |
| M de Jager | Individual | |
| C Pedro | Individual | |
| F Hendricks | Individual | |
| L Marthinus | Individual | |

Table 30.: Ward 2 Committee Meetings

2.7.3 Ward 3: Part of Bredasdorp (Selfbou area, Kleinbegin, Zwelitsha, Kalkoonde, Volstruiskamp area)

| Name of representative | Capacity representing | Dates of public ward meetings held during the year |
|------------------------|-------------------------------------|--|
| Ald. R Mitchell | Chairperson | 20 August 2013 24 October 2013 25 November 2013 23 January 2014 19 March 2014 21 May 2014 20 June 2014 |
| R October | Bredasdorp Taxi Association | |
| L Manxeba | Lesedi Educare | |
| H Kock | Verenigde Pinkster Church | |
| H Nkosini | Cape Agulhas Ratepayers Association | |
| N Madubela | Isolomzi Organization | |
| K Zimy | Isolomzi Organization | |
| H Temmers | Individual | |
| D Hans | Individual | |
| R Baker | Individual | |
| M Asanda | Individual | |

Table 31.: Ward 3 Committee Meetings

2.7.4 Ward 4: Part of Bredasdorp (CBD), Prottem, Van der Stelskraal and surrounding farms

| Name of representative | Capacity representing | Dates of public ward meetings held during the year |
|------------------------|--------------------------|--|
| Clr. J Nieuwoudt | Chairperson | 21 August 2013 |
| D Gilliomee | Otto du Plessis Hospital | 18 September 2013 |
| S van Dyk | ACVV Bredasdorp | 22 October 2013 |

CHAPTER 2: GOVERNANCE

| Name of representative | Capacity representing | Dates of public ward meetings held during the year |
|------------------------|-----------------------------------|--|
| R Strydom | Suideroord ACVV | 26 November 2013 |
| R Visser | Bredasdorp Primary | 21 January 2014 |
| L Groenewald | Bredasdorp Ratepayers Association | 17 March 2014 |
| J Bester | NG Church Bredasdorp | 15 April 2014 |
| M Oosthuizen | Individual | 20 May 2014 |
| L Marais | Individual | 17 June 2014 |
| H Odendaal | Individual | |
| E Karelse | Individual | |

Table 32.: Ward 4 Committee Meetings

2.7.5 Ward 5: Aniston, Struisbaai, L'Agulhas, Suiderstrand, Haasvlakte and surrounding farms

| Name of representative | Capacity representing | Dates of public ward meetings held during the year |
|---|--|--|
| Cllr. D Burger | Chairperson | |
| A Marthinus | Waenhuiskrans Primary | |
| S Lourens | Struisbaai Community Policing Forum | |
| R Theunissen | Compassion in action | 24 July 2013 |
| R Fourie (Dec 2013 – June 2014) L Nel (From July 2014) | Suidpunt Ratepayers Association | 18 September 2013 |
| | | 23 October 2013 |
| | | 27 November 2013 |
| D de Jongh | Struisbaai Sport club | 22 January 2014 |
| A J Vlok | Suidpunt Conservation Association | 18 February 2014 |
| V de Villiers | DR Congregation Suidpunt | 21 May 2014 |
| J Keuler | Suidpunt Angling and Marine Conservation Association | 19 June 2014 |
| J Enslin (From April 2014) | Onse Hoop Community Centre | |
| R Marthinus | WARA | |

Table 33.: Ward 5 Committee Meetings

2.8 FUNCTIONALITY OF A 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 councilor 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 should be representative. The ward councilor serves on the ward committee and act as the chairperson. Although ward committees

CHAPTER 2: GOVERNANCE

have no formal powers, they advise the ward councilor 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 | Number of monthly Committee meetings held during the year | Number of quarterly public ward meetings held during the year |
|-------------|-----------------------------------|--|--------------------------------------|---|---|
| 1 | Yes | 11 | 11 | 1 | 1 |
| 2 | Yes | 12 | 12 | 1 | 1 |
| 3 | Yes | 11 | 11 | 1 | 1 |
| 4 | Yes | 11 | 11 | 1 | 1 |
| 5 | Yes | 11 | 11 | 1 | 1 |

Table 34.: Functioning of Ward Committees

2.9 REPRESENTATIVE FORUMS

2.9.1 Labour Forum

| Name of representative | Capacity | Meeting dates |
|-----------------------------------|---|--|
| S Ngwevu | Director: Corporate Services | 8 July 2013 18 September 2013 21 October 2013 24 October 2014 (special meeting) 12 November 2013 22 November 2013 (special meeting) 6 February 2014 2 April 2014 22 May 2014 26 May 2014 (special meeting) 6 June 2014 11 June 2014 (special meeting) |
| N Kotze | Director: Technical services | |
| P Everson | Asst, Director: Electro-Mechanical Services | |
| H Schlebusch (until October 2013) | Director: Financial services | |
| H van Biljon (from February 2014) | Director: Financial services | |
| K Mrali | Director: Community Services | |
| D Jantjies | Councillor | |
| R Mokotwana | Councillor | |
| D Burger | Councillor | |
| A Kloppers | IMATU | |
| CJ Arends | IMATU | |
| P Plaatjies | SAMWU | |
| G Le Roux | SAMWU | |
| C Gabriels | SAMWU | |
| V Tabayi | SAMWU | |
| S Hendricks | SAMWU | |

Table 35.: Labour Forum

2.9.2 IDP Forum (Cape Agulhas Municipal Advisory Forum)

| Name of representative | Capacity | Meeting dates |
|------------------------|-------------------|------------------|
| D O'Neill | Municipal Manager | 20 February 2014 |

CHAPTER 2: GOVERNANCE

| Name of representative | Capacity | Meeting dates |
|------------------------|--|---------------|
| Ald R Mitchell | Executive Mayor | |
| ClIr W October | Ward 1 Councillor | |
| Ald D Jantjies | Ward 2 Councillor | |
| ClIr J Nieuwoudt | Ward 4 Councillor | |
| ClIr D Burger | Ward 5 Councillor | |
| ClIr P Atyhosi | PR Councillor | |
| ClIr M R Mokotwana | PR Councillor | |
| Ald A Coetzee | PR Councillor | |
| S Ngwevu | Director: Corporate Services | |
| N Kotze | Director: Technical Services | |
| H van Biljon | Director: Finance | |
| P Everson | Asst. Director: Electro Mechanical Services | |
| K Mrali | Director: Community Services | |
| 5 Representatives | Ward 1 Ward Committee | |
| 5 Representatives | Ward 2 Ward Committee | |
| 5 Representatives | Ward 3 Ward Committee | |
| 5 Representatives | Ward 4 Ward Committee | |
| 5 Representatives | Ward 5 Ward Committee | |
| L Claassen | IDP Coordinator | |
| 11 Municipal Officials | Cape Agulhas Municipality | |
| 36 Role players | Suidernuus; CIA; Department of Health; Q Wave; Community; Agridwala; Overberg District Municipality; DAFF; Agrimega; Department Social Development; Sport; Napier; WIC; Overberg Gazette; Youth Council; GPF; Hands On; Arniston Hotel; Arniston; CAT; DOA WC; Department of Agriculture; San Parks; SAPS; Fishers Union | |

Table 36.: IDP Forum

2.9.3 Risk committee

| Name of representative | Capacity | Meeting dates |
|------------------------|---|-----------------|
| M Dennis | Risk Officer and Chairperson | |
| N Kotze | Director: Technical Services | |
| K Mrali | Director: Community Services | 18 July 2013 |
| H van Biljon | Chief Financial Officer | 22 August 2013 |
| S Ngvevwi | Director: Corporate Services | 1 November 2013 |
| P Everson | Assist. Director: Electro Mechanical Services | |
| B Swart | Internal Auditor | |

CHAPTER 2: GOVERNANCE

Table 37.: Risk Committee

COMPONENT D: 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.

2.10 RISK MANAGEMENT

Cape Agulhas Municipality is committed to the optimal management of risks in order to achieve our vision, deliver on our core business and key objectives.

In the course of conducting our day-to-day business operations, we are exposed to a variety of risks. These risks include operational and other risks that are material and require comprehensive controls and on-going oversight.

To ensure business success we have adopted an enterprise-wide integrated approach to the management of risks. By embedding the risk management process into key business processes such as planning, operations and new projects, we will be better equipped to identify events affecting our objectives and to manage risks in ways that are consistent with the approved risk appetite.

To further implement the enterprise-wide approach, we have taken a number of steps to reinforce a culture of disciplined risk-taking.

Council is responsible for oversight of the risk management processes and has delegated its day-to-day implementation to the Accounting Officer. The Accounting Officer, who is accountable for the overall governance of the municipality's risks, has delegated this role to the Chief Risk Officer (CRO) and management. The CRO will ensure that the framework is implemented and that Council and the Risk Management Committee (RMC) receive appropriate reporting on the municipality's risk profile and risk management process. Management will execute their responsibilities outlined in the Risk Management Strategy. All other officials are responsible for incorporating risk management into their day-to-day activities.

For the 2013/14 financial year the top 5 strategic and operational risks identified are as follows:

Strategic Risks

- The risk of financial sustainability for now and in the future
- Reserve funds to apply for capital projects decreasing, leading to increase in external funding required
- Decisions taken at annual strategic workshop not implemented thereby not achieving the goals set at the workshop
- Implications of the changes proposed by the Bill on Basic Conditions of Employment and Labour Relations Bill
- Erosion of coast line, camping sites and swimming areas

CHAPTER 2: GOVERNANCE

Operational Risks

- Housing waiting list not properly managed and/or maintained
- Incorrect or manipulated allocation of houses
- Lack of recovery of traffic fines
- Outdated/inadequate technology and software
- High water losses

2.11 ANTI-CORRUPTION AND ANTI-FRAUD

Section 83(c) of the Municipal Systems Act 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, favoritism 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.

2.11.1 Developed Strategies

| Name of strategy | Developed Yes/No | Date Adopted |
|--|---------------------|--|
| Risk Management Policy | Yes | 28 August 2012 (currently in the process of being reviewed) |
| Risk Management Strategy and Implementation Plan | Yes | 28 August 2012 (currently in the process of being reviewed) |
| Fraud Prevention Policy | Yes | 1 December 2010 (currently in the process of being reviewed) |

Table 38.: Strategies

2.11.2 Implementation of Strategies

| Key Risk Areas | Key measures to curb corruption and fraud |
|----------------------------|---|
| Policy | <p>A fraud and corruption policy is a key defense mechanism because it highlights the fact that the institution has a formal framework in place for dealing with fraud and corruption. It answer key questions such as:</p> <ul style="list-style-type: none"> • What is fraud and corruption? • How do we deal with it when arises? • What are the roles and responsibilities? • What are the sanctions? |
| Institutional arrangements | The creation of specific structures (e.g. a fraud committee) and the definition of roles and responsibilities enable coordination and management of programme implementation. At municipal level these would include structures such as internal audit and the external audit committees |
| Systems and control | Having well-structured and documented systems and controls in place nullifies gaps and loopholes that are often used to perpetrate fraud and corruption. These systems and controls also enable monitoring and management mechanism that will facilitate detection where there are attempts to override or circumvent such systems and controls. Importantly, systems and |

CHAPTER 2: GOVERNANCE

| Key Risk Areas | Key measures to curb corruption and fraud |
|---------------------------------------|---|
| | controls will ensure compliance with policies and regulations. Supply chain management is a good example of where systems and controls are crucial in preventing fraud and corruption |
| Fraud and Corruption Risk Management | All organisations have systems and controls in place with varying levels of structure and detail. Despite this, organisations are still vulnerable to fraud and corruption because systems and controls are not properly implemented or their inherent gaps and weaknesses can be exploited. Conducting fraud and corruption risk assessments enables organisations to test the integrity and completeness of their systems and controls with a view to implementing measures that strengthen areas of weakness and closing gaps. This approach proactively allows the organisation to prevent fraud and corruption |
| Training, Awareness and Communication | Making managers, staff, suppliers and customers aware of the risks of fraud corruption, how to deal with it, what the consequences are and why it is important to prevent and fight it are key weapons in building up an organisational culture that opposes fraud and corruption. Through training managers and staff could be made aware what to watch out for so that they do not willingly or unwillingly participate in acts of fraud and corruption. Communicating successes in dealing with fraud and corruption serves as deterrent to others and builds the corporate image of an institution |

Table 39.: Implementation of the Strategies

2.12 AUDIT COMMITTEE

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

- internal financial control;
- risk management;
- performance management; and
- effective governance.

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

2.12.1 Functions of the Audit Committee

- 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 Division of Revenue Act (Dora) and other applicable legislation.
- Respond to the council on any issues raised by the Auditor-General in the audit report.
- To review the quarterly reports submitted to it by the internal audit.

CHAPTER 2: GOVERNANCE

- To evaluate audit reports pertaining to financial, administrative and technical systems.
- 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 identify major risks to which Council is exposed and determine the extent to which risks have been minimised.
- To review the annual report of the municipality.
- 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.
- 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.

2.12.2 Members of the Audit Committee

The Audit Committee of the Cape Agulhas Municipality comprises:

| Name of representative | Capacity | Meeting dates |
|------------------------|-------------|---|
| J Pieterse | Chairperson | 6 September 2013 15 November 2013 27 March 2014 30 June 2014 |
| E Lakey | Member | |
| M Weitz (Mrs) | Member | |
| A Kok | Member | |
| Vacancy | Vacant | |

Table 40.: Members of the Audit Committee

2.12.3 Municipal Audit Committee Recommendations

| Date of Committee meeting | Committee recommendations during 2013/14 | Actions taken on recommendations |
|---------------------------|---|---|
| 6 September 2013 | That the Committee take note of the capacity constraints within the internal audit function and requests that the appointment of interns be done as quickly as possible | Intern advertisements placed and Intern appointed from January 2014 - finalised |
| | That the draft internal audit plan for 2013/14 be approved | Plan was implemented and monthly reporting done to the committee on progress made with the execution of the plan - finalised |
| | That the Committee is satisfied with the independence of the Internal Audit function and that it be referred to Council for their confirmation | Item tabled in Council during the October meeting - finalised |
| | That the Committee take note of the capacity constraints within the SCM section and | The matter is currently being dealt with through the revision of the macro and micro structure. Macro structure has been approved |

CHAPTER 2: GOVERNANCE

| Date of Committee meeting | Committee recommendations during 2013/14 | Actions taken on recommendations |
|---------------------------|--|--|
| | requests that the expansion of the section receive urgent attention | by Council and micro structure was finalised by end May 2014 and approved by Council - finalised |
| | That the committee take note of the risk analysis result and report and recommends that the report be submitted to Council for approval | Report was submitted to Council in August 2013 and adopted for implementation - finalised |
| 15 November 2013 | In view of the unsuccessful attempts to fill the vacancy on the Committee, the Committee will make a suitable submission to the Council for approval to carry on its functions with the current members and to re-advertise at a later stage | Council informed by way of the committees quarterly report for March 2014 - finalised |
| | Amendments to the internal audit plan to accommodate new priorities and risks identified through the AG audit | Plan amended and approved by the committee during its meeting of 27 March 2014 |
| | That the amount spend on vandalism at the Public Services section be determined to make an informed decision on the way forward | Amount was determined and taken into account with the follow-up audit currently in process |
| | That the execution of the Section 32 investigation recommendations be expedited | Matter finalised and letters issued |
| 27 March 2014 | The responsibility for asset management should be considered for inclusion in the 2014/15 SDBIP | In process |
| | The committee finalised its annual self-assessment | Results was tabled in Council and forwarded to Provincial treasury |
| 30 June 2014 | That the committee take note of the work load within the internal audit function and the effect that it may have on the independency of the Internal Auditor and the execution of the annual audit plan | Matter will be tabled in the Council during their meeting on 29 July 2014 |

Table 41.: Municipal Audit Committee Recommendations

2.14 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 neither 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.

CHAPTER 2: GOVERNANCE

Section 166(5) of the MFMA, requires that the members of an audit committee must be appointed by the council of the municipality. One of the members, not in the employ of the municipality, must be appointed as the chairperson of the committee. No councillor may be a member of an audit committee.

Both the Regulations and the MFMA, indicate that three is the minimum number of members needed to comprise a performance audit committee. While the regulations preclude the appointment of a councillor as chairperson of the performance audit committee, the MFMA excludes the involvement of a councillor in the composition of a performance audit committee entirely.

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

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

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

2.14.1 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.

2.14.2 Members of the Performance Audit Committee

The Performance Audit Committee of the Cape Agulhas Municipality comprises of:

| Name of representative | Capacity | Meeting dates |
|------------------------|-------------|------------------|
| J Pieterse | Chairperson | |
| E Lakey | Member | 6 September 2013 |
| M Weitz (Mrs) | Member | 15 November 2013 |
| A Kok | Member | 27 March 2014 |
| Vacancy | Vacant | 30 June 2014 |

Table 42.: Members of the Performance Audit Committee

CHAPTER 2: GOVERNANCE

2.15 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 municipality has an in-house Internal Audit function that consists of one internal auditor and one intern.

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

| Function | Date/Number |
|--|---|
| Assistance with the risk assessment for 2013/14 as well as training of the risk officer and the development of the Risk Analysis Report for tabling to Council | July and August 2013 |
| Execution of the Risk Based Audit Plan for 2013/14 | Throughout the 2013/14 financial year |
| Execution of ad-hoc request for audits | Throughout the 2013/14 financial year |
| Attendance of management, Mayco, Council and Portfolio Committees where required | August 2013 to October 2013 and December 2013 to June 2014, except for April 2014 when the Council was in recess for the 2014 national election |
| Driving the Municipal Governance Review and Oversight process | Throughout the 2013/14 financial year |
| Driving the Service Delivery Budget Implementation Plan | Throughout the 2013/14 financial year |

Table 43.: Table 36: Internal Audit Functions

2.16 BY-LAWS AND POLICIES

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

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

| Policies developed/ revised | Date adopted |
|--|------------------|
| Policy on the allocation of land for religious purposes | 27 May 2014 |
| House Shops Policy | 27 May 2014 |
| Asset Management Policy | 26 June 2014 |
| Budget Policy | 28 May 2014 |
| Unauthorised, irregular, fruitless and wasteful expenditure policy | 26 June 2014 |
| Credit Control Policy | 28 May 2014 |
| Cellular Phones | 3 December 2013 |
| Petty Cash Policy | 26 June 2014 |
| Housing Selection Policy | 25 February 2014 |

CHAPTER 2: GOVERNANCE

Table 44.: Policies

Below is a list of all the by-laws adopted during the financial year:

| By-laws developed/ revised | Date adopted by Council |
|--------------------------------|-------------------------|
| Electricity Supply By-Law | 24 July 2014 |
| Animal Care and Control By-Law | 27 May 2014 |
| Air Quality By-Law | 27 May 2014 |
| Problem Building By-Law | 27 May 2014 |

Table 45.: By-laws

2.17 COMMUNICATION

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

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

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

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

The table below provides details regarding the municipality's use of various communication platforms:

| Type of communication platform | Utilisation of Platform Yes/No | Purpose of usage? | Target Audience | Frequency of use or updates | Cost | Comments or details about this platform |
|--------------------------------|-----------------------------------|--|--------------------|-----------------------------|---|--|
| Internal newsletter | Yes | Inform staff of municipal programs, opportunities, Code of conduct, performance excellence | Staff, Councillors | Monthly | None – done in-house in electronic format | Very effective, read by staff and discussed; staff contribute to content |

CHAPTER 2: GOVERNANCE

| Type of communication platform | Utilisation of Platform Yes/No | Purpose of usage? | Target Audience | Frequency of use or updates | Cost | Comments or details about this platform |
|---------------------------------|-----------------------------------|--|--|-----------------------------|--|--|
| External newsletter | Yes | Info on service delivery, public participation | Residents | Quarterly | None – done in-house in electronic format | Informative to public and has its place in communication. It is more informative than proactive. |
| Radio | Yes | Information dissemination; mobilizing community, program enhancement, cultivate culture of lawfulness and full citizenship | Residents, business, NGO's, government departments, role players | Weekly | R75 000 | This is a very valuable tool in mobilizing and informing the community. |
| Website | Yes | Information dissemination, legal compliance, marketing | Residents, state departments, prospective visitors, investors, service providers | Continuous | R6 268 | This is mostly a legal compliance exercise although it is inter active and allows for complaints to be logged |
| Bulk SMS | Yes | Info dissemination, service delivery issues | Residents, ward residents | Continuous | R98 040 | This is a very valuable instrument to disseminate information, alert target audiences on crucial meetings or service delivery issues |
| LED Display/flash screen | Yes | Info dissemination, service delivery issues | Residents, business, visitors, NGO's, affected target audiences | Continuous | None – share notice board with the district municipality | This is a very valuable instrument to disseminate information, alert target audiences on crucial meetings or service delivery issues |
| Local newspaper | Yes | Reputation management, marketing, info dissemination, public awareness, legal compliance | Residents, business, visitors, NGO's, affected target audiences | Weekly | R166 860 | The isiXhosa and English speaking community, the illiterate and poorer communities do not read the newspapers and therefore |

CHAPTER 2: GOVERNANCE

| Type of communication platform | Utilisation of Platform Yes/No | Purpose of usage? | Target Audience | Frequency of use or updates | Cost | Comments or details about this platform |
|-------------------------------------|-----------------------------------|--|---|-----------------------------|---|--|
| | | | | | | coverage via this medium is limited. |
| Press release | Yes | Reputation management, marketing, info dissemination, public awareness, legal compliance | Residents, business, visitors, NGO's, affected target audiences | Continuous | R278 682 | The isiXhosa and English speaking community, the illiterate and poorer communities do not read the newspapers and therefore coverage via this medium is limited. |
| Posters | Yes | Info dissemination, raising public awareness | Residents, targeted audiences | Ad hoc | Included in the amount for local newspapers above | Not everyone visiting shops and public areas takes the time to read posters |
| Loud haling | Yes | Information dissemination | Targeted audiences | Ad hoc | Overtime | Excellent with reminding people of meetings – not effective otherwise |
| Pamphlets | Yes | Information dissemination and raising awareness | Targeted audiences | Ad hoc | None – done in-house | Excellent with reminding people of meetings and raising awareness |
| Special events / exhibitions | Yes | Information dissemination, raising awareness | Targeted audiences | Ad hoc | R48 400 | Raising awareness, information dissemination, marketing, building relationships |
| Facebook | Yes | Information dissemination, raising awareness, reputation management, mobilizing, client service, service delivery issues | Residents, targeted groups | Continuous | None | With sms' messaging the most effective communication tool |
| Twitter | Yes | Information dissemination, raising awareness, reputation management, | Residents, targeted groups | Continuous | None | Not everyone use this tool at the moment |

CHAPTER 2: GOVERNANCE

| Type of communication platform | Utilisation of Platform Yes/No | Purpose of usage? | Target Audience | Frequency of use or updates | Cost | Comments or details about this platform |
|--------------------------------|-----------------------------------|---|--|-----------------------------|------------------------|--|
| | | mobilizing, client service, service delivery issues | | | | |
| Blog | Yes | Raising awareness, reputation management, | Residents, targeted groups | Continuous | None | Not everyone utilize this tool |
| Public meetings | Yes | Raising awareness, mobilizing community, interactive governance | Ward committees, feedback meetings, sector meetings, | Continuous | Overtime | Not everyone attends, but still very effective |
| Complaints system | Yes | Addressing service delivery issues | Complaints | Continuous | Hosting fee of R31 680 | Effective, but quality of feedback needs to improve. |

Table 46.: Communication platforms

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

| Communication activities | Yes/No |
|--|--------|
| Communication unit | Yes |
| Communication strategy | Yes |
| Communication Policy | Yes |
| Customer satisfaction surveys | Yes |
| Functional complaint management systems | Yes |
| Newsletters distributed at least quarterly | Yes |

Table 47.: Communication Activities

2.18 WEBSITE

The municipal website forms an integral part of the 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 compliance to Section 75 of the MFMA:

| Documents published on the Municipal website | Published |
|--|-----------|
| Current annual and adjustments budgets and all budget-related documents, including SDBIP | Yes |
| Tariff policy | Yes |

CHAPTER 2: GOVERNANCE

| Documents published on the Municipal website | Published |
|---|-----------|
| Credit control policy | Yes |
| Rates policy | Yes |
| SCM policy | Yes |
| Annual report for 2012/13 | Yes |
| Annual Financial Statements for 2012/13 | Yes |
| All service delivery agreements for 2013/14 | Yes |
| All supply chain management contracts above the prescribed value for 2013/14 | Yes |
| Performance agreements required in terms of section 57 (1) (b) of the Municipal Systems Act for 2013/14 | Yes |
| All quarterly reports tabled in the council in terms of section 52 (d) of the MFMA during 2013/14 | Yes |

Table 48.: Website Checklist

2.19 SUPPLY CHAIN MANAGEMENT

The municipality has adopted an SCM policy that governs the procurement processes in terms of the requirements set by National Treasury. This policy has been revised to take into account recent developments in SCM and was adopted by Council in June 2014.

2.19.1 Competitive Bids in Excess of R200 000

a) Bid Committee Meetings

The following table details the number of bid committee meetings held for the 2013/14 financial year:

| Bid Specification Committee | Bid Evaluation Committee | Bid Adjudication Committee |
|-----------------------------|--------------------------|----------------------------|
| 43 | 52 | 18 |

Table 49.: Bid Committee Meetings

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

| Members | Percentage attendance |
|---|-----------------------|
| There are no permanent members on the Bid Specification Committee. Members are allocated dependent on the type of bid | 100% |

Table 50.: Attendance of members of bid specification committee

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

| Member | Percentage attendance |
|---|-----------------------|
| There are no permanent members on the Bid Specification Committee. Members are allocated dependent on the type of bid | 100% |

Table 51.: 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 (on invitation) | 61% |

CHAPTER 2: GOVERNANCE

| Member | Percentage attendance |
|---|-----------------------|
| N Kotze (Director: Technical Services) | 83% |
| P Everson (Asst. Director: Electro-Mechanical Services) | 83% |
| K Mrali (Director: Community Services) | 44% |
| S Ngwevu (Director: Corporate Services) | 72% |

Table 52.: 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 **59 bids** (34: 2012/13) with an estimated value of **R22 079 809.65** (R41 004 210.35: 2012/13).

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 R |
|---------------|---|-------------------------|--|---------------------------|
| SCM24/2013/14 | Construction Of Various Streets In Nuwerus, Napier | Technical Services | Burmar Civils Pty Ltd | 5 725 382.67 |
| SCM15/2013/14 | Printing & distribution of municipal accounts | Financial Services | Cab Holdings | 1 734 109.22 |
| SCM16/2013/14 | Transportation of cash | Financial Services | Suidpunt Besigheidstrust T/A Suidpunt Sekuriteit | 1 069 652.20 |
| SCM5/2013/14 | Building of ablution facilities at Waenhuiskrans Resort | Community Services | Actebis 172 CC T/A Els Bouers | 1 015 615.28 |
| SCM33/2013/14 | Professional services: design & contract management of roads in Napier & Bredasdorp | Technical Services | Delta Built Environment Consultants Pty Ltd | 1 003 428.00 |
| SCM25/2013/14 | Repair & upgrading of Welverdiend Library | Community Services | Lakey Bouers | 867 469.55 |
| SCM7/2013/14 | Demolition of Nostra Building, Struisbaai | Community Services | Actebis 172 CC T/A Els Bouers | 605 128.72 |
| SCM9/2013/14 | Building of bathrooms in Bredasdorp(4), Napier(3), Proteem(2), Struisbaai(3) and Waenhuiskrans(2) | Community Services | AI Bouers | 396 000.00 |
| SCM21/2013/14 | Upgrading of Napier, Waenhuiskrans and Proteem Library | Community Services | AI Bouers | 299 000.00 |

CHAPTER 2: GOVERNANCE

| Bid number | Title of bid | Directorate and section | Successful Bidder | Value of bid awarded R |
|---------------|---|-------------------------|----------------------|------------------------|
| SCM11/2013/14 | Fencing of Thusong Services Centre | Community Services | Gateway Metalworks | 270 683.88 |
| SCM27/2013/14 | The manufacture, testing, supply, delivery, installation and commissioning of a 12m working height scissor type aerial platform on our existing Nissan UD 40 Registration number CS 18080 | Electrical Services | 600 CT Manufacturing | 262 411.00 |

Table 53.: Ten highest bids awarded by bid adjudication committee

c) Awards Made by the Accounting Officer

A bid awarded by the Accounting Officer in terms of Section 144 MFMA 56 of 2003 is as follows:

| Bid number | Title of bid | Directorate and section | Value of bid awarded |
|-------------------|--------------|-------------------------|----------------------|
| None for the year | | | |

Table 54.: Awards made by Accounting Officer

2.19.2 Deviation from Normal Procurement Processes

The following table provides a summary of deviations approved for the financial year under review:

| Number of deviations | Value of deviations R |
|---|-----------------------|
| Deviations for amounts below R30 000: | |
| 74 | 581 576 |
| Deviations for amounts above R30 000: | |
| 22 | 1 668 073 |
| Deviations for amounts above R200 000: | |
| 10 | 4 322 660 |

Table 55.: Summary of deviations

2.19.3 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;

CHAPTER 2: GOVERNANCE

- 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.

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 2014, the value of stock at the municipal stores amounted to **R667 532.30** (R878 649.89: 2012/13).

2.19.5 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 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.

CHAPTER 2: GOVERNANCE

We are complying with section 14 of the MFMA which deals with the disposal of capital assets. The current policies in place aim to provide the guidelines for the disposal of all obsolete and damaged assets.

CHAPTER 3:

SERVICE DELIVERY PERFORMANCE

(PERFORMANCE REPORT PART 1)

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.1 INTRODUCTION

This chapter provides an overview of the key service achievements of the municipality that came to fruition during 2013/14 in terms of the deliverables achieved compared to the key performance objectives and indicators in the IDP. It furthermore, includes an overview on achievement in 2013/14 compared to actual performance in 2012/13.

3.2 OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION

Performance management is a process which measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the municipality.

At local government level performance management is institutionalized through the legislative requirements on the performance management process for Local Government. Performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met.

The constitution of S.A (1996), section 152, dealing with the objectives of local government paves the way for performance management with the requirements for an "accountable government". The democratic values and principles in terms of section 195 (1) are also linked with the concept of performance management, with reference to the principles of *inter alia*:

- the promotion of efficient, economic and effective use of resources,
- accountable public administration
- to be transparent by providing information,
- to be responsive to the needs of the community; and
- to facilitate a culture of public service and accountability amongst staff.

The Municipal Systems Act (MSA), 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players." Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organization as well as the external service providers and the Municipal Entities. This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.2.1 LEGISLATIVE REQUIREMENTS

In terms of section 46(1)(a) a municipality must prepare for each financial year a performance report reflecting the municipality's and any service provider's performance during the financial year, including comparison with targets of and with performance in the previous financial year. The report must, furthermore, indicate the development and service delivery priorities and the performance targets set by the municipality for the following financial year and measures that were or are to be taken to improve performance.

3.2.2 ORGANISATION PERFORMANCE

Strategic performance indicates 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 ongoing basis and the results must be reported on during the financial year to various role-players to enable them to timeously implement corrective measures where required.

This report highlight the strategic performance in terms of the municipality's Top Layer Service Delivery Budget Implementation Plan (SDBIP), high level performance in terms of the National Key Performance Areas, performance on the National Key Performance Indicators prescribed in terms of section 43 of the Municipal Systems Act, 2000 and an overall summary of performance on a functional level.

3.3 THE PERFORMANCE SYSTEM FOLLOWED FOR THE FINANCIAL YEAR 2012/13

3.3.1 ADOPTION OF A PERFORMANCE MANAGEMENT FRAMEWORK

The municipality adopted a performance management framework that was approved by Council on 29 May 2007 (Council Resolution 101/2007).

3.3.2 THE IDP AND THE BUDGET

The IDP was reviewed for 2013/14 and both the IDP and the budget for 2013/14 were approved by Council on 30 May 2014. The IDP process and the performance management process are integrated. The IDP fulfills the planning stage of performance management. Performance management in turn, fulfills the implementation management, monitoring and evaluation of the IDP.

3.3.3 THE SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN

The organisational performance is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level and through the service delivery budget implementation plan (SDBIP) at directorate and departmental levels.

The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business process of the municipality is implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and budget.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

The MFMA Circular No.13 prescribes that:

- The IDP and budget must be aligned
- The budget must address the strategic priorities
- The SDBIP should indicate what the municipality is going to do during next 12 months
- The SDBIP should form the basis for measuring the performance against goals set during the budget /IDP processes.

a) The municipal scorecard (Top Layer SDBIP)

The municipal scorecard (Top Layer SDBIP) consolidate service delivery targets set by Council / senior management and provide an overall picture of performance for the municipality as a whole, reflecting performance on its strategic priorities. Components of the Top Layer SDBIP include:

- **One-year** detailed plan, but should include a **three-year capital plan**
- The 5 necessary components includes:
 - Monthly projections of revenue to be collected for each source
 - Expected revenue to be collected NOT billed
 - Monthly projections of expenditure (operating and capital) and revenue for each vote
 - Section 71 format (Monthly budget statements)
 - Quarterly projections of service delivery targets and performance indicators for each vote
 - Non-financial measurable performance objectives in the form of targets and indicators
 - Output NOT input / internal management objectives
 - Level and standard of service being provided to the community
 - Ward information for expenditure and service delivery
 - Detailed capital project plan broken down by ward over three years

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

The following diagram illustrates the establishment, components and review of the municipal scorecard (Top Layer SDBIP):

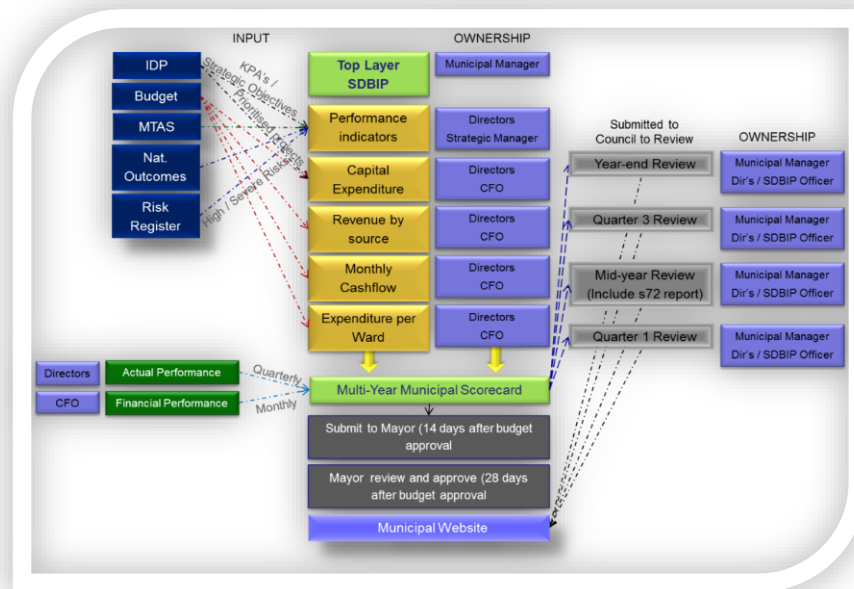


Figure 2.: Components of the Municipal Scorecard

Top Layer KPI's were prepared based on the following:

- Key performance indicators (KPI's) for the programmes / activities identified to address the strategic objectives as documented in the IDP.
- KPI's identified during the IDP and KPI's that need to be reported to key municipal stakeholders.
- KPI's to address the required National Agenda Outcomes, priorities and minimum reporting requirements.
- The municipal turnaround strategy (MTAS)

It is important to note that the municipal manager needs to implement the necessary systems and processes to provide the POE's for reporting and auditing purposes.

b) Adjustment of the Top Layer SDBIP of 2013/14

The Top Layer SDBIP was revised with the Adjustments Budget in terms of section 26(2)(c) of the Municipal Budget and Reporting Regulations and an amended Top Layer SDBIP was approved by the Council on the 24 June 2014. The following were considered in the development of the amended Top Layer SDBIP:

- Areas to be addressed and root causes of the Auditor-General management letter, as well as the risks identified during the 2012/13 audit
- Alignment with the IDP, National KPA's, Municipal KPA's and IDP objectives
- Alignment with the Adjustments Budget
- Oversight Committee Report on the Annual Report of 2012/13

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

- The risks identified by the Internal Auditor during the municipal risk analysis

3.3.4 SYSTEM TO MONITOR PERFORMANCE

The municipality utilizes an electronic web based system on which KPI owners update actual performance on a monthly basis. KPI owners report on the results of the KPI by documenting the following information on the performance system:

- The actual result in terms of the target set.
- The output/outcome of achieving the KPI.
- The calculation of the actual performance reported. (If %)
- A performance comment.
- Actions to improve the performance against the target set, if the target was not achieved.

It is the responsibility of every KPI owner to maintain a portfolio of evidence to support actual performance results updated.

3.4 PERFORMANCE MANAGEMENT

Performance management is prescribed by chapter of the Municipal Systems Act, Act 32 of 2000 and the Municipal Planning and Performance Management Regulations, 796 of August 2001. Section 7 (1) of the aforementioned regulation states that “A Municipality’s Performance Management System entails a framework that describes and represents how the municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the responsibilities of the different role players.” This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance. The municipality adopted a performance management framework that was approved by Council on 29 May 2007 (Council Resolution 101/2007).

3.4.1 ORGANISATIONAL PERFORMANCE

The organisational performance is monitored and evaluated via the SDBIP and the performance process can be summarised as follows:

- The Top Layer SDBIP was approved by the Mayor on 12 June 2013 and the information was loaded on an electronic web based system
- The web based system sent automated e-mails to the users of the system as a reminder to all staff responsible for updating their actual performance against key performance indicator targets by the 16th of every month for the previous month’s performance.
- Additionally, the performance system administrator reminded all departments on a monthly basis to update their actual performance on the web based system.
- Each director reports on his specific SDBIP performance in his Section 71 report which is discussed in the monthly portfolio committee meetings to determine early warning indicators and discuss corrective measures if needed.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

- The first quarterly report was submitted to Council on 29 October 2013 and the second quarterly report formed part of the section 72 report in terms of the Municipal Finance Management Act, which was submitted to the Mayor on 24 January 2014. The third quarter report was submitted to Council on 27 May 2014. The 4th quarter report will be submitted to Council on 26 August 2014.
- The 1st and 2nd Quarterly SDBIP performance reports were also submitted to the Performance Audit Committee on 15 November 2013 and 27 March 2014 respectively. The 3rd and 4th quarter reports were submitted to the committee on 30 June 2014.

3.4.2 INDIVIDUAL PERFORMANCE MANAGEMENT

a) Municipal Manager and Managers directly accountable to the Municipal Manager

The Municipal Systems Act, 2000 (Act 32 of 2000) prescribes that the municipality must enter into performance based agreements with the all s57-employees and that performance agreements must be reviewed annually. This process and the format are further regulated by Regulation 805 (August 2006). All performance agreements for the 2013/14 financial year were only signed on 6 September 2014. This was due to the new Municipal Manager only being appointed from 1 September 2014. Where such employees were appointed during the financial year, the applicable performance contracts was finalised within the prescribed period

The appraisal of the actual performance in terms of the signed agreements takes place twice per annum as regulated. The mid-year performance evaluations (1 July to 31 December 2013) took place during July 2014 and the final evaluation of the 2013/14 financial year (1 January 2014 to 30 June 2014) is scheduled for completion during July 2014.

The appraisals was done by an evaluation panel as indicated in the signed performance agreements and in terms of Regulation 805 and consisted of the following people:

- Executive Mayor
- Portfolio Chairperson
- Municipal Manager (in case of review of a Director)
- Chairperson of the Audit Committee
- Independent representative by a person in the employ of the municipality

b) Other municipal personnel

The municipality has implemented individual performance management to lower level staff in annual phases. All staff on post level 0 - 15 has performance agreements or performance development plans for the 2013/14 financial year. The mid-year performance of 2013/14 (1 July 2013 to 31 December 2013) took place during June 2014 and the final evaluation of the financial year (1 January 2014 to 30 June 2013) is still in process. The evaluation of performance is done between a manager and the employee in the presence of the applicable supervisor after which senior management do a moderation of all the results to ensure reliable and realistic outcomes.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.4.3 SERVICE PROVIDER 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. A service provider:

- means a person or institution or any combination of persons and institutions which provide to or for the benefit of the local community
- External service provider means an external mechanism referred to in section 76(b) which provides a municipal service for a municipality
- 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

During the year under review the municipality did not appoint any service providers who provided municipal services to or for the benefit of the local community on behalf of the municipality and therefore this report contains no such details. All other contract appointments are regularly monitored and ensured, that the requirements of the contract is complied with.

3.5 STRATEGIC SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN (TOP LAYER)

3.5.1 OVERALL ACTUAL PERFORMANCE FOR 2013/14

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 Layer (strategic) SDBIP is the municipality’s strategic plan and shows the strategic alignment between the different documents. (IDP, Budget and Performance Agreements)

In the paragraphs below the performance achieved is illustrated against the Top Layer SDBIP according to the IDP (strategic) objectives.

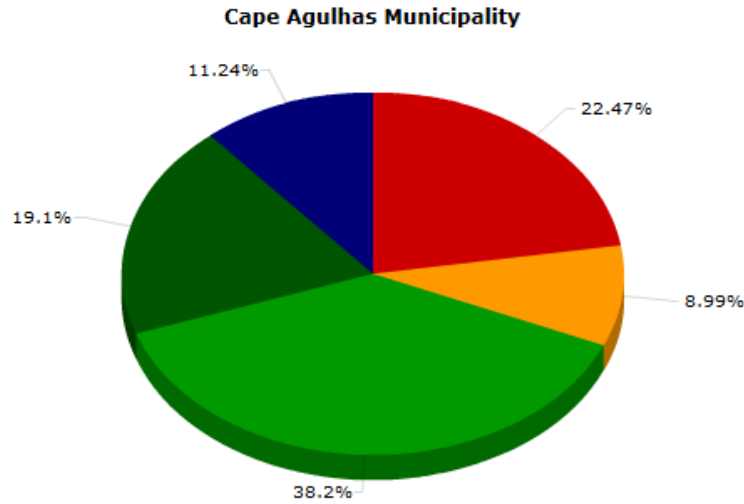
The following figure explains the method by which the overall assessment of actual performance against targets set for the key performance indicators (kpi’s) of the SDBIP is measured.

| 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 | Yellow | 75% >= Actual/Target < 100% |
| KPI's Met | Green | Actual/Target = 100% |
| KPI's Well Met | Dark Green | 100% > Actual/Target < 150% |
| KPI's Extremely Well Met | Dark Blue | Actual/Target >= 150% |

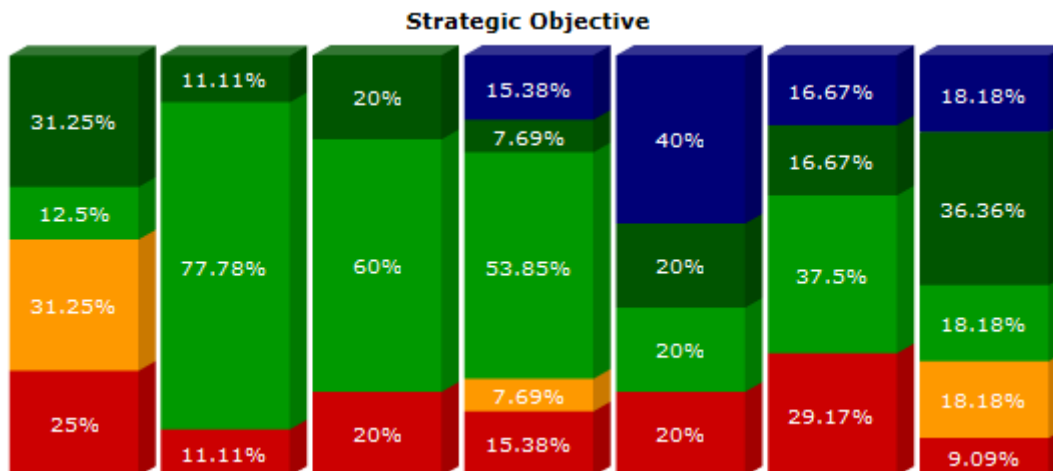
Figure 3.: SDBIP Measurement Categories

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

The graph below displays the overall performance per strategic objective for 2013/14



| Cape Agulhas Municipality | |
|--|------------|
| ■ KPI Not Met | 20 (22.5%) |
| ■ KPI Almost Met | 8 (9%) |
| ■ KPI Met | 34 (38.2%) |
| ■ KPI Well Met | 17 (19.1%) |
| ■ KPI Extremely Well Met | 10 (11.2%) |
| Total: | 89 |



CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| | Strategic Objective | | | | | | |
|-------------------------------|--|--|---|--|--|--|---|
| | <i>Development and regular maintenance of bulk infrastructure such as roads, storm water networks, potable water networks, waste water treatment plants, land and integrated human settlements</i> | <i>Establishing a functional municipality that can deliver on the IDP priorities, implement policies that will facilitate transformation, effective staff structure, general management practices and training</i> | <i>Promote service excellence and a corruption free environment</i> | <i>Provision of quality basic services such as water, electricity, refuse removal and sanitation</i> | <i>To facilitate economic development by creating a conducive environment for business development and unlock opportunities to increase participation amongst all sectors of society in the mainstream economy to ultimately create decent job opportunities</i> | <i>To facilitate the holistic development of people, expand the safety net for vulnerable groups and implement sustainable programmes to improve their livelihoods</i> | <i>To implement sound financial management systems and procedures that will ensure the financial viability of Cape Agulhas Municipality</i> |
| KPI Not Met | 4 (25%) | 1 (11.1%) | 1 (20%) | 2 (15.4%) | 1 (20%) | 7 (29.2%) | 1 (9.1%) |
| KPI Almost Met | 5 (31.3%) | - | - | 1 (7.7%) | - | - | 2 (18.2%) |
| KPI Met | 2 (12.5%) | 7 (77.8%) | 3 (60%) | 7 (53.8%) | 1 (20%) | 9 (37.5%) | 2 (18.2%) |
| KPI Well Met | 5 (31.3%) | 1 (11.1%) | 1 (20%) | 1 (7.7%) | 1 (20%) | 4 (16.7%) | 4 (36.4%) |
| KPI Extremely Well Met | - | - | - | 2 (15.4%) | 2 (40%) | 4 (16.7%) | 2 (18.2%) |
| Total: | 16 | 9 | 5 | 13 | 5 | 24 | 11 |

Strategic Objective



| | Strategic Objective |
|-------------------------------|--|
| | <i>To provide an administration that ensures public participation in a transparent and accountable way as well as to promote intergovernmental relations</i> |
| KPI Not Met | 3 (50%) |
| KPI Almost Met | - |
| KPI Met | 3 (50%) |
| KPI Well Met | - |
| KPI Extremely Well Met | - |
| Total: | 6 |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Graph 5.: Overall performance per strategic objective

3.5.2 DETAIL ACTUAL PERFORMANCE FOR 2013/14 KEY PERFORMANCE INDICATORS PER STRATEGIC OBJECTIVE

a) Development and regular maintenance of bulk infrastructure such as roads, storm water networks, potable water networks, waste water treatment plants, land and integrated human settlements

| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2012/13 | Target | | | | | Overall performance for 2013/14 | | |
|------|--|----------------------------------|---------|--|--------|----|----|-------|--------|---------------------------------|---|---|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Comments/ Corrective actions |
| TL23 | Complete the project for the upgrade of the Struisbaai Waste Water treatment Works by 31 December | Project completed | 5 | New performance indicator for 2013/14. No comparatives available | 0 | 1 | 0 | 0 | 1 | 1 | | |
| TL24 | Reseal municipal roads by end of June 2014 in terms of the approved budget | Number of kilometers resealed | 2; 3; 4 | New performance indicator for 2013/14. No comparatives available | 0 | 0 | 0 | 6.5 | 6.5 | 6.69 | | |
| TL25 | Upgrade 1 500 meters of pavements by end of June 2014 in terms of the approved budget | Number of square meters upgraded | All | New performance indicator for 2013/14. No comparatives available | 0 | 0 | 0 | 1 500 | 1 500 | 1 298 | | Due to the limited budget only part of the expected paving could be completed |
| TL26 | Complete 4 projects for the upgrade of the stormwater system according to the master plan | Number of projects completed | All | New performance indicator for 2013/14. No comparatives available | 0 | 0 | 0 | 4 | 4 | 1 | | Although 4 projects were identified, the limited budget and final allocation resulted in only one project being completed. The other three projects could only be partially completed and will be finalised in the 2014/15 financial year |
| TL27 | Complete the project for the construction of the stormwater retention dam in Struisbaai by the end of June | Project completed | 5 | New performance indicator for 2013/14. No comparatives available | 0 | 0 | 0 | 1 | 1 | 0 | | The funds for this project were allocated to another project due to priority work. The project will be completed in the next |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2012/13 | Target | | | | | Overall performance for 2013/14 | | | |
|------|--|---|-------|--|--------|----|----|-----|--------|---------------------------------|---|------------------------------|--|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Comments/ Corrective actions | |
| | | | | | | | | | | | | | financial years, |
| TL28 | Construct traffic calming structures by end of June 2014 in terms of the approved budget | Number of pedestrian crossing speed bumps constructed | All | New performance indicator for 2013/14. No comparatives available | 0 | 0 | 0 | 7 | 7 | 8 | | | |
| TL29 | Upgrade Sealy Street by the end of the financial year | Number of meters upgraded | All | New performance indicator for 2013/14. No comparatives available | 0 | 0 | 0 | 200 | 200 | 53 | | | The funds available for this project were inadequate and as a result only 53 meters could be upgraded. The remainder of the upgrade will be budgeted for in the coming financial years. |
| TL30 | Re-built Dirkie Uys Street by the end of the financial year | Number of meters upgraded | All | New performance indicator for 2013/14. No comparatives available | 0 | 0 | 0 | 175 | 175 | 169.3 | | | The target for the project was over estimated. The project has been completed and a total of 169.3 meters were paved. |
| TL32 | Tar street in low cost housing area in Napier by the end of the financial year | Number of meters tarred | 1 | New performance indicator for 2013/14. No comparatives available | 0 | 0 | 0 | 941 | 941 | 1 057 | | | |
| TL33 | Upgrade Ou Meule Street by the end of the financial year | Number of meters upgraded | All | New performance indicator for 2013/14. No comparatives available | 0 | 0 | 0 | 620 | 620 | 516 | | | The funds available for this project were inadequate and as a result only 516 meters could be upgraded. The remainder of the upgrade will be budgeted for in the coming financial years. |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2012/13 | Target | | | | | Overall performance for 2013/14 | | |
|------|--|-------------------------------|-------|--|--------|----|----|-----|--------|---------------------------------|---|---|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Comments/ Corrective actions |
| TL34 | Tar streets in Nuwerus by the end of the financial year | Number of meters tarred | 1 | New performance indicator for 2013/14. No comparatives available | 0 | 0 | 0 | 405 | 405 | 0 | | The project will be completed over two financial years. The contractor is on site and project will be completed during 2014/15. |
| TL38 | 90% of the approved water maintenance budget spent (Actual amount spent on maintenance of water assets/Total amount budgeted for maintenance of water assets) | % of maintenance budget spent | All | New performance indicator for 2013/14. No comparatives available | 0% | 0% | 0% | 90% | 90% | 88% | | There was a saving on the maintenance budget as it was not necessary do maintenance on some items e.g. not necessary run groundwater pumps as all the dams were full most of the year; less maintenance required on the waterworks than expected. |
| TL39 | 90% of the approved waste water maintenance budget spent (Actual amount spent on maintenance of waste water assets/ Total amount budgeted for maintenance of waste water assets) | % of maintenance budget spent | All | New performance indicator for 2013/14. No comparatives available | 0% | 0% | 0% | 90% | 90% | 83% | | There was a saving on the maintenance budget as it was not necessary do maintenance on some items e.g. less maintenance on sewerage works than was expected as well as on the buildings and sites |
| TL40 | 90% of the approved waste management maintenance budget spent (Actual amount spent on maintenance of waste removal assets/Total | % of maintenance budget spent | All | New performance indicator for 2013/14. No comparatives available | 0% | 0% | 0% | 90% | 90% | 97% | | |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2012/13 | Target | | | | | Overall performance for 2013/14 | | | |
|------|---|--|-------|--|--------|----|----|-----|--------|---------------------------------|---|------------------------------|--|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Comments/ Corrective actions | |
| | amount budgeted for maintenance of waste removal assets) | | | | | | | | | | | | |
| TL55 | Review the Human Settlement Plan and submit to Council by 30 May | Plan reviewed and submitted to council | All | 1 | 0 | 0 | 0 | 1 | 1 | 1 | | | |
| TL86 | 90% of the approved roads and stormwater management maintenance budget spent (Actual amount spent on maintenance of roads & stormwater assets/Total amount budgeted for maintenance of roads and stormwater assets) | % of maintenance budget spent | All | New performance indicator for 2013/14. No comparatives available | 0% | 0% | 0% | 90% | 90% | 93% | | | |

Table 56.: Development and regular maintenance of bulk infrastructure such as roads, storm water networks, potable water networks, waste water treatment plants, land and integrated human settlements

b) Establishing a functional municipality that can deliver on the IDP priorities, implement policies that will facilitate transformation, effective staff structure, general management practices and training

| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2012/13 | Target | | | | | Overall performance for 2013/14 | | |
|-----|---|---------------------|-------|-------------------------------|--------|----|----|-----|--------|---------------------------------|---|---|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Comments/ Corrective actions |
| TL7 | Limit vacancy rate to less than 10% of budgeted post (Number of funded posts vacant / total number of funded posts) | % Vacancy rate | All | 30.41 | 0% | 0% | 0% | 10% | 10% | 23.5% | | Could not achieve the target as the approval of the micro structure occurred late in the financial year and all placements could not be done as planned. However, there has been a measurable improvement for the previous financial year and it is expected to |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2012/13 | Target | | | | | Overall performance for 2013/14 | | | |
|------|---|--|-------|--|--------|------|------|-------|--------|---------------------------------|---|------------------------------|------------------------------------|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Comments/ Corrective actions | |
| | | | | | | | | | | | | | improve in following years as well |
| TL56 | Processing of land use applications within 120 days after receipt of all relevant information and documents are correctly submitted from internal and external sources (No. of actual applications evaluated for the period/ No. of applications received for the period) | % Of applications evaluated | All | 95% | 100% | 100% | 100% | 100% | 100% | 100% | | | |
| TL57 | Provide decision on building plans within 30 days for buildings less than 500m2 and 60 days for buildings larger than 500m2 (No. of actual plans evaluated for the period/ No. of plan received for the period) | % Evaluated | All | 100% | 100% | 100% | 100% | 100% | 100% | 100% | | | |
| TL58 | Finalisation of the Zoning Schemes by 30 June and submit to Provincial Department | Zoning scheme submitted to Provincial department | All | New performance indicator for 2013/14. No comparatives available | 0 | 0 | 0 | 1 | 1 | 1 | | | |
| TL59 | Submit reviewed SDF to Council by 31 March | SDF submitted to Council | All | New performance indicator for 2013/14. No comparatives available | 0 | 0 | 1 | 0 | 1 | 1 | | | |
| TL60 | Submit Workplace Skills Plan by 30 April to the LGSETA | WPSP submitted to the LGSETA by 30 April | All | 100% | 0 | 0 | 0 | 1 | 1 | 1 | | | |
| TL61 | Submit the reviewed Employment Equity Plan to Council by 30 September | Plan reviewed and submitted to council | All | 100% | 1 | 0 | 0 | 0 | 1 | 1 | | | |
| TL82 | Spent 0.5% of operational budget on training (Actual total training expenditure divided by total operational budget) | % of total operational budget spent on training | All | New performance indicator for 2013/14. No comparatives available | 0% | 0% | 0% | 0.50% | 0.50% | 0.74% | | | |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2012/13 | Target | | | | | Overall performance for 2013/14 | | |
|------|--|---|-------|-------------------------------|--------|----|----|----|--------|---------------------------------|---|------------------------------|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Comments/ Corrective actions |
| TL87 | 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 in the three highest levels of management | All | | 0 | 0 | 0 | 1 | 1 | 1 | | |

Table 57.: Establishing a functional municipality that can deliver on the IDP priorities, implement policies that will facilitate transformation, effective staff structure, general management practices and training

c) Promote service excellence and a corruption free environment

| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2012/13 | Target | | | | | Overall performance for 2013/14 | | |
|------|--|---|-------|--|--------|-----|-----|-----|--------|---------------------------------|---|--|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Comments/ Corrective actions |
| TL8 | Complete a risk analysis and submit to Council for approval by 31 July | Risk analysis completed and submitted to council by 31 July | All | 100% | 1 | 0 | 0 | 0 | 1 | 1 | | |
| TL9 | Develop a Risk Based Audit Plan and submit to the Audit Committee for approval by 15 September | RBAP completed and submitted by 15 September | All | 100% | 1 | 0 | 0 | 0 | 1 | 1 | | |
| TL10 | Implement the RBAP for 2013/14 (Number of audits and tasks completed for the period/ Number of audits and tasks identified in the RBAP to complete for the period) | % Implemented | All | 90% | 10% | 30% | 50% | 80% | 80% | 91.20% | | Due to the allocation of an intern to the internal audit function during the year, more audits and activities could be executed than originally expected |
| TL11 | Number of beaches receiving blue flag status | Number of beaches receiving blue flag status | All | New performance indicator for 2013/14. No comparatives available | 0 | 0 | 0 | 1 | 1 | 0 | | Application was made for preliminary status during the year and the full process is expected to be finalised during 2014/15 |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2012/13 | Target | | | | | Overall performance for 2013/14 | | |
|------|--|--|-------|-------------------------------|--------|----|----|----|--------|---------------------------------|---|------------------------------|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Comments/ Corrective actions |
| TL12 | Submit quarterly reports on the actual performance to the Top Layer SDBIP to council | Number of performance reports submitted to council | All | 3 | 1 | 1 | 1 | 1 | 4 | 4 | | |

Table 58.: Promote service excellence and a corruption free environment

d) Provision of quality basic services such as water, electricity, refuse removal and sanitation

| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2012/13 | Target | | | | | Overall performance for 2013/14 | | |
|-----|---|----------------------------------|-------|--|--------|----|----|-----|--------|---------------------------------|---|--|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Comments/ Corrective actions |
| TL1 | Limit electrical losses to less than 15% for the financial year | % Of electricity unaccounted for | All | 10% | 0% | 0% | 0% | 15% | 15% | 8.94% | | Although National Treasury norm is 15%, maintenance of electrical infrastructure resulted in the actual loss being far less than the norm |
| TL2 | Upgrade transformer with mini subs in Struisbaai by the end of June | Number of transformers upgraded | 5 | New performance indicator for 2013/14. No comparatives available | 0 | 0 | 0 | 1 | 1 | 1 | | |
| TL3 | Provide electricity to 15 informal households in Bredasdorp | Number of households | 1; 3 | New performance indicator for 2013/14. No comparatives available | 0 | 0 | 0 | 15 | 15 | 73 | | Due to the limited budget received it was expected that only 15 households could be connected. However, through savings in the 2012/13 financial year the necessary infrastructure could already be erected during that year. As a result more houses could be connected with the limited budget |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2012/13 | Target | | | | | Overall performance for 2013/14 | | |
|------|--|---|-------|--|--------|----|----|-----|--------|---------------------------------|---|---|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Comments/ Corrective actions |
| TL4 | Complete the project for the replacement of overhead electricity lines with cable by the end of June | Project completed | All | New performance indicator for 2013/14. No comparatives available | 0 | 0 | 0 | 1 | 1 | 1 | | |
| TL5 | 90% of the approved electricity maintenance budget spent (Actual amount spent on maintenance of electricity assets/ Total amount budgeted for electricity asset maintenance) | % of maintenance budget spent | All | New performance indicator for 2013/14. No comparatives available | 0% | 0% | 0% | 90% | 90% | 76.29% | | Money was saved for replacement of high up on breakdown basis. R230 000 that should have been shifted to pay for the cherry picker was not done therefore the low expenditure. Once the final statements are available the figures will be corrected through the special adjustment budget in September 2014. |
| TL6 | Complete the project for the installation of electrical infrastructure in Bluebay by the end of June | Project completed | 5 | New performance indicator for 2013/14. No comparatives available | 0 | 0 | 0 | 1 | 1 | 1 | | |
| TL19 | Hold sessions at schools to create awareness into the Waste Minimisation Strategy | Number of schools in which awareness sessions were held | All | 4 | 1 | 2 | 2 | 1 | 6 | 6 | | |
| TL20 | Submit the application for Cleanest & Greenest Town competition by 31 March | Application submitted by 31 March | All | New performance indicator for 2013/14. No comparatives available | 0 | 0 | 1 | 0 | 1 | 1 | | |
| TL22 | Develop a Water Demand Management Strategy and submit to council by 30 June | Strategy submitted to council by 30 June | All | New performance indicator for 2013/14. No comparatives available | 0 | 0 | 0 | 1 | 1 | 0 | | Only the draft has been completed. The strategy will be completed in |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2012/13 | Target | | | | | Overall performance for 2013/14 | | | |
|------|--|--|-------|--|--------|-----|-----|-----|--------|---------------------------------|---|------------------------------|---|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Comments/ Corrective actions | |
| | | | | | | | | | | | | | the next financial year. |
| TL31 | Fence the dumping site by the end of the financial year | Project completed | All | New performance indicator for 2013/14. No comparatives available | 0 | 0 | 0 | 1 | 1 | 1 | | | |
| TL35 | Limit unaccounted water to less than 15% | % of water unaccounted for | All | 21% | 0% | 0% | 0% | 15% | 15% | 22.5% | | | The target for the financial year was over projected considering that the loss for the previous financial year was calculated at 21%. The losses for the various areas will be analysed in an attempt to decrease the current water losses. |
| TL36 | Comply with water quality as per SANS 241 physical and micro parameters | % water quality | All | 95% | 95% | 95% | 95% | 95% | 95% | 99% | | | |
| TL37 | Quality of waste water discharge measured by the % waste water quality level | % water quality of waste water discharge | All | 89.25% | 90% | 90% | 90% | 90% | 90% | 90% | | | |

Table 59.: Provision of quality basic services such as water, electricity, refuse removal and sanitation

- e) To facilitate economic development by creating a conducive environment for business development and unlock opportunities to increase participation amongst all sectors of society in the mainstream economy to ultimately create decent job opportunities

| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2012/13 | Target | | | | | Overall performance for 2013/14 | | | |
|------|--|-------------------------|-------|--|--------|----|----|----|--------|---------------------------------|---|------------------------------|---|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Comments/ Corrective actions | |
| TL21 | Create FTE's through government expenditure with the EPWP (Person days / FTE (230 days)) | Number of FTE's created | All | New performance indicator for 2013/14. No comparatives available | 0 | 0 | 0 | 51 | 51 | 82 | | | Although funds were only received for a limited number of FTE's, the use of own funds |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2012/13 | Target | | | | | Overall performance for 2013/14 | | | |
|------|--|---|-------|-------------------------------|--------|----|----|----|--------|---------------------------------|---|------------------------------|---|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Comments/ Corrective actions | |
| | | | | | | | | | | | | | additional to the allocation resulted in many more jobs being created |
| TL46 | Assist prospective businesses / persons with business plans and financing advice | Number of businesses / persons assisted | All | 5 | 0 | 0 | 0 | 5 | 5 | 14 | | | Many more people approached the municipality for assistance than expected. However, the municipality was able to assist all of them |
| TL48 | Support entrepreneurs to enhance SMME development | Number of entrepreneurs supported | All | 6 | 0 | 3 | 0 | 3 | 6 | 8 | | | |
| TL49 | Annual review and signing of MOU with the Local Tourism agency by 31 March | Signed MOU | All | 1 | 0 | 0 | 1 | 0 | 1 | 0 | | | The municipality requested a revised business plan from the tourism office which was still in progress at year end. This will be finalised during 2014/15 |
| TL50 | Implement rural development programmes | Number of programmes implemented | All | 5 | 0 | 0 | 0 | 5 | 5 | 5 | | | |

Table 60.: To facilitate economic development by creating a conducive environment for business development and unlock opportunities to increase participation amongst all sectors of society in the mainstream economy to ultimately create decent job opportunities

- f) To facilitate the holistic development of people, expand the safety net for vulnerable groups and implement sustainable programmes to improve their livelihoods

| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2012/13 | Target | | | | | Overall performance for 2013/14 | | | |
|------|--|---|-------|-------------------------------|--------|-------|-------|-------|--------|---------------------------------|---|------------------------------|--|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Comments/ Corrective actions | |
| TL16 | Provide 6kl free basic water per month to all households | Number of HH receiving free basic water | All | 8125 | 7 800 | 7 800 | 7 800 | 7 800 | 7 800 | 8 309 | | | Due to an unexpected influx into the area, more households |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2012/13 | Target | | | | | Overall performance for 2013/14 | | | |
|------|--|---|-------|--|--------|-------|-------|-------|--------|---------------------------------|---|------------------------------|---|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Comments/ Corrective actions | |
| | | | | | | | | | | | | | was serviced than what was originally expected |
| TL17 | Provide free basic sanitation, refuse and availability fee for water to the amount of R225 to indigent households in terms of the equitable share requirements | Number of HH receiving free basic sanitation | All | 2388 | 2 300 | 2 300 | 2 300 | 2 300 | 2 300 | 3 248 | | | Due to an unexpected influx into the area, more households was serviced than what was originally expected |
| TL18 | Provide 50kwh free basic electricity per month per indigent household in terms of the equitable share requirements | Number of HH receiving free basic electricity | All | 2388 | 2 300 | 2 300 | 2 300 | 2 300 | 2 300 | 2 672 | | | Due to an unexpected influx into the area, more households was serviced than what was originally expected |
| TL41 | Review the Integrated Human Development Strategy and submit to Council by 31 March | Strategy reviewed and submitted to council | All | 1 | 0 | 0 | 1 | 0 | 1 | 0 | | | The strategy have been completed but will be submitted at the next Council meeting held |
| TL42 | Establish a local drug action team by 28 February | Action team established | All | New performance indicator for 2013/14. No comparatives available | 0 | 0 | 1 | 0 | 1 | 0 | | | Council decided that the Local drug Action team cannot be established at this point. The Department of Social Development must first conduct a drug summit with various stakeholders. See minutes of Mayoral Committee meeting of 25 February 2014, item 5.2. |
| TL43 | Establish of Drug rehabilitation centre by 31 December | Drug rehabilitation centre established | All | New performance indicator for 2013/14. No | 0 | 1 | 0 | 0 | 1 | 1 | | | |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2012/13 | Target | | | | | Overall performance for 2013/14 | | | |
|------|---|--|-------|--|--------|----|----|----|--------|---------------------------------|---|------------------------------|---|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Comments/ Corrective actions | |
| | | | | comparatives available | | | | | | | | | |
| TL44 | Hold workshop to train NPO's | Number of workshops | All | New performance indicator for 2013/14. No comparatives available | 0 | 0 | 0 | 1 | 1 | 1 | | | |
| TL45 | Complete the construction of the Thusong Community Centre by the end of October | Project completed | All | New performance indicator for 2013/14. No comparatives available | 0 | 1 | 0 | 0 | 1 | 1 | | | |
| TL51 | Hold sessions to educate the community on road safety | Number of sessions held | All | 7 | 2 | 2 | 2 | 2 | 8 | 10 | | | |
| TL52 | Hold roadblocks to increase road and traffic safety | Number of road blocks held | All | 41 | 3 | 5 | 3 | 3 | 14 | 128 | | | As a result of the nationwide effort to increase road safety more roadblocks and other activities were held in conjunction with the provincial traffic division |
| TL53 | Review of the Disaster Management Plan and submit to Council by 31 March | Plan reviewed and submitted to council | All | 0 | 0 | 0 | 1 | 0 | 1 | 0 | | | The review of the plan was delayed as a result of the finalisation of the ODM plan. The plan has been reviewed but not submitted to Council |
| TL54 | Review the Disaster preparedness, response and recovery plans and submit to Council | Number of plans reviewed | All | 0 | 2 | 2 | 2 | 2 | 8 | 0 | | | All document regarding Disaster Management will be workshop during July/August 2014 before Council can approve |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2012/13 | Target | | | | | Overall performance for 2013/14 | | |
|------|--|----------------------------------|-------|--|--------|----|----|----|--------|---------------------------------|---|---|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Comments/ Corrective actions |
| TL65 | Implement youth development projects | Number of projects | All | New performance indicator for 2013/14. No comparatives available | 0 | 1 | 0 | 1 | 2 | 3 | | |
| TL66 | Implement women empowerment programmes | Number of programmes | All | New performance indicator for 2013/14. No comparatives available | 0 | 1 | 0 | 1 | 2 | 3 | | |
| TL67 | Facilitate the process to establish a shelter for abused & battered women and children by 30 June | Shelter established by 30 June | All | New performance indicator for 2013/14. No comparatives available | 0 | 0 | 0 | 1 | 1 | 0 | | Shelter is not established yet due to funding constrains. The necessary logistics were implemented . The project will continue in the new financial year. |
| TL68 | Facilitate HIV/AIDS awareness programme | Number of programmes facilitated | All | New performance indicator for 2013/14. No comparatives available | 0 | 1 | 0 | 0 | 1 | 1 | | |
| TL69 | Facilitate a substance abuse awareness programme | Number of programmes facilitated | All | 1 | 0 | 0 | 0 | 1 | 1 | 1 | | |
| TL70 | Facilitate awareness programmes regarding the rights of the older persons | Number of programmes facilitated | All | New performance indicator for 2013/14. No comparatives available | 0 | 0 | 0 | 1 | 1 | 4 | | |
| TL71 | Facilitate the meeting of the structure for people with disabilities | Number of meetings held | All | New performance indicator for 2013/14. No comparatives available | 1 | 1 | 1 | 1 | 4 | 4 | | |
| TL77 | Complete the project for the construction of a Memorial Wall at Napier cemetery by the end of June | Project completed | 1 | New performance indicator for 2013/14. No comparatives available | 0 | 0 | 0 | 1 | 1 | 1 | | |
| TL78 | Complete the project for the upgrade of the Arniston Resort by | Project completed | 5 | New performance indicator for 2013/14. No | 0 | 1 | 0 | 0 | 1 | 1 | | |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2012/13 | Target | | | | | Overall performance for 2013/14 | | | |
|------|--|---------------------|-------|--|--------|----|----|----|--------|---------------------------------|---|------------------------------|--|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Comments/ Corrective actions | |
| | the end of December | | | comparatives available | | | | | | | | | |
| TL79 | Complete the project for the installation of new power points at Arniston Resort by the end of December | Project completed | 5 | New performance indicator for 2013/14. No comparatives available | 0 | 1 | 0 | 0 | 1 | 1 | | | |
| TL80 | Complete the project for the construction of the ablution facility at the Zwelitsha Sport field by 30 June | Project completed | 3 | New performance indicator for 2013/14. No comparatives available | 0 | 0 | 0 | 1 | 1 | 0 | | | Funds were not available to complete the project. The project will continue once funds are available. |
| TL81 | Complete the project for the upgrade of the sport field at Napier by 30 June | Project completed | 1 | New performance indicator for 2013/14. No comparatives available | 0 | 0 | 0 | 1 | 1 | 0 | | | Tender were advertised but tenderers did not comply with specifications . Project will be resumed in the new financial year. |

Table 61.: To facilitate the holistic development of people, expand the safety net for vulnerable groups and implement sustainable programmes to improve their livelihoods

g) To implement sound financial management systems & procedures that will ensure the financial viability of Cape Agulhas Municipality

| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2012/13 | Target | | | | | Overall performance for 2013/14 | | | |
|------|---|---|-------|-------------------------------|--------|-----|-----|-----|--------|---------------------------------|---|------------------------------|--|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Comments/ Corrective actions | |
| TL13 | Compile and submit the annual financial statements to the Auditor-General by 31 August | Financial Statements submitted by 31 August | All | 100% | 1 | 0 | 0 | 0 | 1 | 1 | | | |
| TL14 | Achieve a debtors payment percentage of at least 94% by 30 June ((Gross Debtors Closing Balance + Billed Revenue-Gross Debtors Opening Balance - Bad Debts Written Off) divided | Payment % achieved | All | 98.70% | 87% | 93% | 94% | 94% | 94% | 97.35% | | | |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2012/13 | Target | | | | | Overall performance for 2013/14 | | | |
|------|---|--|-------|--|--------|----|----|-----|--------|---------------------------------|---|------------------------------|--|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Comments/ Corrective actions | |
| | by Billed Revenue) x 100} | | | | | | | | | | | | |
| TL15 | Complete a Supplementary Valuation Roll by 31 March | Supplementary Valuation Roll completed by 31 March | All | 100% | 0 | 0 | 1 | 0 | 1 | 1 | | | |
| TL83 | Financial viability measured in terms of the outstanding service debtors (Total outstanding service debtors/ revenue received for services) | % achieved | All | New performance indicator for 2013/14. No comparatives available | 0% | 0% | 0% | 13% | 13% | 20.40% | | | Will investigate higher than expected ratio as there may be incorrect allocations such as attorney fees on debtors that is included in this balance |
| TL84 | Financial viability measured in terms of the available cash to cover fixed operating expenditure ((Available cash+ investments)/ Monthly fixed operating expenditure) | Ratio achieved | All | New performance indicator for 2013/14. No comparatives available | 0 | 0 | 0 | 0.7 | 0.7 | 1.92 | | | The municipality is in a favorable position (e.g. no need to take up external loans) in respect of the ratios and norms set by the National Treasury. For this reason the ratio results exceeds requirements |
| TL85 | Financial viability measured in terms of the municipality's ability to meet its service debt obligations ((Total operating revenue- operating grants received)/debt service payments due within the year) | Ratio achieved | All | New performance indicator for 2013/14. No comparatives available | 0 | 0 | 0 | 70 | 70 | 384.9 | | | The municipality is in a favorable position (e.g. no need to take up external loans) in respect of the ratios and norms set by the National Treasury. For this reason the ratio results exceeds requirements |
| TL88 | The percentage of the municipal capital budget | % of the municipal budget spent (Actual amount | All | | 0% | 0% | 0% | 95% | 95% | 106.64% | | | |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2012/13 | Target | | | | | Overall performance for 2013/14 | | | |
|------|---|---|-------|-------------------------------|--------|----|----|-------|--------|---------------------------------|---|------------------------------|---|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Comments/ Corrective actions | |
| | actually spent on capital projects identified in terms of the IDP (Actual amount spent on projects as identified for the year in the IDP/Total amount spent on capital projects) X 100 | spent on projects as identified for the year in the IDP/Total amount spent on capital projects) X 100 | | | | | | | | | | | |
| TL89 | Number of formal residential properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network | Number of formal residential properties that receive piped water (credit and prepaid water) | All | | 0 | 0 | 0 | 8 490 | 8 490 | 8 309 | | | Slightly less households than expected were connected during the year |
| TL90 | Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering) | Number of credit and prepaid electrical metering | All | | 0 | 0 | 0 | 8 490 | 8 490 | 8 442 | | | Slightly less households than expected were connected during the year |
| TL91 | Number of sanitation services to residential properties (connected to the municipal waste water sanitation/sewerage network) billed for sewerage service, irrespective of the number of water closets (toilets) | Number of residential properties which are billed for sewerage | All | | 0 | 0 | 0 | 5 582 | 5 582 | 5 634 | | | Due to an unexpected influx into the area, more households was serviced than what was originally expected |
| TL92 | Number of formal residential properties for which refuse is removed once per week | Number of formal residential properties | All | | 0 | 0 | 0 | 8 490 | 8 490 | 9 259 | | | Due to an unexpected influx into the area, more households was serviced than what was originally expected |

Table 62.: To implement sound financial management systems & procedures that will ensure the financial viability of Cape Agulhas Municipality

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

- h) To provide an administration that ensures public participation in a transparent and accountable way as well as to promote intergovernmental relations

| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2012/13 | Target | | | | | Overall performance for 2013/14 | | |
|------|--|---|-------|--|--------|----|----|----|--------|---------------------------------|---|---|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Comments/ Corrective actions |
| TL47 | Hold public participation meetings for LED processes by end of December | Number of public participation meetings held | All | 6 | 0 | 5 | 0 | 0 | 5 | 0 | | No Public Participation meetings were held because the processes for the reviewing of the LED Strategy did not take place. This was due to the lack of appointment of a LED/IDP Manager. Public participation meetings will be held during the process of reviewing the LED strategy. This process will start in August 2014. |
| TL62 | Conduct an annual customer survey and submit report with findings to council by 31 March | Customer survey completed and report submitted to council | All | 0 | 0 | 0 | 1 | 0 | 1 | 1 | | |
| TL63 | Revisit the Corporate Identity and submit to Council by 30 May | Corporate identity revisited | All | 90% | 0 | 0 | 0 | 1 | 1 | 0 | | Not budgeted for and the communications officer working with the policy has since left the employ of the municipality. Will be further considered in the 2014/15 financial year. |
| TL64 | Facilitate the regular meeting of the Youth Council | Number of Meeting | All | New performance indicator for 2013/14. No comparatives available | 3 | 2 | 2 | 3 | 10 | 10 | | |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2012/13 | Target | | | | | Overall performance for 2013/14 | | |
|------|---|-------------------------------|-------|--|--------|----|----|----|--------|---------------------------------|---|---|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Comments/ Corrective actions |
| TL75 | Establish a forum by the end of June to manage air pollution | Forum Established | All | New performance indicator for 2013/14. No comparatives available | 0 | 0 | 0 | 1 | 1 | 1 | | |
| TL76 | Submit a plan to council by 31 December on the implementation of an Electronic Building plan Register & GIS | EBR Plan submitted to Council | All | New performance indicator for 2013/14. No comparatives available | 0 | 1 | 0 | 0 | 1 | 0 | | The EBR was already finalized and implemented and for that reason a plan was not submitted to Council |

Table 63.: To provide an administration that ensures public participation in a transparent and accountable way as well as to promote intergovernmental relations

3.6 MUNICIPAL FUNCTIONS

3.6.1 ANALYSIS OF FUNCTIONS

The municipal functional areas are as indicated below:

| Municipal Function | Municipal Function Yes / No |
|---|--|
| Constitution Schedule 4, Part B functions: | |
| Air pollution | Yes (currently run in conjunction with the Overberg District Municipality (ODM) due to capacity constraints. The ODM is also responsible for the licensing function) |
| Building regulations | Yes |
| Child care facilities | No |
| Electricity and gas reticulation | Yes |
| Firefighting services | No (run by the ODM) |
| Local tourism | Yes |
| Municipal airports | No |
| Municipal planning | Yes |
| Municipal health services | No |
| Municipal public transport | No |
| 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 harbors, excluding the regulation of international and national shipping and matters related thereto | No |
| Storm water management systems in built-up areas | Yes |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Municipal Function | Municipal Function Yes / No |
|--|---|
| Trading regulations | Yes |
| Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems | Yes |
| Constitution Schedule 5, Part B functions: | |
| Beaches and amusement facilities | Yes |
| Billboards and the display of advertisements in public places | Yes |
| Cemeteries, funeral parlors and crematoria | Yes |
| Cleansing | Yes |
| Control of public nuisances | Yes |
| Control of undertakings that sell liquor to the public | Yes |
| Facilities for the accommodation, care and burial of animals | Yes (burials done by the veterinarian) |
| Fencing and fences | Yes |
| Licensing of dogs | No |
| Licensing and control of undertakings that sell food to the public | No (managed by the District Municipality) |
| Local amenities | Yes |
| Local sport facilities | Yes |
| Markets | No |
| Municipal abattoirs | No |
| 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 64.: Functional Areas

3.7 OVERVIEW OF PERFORMANCE PER WARD

3.7.1 WARD 1: NAPIER, ELIM, HAASVLAKTE AND SURROUNDING FARMS

| Project Name and detail | Start Date | End Date | Total Value R |
|----------------------------|------------------|--------------|------------------|
| Tar Roads IDP Area, Napier | 1 September 2013 | 30 June 2014 | 1 970 294 |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Project Name and detail | Start Date | End Date | Total Value R |
|------------------------------|--------------|----------|------------------|
| Upgrading of Nuwerus Streets | 1 April 2014 | Ongoing | 2 080 480 |

Table 65.: Capital projects of Ward 1: Napier, Elim, Haasvlakte and surrounding farms

The municipality currently does not keep records of households receiving basic services per Ward. However, the table below gives an indication of the detail of basic service delivery per town:

| Basic Service Provisions | | | | | |
|---|---------------|--------------|--------------|--------------|--------------|
| Detail | Town | Water | Sanitation | Electricity | Refuse |
| Households with minimum service delivery | Bredasdorp | 3 597 | 3 786 | 4 435 | 4 166 |
| | Napier | 1 112 | 1 144 | 1 296 | 1 276 |
| | Struisbaai | 2 198 | 2 223 | 1 713 | 2 391 |
| | L'Agulhas | 630 | 633 | 634 | 638 |
| | Waenhuiskrans | 603 | 608 | 258 | 602 |
| | Protem | 19 | 19 | 0 | 36 |
| | Klipdale | 20 | 22 | 0 | 32 |
| | Suiderstrand | 130 | 117 | 106 | 118 |
| Households without minimum service delivery | | 0 | 0 | 0 | 0 |
| Total Households* | | 8 309 | 8 552 | 8 442 | 9 259 |

**Including informal settlements*

Table 66.: Basic Service provision per area

| Top Four Service Delivery Priorities for Ward 1 (Highest Priority First) | | |
|--|---|--|
| No. | Priority Name and Detail | Progress During 2013/14 |
| 1 | Upgrading of ablution facilities in transit camp, Napier | Finalised |
| 2 | Building of bathrooms for elderly in Napier and Elim | Napier bathrooms completed as per the budget |
| 3 | Solar geysers for Napier and Elim | Not yet started |
| 4 | Re-gravel and upgrading of roads and sidewalks in Napier and Elim | Finalised as per budget |

Table 67.: Top four service delivery priorities for Ward 1: Napier, Elim, Haasvlakte and surrounding farms

3.7.2 WARD 2: PART OF BREDASDORP, KLIPDALE, PROTEM AND SURROUNDING FARMS

| Project Name and detail | Start Date | End Date | Total Value R |
|---------------------------------------|------------------|-------------|------------------|
| Ou Meule Street Upgrading, Bredasdorp | 1 September 2013 | 31 May 2014 | 2 270 573 |

Table 68.: Capital projects of Ward 2: Part of Bredasdorp, Klipdale, Proteem and surrounding farms

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Top Four Service Delivery Priorities for Ward 2 (Highest Priority First) | | |
|--|---|---|
| No. | Priority Name and Detail | Progress During 2013/14 |
| 1 | Building of a bridge from Fabrieks way to Long street in Bredasdorp | Not budgeted for due to financial constraints |
| 2 | Shelter at Hop Inn café for ambulance patients in Bredasdorp | Not budgeted for due to financial constraints |
| 3 | Upgrading of the entrance road to Klipdale | Not budgeted for due to financial constraints |
| 4 | Upgrading of all sidewalks in Bredasdorp | Finalised as per budget |

Table 69.: Top four service delivery priorities for Ward 2: Part of Bredasdorp, Klipdale, Protém and surrounding farms

3.7.3 WARD 3: PART OF BREDASDORP (SELBBOU AREA, KLEINBEGIN, ZWELITSHA, KALKOONDE AREA, VOLSTRUISKAMP)

| Project Name and detail | Start Date | End Date | Total Value R |
|------------------------------------|------------------|------------------|------------------|
| Re-Sealing of Streets, Bredasdorp | 1 December 2013 | 28 February 2014 | 671 328 |
| Upgrading of Pavements, Bredasdorp | 1 September 2013 | 30 June 2014 | 207 050 |

Table 70.: Capital projects of Ward 3: Part of Bredasdorp (Selfbou area, Kleinbegin, Zwelitsha, Kalkoonde area, Volstruiskamp)

| Top Four Service Delivery Priorities for Ward 3 (Highest Priority First) | | |
|--|--|-------------------------|
| No. | Priority Name and Detail | Progress During 2013/14 |
| 1 | Building of low- and middle class houses in Bredasdorp | Finalised |
| 2 | Upgrading of Old Meule street to Swellendam way, Bredasdorp | Finalised |
| 3 | Upgrading of pavements in Bredasdorp | Finalised |
| 4 | Installation of streetlights in the formal and new development areas | Finalised |

Table 71.: Top four service delivery priorities for Ward 3: Part of Bredasdorp (Selfbou area, Kleinbegin, Zwelitsha, Kalkoonde area, Volstruiskamp)

3.7.4 WARD 4: PART OF BREDASDORP

| Project Name and detail | Start Date | End Date | Total Value R |
|-------------------------------------|-----------------|------------------|------------------|
| Re-Sealing of Streets, Bredasdorp | 1 December 2013 | 28 February 2014 | 671 328 |
| Storm Water Master Plan, Bredasdorp | 1 April 2014 | 30 June 2014 | 156 300 |

Table 72.: Capital projects of Ward 4: Part of Bredasdorp

| Top Four Service Delivery Priorities for Ward 4 (Highest Priority First) | | |
|--|---|---|
| No. | Priority Name and Detail | Progress During 2013/14 |
| 1 | Upgrading of the inside of the Protém Community Hall | Tiling done as per the budget and work will continue in 2014/15 |
| 2 | Conversion of the old reservoirs into community recreational facilities for the youth | Funds were not received form the mother department and the project could, therefore, not be started |
| 3 | Paving of sidewalks in Fabrieks way and Patterson street | Finalised |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Top Four Service Delivery Priorities for Ward 4 (Highest Priority First) | | |
|--|---|---|
| No. | Priority Name and Detail | Progress During 2013/14 |
| 4 | Upgrading of storm water network in Patterson- and Fabrieks way | Not budgeted for due to financial constraints |

Table 73.: Top four service delivery priorities for Ward 4: Part of Bredasdorp

3.7.5 WARD 5: ANISTON, STRUISBAAI, L'AGULHAS, SUIDERSTRAND AND SURROUNDING FARMS

| Project Name and detail | Start Date | End Date | Total Value R |
|---|--------------------------------------|------------------|---------------|
| Upgrading of transformers in Struisbaai | 1 July 2013 | 4 February 2014 | 14 731 |
| Installation of the electrical infrastructure at Blue Bay | 1 July 2013 | November 2014 | 847 964 |
| Re-Sealing of Roads, Struisbaai | 1 December 2013 | 28 February 2014 | 129 676 |
| Storm Water according to Master Plan, Struisbaai, L'Agulhas & Waenhuiskrans | 1 April 2014 | 30 June 2014 | 199 220 |
| WWTW Struisbaai | Started previous fin year (Oct 2012) | 31 October 2013 | 4 638 190 |

Table 74.: Capital projects of Ward 5: Aniston, Struisbaai, L'Agulhas, Suiderstrand and surrounding farms

| Top Four Service Delivery Priorities for Ward 5 (Highest Priority First) | | |
|--|--|---|
| No. | Priority Name and Detail | Progress During 2013/14 |
| 1 | Beautifying of Aniston and Struisbaai entrances | Never started due prioritisation of projects based on available funds |
| 2 | Developing of Struisbaai commonage | Never started due prioritisation of projects based on available funds |
| 3 | Paving and tarring of the Suiderstrand road | Finalised as per the budget |
| 4 | Grade 1 water quality for L'Agulhas and Suiderstrand | Finalised for Suiderstrand. L'Agulhas in progress |

Table 75.: Top four service delivery priorities for Ward 5: Aniston, Struisbaai, L'Agulhas, Suiderstrand and surrounding farms

3.8 COMPONENT A: BASIC SERVICES

This component includes basic service delivery highlights and challenges, includes details of services provided for water, waste water (sanitation), electricity, waste management, housing services and a summary of free basic services.

3.8.1 WATER PROVISION

Water sources are mainly ground water from various boreholes in the area. Bredasdorp has, in addition to boreholes, also the Uitvlucht spring and the Sanddrift dam for water supply. Water sources are, however, limited and additional sources need to be investigated in the near future. The peak water demand during summer season in coastal towns remains a challenge.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

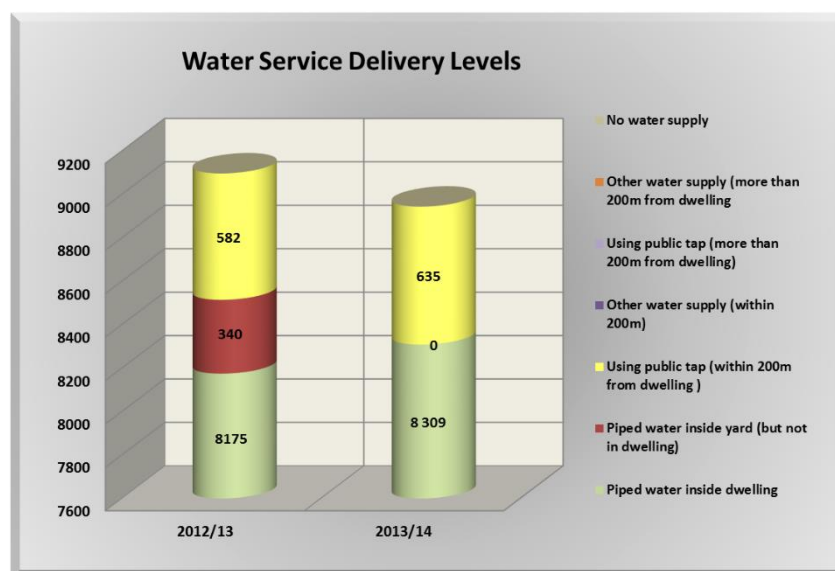
| Year | Agriculture | Forestry | Industrial, Business and Domestic | Unaccountable water losses |
|---------|-------------|----------|-----------------------------------|----------------------------|
| 2012/13 | 0 | 0 | 1 872 197 cubic meters | 20.8% |
| 2013/14 | 0 | 0 | 1 798 871 cubic meters | 22.5% |

Table 76.: Total use of water by sector (cubic meters)

| Water Service Delivery Levels | | |
|---|--------------|--------------|
| Households | | |
| Description | 2012/13 | 2013/14 |
| | Actual | Actual |
| | No. | No. |
| <u>Water: (above min level)</u> | | |
| Piped water inside dwelling | 8 175 | 8 309 |
| Piped water inside yard (but not in dwelling) | 340 | 0 |
| Using public tap (within 200m from dwelling) | 582 | 635 |
| Other water supply (within 200m) | 0 | 0 |
| Minimum Service Level and Above sub-total | 9 097 | 8 944 |
| Minimum Service Level and Above Percentage | 100 | 100 |
| <u>Water: (below min level)</u> | | |
| Using public tap (more than 200m from dwelling) | 0 | 0 |
| Other water supply (more than 200m from dwelling) | 0 | 0 |
| No water supply | 0 | 0 |
| Below Minimum Service Level sub-total | 0 | 0 |
| Below Minimum Service Level Percentage | 0 | 0 |
| Total number of households* | 9 097 | 8 944 |
| <i>*Include informal settlements</i> | | |

Table 77.: Water service delivery levels: Households

CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Graph 6.: Water service delivery levels

| Access to Water | | | |
|-----------------|---|---|--|
| Financial year | Proportion of households with access to water points* | Proportion of households with access to piped water | Proportion of households receiving 6 kl free |
| 2012/13 | n/a | 100% | 100% |
| 2013/14 | n/a | 100% | 100% |

* Means access to 25 liters of potable water per day supplied within 200m of a household and with a minimum flow of 10 liters per minute
6,000 liters of potable water supplied per formal connection per month

Table 78.: Access to water

| Ref | Strategic Objective | KPI | Unit of Measurement | Wards | Actual performance 2012/13 | Overall Performance | | |
|------|---|---|--|-------|--|---------------------|--------|---|
| | | | | | | Target | Actual | R |
| TL22 | Provision of quality basic services such as water, electricity, refuse removal and sanitation | Develop a Water Demand Management Strategy and submit to council by 30 June | Strategy submitted to council by 30 June | All | New performance indicator for 2013/14. No comparatives available | 1 | 0 | |
| TL35 | Provision of quality basic services such as water, electricity, refuse removal and sanitation | Limit unaccounted water to less than 15% | % of water unaccounted for | All | 21% | 15% | 22.5% | |
| TL36 | Provision of quality basic services such as water, electricity, refuse removal and sanitation | Comply with water quality as per SANS 241 physical and micro parameters | % water quality | All | 95% | 95% | 99% | |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | Strategic Objective | KPI | Unit of Measurement | Wards | Actual performance 2012/13 | Overall Performance | | |
|------|---|---|---|-------|--|---------------------|--------|---|
| | | | | | | Target | Actual | R |
| TL38 | Development and regular maintenance of bulk infrastructure such as roads, storm water networks, potable water networks, waste water treatment plants, land and integrated human settlements | 90% of the approved water maintenance budget spent (Actual amount spent on maintenance of water assets/Total amount budgeted for maintenance of water assets) | % of maintenance budget spent | All | New performance indicator for 2013/14. No comparatives available | 90% | 88% | |
| TL89 | To implement sound financial management systems & procedures that will ensure the financial viability of Cape Agulhas Municipality | Number of formal residential properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network | Number of formal residential properties that receive piped water (credit and prepaid water) | All | | 8 490 | 8 309 | |

Table 79.: Service delivery indicators: Water services

| Employees: Water Services and Sanitation Services* | | | | | |
|--|-----------|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2012/13 | | 2013/14 | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 1 | 1 | 1 | 0 | 0 |
| 4 - 6 | 5 | 5 | 4 | 1 | 20 |
| 7 - 9 | 12 | 13 | 10 | 3 | 23 |
| 10 - 12 | 0 | 3 | 2 | 1 | 33.3 |
| 13 - 15 | 31 | 35 | 30 | 5 | 14.3 |
| Total | 49 | 57 | 47 | 10 | 17.5 |

Employees and Posts numbers are as at 30 June.

**These employees is also responsible for Waste Water (Sanitation)*

Table 80.: Employees: Water Services

3.8.2 WASTE WATER (SANITATION) PROVISION

Bredasdorp has a fully waterborne sewerage system in place while Napier, Waenhuiskrans and Struisbaai have a partially waterborne system to be extended in the coming years, however, limited funds are available.

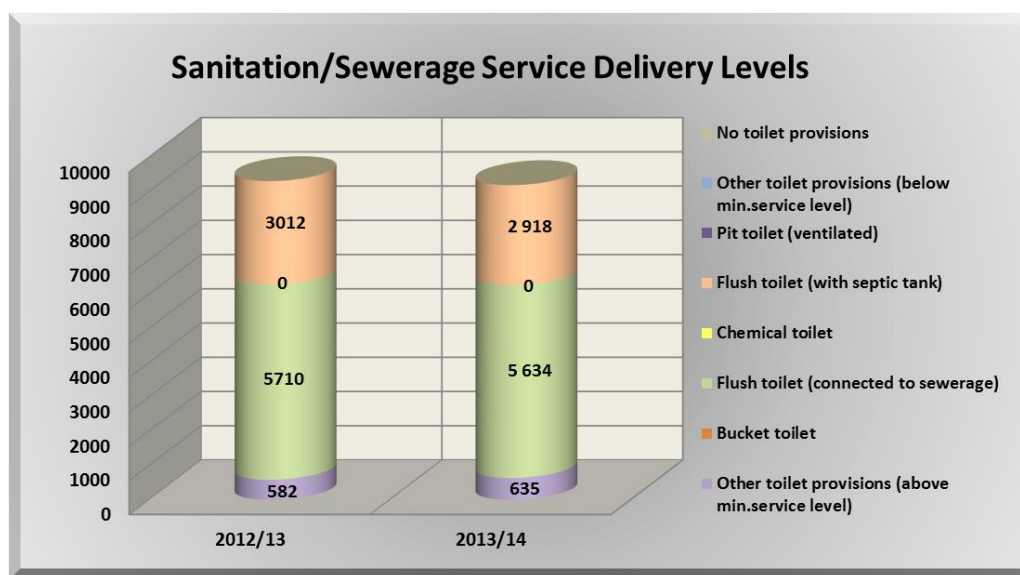
A sewer tanker service is available for the rural areas and towns erven without a waterborne system.

Various Waste Water Treatment Plants are operational throughout the area. Purified sewer water is used for irrigation of the public sports facilities in Bredasdorp.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Sanitation Service Delivery Levels | | |
|--|--------------|--------------|
| Households | | |
| Description | 2012/13 | 2013/14 |
| | Actual | Actual |
| | No. | No. |
| <i>Sanitation/sewerage: (above minimum level)</i> | | |
| Flush toilet (connected to sewerage) | 5 710 | 5 634 |
| Flush toilet (with septic tank) | 3 012 | 2 918 |
| Chemical toilet | 0 | 0 |
| Pit toilet (ventilated) | 0 | 0 |
| Other toilet provisions (above min.service level) (Communal flush toilets) | 582 | 635 |
| <i>Minimum Service Level and Above sub-total</i> | 9 304 | 9 187 |
| <i>Minimum Service Level and Above Percentage</i> | 100 | 100 |
| <i>Sanitation/sewerage: (below minimum level)</i> | | |
| Bucket toilet | 0 | 0 |
| Other toilet provisions (below min.service level) | 0 | 0 |
| No toilet provisions | 0 | 0 |
| <i>Below Minimum Service Level sub-total</i> | 0 | 0 |
| <i>Below Minimum Service Level Percentage</i> | 0 | 0 |
| Total households | 9 304 | 9 187 |
| <i>Including informal settlements</i> | | |

Table 81.: Sanitation service delivery levels



Graph 7.: Sanitation Service Delivery Levels

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | Strategic Objective | KPI | Unit of Measurement | Wards | Actual performance 2012/13 | Overall Performance | | |
|------|---|---|--|-------|--|---------------------|--------|---|
| | | | | | | Target | Actual | R |
| TL23 | Development and regular maintenance of bulk infrastructure such as roads, storm water networks, potable water networks, waste water treatment plants, land and integrated human settlements | Complete the project for the upgrade of the Struisbaai Waste Water treatment Works by 31 December | Project completed | 5 | New performance indicator for 2013/14. No comparatives available | 1 | 1 | |
| TL37 | Provision of quality basic services such as water, electricity, refuse removal and sanitation | Quality of waste water discharge measured by the % waste water quality level | % water quality of waste water discharge | All | 89.25% | 90% | 90% | |
| TL39 | Development and regular maintenance of bulk infrastructure such as roads, storm water networks, potable water networks, waste water treatment plants, land and integrated human settlements | 90% of the approved waste water maintenance budget spent (Actual amount spent on maintenance of waste water assets/ Total amount budgeted for maintenance of waste water assets) | % of maintenance budget spent | All | New performance indicator for 2013/14. No comparatives available | 90% | 83% | |
| TL91 | To implement sound financial management systems & procedures that will ensure the financial viability of Cape Agulhas Municipality | Number of sanitation services to residential properties (connected to the municipal waste water sanitation/sewerage network) billed for sewerage service, irrespective of the number of water closets (toilets) | Number of residential properties which are billed for sewerage | All | | 5 582 | 5 634 | |

Table 82.: Service delivery indicators: Waste water/Sanitation services

| Capital Expenditure 2013/14: Sanitation Services | | | | | |
|--|--------------|-------------------|--------------------|-------------------------------|---------------------|
| R | | | | | |
| Capital Projects | 2013/14 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 4 875 439.00 | 0 | 4 638 190.12 | 237 248.88 | 4 638 190 |
| Struisbaai Waste Water Treatment Works | 4 875 439.00 | 0 | 4 638 190.12 | 237 248.88 | 4 638 190 |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Capital Expenditure 2013/14: Sanitation Services | | | | | |
|--|---------|-------------------|--------------------|-------------------------------|---------------------|
| R | | | | | |
| Capital Projects | 2013/14 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| <i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate). Only the priority capital projects are detailed above</i> | | | | | |

Table 83.: Capital Expenditure 2013/14: Sanitation Services

3.8.3 ELECTRICITY

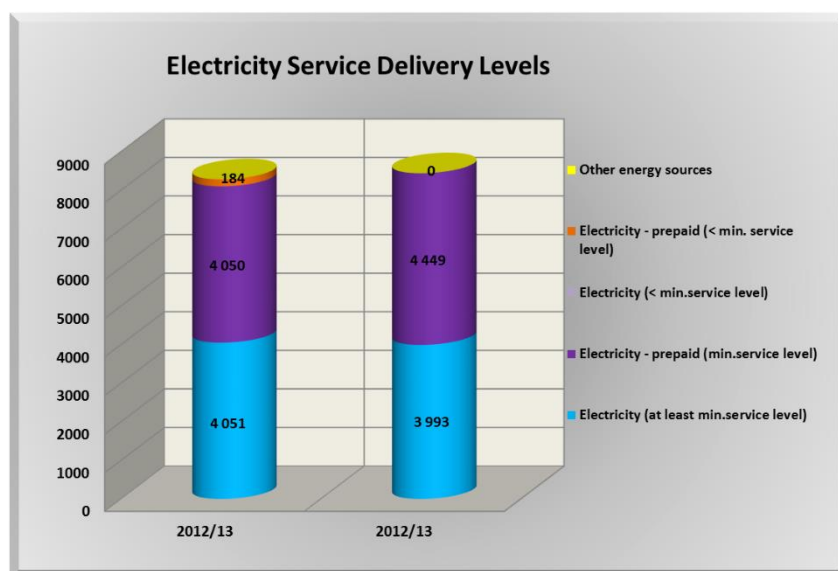
The Council receives a subsidy of R11 500 per RDP house from the Department of Energy to provide electricity to all such houses. Therefore, RDP houses get their connection for free.

Council budgeted **R50 000** to provide a connection at no cost to informal households that are not connected. All formal households have access to electricity. The only households without electricity are the RDP houses that were recently completed.

| Electricity Service Delivery Levels | | |
|--|--------------|--------------|
| Households | | |
| Description | 2012/13 | 2013/14 |
| | Actual | Actual |
| | No. | No. |
| <i>Energy: (above minimum level)</i> | | |
| Electricity | 4 051 | 3 993 |
| Electricity - prepaid | 4 050 | 4 449 |
| <i>Minimum Service Level and Above sub-total</i> | 8 101 | 8 442 |
| <i>Minimum Service Level and Above Percentage</i> | 100 | 100 |
| <i>Energy: (below minimum level)</i> | | |
| Electricity (< min.service level) | 0 | 0 |
| Electricity - prepaid (< min. service level) | 0 | 0 |
| Other energy sources | 0 | 0 |
| <i>Below Minimum Service Level sub-total</i> | 0 | 0 |
| <i>Below Minimum Service Level Percentage</i> | 0 | 0 |
| Total number of households | 8 101 | 8 442 |

Table 84.: Electricity service delivery levels

CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Graph 8.: Electricity service delivery levels

| Ref | Strategic Objective | KPI | Unit of Measurement | Wards | Actual performance 2012/13 | Overall Performance | | |
|-----|---|---|----------------------------------|-------|--|---------------------|--------|---|
| | | | | | | Target | Actual | R |
| TL1 | Provision of quality basic services such as water, electricity, refuse removal and sanitation | Limit electrical losses to less than 15% for the financial year | % Of electricity unaccounted for | All | 10% | 15% | 8.94% | |
| TL2 | Provision of quality basic services such as water, electricity, refuse removal and sanitation | Upgrade transformer with mini subs in Struisbaai by the end of June | Number of transformers upgraded | 5 | New performance indicator for 2013/14. No comparatives available | 1 | 1 | |
| TL3 | Provision of quality basic services such as water, electricity, refuse removal and sanitation | Provide electricity to 15 informal households in Bredasdorp | Number of households | 1; 3 | New performance indicator for 2013/14. No comparatives available | 15 | 73 | |
| TL4 | Provision of quality basic services such as water, electricity, refuse removal and sanitation | Complete the project for the replacement of overhead electricity lines with cable by the end of June | Project completed | All | New performance indicator for 2013/14. No comparatives available | 1 | 1 | |
| TL5 | Provision of quality basic services such as water, electricity, refuse removal and sanitation | 90% of the approved electricity maintenance budget spent (Actual amount spent on maintenance of electricity assets/ Total amount budgeted for | % of maintenance budget spent | All | New performance indicator for 2013/14. No comparatives available | 90% | 76.27% | |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | Strategic Objective | KPI | Unit of Measurement | Wards | Actual performance 2012/13 | Overall Performance | | |
|------|--|---|--|-------|--|---------------------|--------|---|
| | | | | | | Target | Actual | R |
| | | electricity asset maintenance) | | | | | | |
| TL6 | Provision of quality basic services such as water, electricity, refuse removal and sanitation | Complete the project for the installation of electrical infrastructure in Bluebay by the end of June | Project completed | 5 | New performance indicator for 2013/14. No comparatives available | 1 | 1 | |
| TL90 | To implement sound financial management systems & procedures that will ensure the financial viability of Cape Agulhas Municipality | Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering) | Number of credit and prepaid electrical metering | All | | 8 490 | 8 442 | |

Table 85.: Service delivery indicators: Electricity

| Employees: Electricity Services | | | | | |
|---------------------------------|-----------|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2012/13 | | 2013/14 | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 2 | 2 | 2 | 0 | 0 |
| 4 - 6 | 4* | 4 | 3 | 1 | 25 |
| 7 - 9 | 3* | 3 | 3 | 0 | 0 |
| 10 - 12 | 5* | 5 | 5 | 0 | 0 |
| 13 – 15 | 4 | 4 | 4 | 0 | 0 |
| Total | 18 | 18 | 17 | 1 | 5.6 |

• Correction of previous year figures

Employees and Posts numbers are as at 30 June.

Table 86.: Employees: Electricity services

| Capital Expenditure 2013/14: Electricity Services | | | | | |
|---|---------|-------------------|--------------------|-------------------------------|---------------------|
| R'000 | | | | | |
| Capital Projects | 2013/14 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Upgrade transformer at Struisbaai | 350 | 315 | 315 | 10 | 315 |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Capital Expenditure 2013/14: Electricity Services | | | | | |
|--|---------|-------------------|--------------------|-------------------------------|---------------------|
| R'000 | | | | | |
| Capital Projects | 2013/14 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Renew overhead lines | 400 | 709 | 645 | 161 | 643 |
| Infrastructure at Blue bay | 1 290 | 850 | 848 | 66 | 848 |
| <i>Only the priority or high cost capital projects are detailed above.</i> | | | | | |

Table 87.: Capital Expenditure 2013/14: Electricity Services

The upgrading of the transformer at Struisbaai and the replacement of overhead lines are part of the municipality's ongoing process of upgrading the electrical infrastructure within the municipal area.

The establishment of infrastructure at Blue Bay was paid for by the residents while the municipality supplied the capacity to install the infrastructure.

3.8.4 WASTE MANAGEMENT (REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

All households in the municipal area receive a refuse collection every week. In low costing areas the bags are carried out of the area to the nearest point of collection. Each household receive 60 black bags per annum.

Street cleaning takes place on a continuous basis throughout the year and EPWP projects are also part of this. The municipality have a two bag system for collecting waste. The separation of waste takes place at the source and EPWP projects and Recycle projects are used as job creation.

Cape Agulhas Municipality has one landfill (Bredasdorp) and three Drop-Off areas (Napier, Waenhuiskrans and Struisbaai). The waste from the Drop-Off is collected and transported to Bredasdorp Landfill site. There is also a landfill site in Elim and is operated by the Elim "Opsieners Raad". Both landfills have the required permits. However, the municipality applied for closing permits for the Struisbaai, Napier, L'Agulhas and Waenhuiskrans old landfill sites and are still in process.

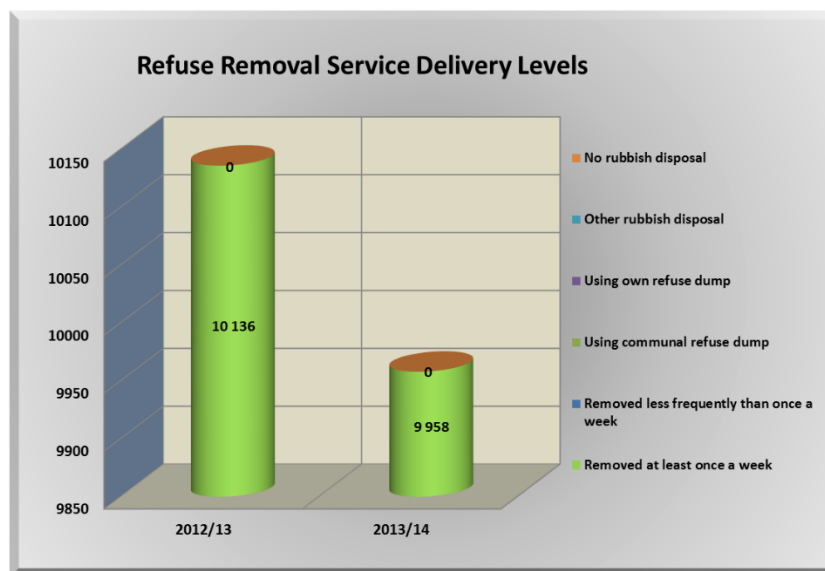
Cape Agulhas Municipality also has a recycle program in place.

| Solid Waste Service Delivery Levels | | |
|--|---------------|--------------|
| Households | | |
| Description | 2012/13 | 2013/14 |
| | Actual | Actual |
| | No. | No. |
| <i>Solid Waste Removal: (Minimum level)</i> | | |
| Removed at least once a week | 10 136 | 9 958 |
| <i>Minimum Service Level and Above sub-total</i> | 10 136 | 9 958 |
| <i>Minimum Service Level and Above percentage</i> | 100 | 100 |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Solid Waste Service Delivery Levels | | |
|--|---------------|--------------|
| Households | | |
| Description | 2012/13 | 2013/14 |
| | Actual | Actual |
| | No. | No. |
| <i>Solid Waste Removal: (Below minimum level)</i> | | |
| Removed less frequently than once a week | 0 | 0 |
| Using communal refuse dump | 0 | 0 |
| Using own refuse dump | 0 | 0 |
| Other rubbish disposal | 0 | 0 |
| No rubbish disposal | 0 | 0 |
| <i>Below Minimum Service Level sub-total</i> | 0 | 0 |
| <i>Below Minimum Service Level percentage</i> | 0 | 0 |
| Total number of households | 10 136 | 9 958 |

Table 88.: Solid Waste Service Delivery Levels



Graph 9.: Refuse Removal Service Delivery Levels

| Ref | Strategic Objective | KPI | Unit of Measurement | Wards | Actual performance 2012/13 | Overall Performance | | |
|------|---|---|---|-------|----------------------------|---------------------|--------|---|
| | | | | | | Target | Actual | R |
| TL19 | Provision of quality basic services such as water, electricity, refuse removal and sanitation | Hold sessions at schools to create awareness into the Waste Minimisation Strategy | Number of schools in which awareness sessions were held | All | 4 | 6 | 6 | |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | Strategic Objective | KPI | Unit of Measurement | Wards | Actual performance 2012/13 | Overall Performance | | |
|------|---|--|---|-------|--|---------------------|--------|---|
| | | | | | | Target | Actual | R |
| TL20 | Provision of quality basic services such as water, electricity, refuse removal and sanitation | Submit the application for Cleanest & Greenest Town competition by 31 March | Application submitted by 31 March | All | New performance indicator for 2013/14. No comparatives available | 1 | 1 | |
| TL31 | Provision of quality basic services such as water, electricity, refuse removal and sanitation | Fence the dumping site by the end of the financial year | Project completed | All | New performance indicator for 2013/14. No comparatives available | 1 | 1 | |
| TL40 | Development and regular maintenance of bulk infrastructure such as roads, storm water networks, potable water networks, waste water treatment plants, land and integrated human settlements | 90% of the approved waste management maintenance budget spent (Actual amount spent on maintenance of waste removal assets/Total amount budgeted for maintenance of waste removal assets) | % of maintenance budget spent | All | New performance indicator for 2013/14. No comparatives available | 90% | 97% | |
| TL92 | To implement sound financial management systems & procedures that will ensure the financial viability of Cape Agulhas Municipality | Number of formal residential properties for which refuse is removed once per week | Number of formal residential properties | All | | 8 490 | 9 259 | |

Table 89.: Service delivery indicators: Solid waste management

| Employees: Solid Waste Services | | | | | |
|---------------------------------|-----------|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2012/13 | | 2013/14 | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 1 | 1 | 1 | 0 | 0 |
| 4 - 6 | 1 | 4 | 3 | 1 | 25 |
| 7 - 9 | 1 | 15 | 9 | 6 | 40 |
| 10 - 12 | 4 | 0 | 0 | 0 | 0 |
| 13 - 15 | 22 | 30 | 22 | 8 | 26.7 |
| Total | 29 | 50 | 35 | 15 | 30 |

Employees and Posts numbers are as at 30 June

Table 90.: Employees: Solid Waste Services

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Capital Expenditure 2013/14: Solid Waste Services | | | | | |
|---|----------------|-------------------|--------------------|-------------------------------|---------------------|
| R | | | | | |
| Capital Projects | 2013/14 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 100 000 | 0 | 45 542 | 54 457 | 45 542 |
| Fence at Landfill Site, Bredasdorp | 100 000 | 0 | 45 542 | 54 457 | 45 542 |
| <i>Total project value represents the estimated cost of the project on approval by Council. Only the prioritized capital projects is detailed above</i> | | | | | |

Table 91.: Capital Expenditure 2013/14: Solid Waste Services

3.8.5 HOUSING

Access to affordable housing and basic services is identified as one of the key priorities in the IDP of the Cape Agulhas Municipality (CAM). Shelter is a basic need. Housing must provide shelter, but this alone is not enough. Settlements should function as one whole workable system of integrated networks and hierarchical systems of interconnecting nodes. It is a key element in structuring the urban environment. The Council of Cape Agulhas focus on this sentiment, to ensure that livable habitats are created to contribute to the improvement of the living conditions of the poor.

The CAM Integrated Human Settlement Plan (IHSP,) which was developed in the previous financial year, is in place and a review of the pipeline, in conjunction with the Western Cape Provincial Administration, is planned for June 2015. The municipality's IHSP is:

- needs orientated and respond to the specific housing development challenges of the Cape Agulhas Municipal Area;
- fully integrated and in compliance with the development framework of the IDP;
- compliant with the development of the SDF; and
- in line with the Western Cape Human Settlement Plan, policies as well as national legislation and policy frameworks pertaining to housing in the RSA.

Chapter 3 of the five year IDP underlines Council's strategy to ensure that human settlements are integrated and sustainable, that housing backlogs are eliminated and that housing provision focuses on all income groups.

| Households with access to basic housing | | | |
|---|---|----------------------------------|---|
| Year | Total households (including in formal and informal settlements) | Households in formal settlements | Percentage of HHs in formal settlements |
| 2012/13 | 8 323 | 7 483 | 89.9 |
| 2013/14* | 10 162 | 8 658 | 85.2% |

Source: Statistics SA – Census 2011

Table 92.: Percentage of households with access to basic housing

The following table shows an actual decrease in the number of people on the housing waiting list which is very encouraging and is a clear indication of the municipality's commitment to eradicating the housing backlog

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Financial year | No. of housing units on waiting list | % Housing waiting list increase/decrease |
|----------------|--------------------------------------|--|
| 2012/13 | 3 749 | (2.7) |
| 2013/14 | 3 319 | (11.5) |

Table 93.: Housing waiting list

A total amount of **R19 943 681** was allocated by the Western Cape Provincial Government for the building of houses during the financial year under review. Although only 80.6% of the amount was spend at year-end, it must be noted that the housing project was still in progress at that time and that the unspent funds were rolled-over to the 2014/15 financial year and will be spend in July and August 2014 when the projects are finalised. A summary of houses built, includes:

| Financial year | Allocation (R'000) | Amount spent (R'000) | % spent | Number of houses built | Number of sites serviced |
|----------------|--------------------|----------------------|---------|------------------------|--------------------------|
| 2012/13 | 36 038 | 33 568 | 93.2 | 419 | 177 |
| 2013/14 | 19 944 | 16 083 | 80.6 | 279 | 47 |

Table 94.: Houses built in 2013/14

The houses build were in Bredasdorp and Struisbaai whilst the serviced sites are in Bredasdorp.

| Ref | Strategic Objective | KPI | Unit of Measurement | Wards | Actual performance 2012/13 | Overall Performance | | |
|------|---|--|--|-------|----------------------------|---------------------|--------|---|
| | | | | | | Target | Actual | R |
| TL55 | Development and regular maintenance of bulk infrastructure such as roads, storm water networks, potable water networks, waste water treatment plants, land and integrated human settlements | Review the Human Settlement Plan and submit to Council by 30 May | Plan reviewed and submitted to council | All | 1 | 1 | 1 | |

Table 95.: Service delivery indicators: Housing

| Employees: Housing Services | | | | | |
|-----------------------------|-----------|-------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2012/13 | | 2013/14 | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 1 | 1 | 1 | 0 | 0 |
| 4 - 6 | 0 | 0 | 0 | 0 | 0 |
| 7 - 9 | 1 | 2 | 2 | 0 | 0 |
| 10 - 12 | 0 | 0 | 0 | 0 | 0 |
| 13 - 15 | 0 | 0 | 0 | 0 | 0 |
| 16 - 18 | 0 | 0 | 0 | 0 | 0 |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Employees: Housing Services | | | | | |
|---|-----------|----------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2012/13 | 2013/14 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 19 - 20 | 0 | 0 | 0 | 0 | 0 |
| Total | 2 | 3 | 3 | 0 | 0 |
| <i>Employees and Posts numbers are as at 30 June.</i> | | | | | |

Table 96.: Employees: Housing services

The municipality is on track with its housing roll out programme and three projects have been completed as planned during the financial year. There are also two projects that were started in 2013/14 and will be finalised in 2014/15. The municipality is also still busy with a FLISP housing project in Bredasdorp to assist applicants who are earning more than the maximum income for the low cost houses and the necessary services has been installed.

The municipality was also awarded the Govan Mbeki award for the best provincial Integrated RDP housing project for its Arniston project.

3.8.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

The National Framework defines indigent as “lacking the necessities of life”. Cape Agulhas Municipality is responsible for indigents with respect to the following services:

- Water supply
- Sanitation
- Refuse
- Basic energy
- For each of these services there are a range of service levels which can be provided with the following categories typically being applied:
 - Basic service level which is required in order to maintain basic health and safety
 - Intermediate service level
 - Full service, the highest level of service that is traditionally applied in South African municipalities

The table indicates the percentage of indigent households that have access to free basic municipal services. In accordance with the approved indigent policy of the municipality, all households earning less than **R2 500** per month will receive the free basic services as prescribed by national policy. The table, furthermore, indicates the total number of indigent households and other households that received free basic services in the past two financial years:

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Free Basic Services To Low Income Households | | | | | | | | | |
|--|----------------------|---|------|-----------------------|------|------------------------|------|-------------------|------|
| Year | Number of households | | | | | | | | |
| | Total HH's | Households earning less than R2 500 per month | | | | | | | |
| | | Free Basic Water | | Free Basic Sanitation | | Free Basic Electricity | | Free Basic Refuse | |
| | | Access | % | Access | % | Access | % | Access | % |
| 2012/13 | 8 175 | 2 382 | 29.1 | 2 382 | 29.1 | 3 186 | 39.0 | 2 383 | 29.1 |
| 2013/14 | 8 552 | 2692 | 31.4 | 2 692 | 31.4 | 3 400 | 39.7 | 2 692 | 31.4 |

Table 97.: Free basic services to low income households

| Financial Performance 2013/14: Cost to Municipality of Free Basic Services Delivered | | | | | |
|--|--------------|--------------|-------------------|--------------|--------------------|
| Services Delivered | 2012/13 | 2013/14 | | | |
| | Actual | Budget | Adjustment Budget | Actual | Variance to Budget |
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| Water | 1 212 | 1 175 | 1 175 | 1 185 | (10) |
| Waste Water (Sanitation) | 2 089 | 2 025 | 2 025 | 2 042 | (17) |
| Electricity | 955 | 926 | 926 | 933 | (7) |
| Waste Management (Solid Waste) | 2 358 | 2 289 | 2 289 | 2 306 | (17) |
| Total | 6 614 | 6 425 | 6 425 | 6 466 | (51) |

Table 98.: Financial Performance 2013/14: Cost to the municipality of Free Basic Services delivered

Cape Agulhas Municipality support the indigents with the following services:

- 6kl free water
- 50kWh free electricity
- Full subsidy for water basic fee
- Full subsidy for refuse removal
- Full subsidy for sanitation.

The building of low cost houses in the Bredasdorp area resulted in the increase of the indigents in the municipality thereby placing increased pressure on the municipal budget to deliver free basic services to all its inhabitants.

Excluded in the table above are 152 indigents from Elim whose services were subsidised to the amount of R144 258 for the financial year. Elim provides their own services but, since they resort in the Cape Agulhas Municipal Area the Council decided that all the residents must be treated the same.

Also not included in the table above are inhabitants in the informal area which received free services for community sanitation, refuse and water.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.9 COMPONENT B: ROAD TRANSPORT

This component includes: roads and waste water (stormwater drainage).

3.9.1 INTRODUCTION TO ROAD TRANSPORT

The Streets and Stormwater Department is tasked with the construction and maintenance of all roads and stormwater assets within the Cape Agulhas Municipal Area. Master plans to this effect (for roads and stormwater for the whole area) were put in place to assist in planning and budgeting. These master plans are upgraded every 4 years.

3.10.2 ROADS

The strategy of the Streets and Stormwater Department is to build not less than 1.5 km new roads annually in the municipal area in order to address the backlog and alleviate poverty through labour intensive construction methods.

This department rolled out all road and sidewalk construction projects on a labour intensive construction method to create sustainable work opportunities for the unemployed and reduce indigenious in our area as per the report of McCutcheon and Parkins.

The department was able to reseal an area of 6.68 km (at 8mm thickness) of tar roads this year. This will result in a lessening of maintenance to the roads as well as an expansion of the life cycle of these roads.

The Streets and Stormwater Department again established an outstanding EPWP record that complies with legislation which resulted in the municipality winning the national KAMOSO award for the construction of Long Street.

The professional construction team established in 2011/12 again complimented the 2013/14 financial year by rolling out large construction works in conjunction with Provincial Public Works which was a first for smaller municipalities, thereby creating work opportunities. This in turn resulted in the municipality acquiring additional MIG funds for Ou Meule Street as a class 4 trunk road.

In Napier new engineering technology was used in upgrading gravel roads to labour based asphalt roads, thus alleviating poverty by creating jobs. This technology was a pilot project for labour based asphaltting. This resulted in the MIG funds being extended.

| Gravel Road Infrastructure | | | | |
|----------------------------|--------------------|------------------------------|------------------------------|--------------------------------|
| Kilometers | | | | |
| Year | Total gravel roads | New gravel roads constructed | Gravel roads upgraded to tar | Gravel roads graded/maintained |
| 2012/13 | 29.13 | 1.8 | 0.973 | 29.13 |
| 2013/14 | 29.13 | 2.1 | 1.573 | 29.13 |

Table 99.: Gravel road infrastructure

| Tarred Road Infrastructure | | | | | |
|----------------------------|--------------------|---------------|------------------------------|-------------------------------|----------------------|
| Kilometers | | | | | |
| Year | Total tarred roads | New tar roads | Existing tar roads re-tarred | Existing tar roads re-sheeted | Tar roads maintained |
| 2012/13 | 171.473 | 0.973 | 0.85 | 10.19 | 171.473 |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Tarred Road Infrastructure | | | | | |
|----------------------------|--------------------|---------------|------------------------------|-------------------------------|----------------------|
| Kilometers | | | | | |
| Year | Total tarred roads | New tar roads | Existing tar roads re-tarred | Existing tar roads re-sheeted | Tar roads maintained |
| 2013/14 | 173.046 | 1.573 | 0.222 | 6.68 | 173.046 |

Table 100.: Tarred road infrastructure

| Cost of Construction/Maintenance | | | | | | |
|----------------------------------|--------|--------------|------------|-------|-----------|------------|
| R' 000 | | | | | | |
| Year | Gravel | | | Tar | | |
| | New | Gravel - Tar | Maintained | New | Re-worked | Maintained |
| 2012/13 | 2 980 | 1 850 | 344 | 2 980 | 1 280 | 1 050 |
| 2013/14 | 3 100 | 1 500 | 421 | 4.1 | 801 | 950 |

Table 101.: Cost of construction/Maintenance

| Ref | Strategic Objective | KPI | Unit of Measurement | Wards | Actual performance 2012/13 | Overall Performance | | |
|------|---|--|---|---------|--|---------------------|--------|---|
| | | | | | | Target | Actual | R |
| TL24 | Development and regular maintenance of bulk infrastructure such as roads, storm water networks, potable water networks, waste water treatment plants, land and integrated human settlements | Reseal municipal roads by end of June 2014 in terms of the approved budget | Number of kilometres resealed | 2; 3; 4 | New performance indicator for 2013/14. No comparatives available | 6.5 | 6.69 | |
| TL25 | Development and regular maintenance of bulk infrastructure such as roads, storm water networks, potable water networks, waste water treatment plants, land and integrated human settlements | Upgrade 1 500 meters of pavements by end of June 2014 in terms of the approved budget | Number of square meters upgraded | All | New performance indicator for 2013/14. No comparatives available | 1 500 | 1 298 | |
| TL28 | Development and regular maintenance of bulk infrastructure such as roads, storm water networks, potable water networks, waste water treatment plants, land and integrated human settlements | Construct traffic calming structures by end of June 2014 in terms of the approved budget | Number of pedestrian crossing speed bumps constructed | All | New performance indicator for 2013/14. No comparatives available | 7 | 8 | |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | Strategic Objective | KPI | Unit of Measurement | Wards | Actual performance 2012/13 | Overall Performance | | |
|------|---|--|---------------------------|-------|--|---------------------|--------|---|
| | | | | | | Target | Actual | R |
| TL29 | Development and regular maintenance of bulk infrastructure such as roads, storm water networks, potable water networks, waste water treatment plants, land and integrated human settlements | Upgrade Sealy Street by the end of the financial year | Number of meters upgraded | All | New performance indicator for 2013/14. No comparatives available | 200 | 53 | |
| TL30 | Development and regular maintenance of bulk infrastructure such as roads, storm water networks, potable water networks, waste water treatment plants, land and integrated human settlements | Re-built Dirkie Uys Street by the end of the financial year | Number of meters upgraded | All | New performance indicator for 2013/14. No comparatives available | 175 | 169.3 | |
| TL32 | Development and regular maintenance of bulk infrastructure such as roads, storm water networks, potable water networks, waste water treatment plants, land and integrated human settlements | Tar street in low cost housing area in Napier by the end of the financial year | Number of meters tarred | 1 | New performance indicator for 2013/14. No comparatives available | 941 | 1 057 | |
| TL33 | Development and regular maintenance of bulk infrastructure such as roads, storm water networks, potable water networks, waste water treatment plants, land and integrated human settlements | Upgrade Ou Meule Street by the end of the financial year | Number of meters upgraded | All | New performance indicator for 2013/14. No comparatives available | 620 | 516 | |
| TL34 | Development and regular maintenance of bulk infrastructure such as roads, storm water networks, potable water networks, waste water treatment plants, land and integrated human settlements | Tar streets in Nuwerus by the end of the financial year | Number of meters tarred | 1 | New performance indicator for 2013/14. No comparatives available | 405 | 0 | |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | Strategic Objective | KPI | Unit of Measurement | Wards | Actual performance 2012/13 | Overall Performance | | |
|------|---|---|-------------------------------|-------|--|---------------------|--------|---|
| | | | | | | Target | Actual | R |
| TL86 | Development and regular maintenance of bulk infrastructure such as roads, storm water networks, potable water networks, waste water treatment plants, land and integrated human settlements | 90% of the approved roads and stormwater management maintenance budget spent (Actual amount spent on maintenance of roads & stormwater assets/Total amount budgeted for maintenance of roads and stormwater assets) | % of maintenance budget spent | All | New performance indicator for 2013/14. No comparatives available | 90% | 93% | |

Table 102.: Service delivery indicators: Road transport

| Employees: Roads and Stormwater (one team for both sections) | | | | | |
|--|-----------|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2012/13 | | 2013/14 | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 1 | 1 | 1 | 0 | 0 |
| 4 - 6 | 3 | 3 | 3 | 0 | 0 |
| 7 - 9 | 3 | 14 | 9 | 5 | 35.7 |
| 10 - 12 | 6 | 7 | 6 | 1 | 14.3 |
| 13 - 15 | 17 | 22 | 14 | 8 | 36.4 |
| Total | 30 | 47 | 33 | 14 | 29.8 |

Employees and Posts numbers are as at 30 June.

Table 103.: Employees: Roads and Stormwater

| Capital Expenditure 2013/14: Roads | | | | | |
|------------------------------------|------------------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | 2013/14 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 4 267 247 | 0 | 4 240 867 | 26 378 | 4 240 867 |
| Ou Meule Road, Bredasdorp | 2 271 158 | 0 | 2 270 573 | 584 | 2 270 573 |
| Smartie Town Roads, Napier | 1 996 089 | 0 | 1 970 294 | 25 794 | 1 970 294 |

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. Only the priority projects are detailed above and does not include details of all the capital projects)

Table 104.: Capital Expenditure 2013/14: Roads (includes stormwater)

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

As poverty alleviation is a great challenge for rural municipalities and CAM's unemployment rate is 16.8%, every possibility and technique must be explored. Therefore we strive to roll out projects in-house and on the basis of labour intensive construction methods.

3.9.3 WASTE WATER (STORMWATER DRAINAGE)

Stormwater drainage is still a major challenge due to the existing backlog and inadequate stormwater systems. A master plan was drawn up to identify and prioritize the needs for capital budget purposes and focus areas.

All new roads are constructed with stormwater drainage and the municipality aims to construct more than 500m of stormwater pipes annually to address the backlog. This is achievable with an adequate budget allowance and support from Council.

In the 2013/14 financial year further stormwater projects were undertaken to address backlogs, as well as alleviate poverty by job creation.

After a flashflood in Napier during January 2014, the municipality lost two bridges connecting Napier with Tamatiekloof. The bridges were repaired to such an extent that the municipality received various compliments form the community, including in the local newspaper.

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

| Storm water Infrastructure | | | | |
|----------------------------|----------------------------|--------------------------|-------------------------------|---------------------------------|
| Kilometers | | | | |
| Year | Total Storm water measures | New storm water measures | Storm water measures upgraded | Storm water measures maintained |
| 2012/13 | 73.9 | 0.9 | 0.45 | 73.9 |
| 2013/14 | 73.9 | 0.8 | 0.2 | 74.7 |

Table 105.: Storm water infrastructure

| Stormwater Infrastructure cost | | | |
|--------------------------------|---------------------|----------|------------|
| R' 000 | | | |
| Year | Stormwater Measures | | |
| | New | Upgraded | Maintained |
| 2012/13 | 1 695 | 395 | 700 |
| 2013/14 | 950 | 300 | 650 |

Table 106.: Stormwater infrastructure cost

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | Strategic Objective | KPI | Unit of Measurement | Wards | Actual performance 2012/13 | Overall Performance | | |
|------|---|---|-------------------------------|-------|--|---------------------|--------|---|
| | | | | | | Target | Actual | R |
| TL26 | Development and regular maintenance of bulk infrastructure such as roads, storm water networks, potable water networks, waste water treatment plants, land and integrated human settlements | Complete 4 projects for the upgrade of the stormwater system according to the master plan | Number of projects completed | All | New performance indicator for 2013/14. No comparatives available | 4 | 1 | |
| TL27 | Development and regular maintenance of bulk infrastructure such as roads, storm water networks, potable water networks, waste water treatment plants, land and integrated human settlements | Complete the project for the construction of the stormwater retention dam in Struisbaai by the end of June | Project completed | 5 | New performance indicator for 2013/14. No comparatives available | 1 | 0 | |
| TL86 | Development and regular maintenance of bulk infrastructure such as roads, storm water networks, potable water networks, waste water treatment plants, land and integrated human settlements | 90% of the approved roads and stormwater management maintenance budget spent (Actual amount spent on maintenance of roads & stormwater assets/Total amount budgeted for maintenance of roads and stormwater assets) | % of maintenance budget spent | All | New performance indicator for 2013/14. No comparatives available | 90% | 93% | |

Table 107.: Service delivery indicators: Storm water drainage

Stormwater upgrading and maintenance are essential for any municipality due to the fact that an “Act of God” (flashflood) can happen at any given time, therefor municipalities have to ensure that the run off of stormwater is acceptable

3.10 COMPONENT C: PLANNING AND LOCAL ECONOMIC DEVELOPMENT

3.10.1 INTRODUCTION TO PLANNING AND DEVELOPMENT

The Town Planning Department, which includes Building Control, fell under the Corporate Services Directorate for the financial year 2013/14.

a) Functions of the Town Planning Department

- Effective service delivery and networking with the public
- Receiving town planning applications
- Issuing zoning certificates, info, business licences
- Site inspections

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

- Dealing with complaints
- Application considerations
- Town planning and environmental workshops

b) Functions of the Building Control Section

- Effective service delivery and networking with the public
- Receiving building plans
- Building inspections
- Dealing with complaints
- Providing info to the public
- Issuing of occupancy certificates

c) Opportunities in the department

- Green buildings and initiatives
- Training
- Electronic plan system – filing of plans electronically
- I-Pads/tablets to capture information in the field
- New planning legislation converting the integrated zoning scheme into By-Laws

d) Summary of challenges

- Back-yard dwellers Policy
- Computers / Electronic plan system / building plan register
- Available data / illegal building work
- Not enough space in safe
- Funding
- CMA – coastal management plan not in place
- Co-operation between departments
- Knowledge and skills amongst new employees
- New directorate – understanding of systems
- Law-enforcement policies
- LUPA (Land Use Planning Act)/SPLUMA (Spatial Land Use Management Planning Act)

3.10.2 PLANNING

The general objectives of strategic planning include clarifying which models, processes and policies are desired and working towards that goal, coordinating public and private efforts, channeling energy, adapting to new circumstances and improving the living conditions of the citizens affected.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

a) Achievements

- System works
- Staff is knowledgeable
- Tasks are completed within time framework
- Good service delivery – complaints are dealt with immediately
- Legal requirements and processes are adhered to
- Municipality's Integrated Zoning Scheme approved
- Built Environment Support Programme (BESP) Spatial Development Plan approved

b) Service delivery priorities

| Service Delivery Priority | Impact During 2013/14 | Measures To Improve Performance |
|--|---|--|
| Training of staff | Improved quality service delivery | Illegal activities require peace and law enforcement offices to ensure quicker response time |
| Amendment of the Spatial Development Framework (SDF) | Alignment with the Human Settlement Plan must be done | Ensure alignment with the Human Settlement plan |
| Integrated Zoning Scheme to be amended | New Legislation to be made into by-laws | Integrated Zoning Scheme published as a by-law i.t.o. LUPO and included as an Annexure to the by-law |

Table 108.: Service delivery priorities: Planning

c) Measures to improve performance

- Monthly meetings with staff.
- Workshops and training of staff in terms of new legislation and policies.
- Access to user-friendly data and equipment.
- Consider building plans within three weeks of submission.

d) Major efficiencies achieved

- Involved with the Overberg Planning Forum.
- Attending Regional Tourism Liaison Committee (RTLCL) meetings.
- Representation on new XA regulations working group.
- Assisting public with building plans where they cannot afford architects.
- Assisting with completion of town planning application forms.
- Doing site visits and giving advice in terms of building work and land uses.
- Yearly bathroom projects – provide bathrooms for very sick and old people.
- Low cost housing projects.
- Overberg Air Quality Forum
- Park Forum with SANPARKS

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Detail | Applications for Land Use Development | | | | | |
|--|---------------------------------------|---------|----------|---------|-------------------|---------|
| | Formalization of Townships | | Rezoning | | Built Environment | |
| | 2012/13 | 2013/14 | 2012/13 | 2013/14 | 2012/13 | 2013/14 |
| Planning application received | 1 | 3 | 4 | 17 | 498 | 397 |
| Determination made in year of receipt | 1 | 3 | 4 | 13 | 395 | 319 |
| Determination made in following year | 0 | 0 | 1* | 4* | 103* | 79 |
| Applications withdrawn | 0 | 0 | 0 | 0 | 0 | 0 |
| Applications outstanding at year end | 0 | 0 | 0* | 0* | 0* | 0 |
| <i>*Corrections of prior year statistics</i> | | | | | | |

Table 109.: Applications for Land Use Development

| Ref | Strategic Objective | KPI | Unit of Measurement | Wards | Actual performance 2012/13 | Overall Performance | | |
|------|---|---|--|-------|--|---------------------|--------|---|
| | | | | | | Target | Actual | R |
| TL56 | Establishing a functional municipality that can deliver on the IDP priorities, implement policies that will facilitate transformation, effective staff structure, general management practices and training | Processing of land use applications within 120 days after receipt of all relevant information and documents are correctly submitted from internal and external sources (No. of actual applications evaluated for the period/ No. of applications received for the period) | % of applications evaluated | All | 95% | 100% | 100% | |
| TL57 | Establishing a functional municipality that can deliver on the IDP priorities, implement policies that will facilitate transformation, effective staff structure, general management practices and training | Provide decision on building plans within 30 days for buildings less than 500m ² and 60 days for buildings larger than 500m ² (No. of actual plans evaluated for the period/ No. of plan received for the period) | % Evaluated | All | 100% | 100% | 100% | |
| TL58 | Establishing a functional municipality that can deliver on the IDP priorities, implement policies that will facilitate transformation, effective staff structure, general management practices and training | Finalisation of the Zoning Schemes by 30 June and submit to Provincial Department | Zoning scheme submitted to Provincial department | All | New performance indicator for 2013/14. No comparatives available | 1 | 1 | |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | Strategic Objective | KPI | Unit of Measurement | Wards | Actual performance 2012/13 | Overall Performance | | |
|------|---|---|-------------------------------|-------|--|---------------------|--------|---|
| | | | | | | Target | Actual | R |
| TL59 | Establishing a functional municipality that can deliver on the IDP priorities, implement policies that will facilitate transformation, effective staff structure, general management practices and training | Submit reviewed SDF to Council by 31 March | SDF submitted to Council | All | New performance indicator for 2013/14. No comparatives available | 1 | 1 | |
| TL75 | To provide an administration that ensures public participation in a transparent and accountable way as well as to promote intergovernmental relations | Establish a forum by the end of June to manage air pollution | Forum Established | All | New performance indicator for 2013/14. No comparatives available | 1 | 1 | |
| TL76 | To provide an administration that ensures public participation in a transparent and accountable way as well as to promote intergovernmental relations | Submit a plan to Council by 31 December on the implementation of an Electronic Building plan Register & GIS | EBR Plan submitted to Council | All | New performance indicator for 2013/14. No comparatives available | 1 | 0 | |

Table 110.: Service delivery indicators: Planning and development

| Employees: Planning | | | | | |
|---------------------|-----------|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2012/13 | | 2013/14 | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 1 | 2 | 2 | 0 | 0 |
| 4 - 6 | 1 | 8 | 6 | 2 | 25 |
| 7 - 9 | 0 | 0 | 0 | 0 | 0 |
| 10 - 12 | 0 | 0 | 0 | 0 | 0 |
| 13 - 15 | 0 | 0 | 0 | 0 | 0 |
| Total | 2 | 10 | 8 | 2 | 20 |

Employees and Posts numbers are as at 30 June

Table 111.: Employees: Planning

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.10.3 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

a) Introduction to Economic Development

i) *Highlights: LED*

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

| Highlights | Description |
|-------------------|---|
| Tourism | The tourism industry has demonstrated that it is a potential growing economic sector in the region. It can certainly be a catalyst to unlock economic opportunities for local entrepreneurs and facilitate LED. |
| Agriculture | Primarily the main economic sector within the economy of Cape Agulhas. Transformation of the agriculture industry was initiated by supporting emerging farmers with commonage to enter commercial farming, but a clear Land Reform Strategy for Cape Agulhas will have to be developed to access land for agricultural purposes at an affordable price. |
| Rural Development | This programme is aimed at being an effective response against poverty and food insecurity by maximizing the use and management of natural resources to create vibrant, equitable and sustainable rural communities. |
| Infrastructure | Development and maintenance of a good infrastructure as well as availability of bulk basic services. |

Table 112.: LED Highlights

i) *Challenges: LED*

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

| Description | Actions to address challenges |
|---|---|
| Unemployment | One of the biggest producers of agricultural products, but commodities that are grown do not require labour intensiveness. Agri processing needs to be done to facilitate more job creation opportunities. |
| Largely dependent on agriculture | Diversify the economy and facilitate bigger investment in tourism and manufacturing sector. Tourism needs more robust and dedicated marketing campaigns to draw people to the area. |
| Limited available natural resources | Marketing and processing of fynbos and wildflower species that grows in abundance in our area. |
| Not situated on the major national routes (N2) | Placement of sign boards on the N2 to direct people to the most Southern Point of Africa. Marketing of the Overberg and developing a Tip of Africa Route which will culminate in more vibrant tourism experience and attract investors to the area. |
| Relatively high skills shortages | Utilise the Skills Development centre in Napier, the satellite campus of Boland College and the Anene Booysen Skills Development Centre to develop skills that are required in the critical economic sectors of the area. |
| Limited access for marginalized communities to enter the main stream economic opportunities | Facilitate BBBEE through the procurement processes of the municipality. The capacity of emerging farmers can be improved by |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Description | Actions to address challenges |
|-------------|---|
| | provision of more available agricultural land, other than only commonage. |

Table 113.: Challenges LED

b) LED Strategy

The Local Economic Development (LED) strategy along with the LED process plan is completed, reviewed yearly and being implemented. The LED strategy is built around commitment to develop a climate in which economic development and economic growth can prosper and growth is shared.

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

| Strategic areas | Description |
|--|--|
| Growing of the major economic sectors with comparative advantage | Unemployment and job creation present key challenges to Government and Cape Agulhas Municipality because it is only through equitable job creation that the problems of poverty and inequality can be addressed on a sustainable basis |
| Natural resource economics | The biodiversity of especially the Agulhas plain is another unique feature of this region, which can be utilised as a catalyst to stimulate the economic growth of the region. Properly managed eco-tourism holds great potential as an economic incentive for conservation, especially with regard to job creation |
| Construction | The construction sector performed quite well. The one factor that is going to be addressed in the next year through the SETA construction Learnership is the skills shortages that exist in this sector |
| Trade promotion | Although the Cape Agulhas manufacturing sector plays a relatively large role on a district level, the sector is not really export focused. The manufactured products that are exported include ceramics, candles, cosmetics, wine and beer. The main export products are plants, flowers, bulbs and fruit |
| Enterprise development | Cape Agulhas already has a vibrant SMME sector, which is an important component of any regional economy because it employs local labour and increases the local buying power. Around the world, small businesses are a big part of the global economy |
| Increased economic participation | A major portion of entrepreneurs in Cape Agulhas still find it extremely difficult to enter the mainstream economy and the issue of Black Economic Empowerment is barely visible. The lack of business knowledge related to product development, marketing and management is still a huge limitation for communities and individuals to participate in the local economies |
| Youth Economic Empowerment | Out of the 33 038 people residing in the Cape Agulhas municipal area nearly 40% falls under the youth category between 16-35 years. This is also the category that suffers the worst socio-economic challenges in our communities such as the high rate of unemployment, abject poverty, substance abuse and more importantly a lack of access to business opportunities |
| EPWP job creation portal | When the second phase of the Expanded Public Works Program has been rolled out by the Department of Transport and Public Works the strategic objective was to create approximately two million fulltime equivalent (FTE) job opportunities countrywide |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Strategic areas | Description |
|-----------------------------|---|
| Safety and security | The lifeblood of a vibrant local economy is investment and if Cape Agulhas endeavors to be a haven for potential investors a collective effort needs to be exercised to ensure a safe and secure environment |
| Sustainable development | Cape Agulhas Municipality has already pledged its support to the principles of sustainable development and illustrated its sensitivity towards the conservation of the environment |
| Institutional Capacity | The Council and management of Cape Agulhas Municipality are fully supportive of development and determined to increase capacity for economic development and other developmental objectives. A Local Economic Development (LED) unit was established , which provide adequate capacity to implement this LED Strategy and give effect to the strategic objectives of the municipality in terms of LED |
| Skills development programs | The increasing number of the unemployed people in the area is either very low skilled or have been evicted. These individuals are now forced to find alternative work but do not have the educational background or skills to find permanent employment |

Table 114.: LED Strategic areas

The process plan for reviewing of LED Strategy:

| Phase | Activities | Timeframes |
|---------|---|---|
| Phase 1 | Round table discussion with business to identify needs | Already completed in previous financial years |
| Phase 2 | <ul style="list-style-type: none"> Identify whether economic drivers are still relevant Identify the status of originally proposed projects Integrate spatial proposals impacting economic development plans from revised SDF and IDP document | |
| Phase 3 | Establish clear role and mandate for the municipality with regards to LED | |
| Phase 4 | <ul style="list-style-type: none"> Development of a strategic framework document Undertake consultation with broader audience of economic development stakeholders | |
| Phase 5 | Target setting linked to monitoring and evaluation system (PMS) | |
| Phase 6 | Revised CAM LED Strategy adopted by Council | |

Table 115.: LED progress

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

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

| Objectives | Strategies |
|--|--|
| To ensure that positive growth takes place in the local economy and create a conducive environment for businesses to sustain itself in a competitive arena | Agriculture: Improve its comparative advantage by applying more innovative farming methods and marketing strategies to improve its competitive edge. Develop a strategic plan for CAM emerging farming |
| We want to grow our major economic sectors with comparative advantage | Tourism: Drafting of a comprehensive Integrated Tourism Marketing Strategy for CAM |
| Job creation & Skills development | Roll out of capital projects to confirm with EPWP principles. Development and support of SMME's |
| Create a conducive environment for business | Business Retention & Expansion Strategy. Red tape reduction |

Table 116.: LED Objectives and Strategies

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

| Economic Activity by Sector | | |
|-----------------------------------|------------------------|-------------------------|
| R '000 | | |
| Sector | 2012/13 (projected) | 2013/14 (projected)* |
| Agriculture, forestry and fishing | 197 706 | 199 683 |
| Mining and quarrying | 52 | 56 |
| Manufacturing | 79 865 | 85 376 |
| Electricity | 39 214 | 40 234 |
| Construction | 60 398 | 61 376 |
| Trade | 169 315 | 170 331 |
| Transport | 81 478 | 81 885 |
| Finance | 322 319 | 356 485 |
| Community and social services | 165 885 | 176 004 |

• 2013/14 projection based on growth statistics per the Municipal Economic Review and Outlook report for 2013

Table 117.: Economic Activity by Sector

The outlook for local job opportunities in the Cape Agulhas remains the same as in the past. This can be attributed to the fact that the area is off the normal tourist routes e.g. the N2, as well as the limited opportunities for the establishment of industries. There is also a limited inflow of people further limiting availability of skilled labour.

With a limited budget for LED projects the table below identifies the detail of the various LED initiatives in the municipal area:

| Description of project | No of man-days created | Total Investment R | Amount spent to date R | Performance Highlights |
|-------------------------------------|------------------------|-----------------------|---------------------------|---|
| Health Gro emerging farming project | 720 | 0 | 0 | Empowering of local women as emerging farmers to enter the main stream Agricultural economy |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Description of project | No of man-days created | Total Investment R | Amount spent to date R | Performance Highlights |
|------------------------|------------------------|--------------------|------------------------|---|
| Sizabantu Vegetables | 250 | 0 | 0 | Food security provided to people residing in informal settlements. Empowering the beneficiaries as agricultural entrepreneurs |
| Umhlaba Wobiso | 826 | 0 | 0 | Empowering beneficiaries on commonage to become small scale farmers and own their own farm through land reform |
| Agri Dwala | 10 585 | 0 | 0 | Accelerate the transformation of the agriculture industry and facilitate land reform. Started off as emerging farmers on commonage and become owners of two farms through land reform |
| Southern Whales | 250 | 0 | 0 | Provides alternative economic opportunities for women entrepreneurs from fishing village of Kassiesbaai. Establish a sustainable economic empowerment initiative in the Arniston tourism industry |
| Total | 12 631 | 0 | 0 | |

Table 118.: Jobs Created during 2013/14 by LED Initiatives (Excluding EPWP projects)

| Job creation through EPWP* projects | | |
|-------------------------------------|---------------|------------------------------------|
| Year | EPWP Projects | Jobs created through EPWP projects |
| | No. | No. |
| 2012/13 | 241 | 1 451 |
| 2013/14 | 170 | 1 028 |

Table 119.: Job creation through EPWP* projects

c) Service delivery indicators: LED

| Ref | Strategic Objective | KPI | Unit of Measurement | Wards | Actual performance 2012/13 | Overall Performance | | |
|------|---|--|-------------------------|-------|--|---------------------|--------|---|
| | | | | | | Target | Actual | R |
| TL21 | To facilitate economic development by creating a conducive environment for business development and unlock opportunities to increase participation amongst all sectors of society in the mainstream economy to ultimately create decent job opportunities | Create FTE's through government expenditure with the EPWP (Person days / FTE (230 days)) | Number of FTE's created | All | New performance indicator for 2013/14. No comparatives available | 51 | 82 | |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | Strategic Objective | KPI | Unit of Measurement | Wards | Actual performance 2012/13 | Overall Performance | | |
|------|---|--|--|-------|----------------------------|---------------------|--------|---|
| | | | | | | Target | Actual | R |
| TL46 | To facilitate economic development by creating a conducive environment for business development and unlock opportunities to increase participation amongst all sectors of society in the mainstream economy to ultimately create decent job opportunities | Assist prospective businesses / persons with business plans and financing advice | Number of businesses / persons assisted | All | 5 | 5 | 14 | |
| TL47 | To provide an administration that ensures public participation in a transparent and accountable way as well as to promote intergovernmental relations | Hold public participation meetings for LED processes by end of December | Number of public participation meetings held | All | 6 | 5 | 0 | |
| TL48 | To facilitate economic development by creating a conducive environment for business development and unlock opportunities to increase participation amongst all sectors of society in the mainstream economy to ultimately create decent job opportunities | Support entrepreneurs to enhance SMME development | Number of entrepreneurs supported | All | 6 | 6 | 8 | |
| TL49 | To facilitate economic development by creating a conducive environment for business development and unlock opportunities to increase participation amongst all sectors of society in the mainstream economy to ultimately create decent job opportunities | Annual review and signing of MOU with the Local Tourism agency by 31 March | Signed MOU | All | 1 | 1 | 0 | |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | Strategic Objective | KPI | Unit of Measurement | Wards | Actual performance 2012/13 | Overall Performance | | |
|------|---|--|----------------------------------|-------|----------------------------|---------------------|--------|---|
| | | | | | | Target | Actual | R |
| TL50 | To facilitate economic development by creating a conducive environment for business development and unlock opportunities to increase participation amongst all sectors of society in the mainstream economy to ultimately create decent job opportunities | Implement rural development programmes | Number of programmes implemented | All | 5 | 5 | 5 | |

Table 120.: Service delivery indicators: Local Economic Development

| Employees: Local Economic Development | | | | | |
|---------------------------------------|-----------|----------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2012/13 | 2013/14 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 1 | - | 1 | 100 |
| 4 - 6 | 1 | 2 | 2 | 0 | 0 |
| 7 - 9 | 0 | 0 | 0 | 0 | 0 |
| 10 - 12 | 0 | 0 | 0 | 0 | 0 |
| 13 - 15 | 0 | 0 | 0 | 0 | 0 |
| Total | 1 | 3 | 2 | 1 | 33.3 |

Employees and Posts numbers are as at 30 June.

Table 121.: Employees: Local Economic Development

3.11 COMPONENT D: COMMUNITY AND SOCIAL SERVICES

3.11.1 LIBRARIES

The municipal library services consist of 8 libraries with the main library situated in Bredasdorp. There's an additional library in Bredasdorp, namely Welverdiend with facilities at Struisbaai, Waenhuiskrans, Napier, as well as Klipdale and Protem in the rural areas.

We deliver a very important service to our community members, because in towns in the CAM region where people don't always have many recreational outlets, the library forms an essential part of people's daily or weekly schedule. Mostly school learners use the library.

There are also services to old age homes and service centres for the elderly, as well as assisting school libraries with their limited collections. The internet that is now available in 3 of these libraries is a highly efficient tool especially to those people who do not have

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

the ability to afford their own personal computers and internet service. The usage of such facilities is free and it gets paid by the Provincial Library Services.

a) Highlights: Libraries

| Highlights | Description |
|----------------------------------|--|
| Improvement of library buildings | Building of a ramp at the Napier library to accommodate disabled community, upgrading the entrance to the Arniston building and building a veranda at the Proteem building |

Table 122.: Libraries Highlights

b) Service statistics for Libraries

Service statistics for libraries are highlighted in the table below:

| Type of service | 2012/13 | 2013/14 |
|---|---|---|
| Library members | 10 227 | 7 982 |
| Books circulated | 241 145 | 190 994 |
| Exhibitions held | 252 | 97 |
| Internet users | 6 294 (The computer centre in Struisbaai is managed by Cape Access and the data for Struisbaai is no longer available. The figures for the previous financial year was based on an estimate in this case) | 4 712 (No internet access at Welverdiend library due to renovations taking place) |
| Children programmes | 18 | 98 |
| Visits by school groups | 31 | 18 |
| Book group meetings for adults | 0 | 10 |
| Primary and Secondary Book Education sessions | 121 | 18 |

Table 123.: Service statistics for Libraries

| Employees: Libraries | | | | | |
|----------------------|-----------|-------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2012/13 | | 2013/14 | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 1 | 1 | 1 | 0 | 0 |
| 4 - 6 | 0 | 2 | 2 | 0 | 0 |
| 7 - 9 | 10 | 9 | 8 | 1 | 11.1 |
| 10 - 12 | 0 | 0 | 0 | 0 | 0 |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Employees: Libraries | | | | | |
|----------------------|-----------|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2012/13 | 2013/14 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 13 - 15 | 0 | 0 | 0 | 0 | 0 |
| Total | 11 | 12 | 11 | 1 | 8.3 |

Employees and Posts numbers are as at 30 June.

Table 124.: Employees: Libraries

3.11.2 CEMETERIES

The municipality currently have 7 cemeteries within its municipal area.

a) Highlights: Cemeteries

| Highlights | Description |
|---|--|
| Expansion of Napier and Bredasdorp cemeteries | The expansion of the Napier and Bredasdorp cemetery have been surveyed and is ready for construction |

Table 125.: Cemeteries Highlights

b) Challenges: Cemeteries

| Challenges | Description |
|---|--|
| Funding for the expansion of the Napier and Bredasdorp cemeteries | Will be budgeted for in future financial years |

Table 126.: Cemeteries Challenges

c) Service statistics for Cemeteries

| Type of service | 2012/13 No | 2013/14 No |
|-----------------|---------------|---------------|
| Pauper burials | 10 | 15 |

Table 127.: Service stats for Cemeteries

| Employees: Cemeteries | | | | | |
|--|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2012/13 | 2013/14 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| <i>There is one team that does various functions and this information is included under paragraph 3.15 – Sports and Recreation</i> | | | | | |

Table 128.: Employees: Cemeteries

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.11.3 HUMAN DEVELOPMENT

a) Highlights: Human Development

| Highlights | Description |
|--|--|
| Approval of the Human Development Plan by Council | The Human Development Plan was approved by Council in June 2014 and is currently available for public comment |
| Functional Cape Agulhas Youth Council | The Cape Agulhas Youth Council was established in November 2013 |
| Implementation of the 50/50 Youth Leadership Project | This project aims to give academic and social support to 50 Grade 9 learners of one of the local schools to ensure that they complete Grade 12 and leadership skills are instilled |
| Establishment of the Bredasdorp Thusong Centre | The Human Development department assisted with the establishment of the Thusong Centre. Government services are now easily accessible to the community |

Table 129.: Human Development Highlights

a) Challenges: Human Development

| Description | Actions to address |
|--|--|
| Appointment of permanent youth workers | The appointment of two permanent youth workers to facilitate/co-ordinate social- and sports development programmes |
| Transport | Transport is needed for the youth workers to function efficiently |

Table 130.: Human Development Challenges

b) Service Statistics for Human Development

| Human Development programmes | | |
|---|---|---|
| Detail | 2012/13 | 2013/14 |
| Soup kitchens established or supported | 4 | 4 |
| Youngsters educated and empowered | <ul style="list-style-type: none"> Functional Youth Council Leadership Workshop for Youth The 50/50 leadership project was implemented to reduce the school dropout rate at one of our local high schools. <p>The sports forum was established and three of our local soccer teams qualified to be part of the forum</p> | <ul style="list-style-type: none"> Functional Youth Council Leadership Workshop for Youth The 50/50 Youth Leadership Project |
| Initiatives to increase awareness on disability | Functional Disability Forum | Functional Disability Forum Disabled awareness programme |
| Initiatives to increase awareness on women | Hosted Women's Day event 1 (16 days of activism) | My story telling session for abused women in conjunction with Gender Links Economic empowerment programme for abused women 1 (16 days of activism) |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Human Development programmes | | |
|---|---|---|
| Detail | 2012/13 | 2013/14 |
| Women empowered | 1 (16 days of activism) | 1 (16 days of activism) |
| Initiatives to increase awareness on HIV/AIDS | 1 World Aids Day event | 1 World Aids Day event |
| Initiatives to increase awareness on Early Childhood Development | Haasbekkie ECD Centre was launched. | Assisted Hand over of ECD equipment |
| Initiatives to increase awareness on substance abuse and high drug and alcohol related crimes | Drug awareness campaign with stakeholders | Drug awareness campaign with stakeholders |
| Special events hosted (World's Aids Day, World Arbor day, World Disability Day, Youth Day, 16 Days of activism against women abuse) | The following events were hosted: <ul style="list-style-type: none"> National Day for the Aged Youth Day World AIDS DAY 16 days of activism against women | The following events were hosted: <ul style="list-style-type: none"> National Day for the Aged Youth Day World AIDS DAY 16 days of activism against women |

Table 131.: Service statistics for Human Development programmes

| Ref | Strategic Objective | KPI | Unit of Measurement | Wards | Actual performance 2012/13 | Overall Performance | | |
|------|---|--|--|-------|--|---------------------|--------|---|
| | | | | | | Target | Actual | R |
| TL41 | To facilitate the holistic development of people, expand the safety net for vulnerable groups and implement sustainable programmes to improve their livelihoods | Review the Integrated Human Development Strategy and submit to Council by 31 March | Strategy reviewed and submitted to council | All | 1 | 1 | 0 | |
| TL42 | To facilitate the holistic development of people, expand the safety net for vulnerable groups and implement sustainable programmes to improve their livelihoods | Establish a local drug action team by 28 February | Action team established | All | New performance indicator for 2013/14. No comparatives available | 1 | 0 | |
| TL43 | To facilitate the holistic development of people, expand the safety net for vulnerable groups and implement sustainable programmes to improve their livelihoods | Establish of Drug rehabilitation centre by 31 December | Drug rehabilitation centre established | All | New performance indicator for 2013/14. No comparatives available | 1 | 1 | |
| TL44 | To facilitate the holistic development of people, expand the safety net for vulnerable groups and implement sustainable | Hold workshop to train NPO's | Number of workshops | All | New performance indicator for 2013/14. No comparatives available | 1 | 1 | |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | Strategic Objective | KPI | Unit of Measurement | Wards | Actual performance 2012/13 | Overall Performance | | |
|------|---|---|----------------------------------|-------|--|---------------------|--------|---|
| | | | | | | Target | Actual | R |
| | programmes to improve their livelihoods | | | | | | | |
| TL45 | To facilitate the holistic development of people, expand the safety net for vulnerable groups and implement sustainable programmes to improve their livelihoods | Complete the construction of the Thusong Community Centre by the end of October | Project completed | All | New performance indicator for 2013/14. No comparatives available | 1 | 1 | |
| TL64 | To provide an administration that ensures public participation in a transparent and accountable way as well as to promote intergovernmental relations | Facilitate the regular meeting of the Youth Council | Number of Meeting | All | New performance indicator for 2013/14. No comparatives available | 10 | 10 | |
| TL65 | To facilitate the holistic development of people, expand the safety net for vulnerable groups and implement sustainable programmes to improve their livelihoods | Implement youth development projects | Number of projects | All | New performance indicator for 2013/14. No comparatives available | 2 | 3 | |
| TL66 | To facilitate the holistic development of people, expand the safety net for vulnerable groups and implement sustainable programmes to improve their livelihoods | Implement women empowerment programmes | Number of programmes | All | New performance indicator for 2013/14. No comparatives available | 2 | 3 | |
| TL67 | To facilitate the holistic development of people, expand the safety net for vulnerable groups and implement sustainable programmes to improve their livelihoods | Facilitate the process to establish a shelter for abused & battered women and children by 30 June | Shelter established by 30 June | All | New performance indicator for 2013/14. No comparatives available | 1 | 0 | |
| TL68 | To facilitate the holistic development of people, expand the safety net for vulnerable groups and implement sustainable programmes to improve their livelihoods | Facilitate HIV/AIDS awareness programme | Number of programmes facilitated | All | New performance indicator for 2013/14. No comparatives available | 1 | 1 | |
| TL69 | To facilitate the holistic development of people, expand the safety net for vulnerable groups and implement sustainable | Facilitate a substance abuse awareness programme | Number of programmes facilitated | All | 1 | 1 | 1 | |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | Strategic Objective | KPI | Unit of Measurement | Wards | Actual performance 2012/13 | Overall Performance | | |
|------|---|---|----------------------------------|-------|--|---------------------|--------|---|
| | | | | | | Target | Actual | R |
| | programmes to improve their livelihoods | | | | | | | |
| TL70 | To facilitate the holistic development of people, expand the safety net for vulnerable groups and implement sustainable programmes to improve their livelihoods | Facilitate awareness programmes regarding the rights of the older persons | Number of programmes facilitated | All | New performance indicator for 2013/14. No comparatives available | 1 | 1 | |
| TL71 | To facilitate the holistic development of people, expand the safety net for vulnerable groups and implement sustainable programmes to improve their livelihoods | Facilitate the meeting of the structure for people with disabilities | Number of meetings held | All | New performance indicator for 2013/14. No comparatives available | 4 | 4 | |

Table 132.: Service delivery indicators: Human Development

| Employees: Human Development | | | | | |
|------------------------------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2012/13 | 2013/14 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 1 | 1 | 1 | 0 | 0 |
| Total | 1 | 1 | 1 | 0 | 0 |

Employees and Posts numbers are as at 30 June.

Table 133.: Employees: Human Development

3.12 COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: air quality control; biodiversity and landscape; coastal protection.

Environmental protection and management entails, *inter alia*, environmental impact management, ecosystems, sustainable development, environmental research, state of the environment, environmental education, environmental resource economics, and coastal zone management.

There is a need for mainstreaming climate change, specifically green economy and low carbon transition. You may ask why the green economy is so critical.

The green economy has potential benefits for job creation and reducing poverty through projects aimed at reducing carbon emissions, such as energy efficiency and the Kyoto Protocol's Clean Development Mechanism, while still fulfilling our responsibilities on environmental stewardship and climate change.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

The process can be summarised as an attempt by the South African government, and specifically the Cape Agulhas Municipality, to support and facilitate the establishment of a renewable-energy sector, resulting in an expected initial generation of some 3750 MW from wind, solar and biomass fuel sources. Cape Agulhas Municipality's own proposed waste-to-energy project will eventually also feed energy into the electricity grid.

Never let it be said that anyone can tell the future, but this sector seems to be a possible rising star for the country, and is viewed by many participants as vital to our attempts to employ people. It is also positive for economic development.

The high initial capital costs attract those companies that have well-established records in the renewable space, and the financial institutions have developed innovative financing solutions to help with these costs. It can technically be argued that renewable energy is often at an economic, regulatory or institutional disadvantage relative to other forms of energy supply. It is our vision to overcome these barriers by the strength and alignment of the government, the financial institutions and the developers, who are showing commitment to working together.

The argument can be made that this sector will potentially carry the growth aspirations of South Africa on its shoulders. The green economy has real potential to bring a new growth impetus.

Developers are required to have established what the specific risks to their project are, and have a detailed mitigation plan in place. They also need sufficient expertise for commercial operation and to sustain the plant for the given contract period. The high initial capital costs require a well-established company and innovative financing solutions build on co-operation and a shared commitment to reduce the carbon footprint and combat climate change.

In Cape Agulhas we believe that the proposed waste-to-energy project will do just that.

3.12.2 AIR QUALITY CONTROL

The National Environment Management: Air Quality Act, 2004 (Act no. 30 of 2004) was promulgated in 2004. Municipalities have a number of duties in terms of this legislation. Local municipalities must:

- Designate a municipal air quality officer;
- Develop an Air Quality Management Plan (AQMP) for inclusion in the municipality's Integrated Development Plan; and
- Prepare an annual and progress report regarding the implementation of the AQMP and compliance with the plan.

The municipality has appointed an Air Quality Officer as well as an assistant. It is expected that training in this regard will take place during the 2014/15 financial year. A draft Air Quality Management Plan and by-law has since been developed and advertised for comment.

Due to capacity and financial constraints as well as a proposal made by the Overberg District Municipality (ODM), which is still under discussion, this service is not yet fully operational. However, the municipality is working together with the District Municipality and the Overberg Air Quality Officers Forum was formed.

3.12.3 BIO-DIVERSITY AND LANDSCAPE

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Biodiversity refers to genes, species (animals and plants), ecosystems, and landscape and the ecological and evolutionary processes that allow these elements of biodiversity to exist.

The Department of Environmental Affairs and Tourism prepared the National Biodiversity Strategy and Action Plan (NBSAP) “...to develop a plan of action for the conservation and sustainable use of the country biological diversity”. During the NBSAP preparation the National Biodiversity Implementation Plan identified objectives, outcomes, and activities required for the NBSAP to achieve its goals.

A major part of the municipality is covered by sensitive biodiversity and there is a need to have sensitive biodiversity areas mapped as well as clear and appropriate guidelines to guide their conservation.

The Critical Biodiversity Areas (CBA) of the Overberg District Municipality report was prepared in April 2010, and indicates the CBA's for the district. These include protected areas, critical biodiversity areas and ecological support areas. The report indicated that the southern part of the municipal area contains an important mosaic of CBA's, and the northern part, the Runes agricultural area, contains some Renosterveld remnants identified as CBA's.

Bioregional planning has gained increasing importance in recent years as a methodology for simply and effectively addressing the issue of land use management in regional planning and the municipality has developed a full Spatial Development Framework (SDF) report in this regard and which was amended and updated in June 2014. The purpose of this report is to describe the *status quo* analysis and conclusions of the SDF for the Cape Agulhas and Overberg District Management Area and will guide the municipality in its future development to ensure the conservation of biodiversity areas.

3.12.4 COASTAL PROTECTION

The Cape Agulhas coast has several large bays of which 43% are sandy beaches, 39% rocky and 18% wave cut rocky platform. A few of these beaches have been identified as susceptible to sea level rise due to climate change. The De Hoop Nature Reserve has about 50 km of protected coastline.

The Integrated Coastal Management Programme (CMP) for the Western Cape in 2003 was prepared in terms of the Coastal Zone Management Bill and the Coastal Zone Policy. The objectives of the CMP are to “...facilitate improved planning of coastal resources as well as allow for better targeted investment from government and non-government organisations to support sustainable coastal development”.

Many parts of the Agulhas coastline are currently being eroded and poses a problem in already developed areas such as Struisbaai, especially around the Nostra beach area, and Struisbaai North campsite (where storm action has already eroded the foundations of a building which had to be demolished), and the Arniston swimming beaches. Substantial funds will have to be invested to stop or slow down this erosion and the municipality is also currently in constant discussions with Cape Nature as many of the problems are below the high water mark which falls outside the jurisdiction of the municipality.

Overberg Municipality is in a process of compiling a CMP for the Overberg area

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.13 COMPONENT F: SECURITY AND SAFETY

This component includes: traffic and law enforcement; fire; and disaster management.

3.13.1 INTRODUCTION TO SECURITY & SAFETY

The Protection Services Division is committed to provide a high quality community-oriented service to meet the needs of a diverse community. The Division strives to constantly improve its standing within both the communities we serve and the profession.

STRATEGIC FOCUS AREAS

The vision, mission, objectives and functions of the Protection Services Division embark on the following strategic focus areas for the Cape Agulhas Municipality:

- Render a Traffic Administration service
- Maintaining public order
- Protect and securing the inhabitants of Cape Agulhas Municipality and their property
- Combating specific crime generators
- Alleviation of traffic flow
- Facilitate the provision of affordable, safe and sustainable transport system
- Take action to reduce the effects of a disaster
- Take measures to reduce long-term risks associated with human activity or natural events

CORE FUNCTIONS

Traffic Management, By-Law Enforcement, Traffic Administration Function and Training

Traffic Control

- Escorting of VIP's, funerals and other dignitaries
- Visible traffic policing
- Ensure road safety during events in area
- Attending accidents and traffic complains
- Daily point duties at crossings and scholar patrols points
- Traffic safety education to community

Revenue collection

- Render a service regarding drivers licensing, vehicle fitness, motor registration/licensing and fine processing

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Law Enforcement

- Attend to complaints regarding animals, hawkers, overgrown erven and general by-law offences
- Educate the community about safe keeping and caring for their animals
- Protection of municipalities councilor's, properties and its employees
- Ensure crime prevention by detecting and combating crime generators
- Do announcements and promote law and order in municipal area

Road markings

- Painting of road markings and erection of road signs

3.13.2 TRAFFIC SERVICES AND LAW ENFORCEMENT

a) Highlights: Traffic Services and Law Enforcement

| Highlights | Description |
|-----------------------------|---|
| Engagement with SAN parks | Engagement around road safety and the practical tests on K53's for which the municipality issues various certificates |
| Ministerial visits | The municipality received various compliments from the ministers on the way the municipality conducted themselves during these visits |
| Compliments from the public | Various written and verbal compliments received from the community regarding the section's service delivery |
| Expansion of the section | The continuous expansion of the section to enhance and better service delivery |

Table 134.: Traffic Services and Law Enforcement Highlights

b) Challenges: Traffic Services and Law Enforcement

| Description | Actions to address |
|---|---|
| Budget constraints to purchase equipment to implement proper law enforcement e.g. breathelisers and speed cameras | Prioritisation of future budgets |
| Insufficient funds to appoint the necessary staff | Prioritisation of future budgets |
| Poor radio signals in the area which hampers effective communication | Enhancing current signal strength or putting up additional radio towers |

Table 135.: Traffic Services and Law Enforcement Challenges

Service statistics for Traffic Services and Law Enforcement are highlighted in the tables below:

| Detail | 2012/13 | 2013/14 |
|--|------------|------------|
| | Actual No. | Actual No. |
| 1 Number of road traffic accidents during the year | 293 | 368 |
| 2 Number of by-law infringements attended | 64 | 416 |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Detail | | 2012/13 | 2013/14 |
|--------|---|------------|------------|
| | | Actual No. | Actual No. |
| 3 | Number of Traffic and Law Enforcement Officers in the field on an average day | 8 | 7 |
| 4 | Number of Traffic and Law Enforcement Officers on duty on an average day | 8 | 6 |

Table 136.: Traffic Services and Law Enforcement Data

| Type of service | 2012/13 | 2013/14 |
|--|---------|-----------|
| Animals impounded | 61 | 181 |
| Motor vehicle licenses processed | 16 740 | 17 345 |
| Learner driver licenses processed and issued | 1 997 | 1 536 |
| Driver licenses processed | 4 048 | 4 746 |
| Driver licenses issued | 2 638 | 2 297 |
| Fines issued for traffic offenses | 7 423 | 4 236 |
| R-value of fines collected | 829 780 | 1 139 130 |
| Roadblocks held | 49 | 77 |
| Special Functions – Escorts | 55 | 56 |
| Awareness initiatives on public safety | 10 | 11 |

Table 137.: Additional performance information for Traffic Services and Law Enforcement

| Ref | Strategic Objective | KPI | Unit of Measurement | Wards | Actual performance 2012/13 | Overall Performance | | |
|------|---|---|----------------------------|-------|----------------------------|---------------------|--------|---|
| | | | | | | Target | Actual | R |
| TL51 | To facilitate the holistic development of people, expand the safety net for vulnerable groups and implement sustainable programmes to improve their livelihoods | Hold sessions to educate the community on road safety | Number of sessions held | All | 7 | 8 | 10 | |
| TL52 | To facilitate the holistic development of people, expand the safety net for vulnerable groups and implement sustainable programmes to improve their livelihoods | Hold roadblocks to increase road and traffic safety | Number of road blocks held | All | 41 | 14 | 128 | |

Table 138.: Service delivery indicators: Traffic and Law Enforcement

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Employees: Traffic Services and Law Enforcement (Protection services) | | | | | |
|---|-----------|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2012/13 | 2013/14 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 1 | 1 | 1 | 0 | 0 |
| 4 - 6 | 6 | 18 | 10 | 8 | 44.4 |
| 7 - 9 | 12 | 13 | 9 | 4 | 30.8 |
| 10 - 12 | 0 | 0 | 0 | 0 | 0 |
| 13 - 15 | 2 | 3 | 2 | 1 | 33.3 |
| Total | 21 | 35 | 22 | 13 | 37.1 |

Employees and Posts numbers are as at 30 June.

Table 139.: Employees: Traffic Services and Law Enforcement

3.13.3 FIRE

Cape Agulhas Municipality renders a fire service by agreement with Overberg District Municipality and is employed for:

- Preventing the outbreak or spread of a fire
- Fighting or extinguishing a fire
- The protection of life or property against a fire or other threatening danger
- The rescue of life or property from a fire or other danger

3.13.4 DISASTER MANAGEMENT

The Cape Agulhas Municipal, Disaster Management Plan serves as a situational analysis of operating arrangements within the area, which will provide officials and other role players in disaster management, as well as communities, to effectively prevent disasters from occurring and to minimize the impact of hazards which cannot be avoided. The plan is currently still in draft form. Disaster management is a continuous integrated and multi-sectored and disciplinary process of planning and implementation of measures aimed at disaster prevention, mitigation, preparedness, response, recovery and rehabilitation. (Disaster Management Act. No. 57 of 2002)

When damage or losses occur during a disaster/incident the following social assistance packets are issued by the municipality:

- R1 000 voucher to buy food and clothing per household
- Each victim is issued with a blanket
- Used clothing is also provided where sizes is in stock
- Short term accommodation is available when needed
- Food is provided for the victims during the emergency period and thereafter they are issued with the voucher
- Informal Settlement Material as a starting kit is provided to rebuild a structure

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

- Black plastic sail available for hand-out to cover leaking structures

This assistance is available to anyone who needs to be assisted during an incident or damage.

| Ref | Strategic Objective | KPI | Unit of Measurement | Wards | Actual performance 2012/13 | Overall Performance | | |
|------|---|---|--|-------|----------------------------|---------------------|--------|---|
| | | | | | | Target | Actual | R |
| TL53 | To facilitate the holistic development of people, expand the safety net for vulnerable groups and implement sustainable programmes to improve their livelihoods | Review of the Disaster Management Plan and submit to Council by 31 March | Plan reviewed and submitted to council | All | 0 | 1 | 0 | |
| TL54 | To facilitate the holistic development of people, expand the safety net for vulnerable groups and implement sustainable programmes to improve their livelihoods | Review the Disaster preparedness, response and recovery plans and submit to Council | Number of plans reviewed | All | 0 | 8 | 0 | |

Table 140.: Service delivery indicators: Disaster Management

| Table 141.: Employees: Disaster Management | | | | | |
|--|--|-------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2012/13 | | 2013/14 | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 15 | Employees form part of the protection services department and is included in Traffic Services Employees statistics | | | | |

Table 142.: Employees: Disaster Management

3.14 COMPONENT G: SPORT AND RECREATION

The municipal area currently has 16 parks with playground equipment, as well as a community park in every ward. There are also sports fields and halls in every ward, as well as camp sites at Bredasdorp, Arniston, Struisbaai and L'Agulhas. Provision for maintenance, upgrading and expansions are budgeted for annually in terms of maintenance plans, but is limited to available funds.

a) Highlights: Sport and Recreation

| Highlights | Description |
|---------------------------------|---|
| Five specie angling competition | Angling competition presented by the Ashton Angling Club at Struisbaai |
| Christian motor cycle rally | Christian motor cycling rally held in Struisbaai at the campsite |
| Mighty Men rally | Christian rally held in the Struisbaai campsite |
| Trans-Agulhas motor boat race | Annual rubber-duck race between Plettenberg Bay and Strand where they visited the Agulhas area on 30 and 31 December 2013 |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Highlights | Description |
|-------------------------|--|
| Touch rugby tournament | Touch rugby tournament held on the Struisbaai main beach over the December 2013 holiday season |
| Cape Agulhas Classic | Mountain bike race held during December 2013 |
| Foot of Africa Marathon | Annual running of the well-known Foot of Africa Marathon |

Table 143.: Sport and Recreation Highlights

b) Challenges: Sport and Recreation

| Description | Actions to address |
|---------------------------|---|
| Shortage of soccer fields | <ul style="list-style-type: none"> Possible utilization of MIG funds to create additional sports facilities Budgeting for a new field at Bredasdorp in the 2014/15 financial year |

Table 144.: Sport and Recreation Challenges

c) Additional performance information for Sport and Recreation

| Type of service | 2012/13 | 2013/14 |
|---|-----------|-----------|
| Community parks | | |
| Number of parks with play park equipment | 19 | 19 |
| Number of wards with community parks | 5 | 5 |
| Camp sites/Resorts | | |
| Number of visitors per annum | 86 525 | 87 245 |
| R-value collected from visitation and/or accommodation fees | 3 931 649 | 4 191 070 |
| Sport fields | | |
| Number of wards with sport fields | 5 | 5 |
| Number of sport associations utilizing sport fields | 11 | 12 |
| Community halls | | |
| Number of wards with community halls | 5 | 5 |
| Number of sport associations utilizing community halls | 11 | 123 |
| R-value collected from rental of sport halls | 92 081 | 78 342 |

Table 145.: Additional performance information for Sport and Recreation

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

d) Service delivery indicators: Sport and Recreation

| Ref | Strategic Objective | KPI | Unit of Measurement | Wards | Previous Year Performance | Overall Performance | | |
|------|---|--|--|-------|--|---------------------|--------|---|
| | | | | | | Target | Actual | R |
| TL11 | Promote service excellence and a corruption free environment | Number of beaches receiving blue flag status | Number of beaches receiving blue flag status | All | New performance indicator for 2013/14. No comparatives available | 1 | 0 | |
| TL78 | To facilitate the holistic development of people, expand the safety net for vulnerable groups and implement sustainable programmes to improve their livelihoods | Complete the project for the upgrade of the Arniston Resort by the end of December | Project completed | 5 | New performance indicator for 2013/14. No comparatives available | 1 | 1 | |
| TL79 | To facilitate the holistic development of people, expand the safety net for vulnerable groups and implement sustainable programmes to improve their livelihoods | Complete the project for the installation of new power points at Arniston Resort by the end of December | Project completed | 5 | New performance indicator for 2013/14. No comparatives available | 1 | 1 | |
| TL80 | To facilitate the holistic development of people, expand the safety net for vulnerable groups and implement sustainable programmes to improve their livelihoods | Complete the project for the construction of the ablution facility at the Zwelitsha Sport field by 30 June | Project completed | 3 | New performance indicator for 2013/14. No comparatives available | 1 | 0 | |
| TL81 | To facilitate the holistic development of people, expand the safety net for vulnerable groups and implement sustainable programmes to improve their livelihoods | Complete the project for the upgrade of the sport field at Napier by 30 June | Project completed | 1 | New performance indicator for 2013/14. No comparatives available | 1 | 0 | |

Table 146.: Service delivery indicators: Sport and Recreation

| Employees: Sport and Recreation | | | | | |
|---------------------------------|-----------|-------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2012/13 | | 2013/14 | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 1 | 2 | 1 | 1 | 50 |
| 4 - 6 | 0 | 5 | 5 | 0 | 0 |
| 7 - 9 | 6 | 11 | 9 | 2 | 18.2 |
| 10 - 12 | 10 | 15 | 15 | 0 | 0 |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Employees: Sport and Recreation | | | | | |
|---------------------------------|-----------|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2012/13 | 2013/14 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 13 - 15 | 27 | 23 | 19 | 4 | 17.4 |
| Total | 44 | 56 | 49 | 7 | 12.5 |

Employees and Posts numbers are as at 30 June.

Table 147.: *Employees: Sport and Recreation*

| Capital Expenditure 2013/14: Sport and Recreation | | | | | |
|--|---------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | 2013/14 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance From Original budget | Total Project Value |
| Expansion of the resorts, including electricity | 1 181 | 1 181 | 1 130 | 51 | 1 130 |
| Ablution facilities at the Zwelitsha soccer fields | 550 | 550 | 0 | 550 | 550 |
| Upgrading of the sport field at Napier | 320 | 320 | 0 | 320 | 320 |

Total project value represents the estimated cost of the project on approval by Council

Table 148.: *Capital Expenditure 2013/14: Sport and Recreation*

Detail regarding the above projects are as follows:

- 1) *Expansion of resorts* – The resort at Arniston was expanded with additional stands, including water and electricity to accommodate people who usually made use of Camp B
- 2) *Ablution facilities at the Zwelitsha soccer fields* – Stand prepared in the retention dam area facilities has not been built as the funds were reallocated to another project.
- 3) *Upgrading of the sport field at Napier* – tender was advertised but none of the potential service providers qualified in terms of legislation. The funds were reallocated to another project.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.15 COMPONENT H: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: executive and council, financial services, human resource services, ICT services, property services.

3.15.1 EXECUTIVE AND COUNCIL

a) Highlights: Executive and Council

| Highlights | Description |
|--------------------------------------|---|
| 50/50 leadership development program | This program is aimed at the Grade 9-12 learners to give the necessary support to prevent early school dorp-out. This program has proven to be very effective |
| Neighbourhood watch | Various neighbourhood watches have been established to address and reduce crime |
| Youth development | Various youth development and learnership programmes through the SETA's |

Table 149.: Executive and Council Highlights

c) Challenges: Executive and Council

| Description | Actions to address |
|--------------------------------------|--|
| Language medium at schools | Governing bodies of the schools need to address the language issues of their schools |
| Land reform and economic development | The municipality need the support from all relevant national departments |

Table 150.: Executive and Council Challenges

| Ref | Strategic Objective | KPI | Unit of Measurement | Wards | Actual performance 2012/13 | Overall Performance | | |
|------|--|--|---|-------|----------------------------|---------------------|--------|---|
| | | | | | | Target | Actual | R |
| TL8 | Promote service excellence and a corruption free environment | Complete a risk analysis and submit to Council for approval by 31 July | Risk analysis completed and submitted to council by 31 July | All | 100% | 1 | 1 | |
| TL9 | Promote service excellence and a corruption free environment | Develop a Risk Based Audit Plan and submit to the Audit Committee for approval by 15 September | RBAP completed and submitted by 15 September | All | 100% | 1 | 1 | |
| TL10 | Promote service excellence and a corruption free environment | Implement the RBAP for 2013/14 (Number of audits and tasks completed for the period/ Number of audits and tasks identified in the RBAP to complete for the period) | % Implemented | All | 90% | 80% | 91.20% | |
| TL12 | Promote service excellence and a | Submit quarterly reports on the actual | Number of performance reports submitted to council | All | 3 | 4 | 4 | |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | Strategic Objective | KPI | Unit of Measurement | Wards | Actual performance 2012/13 | Overall Performance | | |
|------|---|--|---|-------|----------------------------|---------------------|--------|---|
| | | | | | | Target | Actual | R |
| | corruption free environment | performance ito the Top Layer SDBIP to council | | | | | | |
| TL62 | To provide an administration that ensures public participation in a transparent and accountable way as well as to promote intergovernmental relations | Conduct an annual customer survey and submit report with findings to council by 31 March | Customer survey completed and report submitted to council | All | 0 | 1 | 1 | |
| TL63 | To provide an administration that ensures public participation in a transparent and accountable way as well as to promote intergovernmental relations | Revisit the Corporate Identity and submit to Council by 30 May | Corporate identity revisited | All | 90% | 1 | 0 | |

Table 151.: Service delivery indicators: Executive and Council

| Employees: Executive and Council | | | | | |
|----------------------------------|-----------|----------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2012/13 | 2013/14 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 9 | 9 | 9 | 0 | 0 |
| Total | 9 | 9 | 9 | 0 | 0 |

Employees and Posts numbers are as at 30 June.

Table 152.: Employees: Executive and Council

3.15.2 FINANCIAL SERVICES

a) Highlights: Financial Services

| Highlights | Description |
|-------------------|--|
| Debt collection | The municipality maintained a good debt collection rate of 95% |
| Liquidity ratio | Although less than the previous financial year, the municipality's liquidity ration still reflects a sound financial |
| Creditor payments | Creditors are being paid within the 30 day limit |

Table 153.: Financial Services Highlights

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

b) Challenges: Financial Services

| Description | Actions to address |
|--|---|
| Decline in revenue base | Development of a long term financial sustainability strategy |
| Increase in employee related cost | Filling of critical and legislative required posts only |
| Decline in reserves | Investigate other sources of capital funding e.g. borrowing |
| Low expenditure on maintenance of infrastructure | This will form part of the development of a long term financial sustainability strategy mentioned above |

Table 154.: Financial Services Challenges

| Debt Recovery | | | | | |
|--|---------|---|---------|----------------------------|---|
| R' 000 | | | | | |
| Details of the types of account raised and recovered | 2012/13 | | 2013/14 | | |
| | Billed | Proportion of accounts value billed that were collected | Billed | Actual for accounts billed | Proportion of accounts value billed that were collected |
| Property Rates | 34 763 | 98% | 39 445 | 36 606 | 92.7% |
| Electricity | 67 367 | 98% | 69 406 | 63 723 | 91.8% |
| Water | 16 809 | 98% | 17 034 | 17 795 | 104.4% |
| Sanitation | 6 677 | 98% | 6 685 | 7 649 | 114.4% |
| Refuse | 10 338 | 98% | 10 619 | 10 201 | 96.0% |

Table 155.: Debt recovery

| Ref | Strategic Objective | KPI | Unit of Measurement | Wards | Actual performance 2012/13 | Overall Performance | | |
|------|--|---|--|-------|----------------------------|---------------------|--------|---|
| | | | | | | Target | Actual | R |
| TL13 | To implement sound financial management systems & procedures that will ensure the financial viability of Cape Agulhas Municipality | Compile and submit the annual financial statements to the Auditor-General by 31 August | Financial Statements submitted by 31 August | All | 100% | 1 | 1 | |
| TL14 | To implement sound financial management systems & procedures that will ensure the financial viability of Cape Agulhas Municipality | Achieve a debtors payment percentage of at least 94% by 30 June $\{(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written Off) \div Billed Revenue\} \times 100\}$ | Payment % achieved | All | 98.70% | 94% | 97.35% | |
| TL15 | To implement sound financial management systems & procedures that will ensure the financial viability of | Complete a Supplementary Valuation Roll by 31 March | Supplementary Valuation Roll completed by 31 March | All | 100% | 1 | 1 | |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | Strategic Objective | KPI | Unit of Measurement | Wards | Actual performance 2012/13 | Overall Performance | | |
|------|---|---|---|-------|--|---------------------|--------|---|
| | | | | | | Target | Actual | R |
| | Cape Agulhas Municipality | | | | | | | |
| TL16 | To facilitate the holistic development of people, expand the safety net for vulnerable groups and implement sustainable programmes to improve their livelihoods | Provide 6kl free basic water per month to all households | Number of HH receiving free basic water | All | 8125 | 7 800 | 8 309 | |
| TL17 | To facilitate the holistic development of people, expand the safety net for vulnerable groups and implement sustainable programmes to improve their livelihoods | Provide free basic sanitation, refuse and availability fee for water to the amount of R225 to indigent households in terms of the equitable share requirements | Number of HH receiving free basic sanitation | All | 2388 | 2 300 | 3 248 | |
| TL18 | To facilitate the holistic development of people, expand the safety net for vulnerable groups and implement sustainable programmes to improve their livelihoods | Provide 50kwh free basic electricity per month per indigent household in terms of the equitable share requirements | Number of HH receiving free basic electricity | All | 2388 | 2 300 | 2 672 | |
| TL83 | To implement sound financial management systems & procedures that will ensure the financial viability of Cape Agulhas Municipality | Financial viability measured in terms of the outstanding service debtors (Total outstanding service debtors/ revenue received for services) | % achieved | All | New performance indicator for 2013/14. No comparatives available | 13% | 20.40% | |
| TL84 | To implement sound financial management systems & procedures that will ensure the financial viability of Cape Agulhas Municipality | Financial viability measured in terms of the available cash to cover fixed operating expenditure ((Available cash+ investments)/ Monthly fixed operating expenditure) | Ratio achieved | All | New performance indicator for 2013/14. No comparatives available | 0.7 | 1.92 | |
| TL85 | To implement sound financial management systems & procedures that will ensure the financial viability of Cape Agulhas Municipality | Financial viability measured in terms of the municipality's ability to meet it's service debt obligations ((Total operating revenue-operating grants received)/debt | Ratio achieved | All | New performance indicator for 2013/14. No comparatives available | 70 | 384.9 | |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | Strategic Objective | KPI | Unit of Measurement | Wards | Actual performance 2012/13 | Overall Performance | | |
|------|--|---|--|-------|----------------------------|---------------------|---------|---|
| | | | | | | Target | Actual | R |
| | | service payments due within the year) | | | | | | |
| TL88 | To implement sound financial management systems & procedures that will ensure the financial viability of Cape Agulhas Municipality | The percentage of the municipal capital budget actually spent on capital projects identified in terms of the IDP (Actual amount spent on projects as identified for the year in the IDP/Total amount spent on capital projects) X 100 | % of the municipal budget spent (Actual amount spent on projects as identified for the year in the IDP/Total amount spent on capital projects) X 100 | All | | 95% | 106.64% | |

Table 156.: Service delivery indicators: Financial Services

| Employees: Financial Services | | | | | |
|-------------------------------|-----------|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2012/13 | | 2013/14 | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 2 | 3 | 2 | 1 | 33.3 |
| 4 - 6 | 13 | 17 | 14 | 3 | 17.6 |
| 7 - 9 | 3 | 20 | 13 | 7 | 35 |
| 10 – 12 | 6 | 0 | 0 | 0 | 0 |
| 13 – 15 | 2 | 2 | 2 | 0 | 0 |
| Total | 26 | 42 | 31 | 11 | 26.2 |

Employees and Posts numbers are as at 30 June.

Table 157.: Employees: Financial services

3.15.3 HUMAN RESOURCE SERVICES

Human Resource Management Services were identified as one of the six critical services in any municipality. The functions within Human Resource (HR) involves recruitment and selection, labour relations, training and development, performance management, health and safety and all personnel administration with regard to all staff related matters. With limited staff capacity HR has provided critical information on time every time in order for the correct salaries to be paid. The HR staff is a skilled team with all of them having a post matric tertiary qualification.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

a) Highlights: Human Resources

| Highlights | Description |
|---------------------------|---|
| Employment Equity targets | The set transformation targets at top and senior management levels has been met during the year |
| Review of policies | The municipality has embarked on a process of reviewing all HR policies |

Table 158.: Human Resources Highlights

b) Challenges: Human Resources

| Description | Actions to address |
|---|---|
| All HR policies needs to be reviewed to ensure that there are no outdated policies in place | The outstanding policies that could not be reviewed during the year must be reviewed and updated where required during the 2014/15 financial year |

Table 159.: Human Resources Challenges

| Ref | Strategic Objective | KPI | Unit of Measurement | Wards | Actual performance 2012/13 | Overall Performance | | |
|------|---|---|--|-------|----------------------------|---------------------|--------|---|
| | | | | | | Target | Actual | R |
| TL7 | Establishing a functional municipality that can deliver on the IDP priorities, implement policies that will facilitate transformation, effective staff structure, general management practices and training | Limit vacancy rate to less than 10% of budgeted post (Number of funded posts vacant / total number of funded posts) | % Vacancy rate | All | 30.41 | 10% | 17% | |
| TL60 | Establishing a functional municipality that can deliver on the IDP priorities, implement policies that will facilitate transformation, effective staff structure, general management practices and training | Submit Workplace Skills Plan by 30 April to the LGSETA | WPSP submitted to the LGSETA by 30 April | All | 100% | 1 | 1 | |
| TL61 | Establishing a functional municipality that can deliver on the IDP priorities, implement policies that will facilitate transformation, effective staff structure, general management practices and training | Submit the reviewed Employment Equity Plan to Council by 30 September | Plan reviewed and submitted to council | All | 100% | 1 | 1 | |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | Strategic Objective | KPI | Unit of Measurement | Wards | Actual performance 2012/13 | Overall Performance | | |
|------|---|--|---|-------|--|---------------------|--------|---|
| | | | | | | Target | Actual | R |
| TL82 | Establishing a functional municipality that can deliver on the IDP priorities, implement policies that will facilitate transformation, effective staff structure, general management practices and training | Spent 0.5% of operational budget on training (Actual total training expenditure divided by total operational budget) | % of total operational budget spent on training | All | New performance indicator for 2013/14. No comparatives available | 0.50% | 0.74% | |
| TL87 | Establishing a functional municipality that can deliver on the IDP priorities, implement policies that will facilitate transformation, effective staff structure, general management practices and training | 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 in the three highest levels of management | All | | 1 | 1 | |

Table 160.: Service delivery indicators: Human Resources

| Employees: Human Resource Services | | | | | |
|------------------------------------|-----------|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2012/13 | 2013/14 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 – 3 | 3 | 4 | 4 | 0 | 0 |
| 4 – 6 | 2 | 3 | 3 | 0 | 0 |
| 7 - 9 | 0 | 0 | 0 | 0 | 0 |
| 10 - 12 | 2 | 3 | 0 | 3 | 100 |
| 13 - 15 | 0 | 0 | 0 | 0 | 0 |
| Total | 7 | 10 | 7 | 3 | 43 |

Employees and Posts numbers are as at 30 June.

Table 161.: Employees: Human Resource services

3.15.4 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Cape Agulhas Municipality (CAM) yet again experienced a lot of challenges regarding lack of ICT systems at the beginning of the financial year.

The key focus area for the past year has been ICT Governance within the municipality. With the lack of a governing structure for ICT in CAM, a Terms of Reference (TOR) for an ICT Steering Committee has been drafted and approved by Council in December 2013. The appointment of committee members has been finalized in terms of the TOR in January 2014 and the first ever ICT Steering Committee meeting was held on the 13th of February 2014.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Governance relating to ICT has not only been promoted in terms of the above mentioned committee, but policies have also been drafted to support ICT. This include policies such as the main IT Policy, Notebook/Laptop Policy, Computer Replacement Policy, Disaster Recovery Policy and a Cellphone Policy.

In respect of operational procedures various standard operating procedures have been drafted and should be approved early in the next financial year with a formal Risk Register also to be approved early in the next financial year.

The renewal of licensing relating to Municipal Information Systems (MIS) and operational software such as Microsoft Open Volume Subscription (OVS) Licensing were also done this year. This OVS licensing structure means that we always stay up to date with the latest Microsoft Software without the extreme capital IT growth.

In the previous book year the internal Local Area Network (LAN) of the main office at Bredasdorp had been upgraded in this year the focus was on the other municipal buildings linked to this main office. This upgrade was completed in December 2013 and were the final step in preparation for the roll-out of the new Voice Over IP (VOIP) system.

The convergence from the current phone system to the new VOIP system was completed in May 2014 and the cost benefits relating to this system were already visible within the first month of implementation.

Most of the goals set out in the previous year has been met with the exception of mail archiving which are earmarked for attention in the 2015/16 financial year due to financial constraints.

In conclusion we found that there are still and always will be a lot of challenges within the ICT arena of CAM especially relating to ICT Governance, the ever changing ICT environment of the world and the needs of end users and the public and newly approved legislative requirements., but with adequate planning and support the ICT team can pursue these challenges head on.

a) Highlights: ICT Services

| Highlights | Description |
|------------------------|---|
| VOIP implementation | VOIP telephone system replacing existing land line system |
| ICT Steering Committee | Establishment of the committee |

Table 162.: ICT Service Highlights

b) Challenges: ICT Services

| Description | Actions to address |
|---------------------------|---|
| ICT Governance as a whole | Prepare relevant documentation as set out by the various national and international standards and framework |

Table 163.: ICT Service Challenges

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

c) Employees: ICT Services

| Employees: ICT Services | | | | | |
|-------------------------|-----------|----------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2012/13 | 2013/14 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 4 - 6 | 1 | 1 | 1 | 0 | 0 |
| Total | 1 | 1 | 1 | 0 | 0 |

Employees and Posts numbers are as at 30 June.

Table 164.: Employees: ICT Services

d) Capital Expenditure 2013/14: ICT Services

| Capital Expenditure 2013/14: ICT Services | | | | | |
|---|------------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | 2013/14 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 450 | 430 | 413 | 17 | 413 |
| Computer Equipment | 450 | 430 | 413 | 17 | 413 |

Total project value represents the estimated cost of the project on approval by Council

Table 165.: Capital Expenditure 2013/14: ICT Services

3.16 COMPONENT I: DEVELOPMENT AND SERVICE DELIVERY PRIORITIES FOR 2014/15

The main development and service delivery priorities for 2014/15 forms part of the municipality's Top Layer SDBIP for 2014/15 and are indicated in the tables below:

3.16.1 DEVELOPMENT AND REGULAR MAINTENANCE OF BULK INFRASTRUCTURE SUCH AS ROADS, STORM WATER NETWORKS, POTABLE WATER NETWORKS, WASTE WATER TREATMENT PLANTS, LAND AND INTEGRATED HUMAN SETTLEMENTS

| Ref | KPI | Unit of Measurement | Wards | Annual Target |
|------|---|--|-------|---------------|
| TL3 | Review the Human Settlement Plan and submit to Council by 31 May | Plan reviewed and submitted to Council by 31 May | All | 1 |
| TL32 | Complete the construction of the stormwater systems in Struisbaai-North by the end of June within the approved budget | Project completed | 5 | 1 |
| TL33 | Number of meters of streets tarred in Nuwerus (Napier) by the end of June within the approved budget | Number of meters tarred | 1 | 405 |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | KPI | Unit of Measurement | Wards | Annual Target |
|------|--|-------------------------------|-------|---------------|
| TL34 | 95% of the roads and stormwater maintenance budget spent $\{(Actual\ expenditure\ divided\ by\ the\ total\ approved\ maintenance\ budget)\ x\ 100\}$ | % of maintenance budget spent | All | 95% |
| TL35 | 95% of the roads and stormwater capital budget spent $\{(Actual\ expenditure\ divided\ by\ the\ total\ approved\ capital\ budget)\ x\ 100\}$ | % of capital budget spent | All | 95% |
| TL36 | 95% of the refuse removal maintenance budget spent $\{(Actual\ expenditure\ divided\ by\ the\ total\ approved\ maintenance\ budget)\ x\ 100\}$ | % of maintenance budget spent | All | 95% |
| TL37 | 95% of the approved refuse removal capital budget spent $\{(Actual\ amount\ spent\ /Total\ amount\ budgeted\ for\ waste\ removal\ assets)\ x\ 100\}$ | % of capital budget spent | All | 95% |
| TL38 | Complete the project for the upgrade of the Struisbaai Waste Water Treatment Works by 31 December 2014 | Project completed | 5 | 1 |
| TL40 | 95% of the approved waste water maintenance budget spent $\{(Actual\ amount\ spent\ on\ maintenance\ of\ water\ assets/Total\ amount\ budgeted\ for\ maintenance\ of\ waste\ water)\ x\ 100\}$ | % of maintenance budget spent | All | 95% |
| TL43 | 95% of the approved water maintenance budget spent $\{(Actual\ amount\ spent\ on\ maintenance\ of\ water\ assets/Total\ amount\ budgeted\ for\ maintenance\ of\ water\ assets)\ x\ 100\}$ | % of maintenance budget spent | All | 95% |
| TL44 | Complete the upgrade of the WTW in Napier by the end of June within the approved budget | Project completed | 1 | 1 |

Table 166.: *Service delivery priorities for 2014/15: Development and regular maintenance of bulk infrastructure such as roads, storm water networks, potable water networks, waste water treatment plants, land and integrated human settlements*

3.16.2 ESTABLISHING A FUNCTIONAL MUNICIPALITY THAT CAN DELIVER ON THE IDP PRIORITIES, IMPLEMENT POLICIES THAT WILL FACILITATE TRANSFORMATION, EFFECTIVE STAFF STRUCTURE, GENERAL MANAGEMENT PRACTICES AND TRAINING

| Ref | KPI | Unit of Measurement | Wards | Annual Target |
|-----|---|--|-------|---------------|
| TL5 | 0.5% of the municipality's operational budget actually spent on implementing its workplace skills plan $\{(Actual\ amount\ spent\ on\ training/total\ operational\ budget)\ x\ 100\}$ | % of the operational budget spent on training | All | 0.50% |
| TL6 | Appoint people from the employment equity target groups in the three highest levels of management in compliance with a municipality's approved employment equity plan | Number of people appointed in the three highest levels of management | All | 1 |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | KPI | Unit of Measurement | Wards | Annual Target |
|-----|---|---|-------|---------------|
| TL7 | Limit vacancy rate to less than 10% of budgeted post (Number of funded posts vacant / total number of funded posts)x100 | (Number of funded posts vacant / total number of funded posts)x100 | All | 10% |
| TL8 | Develop a individual PMS policy that includes an incentive policy and submit to Council by end September | Individual PMS policy developed that includes an incentive policy and submitted to Council by end September | All | 1 |

Table 167.: *Service delivery priorities for 2014/15: Establishing a functional municipality that can deliver on the IDP priorities, implement policies that will facilitate transformation, effective staff structure, general management practices and training*

3.16.3 PROMOTE SERVICE EXCELLENCE AND A CORRUPTION FREE ENVIRONMENT

| Ref | KPI | Unit of Measurement | Wards | Annual Target |
|------|--|---|-------|---------------|
| TL26 | Implement the RBAP for 2014/15 (Number of audits and tasks completed for the period/ Number of audits and tasks identified in the RBAP)x100 | % of audits and tasks completed in terms of the RBAP | All | 80% |
| TL27 | Develop a Communication Strategy with an implementation plan and submit to Council by end March | Communication Strategy with implementation plan developed and submitted to Council by end March | All | 1 |

Table 168.: *Service delivery priorities for 2014/15: Promote service excellence and a corruption free environment*

3.16.4 PROVISION OF QUALITY BASIC SERVICES SUCH AS WATER, ELECTRICITY, REFUSE REMOVAL AND SANITATION

| Ref | KPI | Unit of Measurement | Wards | Annual Target |
|------|---|--|-------|---------------|
| TL9 | Limit electricity losses to not more than 12% {(Number of Electricity Units Purchased and/or Generated - Number of Electricity Units Sold) / Number of Electricity Units Purchased and/or Generated} x 100} | % electricity losses | All | 12% |
| TL10 | 95% of the electricity maintenance budget spent {(Actual expenditure divided by the total approved maintenance budget) x 100} | % of maintenance budget spent | All | 95% |
| TL11 | 95% of the electricity capital budget spent {(Actual expenditure divided by the total approved capital budget) x 100} as per individual project plans | % of capital budget spent | All | 95% |
| TL12 | Replace high and low tension cables in Arniston, Struisbaai, Napier and L'Agulhas by end June within the approved budget | Project completed | All | 1 |
| TL39 | 90% waste water discharge quality obtained as per SANS 242 parameters | % water quality of waste water discharge | All | 90% |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | KPI | Unit of Measurement | Wards | Annual Target |
|------|--|-----------------------|-------|---------------|
| TL41 | Limit technical water losses to not more than 18% $\{(Number\ of\ Kilolitres\ Water\ Purchased\ or\ Purified - Number\ of\ Kilolitres\ Water\ Sold) / Number\ of\ Kilolitres\ Water\ Purchased\ or\ Purified \times 100\}$ | % water losses | All | 18% |
| TL42 | 95% water quality level obtained as per SANS 241 physical and micro parameters | % water quality level | All | 95% |

Table 169.: *Service delivery priorities for 2014/15: Provision of quality basic services such as water, electricity, refuse removal and sanitation*

3.16.5 TO FACILITATE ECONOMIC DEVELOPMENT BY CREATING A CONDUCIVE ENVIRONMENT FOR BUSINESS DEVELOPMENT AND UNLOCK OPPORTUNITIES TO INCREASE PARTICIPATION AMONGST ALL SECTORS OF SOCIETY IN THE MAINSTREAM ECONOMY TO ULTIMATELY CREATE DECENT JOB OPPORTUNITIES

| Ref | KPI | Unit of Measurement | Wards | Annual Target |
|------|--|---|-------|---------------|
| TL29 | Obtain Blue Flags status for a portion of the Struisbaai beach by end November | Blue flag status received for a portion of the Struisbaai beach by end November | All | 1 |
| TL30 | Create FTE's through government expenditure with the EPWP | Number of FTE's created by end June | All | 51 |
| TL31 | Review the LED strategy with an implementation plan and submit to Council by end September | LED strategy reviewed with an implementation plan and submitted to Council by end September | All | 1 |

Table 170.: *Service delivery priorities for 2014/15: To facilitate economic development by creating a conducive environment for business development and unlock opportunities to increase participation amongst all sectors of society in the mainstream economy to ultimately create decent job opportunities*

3.16.6 TO FACILITATE THE HOLISTIC DEVELOPMENT OF PEOPLE, EXPAND THE SAFETY NET FOR VULNERABLE GROUPS AND IMPLEMENT SUSTAINABLE PROGRAMMES TO IMPROVE THEIR LIVELIHOODS

| Ref | KPI | Unit of Measurement | Wards | Annual Target |
|------|---|---|-------|---------------|
| TL1 | Construct the ablution facility at the Zwelitsha Sport field by end June within the approved budget | Ablution facility constructed by end June | 3 | 1 |
| TL2 | Upgrade the sport field at Napier by end June within the approved budget | Sport field upgraded by end 30 June | 1 | 1 |
| TL4 | Completion of phase 2 of the Thusong Centre by end of June within the approved budget | Project completed | 1 | 1 |
| TL15 | Provide 6kl free basic water per month to all households | Number of HH receiving free basic water | All | 8 490 |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | KPI | Unit of Measurement | Wards | Annual Target |
|------|--|---|-------|---------------|
| TL16 | Provide free basic sanitation, refuse and availability fee for water to the amount of R245 (including VAT) to indigent households in terms of the equitable share requirements | Number of HH receiving free basic sanitation | All | 3 180 |
| TL17 | Provide 50kwh free basic electricity per month per indigent household in terms of the equitable share requirements | Number of HH receiving free basic electricity | All | 3 180 |
| TL21 | Number of formal residential properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network | Number of formal residential properties that receive piped water (credit and prepaid water) | All | 8 490 |
| TL22 | Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas) | Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering) | All | 8 030 |
| TL23 | Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) | Number of residential properties which are billed for sewerage in accordance with the financial system | All | 5 582 |
| TL24 | Number of formal residential properties for which refuse is removed once per week | Number of formal residential properties for which refuse is removed | All | 8 490 |

Table 171.: *Service delivery priorities for 2014/15: To facilitate the holistic development of people, expand the safety net for vulnerable groups and implement sustainable programmes to improve their livelihoods*

3.16.7 TO IMPLEMENT SOUND FINANCIAL MANAGEMENT SYSTEMS & PROCEDURES THAT WILL ENSURE THE FINANCIAL VIABILITY OF CAPE AGULHAS MUNICIPALITY

| Ref | KPI | Unit of Measurement | Wards | Annual Target |
|------|---|----------------------------------|-------|---------------|
| TL13 | Upgrade the server room by the end of April within the approved budget | Project completed | All | 1 |
| TL14 | Achieve a debtors payment percentage of at least 98% by 30 June $\{(Gross\ Debtors\ Closing\ Balance + Billed\ Revenue - Gross\ Debtors\ Opening\ Balance + Bad\ Debts\ Written\ Off)/Billed\ Revenue\} \times 100\}$ | % debtors payment ratio achieved | All | 98% |
| TL18 | Financial viability measured in terms of the outstanding service debtors $\{(Total\ outstanding\ service\ debtors/ revenue\ received\ for\ services)\times 100\}$ | % outstanding service debtors | All | 10% |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Ref | KPI | Unit of Measurement | Wards | Annual Target |
|------|---|--|-------|---------------|
| TL19 | Financial viability measured in terms of the available cash to cover fixed operating expenditure ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)) | Cost coverage | All | 0.7 |
| TL20 | Financial viability measured in terms of the municipality's ability to meet its service debt obligations {(Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant} | Ratio achieved | All | 70 |
| TL25 | The percentage of the municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the IDP | % of the budget spent | All | 95% |
| TL28 | Complete a Long-term viability investigation and submit the report with recommendations to Council by end September | Long-term viability investigation completed and report submitted to Council by end September | All | 1 |

Table 172.: *Service delivery priorities for 2014/15: To implement sound financial management systems & procedures that will ensure the financial viability of Cape Agulhas Municipality*

**CHAPTER 4:
ORGANISATIONAL DEVELOPMENT
PERFORMANCE (PERFORMANCE
REPORT PART 11)**

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 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 | |
|---|-----------------------|---------|
| | 2012/13 | 2013/14 |
| 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 | 1 of 2 | 3 of 19 |
| The percentage of a municipality's budget actually spent on implementing its workplace skills plan | 225.6 | 100 |

Table 173.: National KPIs– Municipal Transformation and Organisational Development

4.1.1 Municipal Transformation and Organisational Development Highlights

| Highlight | Description |
|--|---|
| Employment Equity targets | The set transformation targets at top and senior management levels has been met during the year |
| Council's commitment to transformation | The Council is fully committed to transformation |
| SETA projects | <ul style="list-style-type: none"> R8 million has been allocated for the Construction CETA projects An agreement has also been signed with LGSETA for R1.1 million for training on the municipal minimum competency project |
| Skill centre | Building plans have been approved and the tender process started |

Table 174.: Municipal Transformation and Organisational Development Highlights

4.1.2 Municipal Transformation and Organisational Development Challenges

| Challenge | Action to address |
|--|---|
| To attract the correct target groups to the municipality due to its rural location | Continuous advertising and head hunting |

Table 175.: Municipal Transformation and Organisational Development Challenges

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.2 INTRODUCTION TO THE MUNICIPAL WORKFORCE

The Cape Agulhas Municipality currently employs **293** (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 human resource development and an administrative function.'

4.2.1 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 reached | Target June | Actual June | Target reached | Target June | Actual June | Target reached | Target June | Actual June | Target reached |
| 16 | 3 | 18.7% | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 1 | 33% |

Table 176.: 2013/14 EE targets/Actual by racial classification

| Male | | | Female | | | Disability | | |
|-------------|-------------|----------------|-------------|-------------|----------------|-------------|-------------|----------------|
| Target June | Actual June | Target reached | Target June | Actual June | Target reached | Target June | Actual June | Target reached |
| 7 | 2 | 28.6% | 12 | 2 | 16.7% | 1 | 0 | 0 |

Table 177.: 2012/13 EE targets/actual by gender classification

b) Employment Equity vs. Population

The determination of employment equity targets and the appointment of staff in terms of those targets as set out in the table below, is based on the population composition of the Western Cape Province and the local population used in the past is no longer used.

| Description | African | Coloured | Indian | White | Total |
|-------------------------------|--------------|--------------|-------------|--------------|-------------|
| Population numbers | 1 912 547 | 2 840 404 | 60 761 | 915 053 | 5 728 765 |
| % Population | 32.80 | 48.80 | 1.00 | 15.70 | 98.3 |
| Number for positions filled | 30 | 217 | 0 | 39 | 286 |
| % for Positions filled | 10 | 76 | 0 | 14 | 100 |

Table 178.: EE population 2013/14

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

c) Occupational Levels - Race

The table below categories the number of employees by race within the occupational levels (including councilors):

| Occupational Levels | Male | | | | Female | | | | Total |
|---|-----------|------------|----------|-----------|-----------|-----------|----------|-----------|------------|
| | A | C | I | W | A | C | I | W | |
| Top Management | 1 | 3 | 0 | 3 | 1 | 1 | 0 | 0 | 9 |
| Senior management | 2 | 5 | 0 | 10 | 2 | 2 | 0 | 1 | 22 |
| Professionally qualified and experienced specialists and mid- management | 0 | 3 | 0 | 4 | 0 | 0 | 0 | 0 | 7 |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents | 6 | 52 | 0 | 6 | 4 | 46 | 0 | 15 | 129 |
| Semi-skilled and discretionary decision making | 3 | 24 | 0 | 0 | 0 | 0 | 0 | 0 | 27 |
| Unskilled and defined decision making | 12 | 66 | 0 | 0 | 3 | 27 | 0 | 0 | 108 |
| Total permanent | 24 | 153 | 0 | 23 | 10 | 76 | 0 | 16 | 302 |
| Non- permanent employees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand total | 24 | 153 | 0 | 23 | 10 | 76 | 0 | 16 | 302 |

Table 179.: Occupational Levels

d) Departments - Race

The following table categories the number of employees by race within the different departments (excluding Councilors):

| Department | Male | | | | Female | | | | Total |
|---|-----------|------------|----------|-----------|----------|-----------|----------|-----------|------------|
| | A | C | I | W | A | C | I | W | |
| Office of the Municipal Manager | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 1 | 3 |
| Corporate Services | 1 | 4 | 0 | 2 | 3 | 14 | 0 | 3 | 27 |
| Financial Services | 1 | 11 | 0 | 4 | 0 | 9 | 0 | 7 | 32 |
| Community Services | 5 | 40 | 0 | 6 | 5 | 38 | 0 | 4 | 98 |
| Civil Engineering Services | 14 | 83 | 0 | 3 | 1 | 14 | 0 | 1 | 116 |
| Electro Mechanical Engineering Services | 1 | 11 | 0 | 5 | 0 | 0 | 0 | 0 | 17 |
| Total permanent | 22 | 150 | 0 | 21 | 9 | 75 | 0 | 16 | 293 |
| Non- permanent | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand total | 22 | 150 | 0 | 21 | 9 | 75 | 0 | 16 | 293 |

Table 180.: Department – Race

4.2.2 VACANCY RATE

The approved organogram for the municipality had **411** posts for the 2013/14 financial year. The actual positions filled are indicated in the tables below by post level and by functional level. The total vacancy rate (including unfunded posts) at the end of 2013/14 was **28.7%**, which is slightly less than the 29.7% for the previous financial year.

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

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 | 15 | 2 |
| Professionally qualified and experienced specialists and middle management | 7 | 2 |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents | 130 | 52 |
| Semi-skilled and discretionary decision making | 27 | 35 |
| Unskilled and defined decision making | 109 | 24 |
| Total | 293 | 115* |
| PER FUNCTIONAL LEVEL | | |
| Functional area | Filled | Vacant |
| Office of the Municipal Manager | 3 | 8 |
| Corporate Services | 27 | 22 |
| Financial Services | 32 | 11 |
| Community Services | 98 | 27 |
| Civil Engineering Services | 116 | 43 |
| Electro Mechanical Engineering Services | 17 | 4 |
| Total | 293 | 115 |
| <i>*Excluding CDW posts</i> | | |

Table 181.: 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 | n/a | 0% |
| Chief Financial Officer | 0 | 1 | n/a | 0% |
| Other Section 57 Managers | 0 | 4 | n/a | 0% |
| Senior management | 1 | 22 | Manager Financial Support Services; Manager: Local Economic Development | 4.5% |
| Highly skilled supervision | 0 | 0 | n/a | 0% |

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

| 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) |
|--------------|--------------------------------------|--------------------------------------|-------------------|---|
| Total | 1 | 28 | n/a | 3.6% |

Table 182.: Vacancy rate per salary level

4.2.3 STAFF TURNOVER RATE

A high staff turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organisational knowledge. Below is a table that shows the staff turnover rate within the municipality. The staff turnover rate shows a noticeable decrease from **3.1%** in 2012/13 to **1.0%** in 2013/14.

The table below indicates the staff turnover rate over the last two years:

| Financial year | Total number of appointments at the end of each Financial Year | New appointments | Number of terminations during the year | Staff Turnover Rate |
|----------------|--|------------------|--|---------------------|
| 2012/13 | 286 | 18 | 9 | 3.1% |
| 2013/14 | 293 | 10 | 3 | 1.0% |

Table 183.: Turnover Rate

4.3 MANAGING THE MUNICIPAL WORKFORCE

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

4.3.1 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 an increase of 25% in injuries for the 2013/14 financial year from employees injured when compared against the 2012/13 financial year, which is concerning. The two departments, Community Services and Civil Engineering Services, with the biggest number of injuries have workers in the field.

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

| Directorates | 2012/13 | 2013/14 |
|---|---------|---------|
| Office of the Municipal Manager | 2 | 0 |
| Corporate Services | 0 | 0 |
| Financial Services | 0 | 3 |
| Community Services | 16 | 22 |
| Civil Engineering Services | 29 | 38 |
| Electro Mechanical Engineering Services | 8 | 6 |

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

| Directorates | 2012/13 | 2013/14 |
|--------------|-----------|-----------|
| Total | 55 | 69 |

Table 184.: Injuries

4.3.2 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 sick leave days taken during the 2013/14 financial year shows a slight increase when compared with the previous financial year.

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

| Department | 2012/13 | 2013/14 |
|---|--------------|--------------|
| Office of the Municipal Manager | 48 | 43 |
| Corporate Services | 344 | 265 |
| Financial Services | 159 | 204 |
| Community Services | 558 | 830 |
| Civil Engineering Services | 914 | 792 |
| Electro Mechanical Engineering Services | 48 | 59 |
| Total | 2 071 | 2 193 |

Table 185.: Sick Leave

4.3.3 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 |
| HIV/AIDS policy | November 2006 |
| Recruitment and selection procedure/policy | October 2008 |
| Performance Management Policy | October 2012 |
| Sexual harassment | September 2006 |
| Cell Phone | 12 September 2005 |
| External Bursary Policy | September 2010 |
| Wellness Policy | June 2012 |
| Health, Safety and Environmental Policy | August 2012 |
| Acting Allowance policy | 24 July 2009 (reviewed) |

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

| Approved policies | |
|---|---------------------------|
| Name of policy | Date approved/ Revised |
| Scarce skills policy | 29 September 2010 |
| Employment equity policy and plan – 2012-2017 | 28 November 2012 |
| Policies still to be developed | |
| Name of policy | Proposed date of approval |
| Internal Bursary Policy | Still to be determined |

Table 186.: HR policies and plans

4.3.4 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 during the financial year in respect of the previous year performance after all performance evaluations were dealt with:

| Race | Gender | Number of beneficiaries | Total number of employees received performance rewards | % Employees received performance rewards |
|--------------|--------|-------------------------|--|--|
| African | Female | 0 | 0 | 0 |
| | Male | 1 | 1 | 100 |
| Asian | Female | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 |
| Coloured | Female | 0 | 0 | 0 |
| | Male | 2 | 2 | 100 |
| White | Female | 0 | 0 | 0 |
| | Male | 1 | 1 | 100 |
| Disability | Female | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 |
| Total | | 4 | 4 | 100 |

Table 187.: Performance Rewards

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.4 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).

4.4.1 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 | 0 | 2 |
| Legislators, senior officials and managers | Female | 6 | 5 |
| | Male | 8 | 4 |
| Associate professionals and Technicians | Female | 0 | 0 |
| | Male | 7 | 6 |
| Professionals | Female | 1 | 4 |
| | Male | 5 | 6 |
| Clerks | Female | 11 | 9 |
| | Male | 1 | 3 |
| Service and sales workers | Female | 0 | 2 |
| | Male | 0 | 0 |
| Craft and related trade workers | Female | 0 | 0 |
| | Male | 0 | 0 |
| Plant and machine operators and assemblers | Female | 0 | 0 |
| | Male | 3 | 5 |
| Elementary occupations | Female | 18 | 5 |
| | Male | 54 | 15 |
| Sub total | Female | 36 | 25 |
| | Male | 78 | 41 |
| Total | | 114 | 66 |

Table 188.: Skills Matrix

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.4.2 SKILLS DEVELOPMENT - TRAINING

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 | 0 | 0 | 0 |
| | Male | 0 | 0 | 2 | 0 | 2 | 0 | 200 |
| Legislators, senior officials and managers | Female | 0 | 0 | 5 | 8 | 5 | 6 | 83 |
| | Male | 0 | 0 | 4 | 6 | 4 | 6 | 67 |
| Professionals | Female | 0 | 0 | 4 | 1 | 4 | 1 | 400 |
| | Male | 0 | 0 | 6 | 5 | 6 | 5 | 120 |
| Technicians and associate professionals | Female | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 6 | 7 | 6 | 7 | 86 |
| Clerks | Female | 0 | 0 | 9 | 11 | 9 | 11 | 81 |
| | Male | 0 | 0 | 3 | 1 | 3 | 1 | 300 |
| Service and sales workers | Female | 0 | 0 | 2 | 0 | 2 | 0 | 100 |
| | Male | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Craft and related trade workers | Female | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Plant and machine operators and assemblers | Female | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Male | 5 | 3 | - | - | 5 | 3 | 167 |
| Elementary occupations | Female | 0 | 0 | 5 | 18 | 5 | 18 | 28 |
| | Male | 0 | 0 | 15 | 54 | 15 | 54 | 28 |
| Sub total | Female | 0 | 0 | 25 | 36 | 25 | 36 | 69 |
| | Male | 5 | 3 | 36 | 77 | 41 | 78 | 53 |
| Total | | 5 | 3 | 61 | 113 | 66 | 114 | 58 |

Table 189.: Skills Development

4.4.3 SKILLS DEVELOPMENT – BUDGET ALLOCATION

The table below indicates that a total amount of **R716 000** was allocated to train the municipality's staff in terms of its workplace skills plan, as well as an amount of **R774 423** to train unemployed members of the community in order to equip them with skills which could help them in the future:

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

| Total personnel budget | Total Allocated | Total Spend | % Spend |
|------------------------|------------------------|-------------------------|---------|
| R72 810 000 | R716 000.00 (employed) | R716 000.00 (employed) | 100 |
| | R774 423 (unemployed) | R774 004 (unemployed) | 99 |

Table 190.: Budget allocated and spent for skills development

4.5 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.

4.5.1 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 two 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 | % |
| 2012/13 | 69 692 | 214 286 | 32.5 |
| 2013/14 | 73 679 | 213 768 | 34.5 |

Table 191.: Total Personnel Expenditure

When reading the above table it must be kept in mind that the total operating expenditure has decreased by R3.5 million which has a material impact on calculating the percentage salary expenditure.

Below is a summary of Councilor and staff benefits for the year under review. The increase in salary expenditure year-on-year is due to the filling of the vacant director's post, as well as the effort made during the year to reduce the vacancy rate from 29.7% to 23.5%.

| Financial year | 2012/13 | 2013/14 | | |
|---|--------------|-----------------|-----------------|--------------|
| | Actual | Original Budget | Adjusted Budget | Actual |
| | R'000 | R'000 | R'000 | R'000 |
| Councilors (Political Office Bearers plus Other) | | | | |
| Salary | 1 903 | 2 061 | 2 061 | 2 000 |
| Pension Contributions | 299 | 320 | 320 | 314 |
| Medical Aid Contributions | 0 | 0 | 0 | 0 |
| Motor vehicle allowance | 733 | 803 | 803 | 765 |
| Cell phone allowance | 141 | 154 | 154 | 209 |
| Sub Total | 3 076 | 3 338 | 3 338 | 3 288 |
| % increase/ (decrease) | 5.4 | 0 | 0 | 6.6 |

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

| Financial year | 2012/13 | 2013/14 | | |
|---|-----------------|-----------------|-----------------|---------------|
| Description | Actual | Original Budget | Adjusted Budget | Actual |
| | R'000 | R'000 | R'000 | R'000 |
| Senior Managers of the Municipality | | | | |
| Basic Salaries and Wages | 2 597 | 3 754 | 3 754 | 3 123 |
| Pension and Medical Aid and UIF Contributions | 589 | 675 | 675 | 728 |
| Motor vehicle allowance | 317 | 296 | 296 | 481 |
| Cell phone allowance | 0 | 0 | 0 | 0 |
| Housing allowance | 0 | 0 | 0 | 0 |
| Performance Bonus | 421 | 583 | 583 | 428 |
| Other benefits or allowances | 125 | 95 | 95 | 114 |
| Sub Total | 4 049 | 5 403 | 5 403 | 4 874 |
| % increase/ (decrease) | (11.2) | 0 | 0 | 20.4 |
| Other Municipal Staff | | | | |
| Basic Salaries and Wages | 44 130 | 47 814 | 46 746 | 46 000 |
| Pension and UIF Contributions | 5 858 | 7 347 | 6 826 | 6 605 |
| Medical Aid Contributions | 2 001 | 2 498 | 2 348 | 2 278 |
| Motor vehicle allowance | 3 544 | 3 991 | 3 984 | 3 799 |
| Cell phone allowance | 0 | 0 | 0 | 0 |
| Housing allowance | 384 | 397 | 402 | 386 |
| Overtime | 2 380 | 2 335 | 2 418 | 2 978 |
| Performance Bonus | 0 | 0 | 0 | 0 |
| Other benefits or allowances | 7 345 | 7 243 | 7 372 | 6 760 |
| Sub Total | 65 643 | 71 626 | 70 132 | 68 807 |
| % increase/ (decrease) | 2.9 | 0 | 0 | 15.0% |
| Total Municipality* | 72 768 | 80 367 | 78 876 | 76 969 |
| Total Managers and Staff | 69 692** | 77 029 | 75 538 | 73 681 |
| % increase/ (decrease) | 12.4 | 0 | 0 | 5.7 |
| *Excludes provisions **Correction from previous report | | | | |

Table 192.: Detail of Personnel Expenditure

4.6 MFMA COMPETENCIES

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, the chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the Municipal Finance Management Act. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcome-based NQF Level 6 qualification in municipal finance management. In terms of the Government Notice 493 of 15 June 2007, “(1) No municipality or municipal entity may, with effect 1 January 2013 (exempted until 30 September 2015 in terms of Government Notice 179 of 14 March 2014), employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations.”

The plan of action dated 29 August 2012 that was sent to Treasury- Special Merit Cases, has been achieved over and above the requirement. Our first group of 26 completed their training in January 2013 and the second group of 21 completed their training in July 2014. There is a third group of 13 that is scheduled to start in the 2014/15 financial year.

The table below provides details of the financial competency development progress as required by the notice:

| Financial Competency Development: Progress Report | | | | |
|--|---|---|---|---|
| Description | Total number of officials employed by municipality (Regulation 14(4)(a) and (c)) | Competency assessments completed (Regulation 14(4)(b) and (d)) | Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f)) | Total number of officials that meet prescribed competency levels (Regulation 14(4)(e)) |
| Financial Officials | | | | |
| Accounting officer | 1 | 1 | 1 | 1 |
| Chief financial officer | 1 | 1 | 1 | 1 |
| Senior managers | 3 | 3 | 3 | 3 |
| Any other financial officials | 26 | 21 | 0 | 21 |
| Supply Chain Management Officials | | | | |
| Heads of supply chain management units | 1 | 1 | 0 | 1 |
| Supply chain management senior managers | 0 | 0 | 0 | 0 |
| TOTAL | 32 | 27 | 5 | 27 |

Table 193.: Financial Competency Development: Progress Report

CHAPTER 5:

FINANCIAL PERFORMANCE

CHAPTER 5: FINANCIAL PERFORMANCE

This chapter provides details regarding the financial performance of the municipality for the 2013/14 financial year.

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

The Statement of Financial Performance provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

5.1 FINANCIAL SUMMARY

The table below indicates the summary of the financial performance for the 2013/14 financial year:

| Financial Summary | | | | | | |
|--|-----------------|-----------------|--------------------|------------------|-----------------|--------------------|
| R' 000 | | | | | | |
| Description | 2012/13 | 2013/14 | | 2013/14 Variance | | |
| | Actual | Original Budget | Adjustments Budget | Actual | Original Budget | Adjustments Budget |
| Financial Performance | | | | | | |
| Property rates | 34 763 | 39 103 | 39 103 | 39 325 | 0.57 | 0.57 |
| Service charges | 91 847 | 103 281 | 100 057 | 98 826 | -4.51 | -1.25 |
| Investment revenue | 2 687 | 2 387 | 2 387 | 2 649 | 9.89 | 9.89 |
| Transfers recognised - operational | 62 888 | 62 543 | 61 237 | 51 549 | -21.33 | -18.79 |
| Other own revenue | 10 286 | 13 584 | 13 584 | 12 873 | -5.52 | -5.52 |
| Total Revenue (excluding capital transfers and contributions) | 202 471 | 220 898 | 216 368 | 205 223 | -7.64 | -5.43 |
| Employee costs | 69 692 | 77 029 | 76 210 | 73 679 | -4.55 | -3.44 |
| Remuneration of councillors | 3 077 | 3 338 | 3 338 | 3 288 | -1.53 | -1.53 |
| Depreciation & asset impairment | 7 437 | 6 775 | 7 014 | 10 729 | 36.86 | 34.63 |
| Finance charges | 665 | 277 | 1 199 | 1 142 | 75.74 | -5.00 |
| Materials and bulk purchases | 49 044 | 50 900 | 53 325 | 54 261 | 6.19 | 1.72 |
| Transfers and grants | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| Other expenditure | 84 371 | 85 181 | 78 460 | 70 669 | -20.54 | -11.02 |
| Total Expenditure | 214 286 | 223 500 | 219 545 | 213 768 | -4.55 | -2.70 |
| Surplus/(Deficit) | (11 815) | (2 602) | (3 177) | (8 545) | 69.55 | 62.82 |
| Transfers recognised - capital | 23 712 | 13 417 | 13 622 | 15 437 | 13.09 | 11.76 |
| Contributions recognised - capital & contributed assets | 0 | 0 | 0 | 0 | 0.00 | 0.00 |

CHAPTER 5: FINANCIAL PERFORMANCE

| Financial Summary | | | | | | |
|--|----------------|-----------------|--------------------|----------------|------------------|--------------------|
| R' 000 | | | | | | |
| Description | 2012/13 | 2013/14 | | | 2013/14 Variance | |
| | Actual | Original Budget | Adjustments Budget | Actual | Original Budget | Adjustments Budget |
| Surplus/(Deficit) after capital transfers & contributions | 11 897 | 10 815 | 10 444 | 6 893 | -56.91 | -51.53 |
| <u>Capital expenditure & funds sources</u> | | | | | | |
| Capital expenditure | | | | | | |
| Transfers recognised - capital | 23 712 | 13 417 | 13 622 | 15 437 | 13.09 | 11.76 |
| Public contributions & donations | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| Borrowing | 44 | 0 | 0 | 168 | 100.00 | 100.00 |
| Internally generated funds | 19 896 | 11 068 | 12 718 | 17 570 | 37.01 | 27.62 |
| Total sources of capital funds | 43 653 | 24 484 | 26 340 | 33 176 | 26.20 | 20.61 |
| <u>Financial position</u> | | | | | | |
| Total current assets | 44 484 | 31 030 | 35 167 | 40 253 | 22.91 | 12.63 |
| Total non-current assets | 315 651 | 305 955 | 319 700 | 335 851 | 8.90 | 4.81 |
| Total current liabilities | 23 398 | 16 962 | 16 980 | 26 351 | 35.63 | 35.56 |
| Total non-current liabilities | 52 267 | 41 231 | 56 523 | 58 391 | 29.39 | 3.20 |
| Community wealth/Equity | 284 469 | 278 792 | 281 365 | 291 362 | 4.31 | 3.43 |
| <u>Cash flows</u> | | | | | | |
| Net cash from (used) operating | 31 892 | 17 668 | 19 976 | 27 606 | 36.00 | 27.64 |
| Net cash from (used) investing | (33 818) | (24 479) | (26 333) | (30 720) | 20.31 | 14.28 |
| Net cash from (used) financing | (96) | (199) | (139) | (42) | -378.46 | -233.44 |
| Cash/cash equivalents at the year end | (2 022) | (7 011) | (6 496) | (3 155) | -122.20 | -105.89 |
| <u>Cash backing/surplus reconciliation</u> | | | | | | |
| Cash and investments available | 24 981 | 9 561 | 18 066 | 21 407 | 55.34 | 15.61 |
| Application of cash and investments | (24 454) | (21 737) | (21 037) | (21 279) | -2.15 | 1.14 |
| Balance - surplus (shortfall) | 527 | (12 176) | (2 971) | 128 | 9 627.07 | 2 424.70 |
| <u>Asset management</u> | | | | | | |
| Asset register summary (WDV) | 315 165 | 305 585 | 319 215 | 335 488 | 8.91 | 4.85 |

CHAPTER 5: FINANCIAL PERFORMANCE

| Financial Summary | | | | | | |
|--|---------|-----------------|--------------------|---------|------------------|--------------------|
| R' 000 | | | | | | |
| Description | 2012/13 | 2013/14 | | | 2013/14 Variance | |
| | Actual | Original Budget | Adjustments Budget | Actual | Original Budget | Adjustments Budget |
| Depreciation & asset impairment | 7 437 | 6 775 | 7 014 | 10 729 | 36.86 | 34.63 |
| Renewal of Existing Assets | 23 495 | 15 642 | 13 448 | 17 313 | 9.65 | 22.32 |
| Repairs and Maintenance | 11 960 | 11 537 | 10 447 | 10 163 | -13.52 | -2.79 |
| Free services | | | | | | |
| Cost of Free Basic Services provided | 0 | 6 415 | 6 415 | 6 467 | 0.80 | 0.80 |
| Revenue cost of free services provided | 6 614 | (6 415) | (6 415) | (6 467) | 0.80 | 0.80 |
| Households below minimum service level | | | | | | |
| Water: | 0 | 0 | 0 | 0 | 0 | 0 |
| Sanitation/sewerage: | 0 | 0 | 0 | 0 | 0 | 0 |
| Energy: | 0 | 0 | 0 | 0 | 0 | 0 |
| Refuse: | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i> | | | | | | |

Table 194.: Financial Performance 2013/14

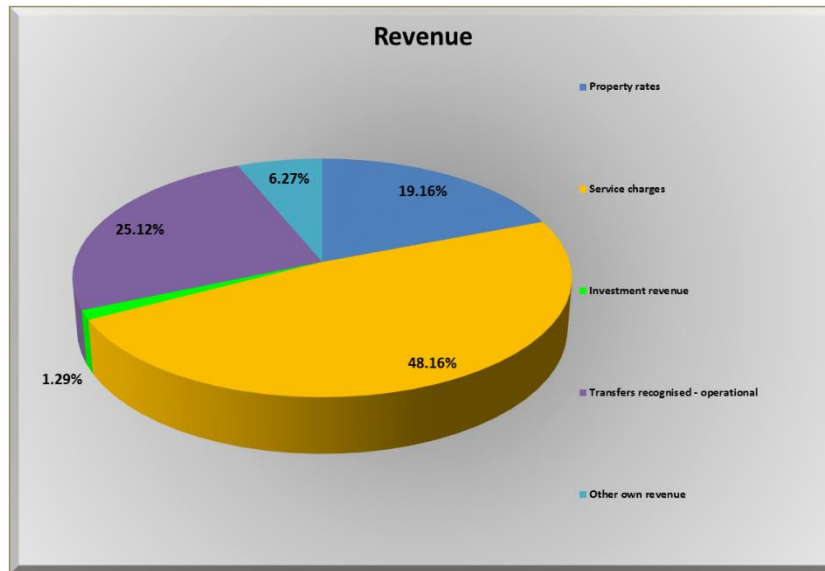
The table below shows a summary of performance against budgets

| Financial Year | Revenue | | | | Operating expenditure | | | |
|----------------|---------|---------|---------|----|-----------------------|---------|-------|---|
| | Budget | Actual | Diff. | % | Budget | Actual | Diff. | % |
| | R'000 | R'000 | R'000 | | R'000 | R'000 | R'000 | |
| 2012/13 | 228 431 | 226 183 | (2 247) | -1 | 217 332 | 214 286 | 3 046 | 1 |
| 2013/14 | 229 990 | 220 660 | (9 330) | -4 | 219 545 | 213 768 | 5 778 | 3 |

Table 195.: Performance against budgets

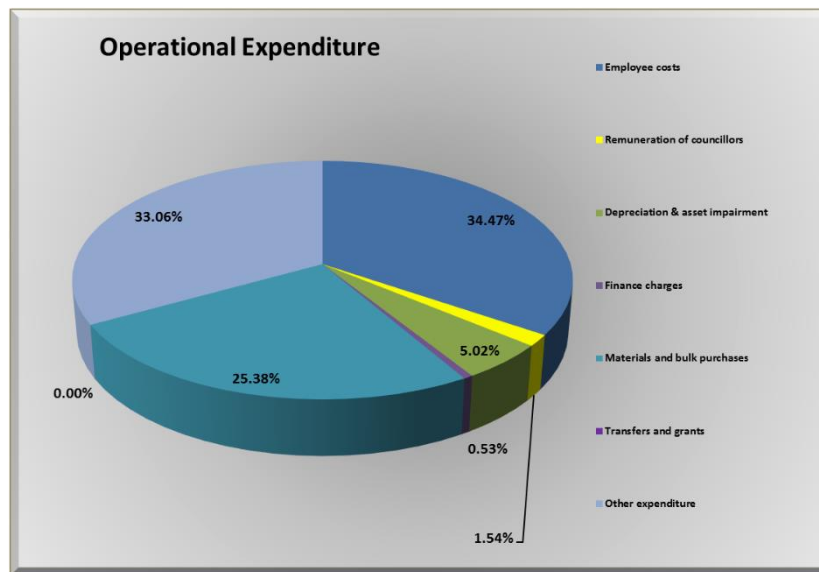
CHAPTER 5: FINANCIAL PERFORMANCE

The following graph indicates the various types of revenue items in the municipal budget for 2013/14



Graph 10.: Revenue

The following graph indicates the various types of expenditure items in the municipal budget for 2013/14



Graph 11.: Operating expenditure

CHAPTER 5: FINANCIAL PERFORMANCE

5.1.1 Revenue collection by Vote

The table below indicates the Revenue collection performance by Vote

| Vote Description | 2012/13 | 2013/14 | | | 2013/14 Variance | |
|-------------------------------|----------------|-----------------|--------------------|----------------|------------------|--------------------|
| | Actual | Original Budget | Adjustments Budget | Actual | Original Budget | Adjustments Budget |
| Executive and Council | 73 985 | 64 308 | 63 340 | 55 907 | -15.03 | -13.29 |
| Budget and Treasury Office | 37 889 | 41 943 | 41 943 | 42 714 | 1.81 | 1.81 |
| Corporate Services | 896 | 535 | 535 | 618 | 13.40 | 13.40 |
| Community and Social Services | 4 975 | 5 990 | 7 192 | 6 295 | 4.84 | -14.24 |
| Sport and Recreation | 3 992 | 5 083 | 5 083 | 4 254 | -19.47 | -19.47 |
| Public Safety | 2 868 | 3 513 | 3 513 | 3 455 | -1.68 | -1.68 |
| Road Transport | 3 261 | 193 | 193 | 212 | 9.14 | 9.14 |
| Electricity | 65 680 | 74 846 | 72 026 | 71 612 | -4.52 | -0.58 |
| Water | 16 392 | 19 007 | 18 102 | 17 163 | -10.74 | -5.47 |
| Waste Water Management | 6 435 | 7 462 | 7 462 | 7 656 | 2.53 | 2.53 |
| Waste Management | 9 806 | 11 434 | 10 601 | 10 773 | -6.14 | 1.60 |
| Environmental Protection | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| Other | 5 | 1 | 1 | 0 | 0.00 | 0.00 |
| Total Revenue by Vote | 226 183 | 234 315 | 229 990 | 220 660 | -6.19 | -4.23 |

Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual.

Table 196.: Revenue by Vote

5.1.2 Revenue collection by Source

The table below indicates the revenue collection performance by source for the 2013/14 financial year:

| Description | 2012/13 | 2013/14 | | | 2013/14 Variance | |
|---|---------|-----------------|--------------------|--------|------------------|--------------------|
| | Actual | Original Budget | Adjustments Budget | Actual | Original Budget | Adjustments Budget |
| Property rates | 34 763 | 39 103 | 39 325 | 39 325 | 0.57 | 0.00 |
| Property rates - penalties & collection charges | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| Service Charges - electricity revenue | 61 547 | 68 375 | 66 429 | 65 775 | -3.95 | -0.99 |
| Service Charges - water revenue | 15 294 | 17 552 | 16 881 | 16 016 | -9.59 | -5.40 |
| Service Charges - sanitation revenue | 5 991 | 6 886 | 6 959 | 7 119 | 3.27 | 2.25 |
| Service Charges - refuse revenue | 9 015 | 10 468 | 9 789 | 9 917 | -5.56 | 1.29 |

CHAPTER 5: FINANCIAL PERFORMANCE

| Description | 2012/13 | 2013/14 | | | 2013/14 Variance | |
|--|----------------|-----------------|--------------------|----------------|------------------|--------------------|
| | Actual | Original Budget | Adjustments Budget | Actual | Original Budget | Adjustments Budget |
| Service Charges - other | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| Rentals of facilities and equipment | 5 014 | 5 898 | 5 898 | 5 177 | -13.93 | -13.93 |
| Interest earned - external investments | 2 050 | 1 650 | 1 650 | 1 889 | 12.67 | 12.67 |
| Interest earned - outstanding debtors | 637 | 737 | 737 | 760 | 2.97 | 2.97 |
| Dividends received | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| Fines | 861 | 1 186 | 1 186 | 1 400 | 15.24 | 15.24 |
| Licences and permits | 1 036 | 1 244 | 1 244 | 963 | -29.22 | -29.22 |
| Agency services | 1 095 | 1 230 | 1 230 | 1 255 | 1.94 | 1.94 |
| Transfers recognised - operational | 62 888 | 62 543 | 61 237 | 51 549 | -21.33 | -18.79 |
| Other revenue | 2 279 | 4 025 | 4 025 | 4 079 | 1.32 | 1.32 |
| Gains on disposal of PPE | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| Total Revenue (excluding capital transfers and contributions) | 202 471 | 220 898 | 216 591 | 205 223 | -7.64 | -5.54 |
| <i>Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual</i> | | | | | | |

Table 197.: Revenue by Source

5.1.3 Operational Services Performance

The table below indicates the Operational services performance for the 2013/14 financial year:

| Financial Performance of Operational Services | | | | | | |
|---|---------------|-----------------|--------------------|---------------|------------------|--------------------|
| R '000 | | | | | | |
| Description | 2012/13 | 2013/14 | | | 2013/14 Variance | |
| | Actual | Original Budget | Adjustments Budget | Actual | Original Budget | Adjustments Budget |
| Operating Cost | | | | | | |
| Water | 10 813 | 12 599 | 11 744 | 12 182 | -3.43 | 3.59 |
| Waste Water (Sanitation) | 6 101 | 7 048 | 6 633 | 6 911 | -1.98 | 4.02 |
| Electricity | 57 034 | 60 091 | 61 246 | 61 943 | 2.99 | 1.12 |
| Waste Management | 8 420 | 9 908 | 10 153 | 11 952 | 17.10 | 15.06 |
| Housing | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| Component A: sub-total | 82 369 | 89 647 | 89 777 | 92 989 | 3.59 | 3.45 |
| Roads and Stormwater | 13 374 | 10 166 | 9 943 | 9 896 | -2.73 | -0.48 |

CHAPTER 5: FINANCIAL PERFORMANCE

| Financial Performance of Operational Services | | | | | | |
|--|----------------|-----------------|--------------------|----------------|------------------|--------------------|
| R '000 | | | | | | |
| Description | 2012/13 | 2013/14 | | | 2013/14 Variance | |
| | Actual | Original Budget | Adjustments Budget | Actual | Original Budget | Adjustments Budget |
| Transport | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| Component B: sub-total | 13 374 | 10 166 | 9 943 | 9 896 | -2.73 | -0.48 |
| Planning | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| Local Economic Development | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| Component C: sub-total | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| Libraries | 3 070 | 3 677 | 3 508 | 3 470 | -5.98 | -1.10 |
| Social services & community development | 7 085 | 13 169 | 8 887 | 9 104 | -44.65 | 2.39 |
| Component D: sub-total | 10 155 | 16 846 | 12 394 | 12 574 | -33.98 | 1.43 |
| Environmental Protection (Pollution Control, Bio-Diversity, Landscape, Open Spaces, Parks, And Coastal Protection) | 383 | 512 | 512 | 393 | -30.33 | -30.33 |
| Component E: sub-total | 383 | 512 | 512 | 393 | -30.33 | -30.33 |
| Traffic & licensing | 5 449 | 6 491 | 6 236 | 6 601 | 1.67 | 5.54 |
| Fire Services and Disaster Management | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| Component F: sub-total | 5 449 | 6 491 | 6 236 | 6 601 | 1.67 | 5.54 |
| Holiday Resorts and Campsites | 6 709 | 8 511 | 8 090 | 6 979 | -21.95 | -15.92 |
| Swimming Pools, Stadiums and Sport Ground | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| Community halls, facilities, Thusong centres | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| Component G: sub-total | 6 709 | 8 511 | 8 090 | 6 979 | -21.95 | -15.92 |
| Financial Services | 24 862 | 24 595 | 24 854 | 27 512 | 10.60 | 9.66 |
| Office of the MM | 48 476 | 50 877 | 50 587 | 37 323 | -36.32 | -35.54 |
| Administration | 17 092 | 9 626 | 10 696 | 11 739 | 18.00 | 8.88 |
| HR | 3 301 | 3 799 | 4 137 | 5 456 | 30.36 | 24.18 |
| Component H: sub-total | 93 731 | 88 897 | 90 274 | 82 030 | -8.37 | -10.05 |
| Total Expenditure | 212 170 | 221 071 | 217 226 | 211 462 | -4.54 | -2.73 |

In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

Table 198.: Operational Services Performance

CHAPTER 5: FINANCIAL PERFORMANCE

5.2 FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION

5.2.1 Water Services

| Description | 2012/13 | 2013/14 | | | |
|--|-----------------|--------------------------|-------------------------------|-----------------|--------------------|
| | Actual R'000 | Original Budget R'000 | Adjustment Budget R'000 | Actual R'000 | Variance to Budget |
| Total Operational Revenue | 16 392 | 19 007 | 18 102 | 17 163 | -10.74 |
| Expenditure: | | | | | |
| Employees | 6 149 | 6 296 | 6 296 | 6 280 | -0.24 |
| Repairs and Maintenance | 1 100 | 1 585 | 1 551 | 1 442 | -9.95 |
| Other | 3 564 | 4 718 | 3 897 | 4 460 | -5.80 |
| Total Operational Expenditure | 10 813 | 12 599 | 11 744 | 12 182 | -3.43 |
| Net Operational (Service) Expenditure | 5 580 | 6 407 | 6 358 | 4 981 | -28.63 |
| <i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i> | | | | | |

Table 199.: Financial Performance: Water services

5.2.2 Waste Water (Sanitation)

| Description | 2012/13 | 2013/14 | | | |
|--|-----------------|--------------------------|----------------------------|-----------------|--------------------|
| | Actual R'000 | Original Budget R'000 | Adjustment Budget R'000 | Actual R'000 | Variance to Budget |
| Total Operational Revenue | 6 435 | 7 462 | 7 462 | 7 656 | 2.53 |
| Expenditure: | | | | | |
| Employees | 3 280 | 3 223 | 3 441 | 3 672 | 12.23 |
| Repairs and Maintenance | 631 | 1 227 | 1 091 | 897 | -36.70 |
| Other | 2 190 | 2 599 | 2 101 | 2 342 | -10.95 |
| Total Operational Expenditure | 6 101 | 7 048 | 6 633 | 6 911 | -1.98 |
| Net Operational (Service) Expenditure | 334 | 414 | 829 | 744 | 44.41 |
| <i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i> | | | | | |

Table 200.: Financial Performance: Waste Water (Sanitation) services

CHAPTER 5: FINANCIAL PERFORMANCE

5.2.3 Electricity

| Description | 2012/13 | 2013/14 | | | |
|--|-----------------|--------------------------|----------------------------|-----------------|-----------------------|
| | Actual R'000 | Original Budget R'000 | Adjustment Budget R'000 | Actual R'000 | Variance to Budget |
| Total Operational Revenue | 65 680 | 74 846 | 72 026 | 71 612 | -4.52 |
| Expenditure | | | | | |
| Employees | 4 640 | 5 174 | 5 132 | 4 900 | -5.58 |
| Repairs and Maintenance | 1 303 | 1 159 | 1 159 | 775 | -49.64 |
| Other | 51 091 | 53 758 | 54 955 | 56 268 | 4.46 |
| Total Operational Expenditure | 57 034 | 60 091 | 61 246 | 61 943 | 2.99 |
| Net Operational (Service) Expenditure | 8 645 | 14 755 | 10 780 | 9 669 | -52.60 |
| <i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i> | | | | | |

Table 201.: Financial Performance: Electricity

5.2.4 Waste Management

| Description | 2012/13 | 2013/14 | | | |
|--|-----------------|--------------------------|----------------------------|-----------------|-----------------------|
| | Actual R'000 | Original Budget R'000 | Adjustment Budget R'000 | Actual R'000 | Variance to Budget |
| Total Operational Revenue | 9 806 | 11 434 | 10 601 | 10 773 | -6.14 |
| Expenditure: | | | | | |
| Employees | 4 341 | 4 803 | 4 803 | 4 334 | -10.82 |
| Repairs and Maintenance | 1 606 | 2 146 | 1 734 | 1 823 | -17.74 |
| Other | 2 474 | 2 959 | 3 616 | 5 796 | 48.94 |
| Total Operational Expenditure | 8 420 | 9 908 | 10 153 | 11 952 | 17.10 |
| Net Operational (Service) Expenditure | 1 386 | 1 526 | 448 | (1 179) | 229.40 |
| <i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i> | | | | | |

Table 202.: Financial Performance: Waste Management

CHAPTER 5: FINANCIAL PERFORMANCE

5.2.5 Roads

| Description | 2012/13 | 2013/14 | | | |
|--|-----------------|-----------------------------|----------------------------|-----------------|--------------------|
| | Actual R'000 | Original Budget R'000 | Adjustment Budget R'000 | Actual R'000 | Variance to Budget |
| Total Operational Revenue | 3 261 | 193 | 193 | 212 | 9.14 |
| Expenditure: | | | | | |
| Employees | 4 991 | 5 158 | 5 302 | 5 172 | 0.27 |
| Repairs and Maintenance | 5 392 | 2 240 | 2 094 | 1 861 | -20.36 |
| Other | 2 990 | 2 768 | 2 547 | 2 863 | 3.32 |
| Total Operational Expenditure | 13 374 | 10 166 | 9 943 | 9 896 | -2.73 |
| Net Operational (Service) Expenditure | (10 113) | (9 973) | (9 750) | (9 684) | -2.99 |
| <i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i> | | | | | |

Table 203.: Financial Performance: Roads

5.2.6 Libraries

| Description | 2012/13 | 2013/14 | | | |
|--|-----------------|-----------------------------|----------------------------|-----------------|--------------------|
| | Actual R'000 | Original Budget R'000 | Adjustment Budget R'000 | Actual R'000 | Variance to Budget |
| Total Operational Revenue | 3 462 | 4 588 | 5 789 | 4 681 | 1.99 |
| Expenditure: | | | | | |
| Employees | 2 736 | 3 096 | 3 096 | 3 068 | -0.94 |
| Repairs and Maintenance | 61 | 170 | 55 | 45 | -274.14 |
| Other | 273 | 411 | 357 | 357 | -15.29 |
| Total Operational Expenditure | 3 070 | 3 677 | 3 508 | 3 470 | -5.98 |
| Net Operational (Service) Expenditure | 392 | 911 | 2 282 | 1 212 | 24.83 |
| <i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i> | | | | | |

Table 204.: Financial Performance: Libraries

CHAPTER 5: FINANCIAL PERFORMANCE

5.2.7 Environmental Protection

| Description | 2012/13 | 2013/14 | | | |
|--|-----------------|--------------------------|----------------------------|-----------------|--------------------|
| | Actual R'000 | Original Budget R'000 | Adjustment Budget R'000 | Actual R'000 | Variance to Budget |
| Total Operational Revenue | 0 | 0 | 0 | 0 | 0.00 |
| Expenditure: | | | | | |
| Employees | 310 | 422 | 422 | 306 | -38.05 |
| Repairs and Maintenance | 4 | 8 | 8 | 8 | -3.82 |
| Other | 69 | 82 | 82 | 79 | -3.20 |
| Total Operational Expenditure | 383 | 512 | 512 | 393 | -30.33 |
| Net Operational (Service) Expenditure | (383) | (512) | (512) | (393) | -30.33 |
| <i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i> | | | | | |

Table 205.: Financial Performance: Environmental Protection

5.2.8 Social Services and Community Development

| Description | 2012/13 | 2013/14 | | | |
|--|-----------------|--------------------------|----------------------------|-----------------|--------------------|
| | Actual R'000 | Original Budget R'000 | Adjustment Budget R'000 | Actual R'000 | Variance to Budget |
| Total Operational Revenue | 1 513 | 1 402 | 1 402 | 1 614 | 13.10 |
| Expenditure: | | | | | |
| Employees | 4 794 | 9 385 | 5 891 | 6 206 | -51.22 |
| Repairs and Maintenance | 708 | 1 627 | 1 579 | 1 308 | -24.38 |
| Other | 1 583 | 2 157 | 1 417 | 1 590 | -35.66 |
| Total Operational Expenditure | 7 085 | 13 169 | 8 887 | 9 104 | -44.65 |
| Net Operational (Service) Expenditure | (5 572) | (11 767) | (7 485) | (7 490) | -57.09 |
| <i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i> | | | | | |

Table 206.: Financial Performance: Social Services and Community Development

CHAPTER 5: FINANCIAL PERFORMANCE

5.2.9 Traffic and Law Enforcement

| Description | 2012/13 | 2013/14 | | | |
|--|-----------------|--------------------------|----------------------------|-----------------|--------------------|
| | Actual R'000 | Original Budget R'000 | Adjustment Budget R'000 | Actual R'000 | Variance to Budget |
| Total Operational Revenue | 2 868 | 3 513 | 3 513 | 3 455 | -1.68 |
| Expenditure: | | | | | |
| Employees | 4 616 | 5 276 | 5 130 | 4 980 | -5.96 |
| Repairs and Maintenance | 127 | 329 | 305 | 230 | -42.97 |
| Other | 705 | 886 | 801 | 1 391 | 36.32 |
| Total Operational Expenditure | 5 449 | 6 491 | 6 236 | 6 601 | 1.67 |
| Net Operational (Service) Expenditure | (2 581) | (2 978) | (2 723) | (3 147) | 5.35 |
| <i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i> | | | | | |

Table 207.: Financial Performance: Traffic and Law Enforcement

5.2.10 Holiday Resorts and Campsites

| Description | 2012/13 | 2013/14 | | | |
|--|-----------------|--------------------------|----------------------------|-----------------|--------------------|
| | Actual R'000 | Original Budget R'000 | Adjustment Budget R'000 | Actual R'000 | Variance to Budget |
| Total Operational Revenue | 3 992 | 5 083 | 5 083 | 4 254 | -19.47 |
| Expenditure: | | | | | |
| Employees | 4 648 | 5 824 | 5 824 | 4 905 | -18.74 |
| Repairs and Maintenance | 934 | 956 | 905 | 845 | -13.12 |
| Other | 1 128 | 1 730 | 1 360 | 1 228 | -40.87 |
| Total Operational Expenditure | 6 709 | 8 511 | 8 090 | 6 979 | -21.95 |
| Net Operational (Service) Expenditure | (2 717) | (3 429) | (3 007) | (2 725) | -25.84 |
| <i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i> | | | | | |

Table 208.: Financial Performance: Holiday Resorts and Campsites

5.2.11 Office of the Municipal Manager

| Description | 2012/13 | 2013/14 | | | |
|--------------------------------------|-----------------|--------------------------|----------------------------|-----------------|--------------------|
| | Actual R'000 | Original Budget R'000 | Adjustment Budget R'000 | Actual R'000 | Variance to Budget |
| Total Operational Revenue | 73 985 | 64 308 | 63 340 | 55 907 | -15.03 |
| Expenditure: | | | | | |
| Employees | 3 099 | 3 375 | 3 365 | 3 267 | -3.31 |
| Repairs and Maintenance | 2 | 1 767 | 2 811 | 801 | -120.64 |
| Other | 45 375 | 45 735 | 44 411 | 33 255 | -37.53 |
| Total Operational Expenditure | 48 476 | 50 877 | 50 587 | 37 323 | -36.32 |

CHAPTER 5: FINANCIAL PERFORMANCE

| Description | 2012/13 | 2013/14 | | | |
|--|-----------------|--------------------------|----------------------------|-----------------|--------------------|
| | Actual R'000 | Original Budget R'000 | Adjustment Budget R'000 | Actual R'000 | Variance to Budget |
| Net Operational (Service) Expenditure | 25 509 | 13 431 | 12 752 | 18 584 | 27.73 |
| <i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i> | | | | | |

Table 209.: Financial Performance: Office of the Municipal Manager

5.2.12 Administration

| Description | 2012/13 | 2013/14 | | | |
|--|-----------------|--------------------------|----------------------------|-----------------|--------------------|
| | Actual R'000 | Original Budget R'000 | Adjustment Budget R'000 | Actual R'000 | Variance to Budget |
| Total Operational Revenue | 575 | 82 | 82 | 79 | -2.99 |
| Expenditure: | | | | | |
| Employees | 7 359 | 6 159 | 7 752 | 7 581 | 18.75 |
| Repairs and Maintenance | 7 | 7 | 7 | 6 | -16.52 |
| Other | 9 726 | 3 460 | 2 937 | 4 152 | 16.67 |
| Total Operational Expenditure | 17 092 | 9 626 | 10 696 | 11 739 | 18.00 |
| Net Operational (Service) Expenditure | (16 517) | (9 544) | (10 615) | (11 660) | 18.14 |
| <i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i> | | | | | |

Table 210.: Financial Performance: Administration

5.2.13 Human Resources

| Description | 2012/13 | 2013/14 | | | |
|--|-----------------|--------------------------|----------------------------|-----------------|--------------------|
| | Actual R'000 | Original Budget R'000 | Adjustment Budget R'000 | Actual R'000 | Variance to Budget |
| Total Operational Revenue | 321 | 454 | 454 | 539 | 15.81 |
| Expenditure: | | | | | |
| Employees | 2 012 | 2 354 | 2 359 | 2 216 | -6.21 |
| Repairs and Maintenance | 2 | 1 | 1 | 0 | -1900.00 |
| Other | 1 287 | 1 444 | 1 777 | 3 239 | 55.42 |
| Total Operational Expenditure | 3 301 | 3 799 | 4 137 | 5 456 | 30.36 |
| Net Operational (Service) Expenditure | (2 979) | (3 345) | (3 683) | (4 917) | 31.96 |
| <i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i> | | | | | |

Table 211.: Financial Performance: Human Resources

CHAPTER 5: FINANCIAL PERFORMANCE

5.2.14 Financial Services

| Description | 2012/13 | 2013/14 | | | |
|---|-----------------|--------------------------|----------------------------|-----------------|--------------------|
| | Actual R'000 | Original Budget R'000 | Adjustment Budget R'000 | Actual R'000 | Variance to Budget |
| Total Operational Revenue | 37 889 | 41 943 | 41 943 | 42 714 | 1.81 |
| Expenditure: | | | | | |
| Employees | 13 581 | 14 398 | 14 632 | 13 787 | -4.43 |
| Repairs and Maintenance | 74 | 185 | 83 | 96 | -92.72 |
| Other | 11 207 | 10 012 | 10 139 | 13 629 | 26.54 |
| Total Operational Expenditure | 24 862 | 24 595 | 24 854 | 27 512 | 10.60 |
| Net Operational (Service) Expenditure | 13 026 | 17 349 | 17 089 | 15 203 | -14.12 |
| <i>Variations are calculated by dividing the difference between the actual and original budget by the actual.</i> | | | | | |

Table 212.: Financial Performance: Financial Services

5.3 GRANTS

5.3.1 Grant Performance

The municipality had a total amount of R75 313 million for infrastructure and other projects available that was received in the form of grants from the National and Provincial Governments during the 2013/14 financial year.

| Grant Performance | | | | | | |
|--|---------------|---------------|-----------------------|---------------|---------------------------|------------------------------|
| R' 000 | | | | | | |
| Description | 2012/13 | 2013/14 | | | 2013/14 Variance | |
| | Actual | Budget | Adjustments Budget | Actual | Original Budget (%) | Adjustments Budget (%) |
| Operating Transfers and Grants | | | | | | |
| National Government: | 21 661 | 29 605 | 27 038 | 26 077 | -13.53 | -3.68 |
| Equitable share | 16 877 | 18 057 | 18 057 | 18 057 | 0.00 | 0.00 |
| Municipal Systems Improvement | 133 | 890 | 890 | 318 | -179.90 | -179.90 |
| Skills Development Fund | 321 | 454 | 454 | 774 | 41.39 | 41.39 |
| Expanded Public Works Programme | 294 | 1 000 | 1 000 | 1 000 | 0.00 | 0.00 |
| INEP- National Electrification Programme | – | 5 354 | 3 200 | 2 910 | -84.00 | -9.98 |
| MIG - Project Management Unit | 1 705 | 1 868 | 1 868 | 1 449 | -28.90 | -28.90 |
| RBIG- Regional Bulk Infrastructure Grant | 1 082 | 683 | 270 | 270 | -153.15 | 0.00 |
| Finance Management Grant | 1 249 | 1 300 | 1 300 | 1 300 | 0.00 | 0.00 |
| Provincial Government: | 41 118 | 33 392 | 34 653 | 25 359 | -31.68 | -36.65 |
| Housing | 34 208 | 28 924 | 29 785 | 16 110 | -79.54 | -84.88 |
| Proclaimed roads | 3 245 | 159 | 159 | 159 | 0.00 | 0.00 |

CHAPTER 5: FINANCIAL PERFORMANCE

| Grant Performance | | | | | | |
|---|---------------|---------------|--------------------|---------------|---------------------|------------------------|
| R' 000 | | | | | | |
| Description | 2012/13 | 2013/14 | | | 2013/14 Variance | |
| | Actual | Budget | Adjustments Budget | Actual | Original Budget (%) | Adjustments Budget (%) |
| Mandela Memorial Contribution | 0 | 0 | 0 | 95 | 100.00 | 100.00 |
| Community Development Workers Operating Grant | 76 | 0 | 144 | 59 | 100.00 | -144.21 |
| Library Grant | 3 242 | 4 309 | 4 194 | 3 696 | -16.58 | -13.47 |
| Masibambane Programme | 0 | 0 | 68 | 68 | 100.00 | 0.00 |
| GAP - Housing | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| Housing Basic Services | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| Agriculture, Forestry and Fisheries | 0 | 0 | 0 | 2 928 | 100.00 | 100.00 |
| Financial Management Support Grant | 81 | 0 | 200 | 200 | 100.00 | 0.00 |
| Thusong Services Centre Grant | 265 | 0 | 103 | 103 | 100.00 | 0.00 |
| Housing Acceleration | 0 | 0 | 0 | 1 941 | 100.00 | 100.00 |
| Other grant providers: | 110 | 0 | 0 | 113 | 100.00 | 100.00 |
| Mandela Memorial Contribution | 0 | 0 | 0 | 111 | 100.00 | 100.00 |
| IDC - Southernmost Development Agency | 110 | 0 | 0 | 1 | 100.00 | 100.00 |
| Working for Water - DWAF | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| Total Operating Transfers and Grants | 62 888 | 62 997 | 61 691 | 51 549 | -22.21 | -19.67 |

Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual.

Table 213.: Grant Performance for 2013/14

5.3.2 Conditional Grants: Excluding MIG

The performance in the spending of conditional grants is summarised as follows:

| Details | Budget | Adjustments budget | Actual | Variance | |
|---|--------|--------------------|--------|----------|--------------------|
| | | | | Budget | Adjustments budget |
| | R'000 | | | % | |
| Financial Management Grant (FMG) | 1 249 | 1 300 | 1 300 | 1 300 | 0.00 |
| Municipal Systems Improvement Grant | 804 | 890 | 890 | 890 | 0.00 |
| Regional Bulk Infrastructure Grant (RBIG) | 8 917 | 5 558 | 2 195 | 2 195 | -153.15 |
| Integrated National Electrification Programme | 816 | 5 354 | 3 200 | 2 959 | -80.93 |
| Skills Development Fund | 321 | 454 | 454 | 774 | 41.39 |
| Expanded Public Works Program(EPWP) | 1 000 | 1 000 | 1 000 | 1 000 | 0.00 |
| Community Development Workers Operating Grant | 77 | 0 | 144 | 74 | 100.00 |
| Financial Management Support Grant | 81 | 0 | 200 | 200 | 100.00 |

CHAPTER 5: FINANCIAL PERFORMANCE

| Details | Budget | Adjustments budget | Actual | Variance | |
|--|---------------|--------------------|---------------|---------------|--------------------|
| | | | | Budget | Adjustments budget |
| | R'000 | | | % | |
| Masibambane Programme | 0 | 0 | 68 | 68 | 100.00 |
| Library Grant | 3 342 | 4 509 | 5 710 | 4 611 | 2.22 |
| Proclaimed Roads | 3 245 | 159 | 159 | 159 | 0.00 |
| Thusong Service Centre | 2 161 | – | 839 | 839 | 100.00 |
| Housing Grant | 36 988 | 28 924 | 30 888 | 20 495 | -41.13 |
| Agriculture, Forestry and Fisheries | 0 | 0 | 0 | 2 928 | 100.00 |
| IDC - southernmost Development Agency | 438 | 0 | 0 | 22 | 100.00 |
| Mandela Memorial | 0 | 0 | 0 | 206 | 100.00 |
| Equitable share | 16 877 | 18 057 | 18 057 | 18 057 | 0.00 |
| Total | 76 316 | 66 205 | 65 104 | 56 777 | -16.60 |
| <p><i>* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report.</i></p> <p><i>Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i></p> | | | | | |

Table 214.: Conditional grant (excl. MIG)

National grants have been spent in full and no grants were rolled over in respect of the financial year under review. Only a portion of the Provincial Housing and the Library grants reflected unspent at financial year end and an application for roll-over have been submitted to Provincial Treasury for approval and inclusion as part of the 2014/15 financial year.

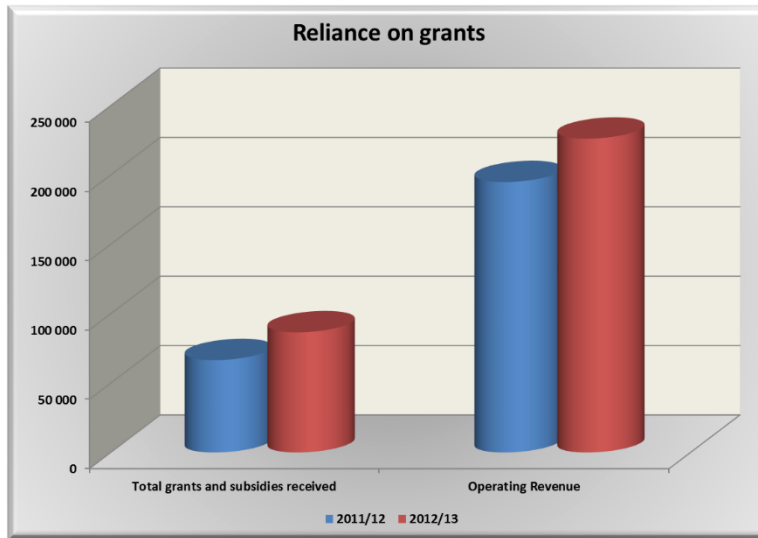
5.3.3 Level of Reliance on Grants & Subsidies

| Financial year | Total grants and subsidies received | Total Operating Revenue | Percentage |
|----------------|-------------------------------------|-------------------------|--------------|
| | R'000 | R'000 | % |
| 2012/13 | 62 888 | 202 471 | 31.06 |
| 2013/14 | 51 549 | 205 223 | 25.12 |

Table 215.: Reliance on grants

CHAPTER 5: FINANCIAL PERFORMANCE

The following graph indicates the municipality's grants and subsidies received compared to operating revenue for the last two financial years



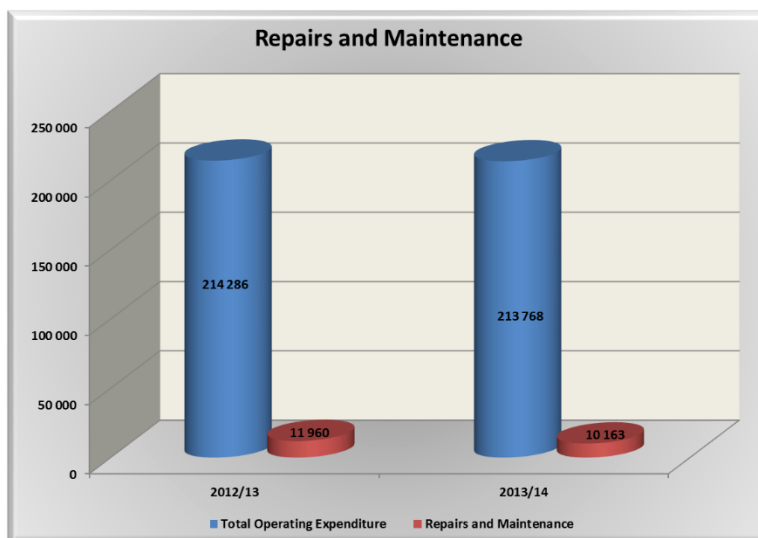
Graph 12.: Reliance on grants as %

5.4 REPAIRS AND MAINTENANCE

| Description | 2012/13 | 2013/14 | | | Budget variance % |
|-------------------------------------|--------------------------|-----------------|-------------------|--------|-------------------|
| | Actual (Audited Outcome) | Original Budget | Adjustment Budget | Actual | |
| | | R'000 | | | |
| Repairs and Maintenance Expenditure | 11 960 | 11 537 | 10 447 | 10 163 | -2.72 |

Table 216.: Repairs and Maintenance Expenditure

The following graph indicates repairs & maintenance in relation to the total operating expenditure



Graph 13.: Repairs and Maintenance

CHAPTER 5: FINANCIAL PERFORMANCE

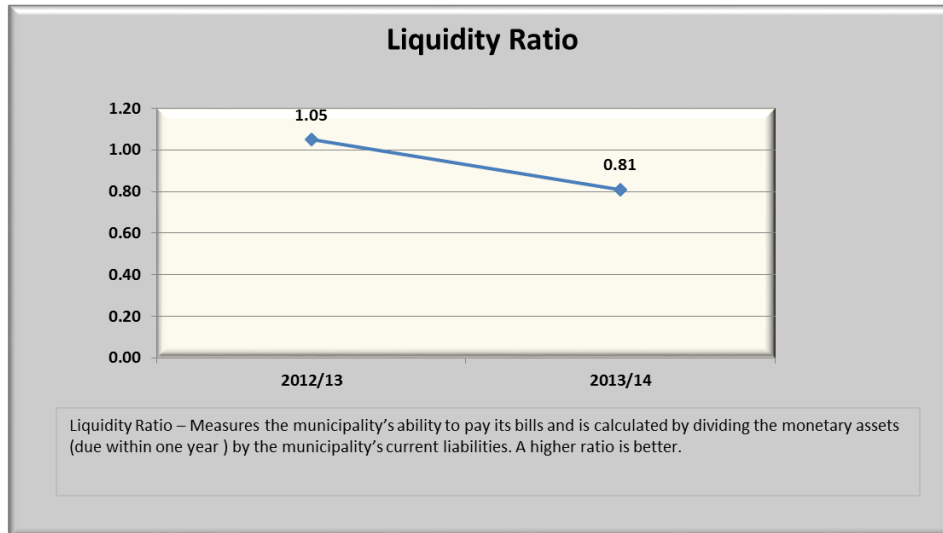
Repair and maintenance expenditure is used for the repair and maintenance of the municipality's infrastructure, buildings and vehicles.

5.5 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

5.5.1 Liquidity Ratio

| Description | Basis of calculation | 2012/13 | 2013/14 |
|---|---|-------------------|-----------------|
| | | Pre-audit outcome | Audited outcome |
| Current Ratio | Current assets/current liabilities | 1.90 | 1.53 |
| Current Ratio adjusted for aged debtors | Current assets less debtors > 90 days/current liabilities | 1.56 | 1.15 |
| Liquidity Ratio | Monetary Assets/Current Liabilities | 1.05 | 0.81 |

Table 217.: Liquidity Financial Ratio



Graph 14.: Liquidity Ratio

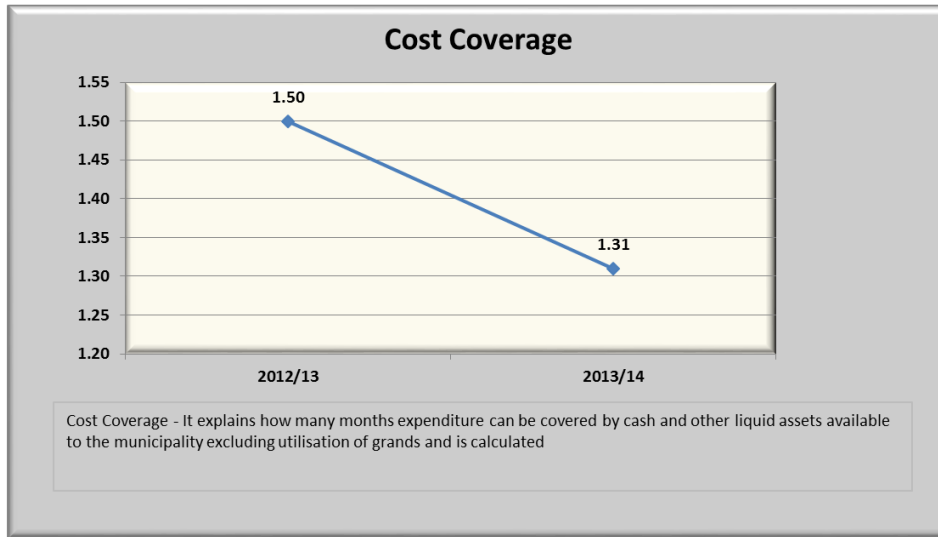
5.5.2 IDP Regulation Financial Viability Indicators

| Description | Basis of calculation | 2012/13 | 2013/14 |
|--|--|-------------------|-----------------|
| | | Pre-audit outcome | Audited outcome |
| Cost Coverage | (Available cash + Investments)/monthly fixed operational expenditure | 1.5 | 1.31 |
| Total Outstanding Service Debtors to Revenue | Total outstanding service debtors/annual revenue received for services | 0.17 | 0.18 |
| Debt coverage | (Total Operating Revenue - Operating Grants)/Debt service | 255.53 | 384.52 |

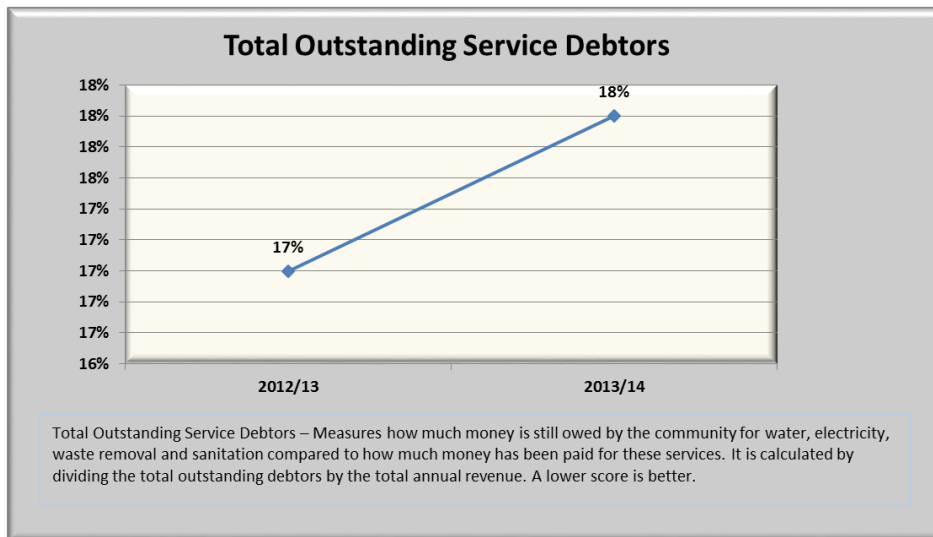
CHAPTER 5: FINANCIAL PERFORMANCE

| Description | Basis of calculation | 2012/13 | 2013/14 |
|-------------|-------------------------------------|-------------------|-----------------|
| | | Pre-audit outcome | Audited outcome |
| | payments due within financial year) | | |

Table 218.: Financial Viability National KPAs

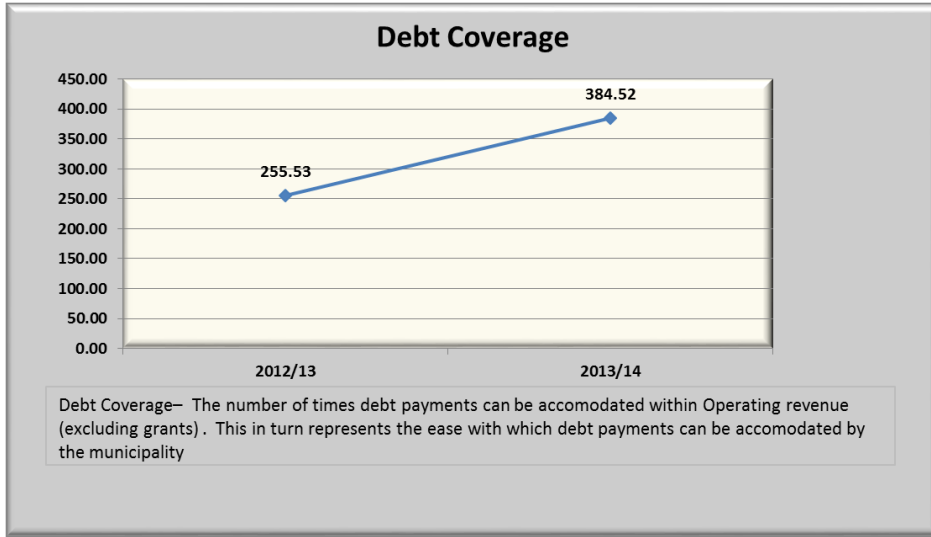


Graph 15.: Cost coverage



Graph 16.: Outstanding service debtors

CHAPTER 5: FINANCIAL PERFORMANCE

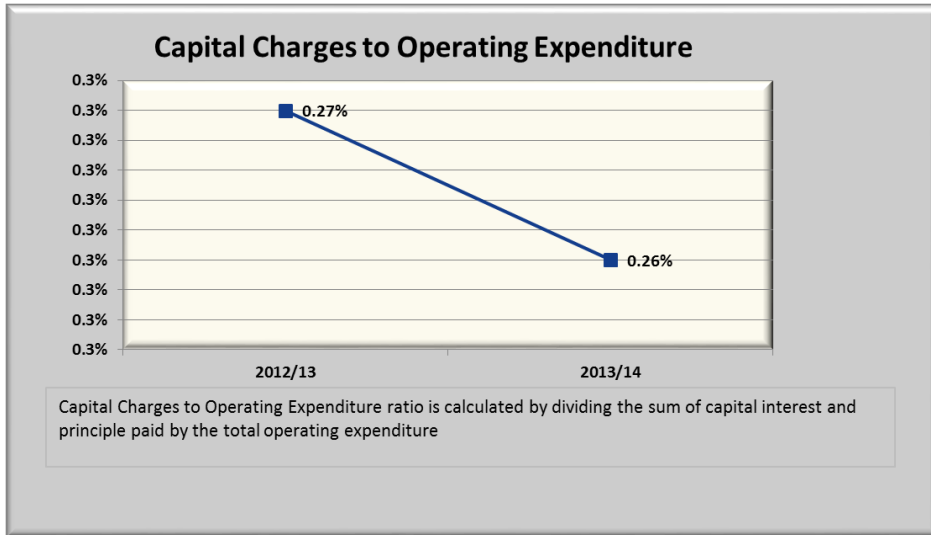


Graph 17.: Debt coverage

5.5.3 Borrowing Management

| Description | Basis of calculation | 2012/13 | 2013/14 |
|--|---|-------------------|-----------------|
| | | Pre-audit outcome | Audited outcome |
| Capital Charges to Operating Expenditure | Interest & Principal Paid/ Operating Expenditure | 0.27% | 0.26% |

Table 219.: Borrowing Management



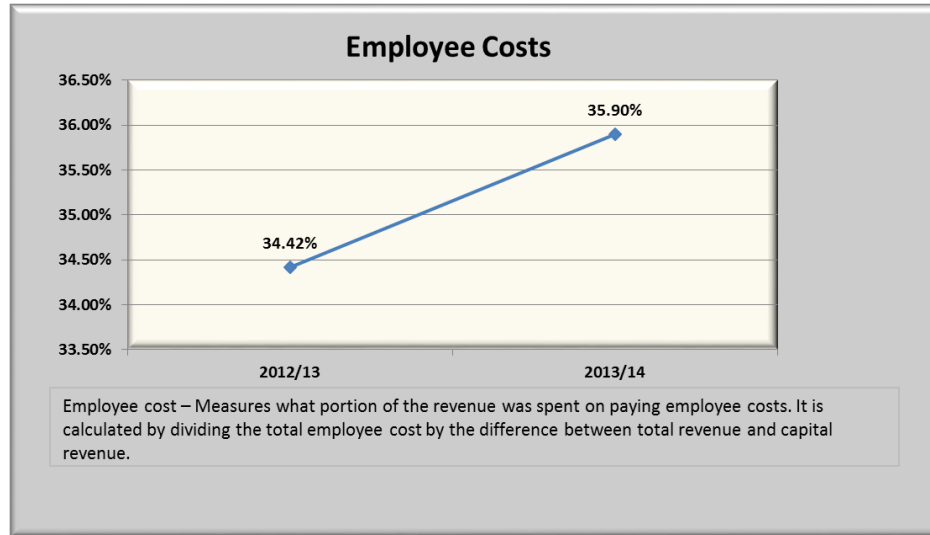
Graph 18.: Borrowing management

CHAPTER 5: FINANCIAL PERFORMANCE

5.5.4 Employee costs

| Description | Basis of calculation | 2012/13 | 2013/14 |
|----------------|--|-------------------|-----------------|
| | | Pre-audit outcome | Audited outcome |
| Employee costs | Employee costs/(Total Revenue capital revenue) | 34.42% | 35.90% |

Table 220.: Employee Costs



Graph 19.: Employee costs

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.6 CAPITAL EXPENDITURE BY NEW ASSET PROGRAM

| Description | 2012/13 | 2013/14 | | | Planned Capital expenditure | | |
|---|---------------|-----------------|-------------------|--------------------|-----------------------------|---------------|---------------|
| | Actual | Original Budget | Adjustment Budget | Actual Expenditure | 2013/14 | 2014/15 | 2015/16 |
| R'000 | | | | | | | |
| Capital expenditure by Asset Class | | | | | | | |
| Infrastructure - Total | 36 927 | 20 007 | 18 810 | 25 734 | 9 078 | 23 650 | 23 005 |
| Infrastructure: Road transport - Total | 7 973 | 8 892 | 10 770 | 11 212 | 7 408 | 12 960 | 16 325 |
| Roads, Pavements & Bridges | 7 973 | 8 892 | 10 770 | 11 212 | 7 408 | 12 960 | 16 325 |
| Storm water | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Infrastructure: Electricity - Total | 1 901 | 2 090 | 1 965 | 4 208 | 800 | 1 880 | 1 180 |
| Generation | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transmission & Reticulation | 1 901 | 2 090 | 1 965 | 4 208 | 800 | 1 880 | 1 180 |
| Street Lighting | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

CHAPTER 5: FINANCIAL PERFORMANCE

| Description | 2012/13 | 2013/14 | | | Planned Capital expenditure | | |
|---|--------------|-----------------|-------------------|--------------------|-----------------------------|--------------|--------------|
| | Actual | Original Budget | Adjustment Budget | Actual Expenditure | 2013/14 | 2014/15 | 2015/16 |
| R'000 | | | | | | | |
| Infrastructure: Water - Total | 7 986 | 100 | 100 | 176 | 850 | 5 970 | 2 000 |
| Dams & Reservoirs | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Water purification | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reticulation | 7 986 | 100 | 100 | 176 | 850 | 5 970 | 2 000 |
| Infrastructure: Sanitation - Total | 9 068 | 8 925 | 5 976 | 7 670 | 0 | 1 000 | 2 500 |
| Reticulation | 9 068 | 8 925 | 5 976 | 7 670 | 0 | 1 000 | 2 500 |
| Sewerage purification | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Infrastructure: Other - Total | 9 999 | 0 | 0 | 2 469 | 20 | 1 840 | 1 000 |
| Waste Management | 0 | 0 | 0 | 46 | 20 | 1 840 | 1 000 |
| Transportation | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Gas | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 9 999 | 0 | 0 | 2 423 | 0 | 0 | 0 |
| Community - Total | 2 344 | 3 484 | 5 201 | 4 666 | 3 175 | 6 650 | 4 350 |
| Parks & gardens | 59 | 15 | 15 | 0 | 55 | 0 | 0 |
| Sports fields & stadia | | 870 | 870 | 0 | 1 699 | 1 100 | 0 |
| Swimming pools | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Community halls | 1 896 | 1 304 | 3 040 | 4 124 | 1 321 | 500 | 0 |
| Libraries | 0 | 0 | 0 | 493 | 0 | 0 | 0 |
| Recreational facilities | 389 | 1 200 | 1 181 | 0 | 100 | 5 050 | 4 350 |
| Fire, safety & emergency | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Security and policing | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Buses | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Clinics | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Museums & Art Galleries | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cemeteries | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Social rental housing | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital expenditure by Asset Class | 4 384 | 993 | 2 328 | 2 755 | 2 447 | 7 747 | 8 268 |
| Heritage assets - Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Buildings | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment properties - Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Housing development | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

CHAPTER 5: FINANCIAL PERFORMANCE

| Description | 2012/13 | 2013/14 | | | Planned Capital expenditure | | |
|--|---------------|-----------------|-------------------|--------------------|-----------------------------|---------------|---------------|
| | Actual | Original Budget | Adjustment Budget | Actual Expenditure | 2013/14 | 2014/15 | 2015/16 |
| R'000 | | | | | | | |
| Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other assets | 3 933 | 993 | 2 328 | 2 588 | 1 924 | 7 747 | 8 268 |
| General vehicles | 1 845 | 0 | 0 | 0 | 160 | 2 030 | 1 230 |
| Specialised vehicles | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Plant & equipment | 316 | 149 | 149 | 476 | 430 | 1 456 | 5 985 |
| Computers - hardware/equipment | 613 | 450 | 430 | 250 | 739 | 1 564 | 728 |
| Furniture and other office equipment | 520 | 224 | 1 561 | 677 | 235 | 427 | 45 |
| Abattoirs | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Markets | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Civic Land and Buildings | 632 | 100 | 119 | 1 107 | 0 | 0 | 0 |
| Other Buildings | 0 | 0 | 0 | 0 | 330 | 2 240 | 250 |
| Other Land | 183 | 0 | 0 | 0 | 0 | 0 | 0 |
| Surplus Assets - (Investment or Inventory) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 8 | 70 | 70 | 78 | 30 | 30 | 30 |
| Agricultural assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| List sub-class | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Biological assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| List sub-class | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Intangibles | 452 | 0 | 0 | 166 | 523 | 0 | 0 |
| Computers - software & programming | 452 | 0 | 0 | 166 | 523 | 0 | 0 |
| Other (list sub-class) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Capital Expenditure on new assets | 43 655 | 24 484 | 26 340 | 33 154 | 14 701 | 38 047 | 35 623 |
| Specialised vehicles | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Refuse | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fire | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Conservancy | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ambulances | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Table 221.: Capital Expenditure by New Asset Program

5.7 SOURCES OF FINANCE

The table below indicates the capital expenditure by funding source for the 2013/14 financial year:

CHAPTER 5: FINANCIAL PERFORMANCE

| Capital Expenditure - Funding Sources 2012/13 to 2013/14 | | | | | | |
|--|---------------|----------------------|-------------------|---------------|-------------------------------|---------------------------|
| R'000 | | | | | | |
| Details | 2012/13 | 2013/14 | | | | |
| | Actual | Original Budget (OB) | Adjustment Budget | Actual | Adjustment to OB Variance (%) | Actual to OB Variance (%) |
| Source of finance | | | | | | |
| External loans | 44 | 0 | 0 | 168 | 0.00 | 0.00 |
| Public contributions and donations | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| Grants and subsidies | 23 712 | 13 417 | 13 622 | 15 416 | 1.53 | 13.38 |
| Other | 19 896 | 11 068 | 12 718 | 17 570 | 14.91 | 43.85 |
| Total | 43 653 | 24 484 | 26 340 | 33 154 | 7.58 | 27.83 |
| Percentage of finance | | | | | | |
| External loans | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| Public contributions and donations | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| Grants and subsidies | 54 | 31 | 31 | 35 | 1.53 | 13.38 |
| Other | 46 | 45 | 48 | 53 | 6.82 | 10.42 |
| Capital expenditure | | | | | | |
| Water and sanitation | 17 465 | 9 025 | 6 076 | 8 196 | -32.68 | 23.49 |
| Electricity | 1 927 | 2 160 | 2 035 | 4 165 | -5.79 | 98.60 |
| Housing | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| Roads and storm water | 8 358 | 8 917 | 10 795 | 9 459 | 21.06 | -14.97 |
| Other | 15 902 | 4 382 | 7 434 | 11 335 | 69.65 | 89.01 |
| Total | 43 653 | 24 484 | 26 340 | 33 154 | 7.58 | 27.83 |
| Percentage of expenditure | | | | | | |
| Water and sanitation | 40 | 37 | 23 | 25 | -37.42 | 4.48 |
| Electricity | 4 | 9 | 8 | 13 | -12.42 | 54.82 |
| Housing | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| Roads and storm water | 19 | 36 | 41 | 29 | 12.53 | -34.19 |
| Other | 36 | 18 | 28 | 34 | 57.70 | 33.32 |

Table 222.: Capital Expenditure by funding source

CHAPTER 5: FINANCIAL PERFORMANCE

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

Although there are currently no serious backlogs in the municipal area, the continuous influx of people in our area to the informal settlements are putting a burden on the service delivery of the municipality which might be regarded as a risk due a possible increase in future backlogs.

5.8.1 Municipal Infrastructure Grant (MIG)

| Municipal Infrastructure Grant (MIG)* Expenditure 2013/14 on Service backlogs | | | | | | |
|---|--------------|--------------------|--------------|-------------|--------------------|-----------------------------------|
| R' 000 | | | | | | |
| Details | Budget | Adjustments Budget | Actual | Variance | | Major conditions applied by donor |
| | | | | Budget | Adjustments Budget | |
| Infrastructure - Road transport | 6 167 | 6 257 | 6 257 | 0 | 90 | |
| Roads, Pavements & Bridges | 6 167 | 6 257 | 6 257 | 0 | 90 | Capital only |
| Storm water | 0 | 0 | 0 | 0 | 0 | |
| Infrastructure - Water | 0 | 0 | 0 | 0 | 0 | |
| Dams & Reservoirs | 0 | 0 | 0 | 0 | 0 | |
| Reticulation | 0 | 0 | 0 | 0 | 0 | |
| Other Infrastructure | 2 174 | 2 503 | 2 503 | 0 | 329 | Capital only on Thusong Centre |
| Total | 8 341 | 8 760 | 8 760 | 1.49 | 419 | |

* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

Table 223.: Municipal Infrastructure Grant (MIG)

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.9 CASH FLOW

| R'000 | | | | |
|--|-----------------|-----------------|-----------------|---------|
| Description | 2012/13 | 2013/14 | | |
| | Audited Outcome | Original Budget | Adjusted Budget | Actual |
| Cash flow from operating activities | | | | |
| Receipts | | | | |
| Ratepayers and other | 140 641 | 160 313 | 157 158 | 146 824 |
| Government | 87 409 | 75 960 | 72 435 | 70 562 |
| Interest | 2 712 | 2 068 | 2 068 | 2 660 |
| Dividends | 0 | 0 | 0 | 0 |
| Payments | | | | |

CHAPTER 5: FINANCIAL PERFORMANCE

| R'000 | | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| Description | 2012/13 | 2013/14 | | |
| | Audited Outcome | Original Budget | Adjusted Budget | Actual |
| Suppliers and employees | (198 206) | (220 396) | (210 486) | (191 298) |
| Finance charges | (665) | (277) | (1 199) | (1 142) |
| Transfers and Grants | 0 | 0 | 0 | 0 |
| Net cash from/(used) operating activities | 31 892 | 17 668 | 19 976 | 27 606 |
| Cash flows from investing activities | | | | |
| Receipts | | | | |
| Proceeds on disposal of PPE | 230 | 0 | 0 | 0 |
| Decrease (Increase) in non-current debtors | 0 | 0 | 0 | 0 |
| Decrease (increase) other non-current receivables | 29 | 5 | 6 | 33 |
| Decrease (increase) in non-current investments | (377) | 0 | 0 | (21) |
| Payments | | | | |
| Capital assets | (33 700) | (24 484) | (26 340) | (30 731) |
| Net cash from/(used) investing activities | (33 818) | (24 479) | (26 333) | (30 720) |
| Cash flows from financing activities | | | | |
| Receipts | | | | |
| Borrowing long term/refinancing | 44 | 0 | 0 | 168 |
| Increase (decrease) in consumer deposits | 260 | 201 | 130 | 231 |
| Payments | | | | |
| Repayment of borrowing | (399) | (400) | (269) | (440) |
| Net cash from/(used) financing activities | (96) | (199) | (139) | (42) |
| Net increase/ (decrease) in cash held | (2 022) | (7 011) | (6 496) | (3 155) |
| Cash/cash equivalents at the year begin: | 26 585 | 16 572 | 24 562 | 24 562 |
| Cash/cash equivalents at the year-end: | 24 562 | 9 561 | 18 066 | 21 407 |

Table 224.: Cash flow

5.10 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 |
| 2012/13 | 3 805 | 12 343 | 2 406 | 0 | 3 899 | 22 453 |
| 2013/14 | 5 020 | 13 793 | 2 855 | 0 | 4 746 | 26 413 |

CHAPTER 5: FINANCIAL PERFORMANCE

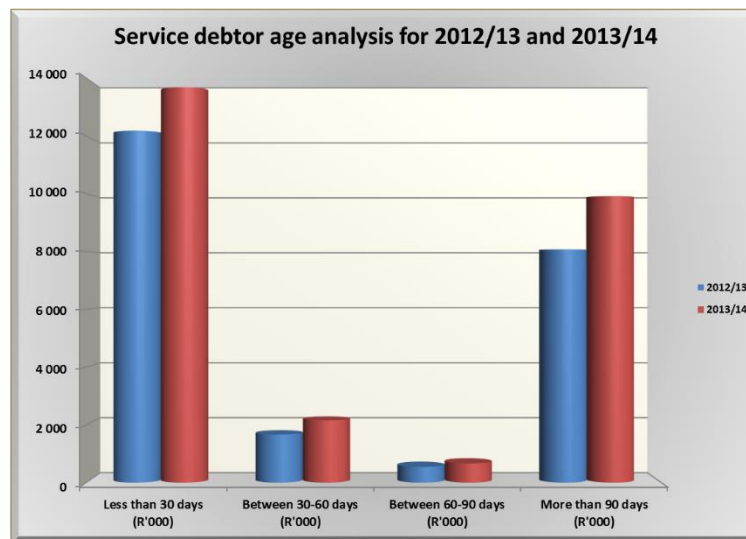
| Financial year | Rates | Trading services | Economic services | Housing rentals | Other | Total |
|-----------------------|-------|-------------------------|-------------------------|-----------------|-------|-------|
| | | (Electricity and Water) | (Sanitation and Refuse) | | | |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Difference | 1 214 | 1 450 | 450 | 0 | 846 | 3 960 |
| % growth year on year | 32 | 12 | 19 | 0 | 22 | 18 |

Table 225.: Gross outstanding debtors per service

5.11 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 | | | | |
| 2012/13 | 12 177 | 1 663 | 544 | 8 069 | 22 453 |
| 2013/14 | 13 679 | 2 154 | 665 | 9 915 | 26 413 |
| Difference | 1 502 | 491 | 121 | 1 846 | 3 960 |
| % growth year on year | 12 | 30 | 22 | 23 | 18 |

Table 226.: Service debtor age analysis



Graph 20.: Service debtors age analysis for the 2012/13 and 2013/14 financial years

CHAPTER 5: FINANCIAL PERFORMANCE

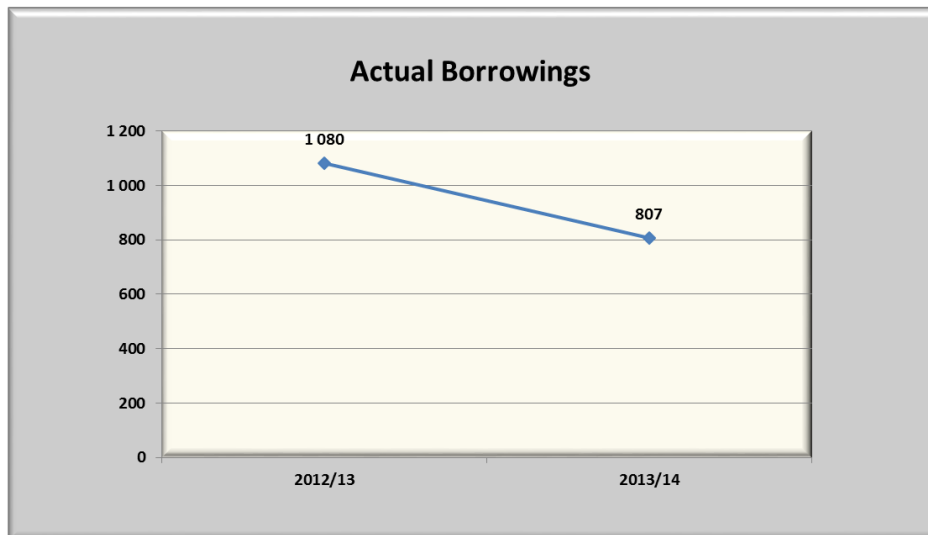
5.12 BORROWING AND INVESTMENTS

Infrastructure needs to be replaced and therefore borrowings for periods of 15 years are taken up to lessen the impact on consumers.

5.12.1 Actual Borrowings

| Actual Borrowings | | |
|--|--------------|------------|
| R'000 | | |
| Instrument | 2012/13 | 2013/14 |
| Long-Term Loans (annuity/reducing balance) | 699 | 560 |
| Financial Leases | 381 | 247 |
| Total | 1 080 | 807 |

Table 227.: Actual Borrowings



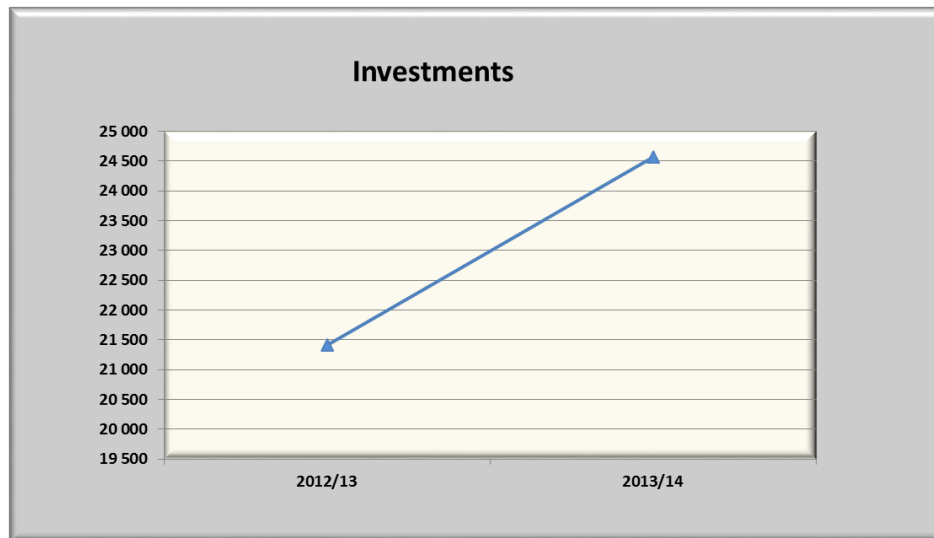
Graph 21.: Actual borrowings

5.12.2 Investments

| Investments | | |
|-----------------|---------------|---------------|
| R'000 | | |
| Investment | 2012/13 | 2013/14 |
| Deposits - Bank | 10 000 | 0 |
| Other | 11 407 | 24 562 |
| Total | 21 407 | 24 562 |

Table 228.: Investments

CHAPTER 5: FINANCIAL PERFORMANCE



Graph 22.: Investments

COMPONENT D: OTHER FINANCIAL MATTERS

5.13 SUPPLY CHAIN MANAGEMENT

Management has developed a new SCM policy which includes the SCM system and processes to be used by the municipality. Standard operating procedures for SCM were developed during the year which includes the bid committee, complaints and abuse of supply chain. The New PPPFA policy was developed and approved by Council.

No Councilors are members of any committee handling the supply chain processes.

The supply chain officials received ongoing training and attend Provincial Treasury quarterly working forum meetings in order to reach and maintain the prescribed level required for their positions prescribed by National Treasury in terms of the MFMA Competency Regulations. There are only four officials in the supply chain section of which two are financial interns. An amended organogram will be submitted for council's approval in respect of the 2014/15 financial to strengthen the capacity within the unit.

5.14 GRAP COMPLIANCE

GRAP is the acronym for Generally Recognized Accounting Practice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance ensures that municipal accounts are comparable and more informative for the municipality. It also ensure that the municipality is more accountable to its citizens and other stakeholders

GRAP was fully implemented in the municipality in the 2010/11 financial year and the financial statements of 2013/14 are fully GRAP compliant.

CHAPTER 5: FINANCIAL PERFORMANCE

5.14 SOUTHERNMOST DEVELOPMENT AGENCY (PTY) LTD

It must be noted that, during 2012, the Council took a decision to establish a Local Development Agency (Southernmost Development Agency (Pty) Ltd) to assist the municipality in the establishment and implementation of local economic development projects. This entity was duly established and the Board of Directors appointed from October 2012. However, during the process of establishment and the development phase, it was found that the establishment and running of the entity will create additional expenses for the municipality which cannot be afforded due to its very strict budget. After various meetings with all role-players and considering all possible options, the Council resolved on 28 May 2013 to liquidate and disestablish the agency. We are in process with the disestablishment of the agency which will be finalized during the 2014/15 financial year.

CHAPTER 6:
AUDITOR-GENERAL AUDIT
FINDINGS

CHAPTER 6: AUDITOR-GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR-GENERAL OPINION 2012/13

6.1 AUDITOR GENERAL REPORT 2012/13

| Auditor-General Report on Financial Performance 2012/13 | |
|---|---|
| Audit Report Status: | Unqualified with other matters |
| Non-Compliance Issues | Remedial Action Taken |
| The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of the Municipal Finance Management Act. Material misstatements of property, plant and equipment, accumulated surplus, valuation roll reserve, revenue and general expenditure (internal charges) and commitments were identified by the auditors in the submitted financial statements were subsequently corrected and/or the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion | Additional control measures were put in place to rectify the matters highlighted and to improve the quality of the financial statements. The effectiveness of these measures is reflected in the audit report for 2013/14 where no material changes were highlighted |
| An adequate management, accounting and information system which accounts for assets was not in place | Consideration is currently under way to purchase the improved SAMRAS Plus System which will accommodate an electronic asset management system. However, this is a very costly exercise and will have to be budgeted for in future years |
| An effective system of internal control for assets (including an asset register) was not in place | This finding runs hand in hand with the finding indicated above. The improved SAMRAS Plus System on which asset management will be managed electronically, will also implement proper control over assets, including more regular assets counts. In the meantime the asset register was enhanced with additional information and no material findings were highlighted by the auditors during the 2013/14 audit |
| Reasonable steps were not taken to prevent unauthorised expenditure | Various control measures were put in place and policies developed or enhanced to curb unauthorised expenditure. Although there were still unauthorised expenditure in the 2013/14 financial year it was reduced by 40% |

Table 229.: AG Report on Financial Performance 2012/13

COMPONENT B: AUDITOR-GENERAL OPINION 2013/14

6.2 AUDITOR GENERAL REPORT 2013/14

6.2.1 Financial Performance 2013/14

The audit opinion expressed by the Auditor-General of the financial statements of Cape Agulhas Municipality as at 30 June 2014, is unqualified with no other findings modifying the audit opinion expressed.

6.2.2 Service Delivery Performance 2013/14

The Auditor-General in its audit report as at 30 June 2013 and 30 June 2014 respectively, did not find any material findings on the annual performance report concerning the usefulness and reliability of the information. The Auditor-General, furthermore, did not include any matters that have an impact on the audit findings on predetermined objectives reported.

ABBREVIATIONS

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 |

ABBREVIATIONS

| | |
|--------------|---|
| 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

Cape Agulhas

MUNICIPALITY



KAAP AGULHAS MUNISIPALITEIT
CAPE AGULHAS MUNICIPALITY
U MASIPALA WASECAPE AGULHAS

CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2014

CAPE AGULHAS LOCAL MUNICIPALITY

Index

| Contents | Page |
|---|-------------|
| General Information | 1 |
| Approval of the Consolidated Financial Statements | 2 |
| Report of the Auditor General | |
| Consolidated Statement of Financial Position | 3 |
| Consolidated Statement of Financial Performance | 4 |
| Consolidated Statement of Changes In Net Assets | 5 |
| Consolidated Cash Flow Statement | 6 |
| Statement of comparison of budget and actual amounts - Consolidated Statement of Financial Position | 7 - 8 |
| Statement of comparison of budget and actual amounts - Statement of Financial Performance | 9 - 10 |
| Statement of comparison of budget and actual amounts - Consolidated Cash Flow Statement | 11 - 12 |
| Consolidated Accounting Policies | 13 - 43 |
| Notes to the Consolidated Financial Statements | 41 - 75 |
| APPENDICES - Unaudited | |
| A Schedule of External Loans | 76 |
| B Segmental Statement of Financial Performance - Municipal Votes | 77 |
| C (1) Actual Versus Budget (Operating Expenditure) | 78 |
| C (2) Actual Versus Budget (Acquisition of Property, Plant and Equipment) | 79 |
| D Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003 | 80 |
| E National Treasury Appropriation Statements | |
| - Revenue and Expenditure (Standard Classification) | 81 |
| - Revenue and Expenditure (Municipal Vote Classification) | 82 |
| - Revenue and Expenditure (Revenue by Source and Expenditure by Type) | 83 |
| - Capital Expenditure by Vote, Standard Classification and Funding | 84 |
| - Cash Flows | 85 |

CAPE AGULHAS LOCAL MUNICIPALITY

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

GENERAL INFORMATION

NATURE OF BUSINESS

Cape Agulhas Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 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 Cape Agulhas Municipality includes the following areas:

| | | |
|-------------------|---------------------|-----------------|
| <i>Bredasdorp</i> | <i>L'Agulhas</i> | <i>Protem</i> |
| <i>Napier</i> | <i>Arniston</i> | <i>Klipdale</i> |
| <i>Struisbaai</i> | <i>Suiderstrand</i> | |

MEMBERS OF THE COUNCIL

| | |
|------------------------|---------------------------|
| Executive Mayor | <i>RG Mitchell</i> |
| Executive Deputy Mayor | <i>D Jantjies</i> |
| Speaker | <i>E C Marthinus (Ms)</i> |
| Councillor - Full time | <i>M R Mokotwana</i> |
| Councillor - Part time | <i>P N Atyhosi (Miss)</i> |
| Councillor - Part time | <i>J G A Niewoudt</i> |
| Councillor - Part time | <i>G D Burger</i> |
| Councillor - Part time | <i>JA Coetzee</i> |
| Councillor - Part time | <i>W J October</i> |

MUNICIPAL MANAGER

Mr D O'Neill

CHIEF FINANCIAL OFFICER

Mr H Van Biljon

REGISTERED OFFICE

PO Box 51, Bredasdorp, 7280

AUDITORS

Office of the Auditor General (WC)

PRINCIPLE BANKERS

ABSA, Bredasdorp

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

ATTORNEYS

Luttig, Badenhorst & Fourie Attorneys

CAPE AGULHAS LOCAL MUNICIPALITY

MEMBERS OF THE CAPE AGULHAS LOCAL MUNICIPALITY

| WARD | COUNCILLOR |
|--------------|---|
| 1 | Mr W J October |
| 2 | Mr D Jantjies (Executive Deputy Mayor) |
| 3 | Mr RG Mitchell (Executive Mayor) |
| 4 | Mr JGA Niewoudt |
| 5 | Mr GD Burger |
| Proportional | Mr MR Mokotwana (Member of Executive Mayor Committee) |
| Proportional | Mrs EC Marthinus (Speaker) |
| Proportional | Mr JA Coetzee |
| Proportional | Miss PN Atyhosi |

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

I am responsible for the preparation of these annual consolidated financial statements year ended 30 June 2014, which are set out on pages 1 to 85 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Economic Entity. The annual financial statements have been prepared in accordance with GRAP.

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

I have reviewed the Economic Entity's cash flow forecast for the year to 30 June 2015 and is satisfied that the Economic Entity can continue in operational existence for the foreseeable future.

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

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



Mr D O'Neill
Municipal Manager

28/11/14

Date

CAPE AGULHAS LOCAL MUNICIPALITY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

| | Notes | ECONOMIC ENTITY | | MUNICIPALITY | |
|--|-------|-----------------------|-------------------------|-----------------------|-------------------------|
| | | 2014 R (Actual) | 2013 R (Restated) | 2014 R (Actual) | 2013 R (Restated) |
| NET ASSETS AND LIABILITIES | | | | | |
| Net Assets | | 291 361 747 | 284 469 197 | 291 361 847 | 284 469 297 |
| Capital Replacement Reserve | 2 | 15 750 000 | 16 500 000 | 15 750 000 | 16 500 000 |
| Valuation Roll Reserve | 2 | - | 2 000 000 | - | 2 000 000 |
| Accumulated Surplus | 2 | 275 611 747 | 265 969 197 | 275 611 847 | 265 969 297 |
| Non-Current Liabilities | | 58 391 463 | 52 267 071 | 58 391 463 | 52 267 071 |
| Long term Liabilities | 3 | 503 546 | 656 142 | 503 546 | 656 142 |
| Employee benefits | 4 | 36 562 461 | 30 373 646 | 36 562 461 | 30 373 646 |
| Non-Current Provisions | 5 | 21 325 455 | 21 237 284 | 21 325 455 | 21 237 284 |
| Current Liabilities | | 26 350 886 | 23 397 857 | 26 350 886 | 23 397 857 |
| Consumer Deposits | 6 | 3 643 008 | 3 412 296 | 3 643 008 | 3 412 296 |
| Current Employee benefits | 7 | 6 947 380 | 7 127 600 | 6 947 380 | 7 127 600 |
| Provisions | 8 | 2 713 221 | 310 511 | 2 713 221 | 310 511 |
| Payables from exchange transactions | 9 | 7 214 093 | 6 169 758 | 7 214 093 | 6 169 758 |
| Unspent Conditional Government Grants and Receipts | 10 | 5 529 399 | 5 954 146 | 5 529 399 | 5 954 146 |
| Current Portion of Long-term Liabilities | 3 | 303 785 | 423 546 | 303 785 | 423 546 |
| Total Net Assets and Liabilities | | 376 104 096 | 360 134 125 | 376 104 196 | 360 134 225 |
| ASSETS | | | | | |
| Non-Current Assets | | 335 806 364 | 315 515 362 | 335 851 476 | 315 650 622 |
| Property, Plant and Equipment | 12 | 276 472 683 | 254 846 101 | 276 472 683 | 254 846 101 |
| Investment Property | 13 | 40 694 286 | 40 732 816 | 40 694 286 | 40 732 816 |
| Intangible Assets | 14 | 564 809 | 520 431 | 564 809 | 520 431 |
| Capitalised Restoration cost | 15 | 17 756 682 | 19 065 201 | 17 756 682 | 19 065 201 |
| Non-Current Investments | 16 | - | - | 45 113 | 135 260 |
| Long-Term Receivables | 17 | 317 903 | 350 813 | 317 903 | 350 813 |
| Current Assets | | 40 297 732 | 44 618 763 | 40 252 719 | 44 483 603 |
| Inventory | 18 | 692 167 | 908 680 | 692 167 | 908 680 |
| Receivables from exchange transactions | 19 | 15 042 831 | 12 761 827 | 15 042 831 | 12 761 827 |
| Receivables from non-exchange transactions | 20 | 2 958 302 | 2 390 888 | 2 958 302 | 2 390 888 |
| Assets held for sale | 21 | 45 013 | 135 160 | - | - |
| Unpaid Conditional Government Grants and Receipts | 10 | - | 3 603 367 | - | 3 603 367 |
| Operating Lease Asset | 22 | 69 452 | 64 545 | 69 452 | 64 545 |
| Taxes | 11 | 76 212 | 185 657 | 76 212 | 185 657 |
| Current Portion of Long-term Receivables | 17 | 6 554 | 6 239 | 6 554 | 6 239 |
| Cash and Cash Equivalents | 23 | 21 407 201 | 24 562 400 | 21 407 201 | 24 562 400 |
| Total Assets | | 376 104 096 | 360 134 125 | 376 104 196 | 360 134 225 |

CAPE AGULHAS LOCAL MUNICIPALITY

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

| | Notes | ECONOMIC ENTITY | | MUNICIPALITY | |
|--|-------|-----------------------|-------------------------|-----------------------|-------------------------|
| | | 2014 (Actual) R | 2013 (Restated) R | 2014 (Actual) R | 2013 (Restated) R |
| REVENUE | | | | | |
| Revenue from Non-exchange Transactions | | 109 026 572 | 122 291 522 | 109 026 572 | 122 291 522 |
| Taxation Revenue | | 39 325 113 | 34 763 132 | 39 325 113 | 34 763 132 |
| Property taxes | 24 | 39 325 113 | 34 763 132 | 39 325 113 | 34 763 132 |
| Transfer Revenue | | 68 276 273 | 86 667 001 | 68 276 273 | 86 667 001 |
| Government Grants and Subsidies - Capital | 25 | 15 437 376 | 23 712 195 | 15 437 376 | 23 712 195 |
| Government Grants and Subsidies - Operating | 25 | 51 548 897 | 62 888 244 | 51 548 897 | 62 888 244 |
| Public Contributions and Donations | 26 | 1 290 000 | 66 562 | 1 290 000 | 66 562 |
| Other Revenue | | 1 425 187 | 861 390 | 1 425 187 | 861 390 |
| Fines | | 1 399 702 | 861 390 | 1 399 702 | 861 390 |
| Third Party Payments | | 25 484 | - | 25 484 | - |
| Revenue from Exchange Transactions | | 111 633 486 | 103 891 718 | 111 633 486 | 103 891 718 |
| Service Charges | 27 | 98 826 253 | 91 847 022 | 98 826 253 | 91 847 022 |
| Rental of Facilities and Equipment | | 5 177 452 | 5 013 761 | 5 177 452 | 5 013 761 |
| Interest Earned - external investments | | 1 889 339 | 2 049 891 | 1 889 339 | 2 049 891 |
| Interest Earned - outstanding debtors | 28 | 759 766 | 636 871 | 759 766 | 636 871 |
| Licences and Permits | | 962 721 | 1 036 463 | 962 721 | 1 036 463 |
| Agency Services | | 1 254 725 | 1 095 153 | 1 254 725 | 1 095 153 |
| Other Income | 29 | 2 763 231 | 2 212 557 | 2 763 231 | 2 212 557 |
| Total Revenue | | 220 660 058 | 226 183 240 | 220 660 058 | 226 183 240 |
| EXPENDITURE | | | | | |
| Employee related costs | 30 | 73 679 158 | 69 692 024 | 73 679 158 | 69 692 024 |
| Remuneration of Councillors | 31 | 3 287 800 | 3 076 960 | 3 287 800 | 3 076 960 |
| Debt Impairment | 33 | 2 968 851 | 2 179 110 | 2 968 851 | 2 179 110 |
| Depreciation and Amortisation | 34 | 8 244 648 | 7 174 942 | 8 244 648 | 7 174 942 |
| Impairments | 35 | 2 373 040 | 20 157 | 2 484 188 | 262 194 |
| Repairs and Maintenance | 36 | 10 163 161 | 11 960 114 | 10 163 161 | 11 960 114 |
| Actuarial losses | 4 | 2 773 662 | 2 022 024 | 2 773 662 | 2 022 024 |
| Finance Charges | 37 | 1 141 867 | 664 736 | 1 141 867 | 664 736 |
| Bulk Purchases | 38 | 54 260 605 | 49 044 131 | 54 260 605 | 49 044 131 |
| Contracted services | | 1 335 945 | 1 126 992 | 1 335 945 | 1 126 992 |
| General Expenses | 39 | 52 161 423 | 60 308 014 | 52 161 423 | 60 308 014 |
| Loss on disposal of PPE | | 1 266 201 | 6 774 616 | 1 266 201 | 6 774 616 |
| Total Expenditure | | 213 656 360 | 214 043 821 | 213 767 508 | 214 285 858 |
| NET SURPLUS FOR THE YEAR BEFORE DISCONTINUED OPERATIONS | | 7 003 699 | 12 139 420 | 6 892 550 | 11 897 382 |
| Discontinued Operations | 40 | (111 148) | (242 137) | - | - |
| NET SURPLUS FOR THE YEAR | | 6 892 550 | 11 897 282 | 6 892 550 | 11 897 382 |

CAPE AGULHAS LOCAL MUNICIPALITY

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2014

| | Valuation Roll Reserve | Housing Development Fund | Capital Replacement Reserve | Accumulated Surplus | Total |
|---|------------------------------|--------------------------------|-----------------------------------|------------------------|--------------------|
| | R | R | R | R | R |
| ECONOMIC ENTITY | | | | | |
| Balance at 1 JULY 2012 | 1 500 000 | 1 337 286 | 20 500 000 | 235 142 882 | 258 480 167 |
| Correction of error - Refer to note 41.13 | - | (1 337 286) | - | 15 429 033 | 14 091 747 |
| Restated Balance at 1 JULY 2012 | 1 500 000 | - | 20 500 000 | 250 571 915 | 272 571 915 |
| Net Surplus for the year | - | - | - | 11 897 282 | 11 897 282 |
| Transfer to/from CRR | - | - | 5 941 551 | (5 941 551) | - |
| Property, Plant and Equipment purchased | - | - | (9 941 551) | 9 941 551 | - |
| Transfer to Valuation Roll Reserve | 500 000 | - | - | (500 000) | - |
| Restated Balance at 1 JULY 2013 | 2 000 000 | - | 16 500 000 | 265 969 197 | 284 469 197 |
| Net Surplus for the year | - | - | - | 6 892 550 | 6 892 550 |
| Transfer to/from CRR | - | - | 14 565 063 | (14 565 063) | - |
| Property, Plant and Equipment purchased | - | - | (15 315 063) | 15 315 063 | - |
| Transfer from Valuation Roll Reserve | (2 000 000) | - | - | 2 000 000 | - |
| Balance at 30 JUNE 2014 | - | - | 15 750 000 | 275 611 747 | 291 361 747 |
| MUNICIPALITY | | | | | |
| Balance at 1 JULY 2012 | 1 500 000 | 1 337 286 | 20 500 000 | 235 142 882 | 258 480 167 |
| Correction of error - Refer to note 41.13 | - | (1 337 286) | - | 15 429 033 | 14 091 747 |
| Restated Balance at 1 JULY 2012 | 1 500 000 | - | 20 500 000 | 250 571 915 | 272 571 915 |
| Net Surplus for the year | - | - | - | 11 897 382 | 11 897 382 |
| Transfer to/from CRR | - | - | 5 941 551 | (5 941 551) | - |
| Property, Plant and Equipment purchased | - | - | (9 941 551) | 9 941 551 | - |
| Transfer to Valuation Roll Reserve | 500 000 | - | - | (500 000) | - |
| Restated Balance at 1 JULY 2013 | 2 000 000 | - | 16 500 000 | 265 969 297 | 284 469 297 |
| Net Surplus for the year | - | - | - | 6 892 550 | 6 892 550 |
| Transfer to/from CRR | - | - | 14 565 063 | (14 565 063) | - |
| Property, Plant and Equipment purchased | - | - | (15 315 063) | 15 315 063 | - |
| Transfer from Valuation Roll Reserve | (2 000 000) | - | - | 2 000 000 | - |
| Balance at 30 JUNE 2014 | - | - | 15 750 000 | 275 611 847 | 291 361 847 |

CAPE AGULHAS LOCAL MUNICIPALITY

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

| | Notes | ECONOMIC ENTITY | | MUNICIPALITY | |
|--|-----------|---------------------|---------------------|---------------------|---------------------|
| | | 2014 R | 2013 R | 2014 R | 2013 R |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | |
| Receipts | | | | | |
| Ratepayers and other | | 146 175 045 | 140 352 732 | 146 823 769 | 140 641 398 |
| Government | | 70 561 513 | 87 409 293 | 70 561 513 | 87 409 293 |
| Interest | | 2 660 457 | 2 711 961 | 2 660 457 | 2 711 961 |
| Payments | | | | | |
| Suppliers and employees | | (190 669 860) | (198 188 469) | (191 297 583) | (198 206 235) |
| Finance charges | 37 | (1 141 867) | (664 736) | (1 141 867) | (664 736) |
| Cash generated by operations | 43 | 27 585 288 | 31 620 781 | 27 606 289 | 31 891 681 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | | |
| Purchase of Property, Plant and Equipment | 12 | (30 565 147) | (33 290 105) | (30 565 147) | (33 248 808) |
| Proceeds on Disposal of Fixed Assets | | - | 164 858 | - | 229 958 |
| Decrease in Long-term Receivables | | 32 595 | 29 193 | 32 595 | 29 193 |
| Purchase of Intangible Assets | | (166 290) | (451 500) | (166 290) | (451 500) |
| Increase in Non-Current Investments | | - | - | (21 001) | (377 297) |
| Net Cash from Investing Activities | | (30 698 843) | (33 547 554) | (30 719 844) | (33 818 454) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | | |
| New loans raised | | 167 611 | 43 969 | 167 611 | 43 969 |
| Loans repaid | | (439 968) | (399 151) | (439 968) | (399 151) |
| Increase in Consumer Deposits | | 230 712 | 259 594 | 230 712 | 259 594 |
| Net Cash absorbed from Financing Activities | | (41 644) | (95 588) | (41 644) | (95 588) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | | | | | |
| | | (3 155 199) | (2 022 361) | (3 155 199) | (2 022 361) |
| Cash and Cash Equivalents at the beginning of the year | | 24 562 400 | 26 584 761 | 24 562 400 | 26 584 761 |
| Cash and Cash Equivalents at the end of the year | 44 | 21 407 201 | 24 562 400 | 21 407 201 | 24 562 400 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | | (3 155 199) | (2 022 361) | (3 155 199) | (2 022 361) |

CAPE AGULHAS LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

| | 2014 R (Actual) | 2014 R (Final budget) | 2014 R (Variance) | Explanations for material variances |
|--|-----------------------|-----------------------------|-------------------------|---|
| ASSETS | | | | |
| Current assets | | | | |
| Cash | 21 407 201 | 18 066 241 | 3 340 961 | |
| Consumer debtors | 18 001 132 | 15 394 365 | 2 606 767 | Variance in line with increase in payables on 30 June 2014 |
| Other Receivables | 190 677 | 629 577 | (438 900) | Actuals based on projected trends and legal cost debited to consumer accounts |
| Current portion of long-term receivables | 6 554 | 6 239 | 316 | Impairment of legal fees (R 484 000) not taken into account in final budget. |
| Inventory | 692 167 | 1 070 768 | (378 601) | Not regarded as material |
| Total current assets | 40 297 732 | 35 167 189 | 5 130 543 | Positive variance based on actual needs and final budget based on June 2013 figures. |
| Non current assets | | | | |
| Long-term receivables | 317 903 | 344 574 | (26 672) | Not regarded as material |
| Investments | - | 140 459 | (140 459) | Not regarded as material |
| Investment property | 40 694 286 | 35 706 914 | 4 987 373 | New properties identified in current year (restated retrospectively) |
| Property, plant and equipment | 276 472 683 | 264 370 579 | 12 102 104 | New properties identified in current year (restated retrospectively) |
| Intangible Assets | 564 809 | 487 662 | 77 147 | New additions not fully budgeted for. |
| Capitalised Restoration Cost | 17 756 682 | 18 650 201 | (893 519) | Reduction in restoration cost due to revised legislative requirements. |
| Total non current assets | 335 806 364 | 319 700 389 | 16 105 974 | |
| TOTAL ASSETS | 376 104 096 | 354 867 578 | 21 236 517 | |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Borrowing | 303 785 | 392 074 | (88 289) | Not regarded as material |
| Consumer deposits | 3 643 008 | 3 542 377 | 100 631 | Not regarded as material |
| Trade and other payables | 12 743 492 | 6 768 167 | 5 975 325 | Increase as a result of unspent housing funds on 30 June 2014. June 2014 EFT's only released in July. |
| Provisions and Employee Benefits | 9 660 601 | 6 277 602 | 3 382 999 | Provision of pro-rata bonuses not budgeted for. Increase in cost of L'Agulhas landfill site not anticipated in budget. |
| Total current liabilities | 26 350 886 | 16 980 220 | 9 370 666 | |
| Non current liabilities | | | | |
| Borrowing | 503 546 | 404 837 | 98 710 | Not regarded as material |
| Provisions and Employee Benefits | 57 887 916 | 56 118 006 | 1 769 910 | Variance mainly as a result of actuarial losses. |
| Total non current liabilities | 58 391 463 | 56 522 843 | 1 868 620 | |
| TOTAL LIABILITIES | 84 742 348 | 73 503 062 | 11 239 286 | |
| NET ASSETS | 291 361 747 | 281 364 516 | 9 997 231 | |
| COMMUNITY WEALTH | | | | |
| Accumulated Surplus/(Deficit) | 275 611 747 | 260 327 230 | 15 284 517 | Refer to impact of reasons provided above. |
| Reserves | 15 750 000 | 21 037 286 | (5 287 286) | Deviation based on the disestablishment of Valuation Roll Reserve as well as the utilisation of the Housing Development Fund. |
| TOTAL COMMUNITY WEALTH/EQUITY | 291 361 747 | 281 364 516 | 9 997 231 | |

CAPE AGULHAS LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014
ADJUSTMENTS TO APPROVED BUDGET

| | 2014 R | 2014 R | 2014 R | 2014 R | |
|--|--------------------|-------------------|--------------------|-----------|---|
| | (Approved Budget) | (Adjustments) | (Final Budget) | | Explanations for material adjustments |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash | 9 561 454 | 8 504 787 | 18 066 241 | | |
| Consumer debtors | 19 438 016 | (4 043 651) | 15 394 365 | | Cash adjustment aligned with closing actual balances on 30 June 2013. |
| Other Receivables | 955 036 | (325 459) | 629 577 | | Align receivables to incorporate impact of internal debtors incorrectly included. |
| Current portion of long-term receivables | 5 000 | 1 239 | 6 239 | | Adjustment to be in line with 2013 actual figures |
| Inventory | 1 070 768 | - | 1 070 768 | | Not regarded as material |
| Total current assets | <u>31 030 274</u> | <u>4 136 915</u> | <u>35 167 189</u> | | |
| Non current assets | | | | | |
| Long-term receivables | 370 306 | (25 732) | 344 574 | | Not regarded as material |
| Investment property | 36 591 909 | (884 996) | 35 706 914 | | Adjustment to be in line with 2013 actual figures |
| Property, plant and equipment | 260 037 505 | 4 333 075 | 264 370 579 | | Adjustment to be in line with 2013 actual figures |
| Intangible Assets | 44 463 | 443 199 | 487 662 | | Adjustment to be in line with 2013 actual figures |
| Capitalised Restoration Cost | 8 910 879 | 9 739 322 | 18 650 201 | | Adjustment to be in line with 2013 actual figures |
| Total non current assets | <u>305 955 062</u> | <u>13 745 327</u> | <u>319 700 389</u> | | |
| TOTAL ASSETS | <u>336 985 336</u> | <u>17 882 242</u> | <u>354 867 578</u> | | |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Borrowing | 231 599 | 160 475 | 392 074 | | Adjustment to be in line with 2013 actual figures |
| Consumer deposits | 3 542 377 | - | 3 542 377 | | |
| Trade and other payables | 8 090 774 | (1 322 607) | 6 768 167 | | Adjustment to be in line with 2013 actual figures |
| Provisions and Employee Benefits | 5 097 515 | 1 180 087 | 6 277 602 | | Adjustment to be in line with 2013 actual figures |
| Total current liabilities | <u>16 962 265</u> | <u>17 955</u> | <u>16 980 220</u> | | |
| Non current liabilities | | | | | |
| Borrowing | 399 241 | 5 596 | 404 837 | | Not regarded as material |
| Provisions and Employee Benefits | 40 831 773 | 15 286 233 | 56 118 006 | | Adjustment to be in line with 2013 actual figures taking into account the revised estimated for rehabilitation costs on 30 June 2013. |
| Total non current liabilities | <u>41 231 014</u> | <u>15 291 829</u> | <u>56 522 843</u> | | |
| TOTAL LIABILITIES | <u>58 193 279</u> | <u>15 309 783</u> | <u>73 503 062</u> | | |
| NET ASSETS | <u>278 792 057</u> | <u>2 572 459</u> | <u>281 364 517</u> | | |
| COMMUNITY WEALTH | | | | | |
| Accumulated Surplus/(Deficit) | 257 054 772 | 3 272 459 | 260 327 230 | | Refer to impact of reasons provided above. |
| Reserves | 21 737 286 | (700 000) | 21 037 286 | | Adjustment to be in line with 2013 actual figures |
| TOTAL COMMUNITY WEALTH/EQUITY | <u>278 792 057</u> | <u>2 572 459</u> | <u>281 364 517</u> | | |

CAPE AGULHAS LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

| | 2014 R (Actual) | 2014 R (Final Budget) | 2014 R (Variance) | Explanations for material variances |
|---|-----------------------|-----------------------------|-------------------------|---|
| REVENUE BY SOURCE | | | | |
| Property rates | 39 325 113 | 39 102 555 | 222 558 | % Deviation not material |
| Service charges | 98 826 253 | 100 057 035 | (1 230 782) | % Deviation not material and as a result of decline in electricity consumption. |
| Rental of facilities and equipment | 5 177 452 | 5 898 432 | (720 980) | Deviation due to economic down turn i.r.o. Holiday Resorts |
| Interest earned - external investments | 1 889 339 | 1 650 000 | 239 339 | Deviation due to higher surplus cash available and interest rate than expected |
| Interest earned - outstanding debtors | 759 766 | 737 230 | 22 536 | % Deviation not material |
| Fines | 1 399 702 | 1 186 416 | 213 286 | Deviation due to implementation of IGRAP 1 on the recognition of fines |
| Licences and permits | 962 721 | 1 244 013 | (281 292) | Over budget in terms of actual revenue projection |
| Agency services | 1 254 725 | 1 230 400 | 24 325 | % Deviation not material |
| Government Grants and Subsidies - Operating | 51 548 897 | 61 237 078 | (9 688 181) | Mainly due to unspent portion of grants at year end. |
| Other revenue | 4 078 715 | 4 024 953 | 53 762 | % Deviation not material |
| Total Operating Revenue | 205 222 682 | 216 368 112 | (11 145 430) | |
| EXPENDITURE BY TYPE | | | | |
| Employee related costs | 73 679 158 | 76 210 295 | (2 531 137) | Underspending due to vacant positions not filled accordingly |
| Remuneration of councillors | 3 287 800 | 3 337 988 | (50 188) | % Deviation not material |
| Debt impairment | 2 968 851 | 1 110 000 | 1 858 851 | Due to the increase outstanding debt as well as a decrease in collection rate. |
| Depreciation & asset impairment | 10 617 688 | 7 013 631 | 3 604 057 | Deviation due to correction of asset useful lives and additions not sufficient budgeted |
| Finance charges | 1 141 867 | 1 198 966 | (57 099) | % Deviation not material |
| Bulk purchases | 54 260 605 | 53 325 000 | 935 605 | % Deviation not material |
| Contracted services | 1 335 945 | 977 800 | 358 145 | Unrealistic budget estimates not aligned to actual expenditure needs. |
| Other expenditure | 65 119 205 | 76 371 747 | (11 252 542) | Mainly due to unspent portion of grants at year end. |
| Loss on disposal of PPE | 1 356 390 | - | 1 356 390 | Assets written-off and disposed for which none was budgeted |
| Total Operating Expenditure | 213 767 508 | 219 545 427 | (5 777 919) | |
| Operating Deficit for the year | (8 544 826) | (3 177 315) | (5 367 511) | |
| Government Grants and Subsidies - Capital | 15 437 376 | 13 621 793 | 1 815 583 | Deviation due to ad hoc capital grants received after adjustment budget timeframe |
| Net Surplus for the year | 6 892 550 | 10 444 478 | (3 551 928) | |

CAPE AGULHAS LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

ADJUSTMENTS TO APPROVED BUDGET

| | 2014 R | 2014 R | 2014 R | Reasons for material adjustments |
|---|--------------------|--------------------|--------------------|---|
| REVENUE BY SOURCE | (Approved Budget) | (Adjustments) | (Final Budget) | |
| Property rates | 39 102 555 | - | 39 102 555 | |
| Service charges | 103 280 640 | (3 223 605) | 100 057 035 | Correction of the treatment of internal revenue. |
| Rental of facilities and equipment | 5 898 432 | - | 5 898 432 | |
| Interest earned - external investments | 1 650 000 | - | 1 650 000 | |
| Interest earned - outstanding debtors | 737 230 | - | 737 230 | |
| Fines | 1 186 416 | - | 1 186 416 | |
| Licences and permits | 1 244 013 | - | 1 244 013 | |
| Agency services | 1 230 400 | - | 1 230 400 | |
| Government Grants and Subsidies - Operating | 62 543 333 | (1 306 255) | 61 237 078 | Adjustment based on projected expenditure estimates for recognition |
| Other revenue | 4 024 953 | - | 4 024 953 | |
| Total Operating Revenue | 220 897 972 | (4 529 860) | 216 368 112 | |
| | | | | |
| EXPENDITURE BY TYPE | | | | |
| Employee related costs | 77 028 667 | (818 372) | 76 210 295 | Adjustment due to projected savings |
| Remuneration of councillors | 3 337 988 | - | 3 337 988 | |
| Debt impairment | 1 110 000 | - | 1 110 000 | |
| Depreciation & asset impairment | 6 774 631 | 239 000 | 7 013 631 | % Deviation not material |
| Finance charges | 277 035 | 921 931 | 1 198 966 | Adjustments necessary due to the identification of finances leases for recording. Increase in unwinding of interest on landfill site provision. |
| Bulk purchases | 50 900 000 | 2 425 000 | 53 325 000 | Adjustment due to actual expenditure projections |
| Contracted services | 1 190 600 | (212 800) | 977 800 | Adjustments based on projected expenditure trends |
| Other expenditure | 82 880 621 | (6 508 874) | 76 371 747 | Adjustments based on projected expenditure trends and unspent operating grants |
| Total Operating Expenditure | 223 499 542 | (3 954 115) | 219 545 427 | |
| Operating Deficit for the year | (2 601 570) | (575 745) | (3 177 315) | |
| Government Grants and Subsidies - Capital | 13 416 667 | 205 126 | 13 621 793 | % Deviation not material |
| Net Surplus/(Deficit) for the year | 10 815 097 | (370 619) | 10 444 478 | |

CAPE AGULHAS LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

| | 2014 R | 2014 R (Final Budget) | 2014 R (Variance) | Explanations for material variances |
|--|---------------------|-----------------------------|-------------------------|---|
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Ratepayers and other | 146 175 045 | 157 158 050 | (10 983 005) | |
| Government | 70 561 513 | 72 435 000 | (1 873 487) | Increase in receivables combined with a decrease in service charges |
| Interest | 2 660 457 | 2 067 588 | 592 869 | Ad hoc grants not budgeted for. More surplus cash than anticipated |
| Payments | | | | |
| Suppliers and Employees | (190 669 860) | (210 485 618) | 19 815 758 | Unspent grants at year end and cost savings |
| Finance charges | (1 141 867) | (1 198 966) | 57 099 | Not regarded as material |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | <u>27 585 288</u> | <u>19 976 054</u> | <u>7 609 234</u> | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Receipts | | | | |
| Decrease/(increase) in non-current receivables | 32 595 | 6 239 | 26 356 | Not regarded as material |
| Payments | | | | |
| Capital assets | (30 731 437) | (26 339 593) | (4 391 844) | Regional Bulk Infrastructure Grant expenditure to be recovered in 2013/2014 |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | <u>(30 698 843)</u> | <u>(26 333 354)</u> | <u>(4 365 488)</u> | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Receipts | | | | |
| Borrowing | 167 611 | - | 167 611 | Finance leases not budgeted for. |
| Increase/(decrease) in consumer deposits | 230 712 | 130 081 | 100 631 | Not regarded as material |
| Payments | | | | |
| Repayment of borrowing | (439 968) | (268 939) | (171 029) | Finance leases not budgeted for. |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | <u>(41 644)</u> | <u>(138 859)</u> | <u>97 214</u> | |
| NET INCREASE/(DECREASE) IN CASH HELD | <u>(3 155 199)</u> | <u>(6 496 159)</u> | <u>3 340 961</u> | |
| Cash and Cash Equivalents at the beginning of the year | 24 562 400 | 24 562 400 | - | |
| Cash and Cash Equivalents at the end of the year | 21 407 201 | 18 066 241 | 3 340 961 | Increase as a result of unspent housing funds on 30 June 2014. June 2014 EFT's only released in July. |

CAPE AGULHAS LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

ADJUSTMENTS TO APPROVED BUDGET

| | 2014 R | 2014 R | 2014 R | 2014 R | |
|--|---------------------|--------------------|---------------------|---------------------|---|
| | (Approved Budget) | (Adjustments) | (Final Budget) | (Final Budget) | Reasons for material adjustments |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | |
| Receipts | | | | | |
| Ratepayers and other | 160 312 864 | (3 154 814) | 157 158 050 | 157 158 050 | Correction of internal service charges |
| Government | 75 960 000 | (3 525 000) | 72 435 000 | 72 435 000 | Additional ad hoc allocation received |
| Interest | 2 067 588 | - | 2 067 588 | 2 067 588 | |
| Payments | | | | | |
| Suppliers and Employees | (220 395 619) | 9 910 001 | (210 485 618) | (210 485 618) | Projected savings on expenditure |
| Finance charges | (277 035) | (921 931) | (1 198 966) | (1 198 966) | Adjustments necessary due to the identification of finances leases for recording. Increase in unwinding of interest on landfill site provision. |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | <u>17 667 798</u> | <u>2 308 256</u> | <u>19 976 054</u> | <u>19 976 054</u> | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Receipts | | | | | |
| Decrease/(increase) in non-current receivables | 5 000 | 1 239 | 6 239 | 6 239 | Not regarded as material |
| Payments | | | | | |
| Capital assets | (24 484 467) | (1 855 126) | (26 339 593) | (26 339 593) | Additional ad hoc allocation received |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | <u>(24 479 467)</u> | <u>(1 853 887)</u> | <u>(26 333 354)</u> | <u>(26 333 354)</u> | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Receipts | | | | | |
| Increase/(decrease) in consumer deposits | 200 512 | (70 431) | 130 081 | 130 081 | Not regarded as material |
| Payments | | | | | |
| Repayment of borrowing | (399 764) | 130 825 | (268 939) | (268 939) | |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | <u>(199 252)</u> | <u>60 394</u> | <u>(138 859)</u> | <u>(138 859)</u> | |
| NET INCREASE/(DECREASE) IN CASH HELD | <u>(7 010 921)</u> | <u>514 762</u> | <u>(6 496 159)</u> | <u>(6 496 159)</u> | |
| Cash and Cash Equivalents at the beginning of the year | 16 572 374 | 7 990 026 | 24 562 400 | 24 562 400 | |
| Cash and Cash Equivalents at the end of the year | 9 561 453 | 8 504 788 | 18 066 241 | 18 066 241 | Cash adjustment aligned with closing actual balances on 30 June 2013. |

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED

30 JUNE 2014

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

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

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8,10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board

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

| Standard | Description | Effective Date |
|---------------------------|-----------------|----------------|
| GRAP 5 (Revised Feb 2013) | Borrowing Costs | 1 April 2014 |

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

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

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

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

1.2. PRESENTATION CURRENCY

Amounts reflected in the consolidated financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

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

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual consolidated 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. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2013 to 30 June 2014. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

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

Explanations for material differences between the approved and final budget are included in the Notes to the Consolidated financial statements.

Explanations for material differences between the final budget amounts and actual amounts are included the Notes to the Consolidated financial statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the consolidated 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 operating expenditure. This materiality figure is from management's perspective and does not correlate with the auditor's materiality.

1.7. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

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

| Standard | Description | Effective Date |
|---|--|--|
| <p>GRAP 6 (Revised – Nov 2010)</p> | <p>Consolidated and Separate Financial Statements</p> <p>The objective of this Standard is to prescribe the circumstances in which consolidated and separate financial statements are to be prepared and the information to be included in those financial statements so that the consolidated financial statements reflect the financial performance, financial position and cash flows of an economic entity as a single entity.</p> <p>The Municipality acquired a 100% stake in an entity in the prior year. However, due to the immaterial nature of the entity's operations and the fact that the Municipality resolved to de-register the entity on 28 May 2013, no significant impact is expected when the Standard eventually becomes effective.</p> | <p>Unknown (Original GRAP is Effective)</p> |
| <p>GRAP 8 (Revised – Nov 2010)</p> | <p>Interest in Joint Ventures</p> <p>The objective of this Standard is to prescribe the accounting treatment of jointly controlled operations, jointly controlled assets and jointly controlled entities and to provide alternatives for the recognition of interests in jointly controlled entities.</p> <p>No significant impact is expected as the Economic Entity is not involved in any joint ventures.</p> | <p>Unknown (Original GRAP is Effective)</p> |
| <p>GRAP 18 (Original – Feb 2011)</p> | <p>Segment Reporting</p> <p>The objective of this Standard is to establish principles for reporting financial information by segments.</p> <p>No significant impact is expected as information to a large extent is already included in the appendices to the consolidated financial statements which do not form part of the audited consolidated financial statements.</p> | <p>1 April 2015</p> |

| | | |
|--|---|----------------------------|
| <p>GRAP 20 (Original – June 2011)</p> | <p>Related Party Disclosure</p> <p>The objective of this Standard is to ensure that a Economic Entity’s consolidated financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Economic Entity resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the consolidated financial statements.</p> | <p>Unknown</p> |
| <p>GRAP 32 (Original – Aug 2013)</p> | <p>Service Concession Arrangements: Grantor</p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.</p> <p>No such transactions or events are expected in the foreseeable future.</p> | <p>Unknown</p> |
| <p>GRAP 100 (Revised –Feb 2013)</p> | <p>Discontinued Operations (formerly known as Non-current assets held for Sale and Discontinued Operations)</p> <p>The objective of the standard is to prescribe the treatment of discontinued operations.</p> <p>No significant impact expected as the Economic Entity does not expect to have any discontinued operations in the foreseeable future.</p> | <p>1 April 2014</p> |
| <p>GRAP 105 (Original – Nov 2010)</p> | <p>Transfer of Functions Between Entities Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p> | <p>1 April 2015</p> |
| <p>GRAP 106 (Original – Nov 2010)</p> | <p>Transfer of Functions Between Entities Not Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p> | <p>1 April 2015</p> |

| | | |
|---|---|----------------------------|
| <p>GRAP 107 (Original – Nov 2010)</p> | <p>Mergers The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p> | <p>1 April 2015</p> |
| <p>GRAP 108 (Original – Sept 2013)</p> | <p>Statutory Receivables The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>No significant impact is expected as the Economic Entity's current treatment is already in line with the Standards treatment.</p> | <p>Unknown</p> |
| <p>IGRAP 11</p> | <p>Consolidation - Special Purpose Entities (SPE) The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE.</p> <p>No significant impact is expected as the Economic Entity does not have any SPE's at this stage.</p> | <p>Unknown</p> |
| <p>IGRAP 12</p> | <p>Jointly Controlled Entities non-monetary contributions The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venture to a Jointly Controlled Entity (JCE).</p> <p>No significant impact is expected as the Economic Entity does not have any JCE's at this stage.</p> | <p>Unknown</p> |

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

1.8. RESERVES

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

The CRR must be cash backed and the Director Financial Services is delegated to determine the contribution to/from the CRR during the compilation of the annual consolidated financial statements.

1.8.2 Housing Development Fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government, used to finance housing selling schemes undertaken by the Economic Entity, were extinguished on 1 April 1998 and transferred to the Housing Development Fund. Housing selling schemes, both completed and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sale of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing. This reserve was fully utilised in prior years.

1.8.3 Valuation Roll Reserve

The aim of this reserve is to ensure sufficient cash resources are available to undertake a General Valuation as per the Municipal Property Rates Act. This reserve was released to accumulated surplus in the current year.

1.9. LEASES

1.9.1 Economic Entity 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 Economic Entity. 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 Economic Entity uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

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

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

1.9.2 Economic Entity as Lessor

Under a finance lease, the Economic Entity 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 Economic Entity, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

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

1.10. GOVERNMENT GRANTS AND RECEIPTS

1.10.1 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 and subsidies.

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 Economic Entity 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 Economic Entity's interest it is recognised as interest earned in the Statement of Financial Performance.

1.10.2 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.

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

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

1.11. UNSPENT PUBLIC CONTRIBUTIONS

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

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

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

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

1.12. PROVISIONS

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

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

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

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

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

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

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

1.13. EMPLOYEE BENEFITS

(a) *Post-Retirement Medical Obligations*

The Economic Entity 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% is 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 Economic Entity 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 are charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

(b) *Long Service Awards*

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Economic Entity. The Economic Entity'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 are charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

(c) *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.

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

Accumulated leave is vesting.

(d) *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.

(e) *Pension and Retirement Fund Obligations*

The Economic Entity 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.

(f) *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.

(g) *Other Short-term Employee Benefits*

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

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

1.14. BORROWING COSTS

The Economic Entity recognises all borrowing costs as an expense in the period in which they are incurred.

1.15. PROPERTY, PLANT AND EQUIPMENT

1.15.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Economic Entity. 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 Economic Entity 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 Economic Entity expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.15.2 Subsequent Measurement – Cost Model

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

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

1.15.3 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> | |
| Streets and Stormwater | 8 – 100 | Buildings | 100 |
| Solid Waste | 10 – 64 | Specialist vehicles | 12 - 30 |
| Electricity | 10 - 64 | Other vehicles | 10 - 15 |
| Water | 12 - 102 | Office equipment | 2 - 30 |
| Sewerage and sanitation | 13 - 89 | Furniture and fittings | 10 - 30 |
| | | Tools and equipment | 5 - 30 |
| | | Equipment | 5 - 50 |
| <u>Community</u> | | Tables | 10 - 30 |
| Recreational Facilities | 5-50 | Chairs | 10 - 30 |
| Clinics | 100 | Computer equipment | 3 - 10 |
| Halls | 10 – 100 | Landfill Sites | 9 – 68 |
| Libraries | 10 - 100 | | |
| Parks and gardens | 30 | | |
| Sport Facilities | 10 - 100 | | |

Finance lease assets

| | |
|------------------|-------|
| Office equipment | 3 – 5 |
| Vehicles | 5 |

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

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

1.15.5 De-recognition

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

1.16. INTANGIBLE ASSETS

1.16.1 Initial Recognition

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

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

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

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

Intangible assets are initially recognised at cost.

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

1.16.2 Subsequent Measurement – Cost Model

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

1.16.3 Amortisation and Impairment

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

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

1.16.4 De-recognition

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

1.17. INVESTMENT PROPERTY

1.17.1 Initial Recognition

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

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

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

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

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

1.17.2 Subsequent Measurement – Cost Model

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

1.17.3 Depreciation and Impairment – Cost Model

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 | 100 |
| Land | Indefinite |

1.17.4 De-recognition

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

1.18. NON-CURRENT ASSETS HELD FOR SALE

1.18.1 Initial Recognition

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

1.18.2 Subsequent Measurement

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

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

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

1.19. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.19.1 Cash-generating assets

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

The Economic Entity 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 Economic Entity 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 Economic Entity 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.

1.19.2 Non-cash-generating assets

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

The Economic Entity 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 Economic Entity 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:

- *depreciated 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 to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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

The Economic Entity 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 Economic Entity estimates the recoverable service amount of that asset.

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

1.20. 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.

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.

1.21. INVENTORIES

1.21.1 Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories shall be recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Economic Entity 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.

1.21.2 Subsequent Measurement

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

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

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

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network. Water inventory is recognised at cost.

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

1.22. 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).

1.22.1 *Initial Recognition*

Financial instruments are initially recognised when the Economic Entity 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

1.22.2 *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.

1.22.2.1 Receivables

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

For amounts due from debtors carried at amortised cost, the Economic Entity 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. If the Economic Entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

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

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

1.22.2.2 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.

1.22.2.3 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 Economic Entity 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.

1.22.2.4 Non-Current Investments

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

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

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

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

1.22.3 De-recognition of Financial Instruments

1.22.3.1 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 Economic Entity 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 Economic Entity has transferred substantially all the risks and rewards of the asset, or (b) the Economic Entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Economic Entity 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 Economic Entity's continuing involvement is the amount of the transferred asset that the Economic Entity 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 Economic Entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.22.3.2 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.

1.22.4 **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.

1.23. REVENUE

1.23.1 **Revenue from Non-Exchange Transactions**

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

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

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Economic Entity does not enforce its obligation to collect the revenue, is a subsequent event. 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. Fine revenue is recognised when the spot fine or summons are issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised when monies are received, as the Economic Entity does not have any control over fines issued by other government institutes. The policy relating to fines were adjusted in the current year to be in line with the prospective application of the revised IGRAP 1.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Economic Entity. Where public contributions have been received but the Economic Entity 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 Economic Entity.

After a period of twelve months all unclaimed deposits into the Economic Entity's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognised all unclaimed monies older than twelve months as revenue.

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 is virtually certain.

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

When, as a result of a non-exchange transaction, a Economic Entity 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.

1.23.2 Revenue from Exchange Transactions

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

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

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. An adjustment is made at year-end for unused units.

Service charges relating to refuse removal are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage.

Service charges from sanitation (sewerage) are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements.

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

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.

1.24. RELATED PARTIES

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

A related party is a person or an entity:

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

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

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

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

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

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

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

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

Management personnel include:

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

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

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

1.25. UNAUTHORISED EXPENDITURE

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

1.25. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 200), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Economic Entity's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.23. FRUITLESS AND WASTEFUL EXPENDITURE

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

1.27. CONTINGENT LIABILITIES

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. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Economic Entity'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 consolidated financial statements:

Post-Retirement Medical Obligations and Long Service Awards

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

Impairment of Receivables

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

Property, Plant and Equipment

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

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

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

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

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

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

Intangible Assets

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

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

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

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

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

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

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

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 Economic Entity, 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 Economic Entity is satisfied that recognition of the revenue in the current year is appropriate.

Provision for Landfill Sites

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

Management referred to the following when making assumptions regarding provisions:

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

Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by council.

Provision for Staff leave

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

Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year end that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days' worth of unused electricity.

Componentisation of infrastructure assets

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

1.29. 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.

1.30. CAPITAL COMMITMENTS

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

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

1.32. CONSOLIDATED FINANCIAL STATEMENTS

The Economic Entity's annual financial statements incorporate the annual financial statements of the parent entity, Cape Agulhas Local Municipality, and all its municipal entities, presented as a single entity and consolidated at the same reporting date as the parent entity.

Municipal entities are all controlled entities over which the Municipality has ownership control or effective control to govern the financial and operating policies of such controlled entities so as to benefit from its activities.

All inter-entity transactions and balances, unrealized gains and losses within the Economic Entity are eliminated upon consolidation. Where appropriate the accounting policies of controlled entities conform to the policies adopted by the Municipality.

1.33. TAXATION

1.33.1 *Current tax assets and liabilities*

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

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

1.33.2 *Deferred tax assets and liabilities*

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

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

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

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

1.33.3 *Tax expenses*

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

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

CAPE AGULHAS LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

| | ECONOMIC ENTITY | | MUNICIPALITY | |
|--|-------------------------------------|--------------------|-------------------------------------|--------------------|
| | 2014 R | 2013 R | 2014 R | 2013 R |
| 2 | NET ASSET RESERVES | | | |
| RESERVES | 291 361 847 | 284 469 297 | 291 361 847 | 284 469 297 |
| Capital Replacement Reserve | 15 750 000 | 16 500 000 | 15 750 000 | 16 500 000 |
| Valuation Roll Reserve | - | 2 000 000 | - | 2 000 000 |
| Accumulated Surplus | 275 611 847 | 265 969 297 | 275 611 847 | 265 969 297 |
| Total Net Asset Reserve and Liabilities | 291 361 847 | 284 469 297 | 291 361 847 | 284 469 297 |
| 3 | LONG TERM LIABILITIES | | | |
| Annuity Loans - At amortised cost | 559 910 | 698 721 | 559 910 | 698 721 |
| Capitalised Lease Liability - At amortised cost | 247 421 | 380 967 | 247 421 | 380 967 |
| Balance previously reported | 367 130 | 367 130 | 367 130 | 367 130 |
| Correction of error - Refer to note 41.01 | 13 837 | 13 837 | 13 837 | 13 837 |
| | 807 331 | 1 079 687 | 807 331 | 1 079 687 |
| Less: Current Portion transferred to Current Liabilities | 303 785 | 423 546 | 303 785 | 423 546 |
| Annuity Loans - At amortised cost | 160 467 | 138 864 | 160 467 | 138 864 |
| Capitalised Lease Liability - At amortised cost | 143 318 | 284 682 | 143 318 | 284 682 |
| Balance previously reported | 275 098 | 275 098 | 275 098 | 275 098 |
| Correction of error - Refer to note 41.01 | 9 584 | 9 584 | 9 584 | 9 584 |
| Total Long-term Liabilities - At amortised cost using the effective interest rate method | 503 546 | 656 142 | 503 546 | 656 142 |
| Annuity loans at amortised cost is calculated at 15.00% interest rate a maturity date of 30 June 2017. | | | | |
| The obligations under annuity loans are scheduled below: | | | | |
| | Minimum annuity payments | | Minimum annuity payments | |
| Amounts payable under annuity loans: | | | | |
| Payable within one year | 238 724 | 238 724 | 238 724 | 238 724 |
| Payable within two to five years | 477 180 | 715 942 | 477 180 | 715 942 |
| | 715 904 | 954 666 | 715 904 | 954 666 |
| Less: Future finance obligations | (155 994) | (255 946) | (155 994) | (255 946) |
| Present value of annuity obligations | 559 910 | 698 721 | 559 910 | 698 721 |
| The obligations under finance leases are scheduled below: | | | | |
| | Minimum lease payments | | Minimum lease payments | |
| Amounts payable under finance leases: | | | | |
| Payable within one year | 157 571 | 307 272 | 157 571 | 307 272 |
| Payable within two to five years | 112 152 | 99 163 | 112 152 | 99 163 |
| | 269 723 | 406 434 | 269 723 | 406 434 |
| Less: Future finance obligations | (22 302) | (25 467) | (22 302) | (25 467) |
| Present value of lease obligations | 247 421 | 380 967 | 247 421 | 380 967 |
| Leases are secured by property, plant and equipment - Note 12 | | | | |
| 4 | EMPLOYEE BENEFITS | | | |
| Post Retirement Benefits - Refer to Note 4.2 | 31 880 012 | 26 574 560 | 31 880 012 | 26 574 560 |
| Long Service Awards - Refer to Note 4.3 | 4 682 449 | 3 799 086 | 4 682 449 | 3 799 086 |
| Total Non-current Employee Benefit Liabilities | 36 562 461 | 30 373 646 | 36 562 461 | 30 373 646 |
| Post Retirement Benefits | | | | |
| Balance 1 July | 27 264 704 | 23 046 325 | 27 264 704 | 23 046 325 |
| Contribution for the year | 3 817 731 | 3 204 815 | 3 817 731 | 3 204 815 |
| Expenditure for the year | (718 854) | (646 958) | (718 854) | (646 958) |
| Actuarial Loss | 2 273 367 | 1 660 522 | 2 273 367 | 1 660 522 |
| Total post retirement benefits 30 June | 32 636 948 | 27 264 704 | 32 636 948 | 27 264 704 |
| Less: Transfer of Current Portion - Note 7 | (756 936) | (690 144) | (756 936) | (690 144) |
| Balance 30 June | 31 880 012 | 26 574 560 | 31 880 012 | 26 574 560 |

CAPE AGULHAS LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

| | ECONOMIC ENTITY | | MUNICIPALITY | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2014 R | 2013 R | 2014 R | 2013 R |
| <u>Long Service Awards</u> | | | | |
| Balance 1 July | 4 074 905 | 3 324 864 | 4 074 905 | 3 324 864 |
| Contribution for the year | 669 006 | 658 861 | 669 006 | 658 861 |
| Expenditure for the year | (230 626) | (270 322) | (230 626) | (270 322) |
| Actuarial Loss/(Gain) | 500 295 | 361 502 | 500 295 | 361 502 |
| Total long service 30 June | 5 013 580 | 4 074 905 | 5 013 580 | 4 074 905 |
| Less: Transfer of Current Portion - Note 7 | (331 131) | (275 819) | (331 131) | (275 819) |
| Balance 30 June | 4 682 449 | 3 799 086 | 4 682 449 | 3 799 086 |
| <u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u> | | | | |
| Balance 1 July | 31 339 609 | 26 371 189 | 31 339 609 | 26 371 189 |
| Contribution for the year | 4 486 737 | 3 863 676 | 4 486 737 | 3 863 676 |
| Expenditure for the year | (949 480) | (917 280) | (949 480) | (917 280) |
| Actuarial Loss/(Gain) | 2 773 662 | 2 022 024 | 2 773 662 | 2 022 024 |
| Total employee benefits 30 June | 37 650 528 | 31 339 609 | 37 650 528 | 31 339 609 |
| Less: Transfer of Current Portion - Note 7 | (1 088 067) | (965 963) | (1 088 067) | (965 963) |
| Balance 30 June | 36 562 461 | 30 373 646 | 36 562 461 | 30 373 646 |

4.1 Retirement funds

The Economic Entity requested detailed employee and pensioner information as well as information on the Economic Entity'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 Economic Entity is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Economic Entity's process to value the defined benefit liabilities, the Economic Entity 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 Economic Entity. Without detailed pensioner data the Economic Entity was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

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

CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in a sound financial position with a funding level of 99.70% (30 June 2012 - 99.40%).

| | | | | |
|---|---------|--------|---------|--------|
| Contributions paid recognised in the Statement of Financial Performance | 116 197 | 56 128 | 116 197 | 56 128 |
|---|---------|--------|---------|--------|

CAPE RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in a sound financial position with a funding level of 105.1% (30 June 2012 - 108.0%).

| | | | | |
|---|-----------|-----------|-----------|-----------|
| Contributions paid recognised in the Statement of Financial Performance | 5 915 234 | 5 206 002 | 5 915 234 | 5 206 002 |
|---|-----------|-----------|-----------|-----------|

DEFINED CONTRIBUTION FUNDS

Council contribute to the Municipal Council Pension 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

| | | | | |
|------------------------------------|------------------|------------------|------------------|------------------|
| Municipal Councillors Pension Fund | 256 397 | 242 553 | 256 397 | 242 553 |
| SAMWU National Provident Fund | 833 419 | 807 876 | 833 419 | 807 876 |
| | 1 089 816 | 1 050 429 | 1 089 816 | 1 050 429 |

CAPE AGULHAS LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

| | ECONOMIC ENTITY | | MUNICIPALITY | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2014 R | 2013 R | 2014 R | 2013 R |
| 4.2 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 | 94 | 92 | 94 | 92 |
| In-service (employee) non-members | 196 | 194 | 196 | 194 |
| Continuation members (e.g. Retirees, widows, orphans) | 23 | 23 | 23 | 23 |
| Total Members | 313 | 309 | 313 | 309 |
| The liability in respect of past service has been estimated to be as follows: | | | | |
| In-service members | 20 294 416 | 16 097 224 | 20 294 416 | 16 097 224 |
| Continuation members | 12 342 532 | 11 167 480 | 12 342 532 | 11 167 480 |
| Total Liability | 32 636 948 | 27 264 704 | 32 636 948 | 27 264 704 |
| The liability in respect of periods commencing prior to the comparative year has been estimated as follows for both the Municipality and Economic Entity: | | | | |
| | | 2012 R | 2011 R | 2010 R |
| Total Liability | | 23 046 325 | 20 733 698 | 16 704 011 |
| Experience adjustments were calculated as follows for both the Municipality and Economic Entity: | | | | |
| | | 2014 R m | 2013 R m | 2011 R m |
| Liabilities: (Gain) / loss | | (0.085) | 0.878 | 0.544 |
| Assets: Gain / (loss) | | - | - | - |
| The Economic Entity makes monthly contributions for health care arrangements to the following medical aid schemes: | | | | |
| Bonitas; LA Health Hosmed Samwumed; and Keyhealth. | | | | |
| The Future-service Cost for the ensuing year is estimated to be R 1 681 639, whereas the Interest-Cost for the next year is estimated to be R 2 970 825. | | | | |
| Key actuarial assumptions used: | | | | |
| | 2014 % | 2013 % | 2014 % | 2013 % |
| i) Rate of interest | | | | |
| Discount rate | 9.21% | 8.99% | 9.21% | 8.99% |
| Health Care Cost Inflation Rate | 8.34% | 7.72% | 8.34% | 7.72% |
| Net Effective Discount Rate | 0.80% | 1.18% | 0.80% | 1.18% |
| The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping" | | | | |
| ii) Mortality rates | | | | |
| The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries. | | | | |
| iii) Normal retirement age | | | | |
| It has been assumed that in-service members will retire at age 65, which then implicitly allows for expected rates of early and ill-health retirement. | | | | |
| iv) Valuation reports | | | | |
| The last valuation was performed on 22 July 2014. | | | | |
| The amounts recognised in the Statement of Financial Position are as follows: | | | | |
| | 2014 R | 2013 R | 2014 R | 2013 R |
| Present value of fund obligations | 32 636 948 | 27 264 704 | 32 636 948 | 27 264 704 |
| Net liability | 32 636 948 | 27 264 704 | 32 636 948 | 27 264 704 |
| The liability is unfunded. | | | | |

CAPE AGULHAS LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

| | ECONOMIC ENTITY | | MUNICIPALITY | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2014 R | 2013 R | 2014 R | 2013 R |
| Reconciliation of present value of fund obligation: | | | | |
| Present value of fund obligation at the beginning of the year | 27 264 704 | 23 046 325 | 27 264 704 | 23 046 325 |
| Total expenses | 3 098 877 | 2 557 857 | 3 098 877 | 2 557 857 |
| Current service cost | 1 396 352 | 1 220 237 | 1 396 352 | 1 220 237 |
| Interest Cost | 2 421 379 | 1 984 578 | 2 421 379 | 1 984 578 |
| Benefits Paid | (718 854) | (646 958) | (718 854) | (646 958) |
| Actuarial losses | 2 273 367 | 1 660 522 | 2 273 367 | 1 660 522 |
| Present value of fund obligation at the end of the year | 32 636 948 | 27 264 704 | 32 636 948 | 27 264 704 |
| Less: Transfer of Current Portion - Note 7 | (756 936) | (690 144) | (756 936) | (690 144) |
| Balance 30 June | 31 880 012 | 26 574 560 | 31 880 012 | 26 574 560 |

Sensitivity Analysis on the Accrued Liability for both Municipality and Economic Entity:

| Assumption | In-service members liability (Rm) | Continuation members liability (Rm) | Total liability (Rm) | % change |
|---------------------|---|---|-------------------------|----------|
| Central Assumptions | 20.294 | 12.343 | 32.637 | |

The effect of movements in the assumptions are as follows:

| Assumption | Change | In-service members liability (Rm) | Continuation members liability (Rm) | Total liability (Rm) | % change |
|--|---------|---|---|-------------------------|----------|
| Health care inflation | 1% | 25.619 | 13.816 | 39.435 | 21% |
| Health care inflation | -1% | 16.200 | 11.084 | 27.285 | -16% |
| Discount rate | 1% | 16.260 | 11.103 | 27.363 | -16% |
| Discount rate | -1% | 25.629 | 13.819 | 39.448 | -21% |
| Post-retirement mortality | -1 year | 21.072 | 12.808 | 33.880 | 4% |
| Average retirement age | -1 year | 22.207 | 12.343 | 34.550 | 6% |
| Continuation of membership at retirement | -10% | 17.976 | 12.343 | 30.318 | -7% |

| Assumption | Change | Current-service Cost (R m) | Interest Cost (R m) | Total (R m) | % change |
|--------------------|--------|----------------------------------|------------------------|----------------|----------|
| Central Assumption | | 1.396 | 2.421 | 3.818 | |

The effect of movements in the assumptions are as follows:

| Assumption | Change | Current-service Cost (R m) | Interest Cost (R m) | Total (R m) | % change |
|---------------------------|---------|----------------------------------|------------------------|----------------|----------|
| Health care inflation | 1% | 1.763 | 2.902 | 4.666 | 22% |
| Health care inflation | -1% | 1.116 | 2.040 | 3.156 | -17% |
| Post-retirement mortality | -1 year | 1.447 | 2.510 | 3.957 | 4% |
| Average retirement age | -1 year | 1.446 | 2.560 | 4.006 | 5% |
| Withdrawal Rate | -50% | 1.611 | 2.594 | 4.205 | 10% |

4.3 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 290 (2013 - 281) employees were eligible for Long Service Bonuses.

The Future-service Cost for the ensuing year is estimated to be R 376 150, whereas the Interest cost for the next year is estimated to be R 401 580.

| Key actuarial assumptions used: | 2014 % | 2013 % | 2014 % | 2013 % |
|--|-----------|-----------|-----------|-----------|
| i) Rate of interest | | | | |
| Discount rate | 8.28% | 7.69% | 8.28% | 7.69% |
| General Salary Inflation (long-term) | 7.30% | 6.87% | 7.30% | 6.87% |
| Net Effective Discount Rate applied to salary-related Long Service Bonuses | 0.91% | 0.76% | 0.91% | 0.76% |

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

ii) Valuation reports

The last valuation was performed on 22 July 2014.

| The amounts recognised in the Statement of Financial Position are as follows: | 2014 R | 2013 R | 2014 R | 2013 R |
|---|------------------|------------------|------------------|------------------|
| Present value of fund obligations | 5 013 580 | 4 074 905 | 5 013 580 | 4 074 905 |
| Net liability | 5 013 580 | 4 074 905 | 5 013 580 | 4 074 905 |

The liability is unfunded.

CAPE AGULHAS LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

The liability in respect of periods commencing prior to the comparative year has been estimated as follows for both the Municipality and Economic Entity:

| | 2012 R | 2011 R | 2010 R |
|------------------------|-----------|-----------|-----------|
| Total Liability | 3 324 664 | 2 983 946 | 2 288 169 |

Experience adjustments were calculated as follows:

| | 2014 R | 2013 R | 2011 R |
|----------------------------|-----------|-----------|-----------|
| Liabilities: (Gain) / loss | 624 617 | 116 176 | 128 794 |
| Assets: Gain / (loss) | - | - | - |

| | ECONOMIC ENTITY | | MUNICIPALITY | |
|---|------------------|------------------|------------------|------------------|
| | 2014 R | 2013 R | 2014 R | 2013 R |
| Reconciliation of present value of fund obligation: | | | | |
| Present value of fund obligation at the beginning of the year | 4 074 905 | 3 324 864 | 4 074 905 | 3 324 864 |
| Total expenses | 438 380 | 388 539 | 438 380 | 388 539 |
| Current service cost | 366 131 | 406 541 | 366 131 | 406 541 |
| Interest Cost | 302 875 | 252 320 | 302 875 | 252 320 |
| Benefits Paid | (230 626) | (270 322) | (230 626) | (270 322) |
| Actuarial losses | 500 295 | 361 502 | 500 295 | 361 502 |
| Present value of fund obligation at the end of the year | 5 013 580 | 4 074 905 | 5 013 580 | 4 074 905 |
| Less: Transfer of Current Portion - Note 7 | (331 131) | (275 819) | (331 131) | (275 819) |
| Balance 30 June | 4 682 449 | 3 799 086 | 4 682 449 | 3 799 086 |

Sensitivity Analysis on the Unfunded Accrued Liability for both Municipality and Economic Entity

| Assumption | Change | Liability (Rm) | % change |
|--|--------|----------------|----------|
| Central assumptions | | 5,014 | |
| The effect of movements in the assumptions are as follows: | | | |
| General salary inflation | 1% | 5,450 | 9% |
| General salary inflation | -1% | 4,626 | -8% |
| Discount Rate | 1% | 4,611 | -8% |
| Discount Rate | -1% | 4,476 | 9% |
| Average retirement age | -2 yrs | 4,402 | -12% |
| Average retirement age | 2 yrs | 5,549 | 11% |
| Withdrawal rates | -50% | 5,983 | 19% |

| Assumption | Change | Current-service Cost (Rm) | Interest Cost (Rm) | Total (Rm) | % change |
|--|---------|---------------------------|--------------------|------------|----------|
| Central Assumption | | 0,366 | 0,303 | 0,669 | |
| The effect of movements in the assumptions are as follows: | | | | | |
| General salary inflation | 1% | 0,405 | 0,331 | 0,736 | 10% |
| General salary inflation | -1% | 0,333 | 0,278 | 0,611 | -9% |
| Average retirement age | -1 year | 0,329 | 0,268 | 0,596 | -11% |
| Average retirement age | -1 year | 0,400 | 0,336 | 0,736 | 10% |
| Withdrawal rates | -50% | 0,478 | 0,366 | 0,844 | 26% |

| | 2014 R | 2013 R | 2014 R | 2013 R |
|---|-------------------|-------------------|-------------------|-------------------|
| 5 NON-CURRENT PROVISIONS | | | | |
| Provision for Rehabilitation of Landfill-sites | 21 325 455 | 21 237 284 | 21 325 455 | 21 237 284 |
| Landfill Sites | | | | |
| Balance 1 July | 21 547 795 | 11 048 936 | 21 547 795 | 11 048 936 |
| Increase in Estimate | 1 476 364 | 9 998 781 | 1 476 364 | 9 998 781 |
| Unwinding of discounted interest | 1 014 517 | 500 078 | 1 014 517 | 500 078 |
| Total provision 30 June | 24 038 676 | 21 547 795 | 24 038 676 | 21 547 795 |
| Less: Transfer of Current Portion to Current Provisions - Note 8 | (2 713 221) | (310 511) | (2 713 221) | (310 511) |
| Balance 30 June | 21 325 455 | 21 237 284 | 21 325 455 | 21 237 284 |

CAPE AGULHAS LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

| | | ECONOMIC ENTITY | | MUNICIPALITY | |
|--|------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | | 2014 R | 2013 R | 2014 R | 2013 R |
| The Economic Entity has an obligation to rehabilitate the following landfill sites at the end of the expected useful life of the asset. Details of the sites are as follows: | | | | | |
| Location | Estimated decommission date | | | | |
| Bredasdorp | 2066 | 10 350 681 | 9 851 875 | 10 350 681 | 9 851 875 |
| Napier | 2055 | 3 029 578 | 3 200 366 | 3 029 578 | 3 200 366 |
| Waenhuiskrans | 2055 | 2 324 116 | 2 516 563 | 2 324 116 | 2 516 563 |
| Struisbaai | 2055 | 5 621 080 | 5 668 479 | 5 621 080 | 5 668 479 |
| L'Agulhas | 2009 (Over due) | 2 713 221 | 310 511 | 2 713 221 | 310 511 |
| | | <u>24 038 676</u> | <u>21 547 795</u> | <u>24 038 676</u> | <u>21 547 795</u> |

6 CONSUMER DEPOSITS

| | | | | |
|--|------------------|------------------|------------------|------------------|
| Electricity | 2 304 568 | 2 161 057 | 2 304 568 | 2 161 057 |
| Water | 1 338 441 | 1 251 239 | 1 338 441 | 1 251 239 |
| Total Consumer Deposits | 3 643 008 | 3 412 296 | 3 643 008 | 3 412 296 |
| Guarantees held in lieu of Electricity and Water Deposits | - | - | - | - |

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

7 CURRENT EMPLOYEE BENEFITS

| | | | | |
|--|------------------|------------------|------------------|------------------|
| Current Portion of Post Retirement Benefits - Note 4 | 756 936 | 690 144 | 756 936 | 690 144 |
| Current Portion of Long-Service Provisions - Note 4 | 331 131 | 275 819 | 331 131 | 275 819 |
| Performance Bonuses | 535 746 | 583 089 | 535 746 | 583 089 |
| Staff Leave | 3 518 532 | 3 953 031 | 3 518 532 | 3 953 031 |
| Bonuses | 1 617 775 | 1 441 738 | 1 617 775 | 1 441 738 |
| Balance previously reported | | - | | - |
| Correction of error - Refer to note 41.06 | | 1 441 738 | | 1 441 738 |
| Pension | 187 261 | 183 779 | 187 261 | 183 779 |
| Balance previously reported | | - | | - |
| Correction of error - Refer to note 41.06 | | 183 779 | | 183 779 |
| Total Current Employee Benefits | 6 947 380 | 7 127 600 | 6 947 380 | 7 127 600 |

The movement in current employee benefits are reconciled as follows:

Performance Bonuses

| | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|
| Balance at beginning of year | 583 089 | 544 751 | 583 089 | 544 751 |
| Contribution to current portion | 380 261 | 561 299 | 380 261 | 561 299 |
| Expenditure incurred | (427 604) | (522 961) | (427 604) | (522 961) |
| Balance at end of year | 535 746 | 583 089 | 535 746 | 583 089 |

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 Leave

| | | | | |
|---------------------------------|------------------|------------------|------------------|------------------|
| Balance at beginning of year | 3 953 031 | 2 960 094 | 3 953 031 | 2 960 094 |
| Contribution to current portion | 79 052 | 1 391 434 | 79 052 | 1 391 434 |
| Expenditure incurred | (513 551) | (398 497) | (513 551) | (398 497) |
| Balance at end of year | 3 518 532 | 3 953 031 | 3 518 532 | 3 953 031 |

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.

Bonuses

| | | | | |
|---------------------------------|------------------|------------------|------------------|------------------|
| Balance at beginning of year | 1 441 738 | 1 282 317 | 1 441 738 | 1 282 317 |
| Contribution to current portion | 2 757 005 | 2 925 254 | 2 757 005 | 2 925 254 |
| Expenditure incurred | (2 580 968) | (2 765 833) | (2 580 968) | (2 765 833) |
| Balance at end of year | 1 617 775 | 1 441 738 | 1 617 775 | 1 441 738 |

Bonuses are being paid to all permanent 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.

CAPE AGULHAS LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

| | ECONOMIC ENTITY | | MUNICIPALITY | |
|---------------------------------|-----------------|----------------|----------------|----------------|
| | 2014 R | 2013 R | 2014 R | 2013 R |
| <i>Pension</i> | | | | |
| Balance at beginning of year | 183 779 | 118 803 | 183 779 | 118 803 |
| Contribution to current portion | 65 590 | 64 975 | 65 590 | 64 975 |
| Expenditure incurred | (62 108) | - | (62 108) | - |
| Balance at end of year | 187 261 | 183 779 | 187 261 | 183 779 |

The Economic Entity resolved in line with the bargaining council agreement to provide lump sum pension fund payments to all municipal staff that were not afforded the opportunity (before 1 January 1995) to contribute to a pension fund. The balance also includes a portion where the Economic Entity did not provide for increases in pension fund payments.

| | | | | | |
|----------|--|------------------|----------------|------------------|----------------|
| 8 | PROVISIONS | | | | |
| | Current Portion of Rehabilitation of Landfill-sites - Note 5 | 2 713 221 | 310 511 | 2 713 221 | 310 511 |
| | Total Provisions | 2 713 221 | 310 511 | 2 713 221 | 310 511 |

| | | | | | |
|----------|--|------------------|------------------|------------------|------------------|
| 9 | PAYABLES FROM EXCHANGE TRANSACTIONS | | | | |
| | Trade Payables | 3 682 913 | 1 861 038 | 3 682 913 | 1 861 038 |
| | Pre-Paid Electricity | 166 891 | 145 383 | 166 891 | 145 383 |
| | Debtors with credit balances | 887 332 | 1 148 223 | 887 332 | 1 148 223 |
| | Sundry Creditors | 601 774 | 662 674 | 601 774 | 662 674 |
| | Balance previously reported | | 429 545 | | 429 545 |
| | Correction of error - refer to note 41.07 | | 61 239 | | 61 239 |
| | Payments received in advance | | 219 439 | - | 219 439 |
| | Retentions | 1 487 089 | 1 763 438 | 1 487 089 | 1 763 438 |
| | Balance previously reported | | | | 1 598 972 |
| | Correction of error - refer to note 41.07 | | | | 164 465 |
| | Sundry Deposits | 388 094 | 369 563 | 388 094 | 369 563 |
| | Total Trade Payables | 7 214 093 | 6 169 758 | 7 214 093 | 6 169 758 |

Payables are being recognised net of any discounts.

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

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

All payables are unsecured.

Sundry deposits include Hall, Builders and Housing Deposits.

| | | | | | |
|-----------|---|------------------|------------------|------------------|------------------|
| 10 | UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS | | | | |
| | Unspent Grants | 5 529 399 | 5 954 146 | 5 529 399 | 5 954 146 |
| | Provincial Government Grants | 5 529 399 | 5 535 360 | 5 529 399 | 5 535 360 |
| | Other Grant Providers | - | 418 786 | - | 418 786 |
| | Less: Unpaid Grants | - | 3 603 367 | - | 3 603 367 |
| | National Government Grants | - | 3 603 367 | - | 3 603 367 |
| | Total Conditional Grants and Receipts | 5 529 399 | 2 350 779 | 5 529 399 | 2 350 779 |
| | Balance Previously Reported | | 2 601 790 | | 2 601 790 |
| | Correction of error - Refer to note 41.09 | | (251 011) | | (251 011) |
| | | | 2 350 779 | | 2 350 779 |

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

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

| | | | | | |
|-----------|---|-----------------|------------------|-----------------|------------------|
| 11 | TAXES | | | | |
| | VAT Payable | 1 387 839 | 1 347 645 | 1 387 839 | 1 347 645 |
| | VAT Receivable | (1 464 051) | (1 533 301) | (1 464 051) | (1 533 301) |
| | | (76 212) | (185 657) | (76 212) | (185 657) |
| | Balance previously reported | | (181 657) | | (181 657) |
| | Correction of error - Refer to note 41.08 | | (4 000) | | (4 000) |
| | | | (185 657) | | (185 657) |

VAT is payable/receivable on the cash basis.

CAPE AGULHAS MUNICIPALITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

12 PROPERTY, PLANT AND EQUIPMENT
ECONOMIC ENTITY

30 JUNE 2014

Reconciliation of Carrying Value

| | Opening Balance | | Cost | | Closing Balance | | Accumulated Depreciation and Impairment Losses | | Carrying Value | | |
|---------------------------------|--------------------|-------------------|------------------|--------------------|--------------------|------------------|--|------------------|-------------------|--------------------|--------------------|
| | R | R | Additions | Disposals | R | R | Opening Balance | Additions | Disposals | Closing Balance | |
| Land and Buildings | 69 965 923 | - | 214 000 | - | 69 751 923 | 231 440 | 8 585 539 | 231 440 | 22 248 | 8 794 731 | 60 957 191 |
| Land | 48 630 988 | - | 115 000 | - | 48 515 988 | - | - | - | - | - | 48 515 988 |
| Buildings | 21 334 935 | - | 99 000 | - | 21 235 935 | 231 440 | 8 585 539 | 231 440 | 22 248 | 8 794 731 | 12 441 204 |
| Infrastructure | 193 201 864 | 23 311 370 | 33 160 | - | 216 480 074 | 4 825 400 | 36 375 020 | 4 825 400 | 15 481 | 41 184 939 | 175 295 134 |
| Roads and Storm water | 60 388 350 | 11 211 894 | - | - | 71 600 244 | 1 549 887 | 8 032 905 | 1 549 887 | - | 9 582 792 | 62 017 452 |
| Electricity Network | 44 292 290 | 4 208 019 | 33 160 | - | 48 467 149 | 1 293 669 | 8 362 227 | 1 293 669 | 15 481 | 9 640 415 | 38 826 733 |
| Sewerage Network | 42 380 163 | 7 670 031 | - | - | 50 050 194 | 854 160 | 5 477 613 | 854 160 | - | 6 331 773 | 43 718 421 |
| Water Network | 44 086 946 | 175 882 | - | - | 44 262 828 | 1 053 178 | 13 320 049 | 1 053 178 | - | 14 373 228 | 29 889 601 |
| Refuse Removal | 2 054 116 | 45 543 | - | - | 2 099 659 | 74 505 | 1 182 226 | 74 505 | - | 1 256 731 | 842 928 |
| Community Assets | 11 669 669 | 4 665 542 | 9 640 | - | 16 325 570 | 233 526 | 2 221 391 | 233 526 | 6 331 | 2 448 586 | 13 876 985 |
| Recreation Grounds | 2 945 699 | - | - | - | 2 945 699 | 123 162 | 553 765 | 123 162 | - | 676 927 | 2 268 772 |
| Community Halls | 4 833 509 | 4 124 289 | - | - | 8 957 797 | 32 300 | 151 975 | 32 300 | - | 184 275 | 8 773 522 |
| Libraries | 2 919 044 | 493 253 | - | - | 3 412 297 | 48 470 | 1 324 605 | 48 470 | - | 1 373 075 | 2 039 222 |
| Parks & Gardens | 423 877 | - | - | - | 423 877 | 12 715 | 89 882 | 12 715 | - | 102 597 | 321 281 |
| Clinics | 97 995 | - | - | - | 97 995 | 980 | 9 808 | 980 | - | 10 787 | 87 207 |
| Sports facilities | 419 545 | - | 9 640 | - | 409 905 | 15 400 | 90 872 | 15 400 | 6 331 | 99 941 | 309 964 |
| Cemeteries | 30 000 | 48 000 | - | - | 78 000 | 499 | 485 | 499 | - | 984 | 77 016 |
| Lease Assets | 1 764 806 | 167 611 | 1 066 700 | - | 865 717 | 169 716 | 1 227 909 | 169 716 | 1 022 800 | 374 825 | 490 892 |
| Leased Assets - Office Machines | 1 764 806 | 167 611 | 1 066 700 | - | 865 717 | 169 716 | 1 227 909 | 169 716 | 1 022 800 | 374 825 | 490 892 |
| Other Assets | 35 202 538 | 2 420 625 | 2 010 594 | - | 35 612 569 | 2 242 283 | 8 548 839 | 2 242 283 | 1 031 033 | 9 760 088 | 25 852 481 |
| Vehicles | 11 684 860 | - | 139 564 | - | 11 545 296 | 939 776 | 2 709 842 | 939 776 | 37 721 | 3 611 897 | 7 933 399 |
| Tools & Equipment | 4 046 471 | 475 798 | 716 170 | - | 3 806 099 | 314 049 | 1 271 694 | 314 049 | 287 351 | 1 298 392 | 2 507 708 |
| Furniture | 1 527 700 | 249 712 | 14 152 | - | 1 763 260 | 78 293 | 245 686 | 78 293 | 4 995 | 318 964 | 1 444 296 |
| Special Vehicles | 3 346 366 | - | - | - | 3 346 366 | 62 839 | 666 126 | 62 839 | - | 728 965 | 2 617 401 |
| Tables | 898 595 | - | - | - | 898 595 | 30 938 | 191 662 | 30 938 | 4 775 | 217 824 | 665 908 |
| Chairs | 520 086 | 74 586 | 9 684 | - | 584 988 | 37 473 | 194 921 | 37 473 | 4 340 | 228 054 | 356 934 |
| Office Equipment | 1 797 399 | 184 776 | 127 318 | - | 1 854 857 | 153 148 | 565 862 | 153 148 | 68 539 | 670 470 | 1 184 386 |
| Computer Hardware | 3 279 369 | 250 423 | 436 173 | - | 3 033 619 | 332 362 | 852 816 | 332 362 | 298 686 | 886 492 | 2 207 127 |
| Civic Land and Buildings | 4 042 098 | 1 107 407 | 566 | - | 5 148 939 | 74 123 | 386 892 | 74 123 | 29 | 460 986 | 4 687 953 |
| Other | 4 059 594 | 77 922 | 552 104 | - | 3 589 412 | 219 281 | 1 443 358 | 219 281 | 324 596 | 1 338 043 | 2 247 369 |
| 311 804 799 | 30 565 147 | 3 334 095 | - | 339 035 852 | 56 958 698 | 7 702 364 | 2 097 893 | 7 702 364 | 62 563 188 | 276 472 683 | |

CAPE AGULHAS MUNICIPALITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

MUNICIPALITY

30 JUNE 2014

Reconciliation of Carrying Value

| | Opening Balance | | Additions | | Cost | | Disposals | | Closing Balance | | Accumulated Depreciation and Impairment Losses | | Carrying Value | |
|---------------------------------|-----------------|------------|-----------|-------------|------------|-----------|-----------|------------|-----------------|-----------|--|-------------|----------------|---|
| | R | R | R | R | R | R | R | R | R | R | R | R | R | R |
| Land and Buildings | 69 965 923 | - | 214 000 | - | 69 751 923 | 8 585 539 | 231 440 | 22 248 | 8 794 731 | 8 794 731 | 22 248 | 8 794 731 | 60 957 191 | |
| Land | 48 630 988 | - | 115 000 | - | 48 515 988 | - | - | - | - | - | - | - | 48 515 988 | |
| Buildings | 21 334 935 | - | 99 000 | - | 21 235 935 | 8 585 539 | 231 440 | 22 248 | 8 794 731 | 8 794 731 | 22 248 | 8 794 731 | 12 441 204 | |
| Infrastructure | 193 201 864 | 23 311 370 | 33 160 | 216 480 074 | 36 375 020 | 4 825 400 | 15 481 | 41 184 939 | 41 184 939 | 15 481 | 41 184 939 | 175 295 134 | | |
| Roads and Storm water | 60 388 350 | 11 211 894 | - | 71 600 244 | 8 032 905 | 1 549 887 | - | 9 582 792 | 9 582 792 | - | 9 582 792 | 62 017 452 | | |
| Electricity Network | 44 292 290 | 4 208 019 | 33 160 | 48 467 149 | 8 362 227 | 1 293 669 | 15 481 | 9 640 415 | 9 640 415 | 15 481 | 9 640 415 | 38 826 733 | | |
| Sewerage Network | 42 380 163 | 7 670 031 | - | 50 050 194 | 5 477 613 | 854 160 | - | 6 331 773 | 6 331 773 | - | 6 331 773 | 43 718 421 | | |
| Water Network | 44 086 946 | 175 862 | - | 44 262 828 | 13 320 049 | 1 053 178 | - | 14 373 228 | 14 373 228 | - | 14 373 228 | 29 889 601 | | |
| Refuse Removal | 2 054 116 | 45 543 | - | 2 099 659 | 1 182 226 | 74 505 | - | 1 256 731 | 1 256 731 | - | 1 256 731 | 842 928 | | |
| Community Assets | 11 669 669 | 4 665 542 | 9 640 | 16 325 570 | 2 221 391 | 233 526 | 6 331 | 2 448 586 | 2 448 586 | 6 331 | 2 448 586 | 13 876 985 | | |
| Recreation Grounds | 2 945 699 | - | - | 2 945 699 | 553 765 | 123 162 | - | 676 927 | 676 927 | - | 676 927 | 2 268 772 | | |
| Community Halls | 4 833 509 | 4 124 289 | - | 8 957 797 | 151 975 | 32 300 | - | 184 275 | 184 275 | - | 184 275 | 8 773 522 | | |
| Libraries | 2 919 044 | 493 253 | - | 3 412 297 | 1 324 605 | 48 470 | - | 1 373 075 | 1 373 075 | - | 1 373 075 | 2 039 222 | | |
| Parks & Gardens | 423 877 | - | - | 423 877 | 89 882 | 12 715 | - | 102 597 | 102 597 | - | 102 597 | 321 281 | | |
| Clinics | 97 995 | - | - | 97 995 | 9 808 | 980 | - | 10 787 | 10 787 | - | 10 787 | 87 207 | | |
| Sports facilities | 419 545 | - | 9 640 | 409 905 | 90 872 | 15 400 | 6 331 | 99 941 | 99 941 | 6 331 | 99 941 | 309 964 | | |
| Cemeteries | 30 000 | 48 000 | - | 78 000 | 485 | 499 | - | 984 | 984 | - | 984 | 77 016 | | |
| Lease Assets | 1 764 806 | 167 611 | 1 066 700 | 865 717 | 1 227 909 | 169 716 | 1 022 800 | 374 825 | 374 825 | 1 022 800 | 374 825 | 490 892 | | |
| Leased Assets - Office Machines | 1 764 806 | 167 611 | 1 066 700 | 865 717 | 1 227 909 | 169 716 | 1 022 800 | 374 825 | 374 825 | 1 022 800 | 374 825 | 490 892 | | |
| Other Assets | 35 202 538 | 2 420 625 | 2 010 594 | 35 612 569 | 8 548 839 | 2 242 283 | 1 031 033 | 9 760 088 | 9 760 088 | 1 031 033 | 9 760 088 | 25 852 481 | | |
| Vehicles | 11 684 860 | - | 139 564 | 11 545 296 | 2 709 842 | 939 776 | 37 721 | 3 611 897 | 3 611 897 | 37 721 | 3 611 897 | 7 933 399 | | |
| Tools & Equipment | 4 046 471 | 475 798 | 716 170 | 3 806 099 | 1 271 694 | 314 049 | 287 351 | 1 298 392 | 1 298 392 | 287 351 | 1 298 392 | 2 507 708 | | |
| Furniture | 1 527 700 | 249 712 | 14 152 | 1 763 260 | 245 666 | 78 293 | 4 995 | 318 964 | 318 964 | 4 995 | 318 964 | 1 444 296 | | |
| Special Vehicles | 3 346 366 | - | - | 3 346 366 | 666 126 | 62 839 | - | 728 965 | 728 965 | - | 728 965 | 2 617 401 | | |
| Tables | 898 595 | - | - | 898 595 | 191 662 | 30 938 | 4 775 | 217 824 | 217 824 | 4 775 | 217 824 | 665 908 | | |
| Chairs | 520 086 | 74 586 | 14 863 | 883 732 | 194 921 | 30 938 | 4 775 | 228 054 | 228 054 | 4 775 | 228 054 | 356 934 | | |
| Office Equipment | 1 797 399 | 184 776 | 127 318 | 1 854 857 | 585 862 | 37 473 | 4 340 | 670 470 | 670 470 | 4 340 | 670 470 | 1 184 386 | | |
| Computer Hardware | 3 279 369 | 250 423 | 436 173 | 3 093 619 | 852 816 | 332 362 | 298 686 | 886 492 | 886 492 | 298 686 | 886 492 | 2 207 127 | | |
| Civic Land and Buildings | 4 042 098 | 1 107 407 | 566 | 5 148 939 | 386 892 | 74 123 | 29 | 460 986 | 460 986 | 29 | 460 986 | 4 687 953 | | |
| Other | 4 059 594 | 77 922 | 552 104 | 3 585 412 | 1 443 358 | 219 281 | 324 596 | 1 338 043 | 1 338 043 | 324 596 | 1 338 043 | 2 247 369 | | |
| Total | 311 804 799 | 30 565 147 | 3 334 095 | 339 035 852 | 56 958 698 | 7 702 364 | 2 097 893 | 62 563 168 | 62 563 168 | 2 097 893 | 62 563 168 | 276 472 683 | | |

CAPE AGULHAS LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

| | ECONOMIC ENTITY | | MUNICIPALITY | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2014 R | 2013 R | 2014 R | 2013 R |
| 13 INVESTMENT PROPERTY | | | | |
| Net Carrying amount at 1 July | 40 732 816 | 41 626 346 | 40 732 816 | 41 626 346 |
| Balance previously reported | | 36 597 378 | | 36 597 378 |
| Correction of error - Refer to note 41.03 | | 5 028 968 | | 5 028 968 |
| Depreciation for the year | (8 530) | (8 530) | (8 530) | (8 530) |
| Balance previously reported | | (2 730) | | (2 730) |
| Correction of error - Refer to note 41.03 | | (5 800) | | (5 800) |
| Disposals | (30 000) | (885 000) | (30 000) | (885 000) |
| Net Carrying amount at 30 June | 40 694 286 | 40 732 816 | 40 694 286 | 40 732 816 |
| Cost | 39 881 800 | 39 911 800 | 40 796 800 | 40 826 800 |
| Accumulated Depreciation | (119 574) | (111 044) | (102 514) | (93 984) |

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

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

| | ECONOMIC ENTITY | | MUNICIPALITY | |
|---|-----------------|----------------|----------------|----------------|
| | 2014 R | 2013 R | 2014 R | 2013 R |
| 14 INTANGIBLE ASSETS | | | | |
| Computer Software | | | | |
| Net Carrying amount at 1 July | 520 431 | 113 806 | 520 431 | 113 806 |
| Acquisitions | 166 290 | 451 500 | 166 290 | 451 500 |
| Transfer to Southernmost Development Agency (Soc) Ltd | - | - | - | (5 282) |
| Transfer to Assets Held For Sale | - | (4 559) | - | - |
| Amortisation | (121 912) | (40 316) | (121 912) | (39 593) |
| Net Carrying amount at 30 June | 564 809 | 520 431 | 564 809 | 520 431 |
| Cost | 774 025 | 607 735 | 774 025 | 607 735 |
| Accumulated Amortisation | (209 216) | (87 305) | (209 216) | (87 305) |

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.

| | ECONOMIC ENTITY | | MUNICIPALITY | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 2014 R | 2013 R | 2014 R | 2013 R |
| 15 CAPITALISED RESTORATION COST | | | | |
| Net Carrying amount at 1 July | 19 065 201 | 9 262 274 | 19 065 201 | 9 262 274 |
| Additions | 2 423 048 | 9 998 781 | 2 423 048 | 9 998 781 |
| Disposals | (946 684) | - | (946 684) | - |
| Depreciation | (411 843) | (175 697) | (411 843) | (175 697) |
| Impairments | (2 373 040) | (20 157) | (2 373 040) | (20 157) |
| Net Carrying amount at 30 June | 17 756 682 | 19 065 201 | 17 756 682 | 19 065 201 |
| Cost | 21 010 136 | 19 533 772 | 21 010 136 | 19 533 772 |
| Accumulated Depreciation | (824 810) | (412 967) | (824 810) | (412 967) |
| Accumulated Impairments | (2 428 644) | (55 604) | (2 428 644) | (55 604) |

| | ECONOMIC ENTITY | | MUNICIPALITY | |
|--|-----------------|-----------|--------------|----------------|
| | 2014 R | 2013 R | 2014 R | 2013 R |
| 16 NON-CURRENT INVESTMENTS | | | | |
| Unlisted | | | | |
| Municipal Entity - Southernmost Development Agency (Soc) Ltd | - | - | 45 113 | 135 260 |
| Cost | - | - | 398 298 | 377 297 |
| Provision for Impairment | - | - | (353 186) | (242 037) |
| Balance previously reported | | | | 140 459 |
| Correction of error - Refer to note 41.05 | | | | (5 199) |
| | | | | 135 260 |

The Municipality acquired a 100% shareholding in Southernmost Development Agency (Soc) Ltd on 23 October 2012. The initial purpose of the entity was to promote economic development in the municipal area. However, the municipality resolved on 28 May 2013 not to further its objective of economic development through this Municipal Entity.

Although a decision has been taken by Council to dissolve the entity, the administrative procedures and steps to de-register the legal structure was not completed on 30 June 2014.

A provision for impairment was raised to reduce the carrying value of the investment in line with the net assets held by the entity on 30 June 2014.

CAPE AGULHAS LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

| | ECONOMIC ENTITY | | MUNICIPALITY | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2014 R | 2013 R | 2014 R | 2013 R |
| 17 LONG-TERM RECEIVABLES | | | | |
| Loans to organisations - at amortised cost | 10 994 | 17 232 | 10 994 | 17 232 |
| Individual housing loans | 313 463 | 339 819 | 313 463 | 339 819 |
| | 324 457 | 357 052 | 324 457 | 357 052 |
| Less: Current portion transferred to current receivables | (6 554) | (6 239) | (6 554) | (6 239) |
| Loans to organisations - at amortised cost | (6 554) | (6 239) | (6 554) | (6 239) |
| Total Long Term Receivables | 317 903 | 350 813 | 317 903 | 350 813 |
| 18 INVENTORY | | | | |
| Consumable Stores - Stationery and materials - At cost | 667 532 | 878 650 | 667 532 | 878 650 |
| Water – At cost | 24 635 | 30 030 | 24 635 | 30 030 |
| Total Inventory | 692 167 | 908 680 | 692 167 | 908 680 |
| No inventory assets were pledged as security for liabilities. | | | | |
| 19 RECEIVABLES FROM EXCHANGE TRANSACTIONS | | | | |
| Service Receivables | 21 393 541 | 18 647 806 | 21 393 541 | 18 647 806 |
| Electricity | 9 712 443 | 8 880 406 | 9 712 443 | 8 880 406 |
| Water | 4 080 236 | 3 462 471 | 4 080 236 | 3 462 471 |
| Refuse | 1 665 317 | 1 456 326 | 1 665 317 | 1 456 326 |
| Sewerage | 1 189 953 | 949 392 | 1 189 953 | 949 392 |
| Other Services | 4 745 592 | 3 899 212 | 4 745 592 | 3 899 212 |
| Other Receivables | 1 441 005 | 505 392 | 1 441 005 | 505 392 |
| Asset Sales | 484 853 | 484 853 | 484 853 | 484 853 |
| Payments in Advance | 763 363 | - | 763 363 | - |
| Other Arrears | 192 790 | 20 539 | 192 790 | 20 539 |
| Balance previously reported | | (40 700) | | (40 700) |
| Correction of error - Refer to note 41.1 | | 61 239 | | 61 239 |
| Total Service Receivables | 22 834 547 | 19 153 198 | 22 834 547 | 19 153 198 |
| Less: Allowance for Doubtful Debts | (7 791 716) | (6 391 371) | (7 791 716) | (6 391 371) |
| Net Service Receivables | 15 042 831 | 12 761 827 | 15 042 831 | 12 761 827 |

Included in the outstanding balances are consumer debtors to the value of R 580 714 (2013 - R405 259), who have made arrangements to repay their outstanding debt over a re-negotiated period.

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.

Ageing of Receivables from Exchange Transactions

(Electricity): Ageing

| | | | | |
|-----------------------|------------------|------------------|------------------|------------------|
| Current (0 - 30 days) | 7 709 121 | 7 007 698 | 7 709 121 | 7 007 698 |
| 31 - 60 Days | 686 046 | 640 594 | 686 046 | 640 594 |
| 61 - 90 Days | 98 144 | 107 879 | 98 144 | 107 879 |
| + 90 Days | 1 219 131 | 1 124 235 | 1 219 131 | 1 124 235 |
| Total | 9 712 443 | 8 880 406 | 9 712 443 | 8 880 406 |

(Water): Ageing

| | | | | |
|-----------------------|------------------|------------------|------------------|------------------|
| Current (0 - 30 days) | 1 589 889 | 1 511 416 | 1 589 889 | 1 511 416 |
| 31 - 60 Days | 359 459 | 283 849 | 359 459 | 283 849 |
| 61 - 90 Days | 143 841 | 148 246 | 143 841 | 148 246 |
| + 90 Days | 1 987 048 | 1 518 960 | 1 987 048 | 1 518 960 |
| Total | 4 080 236 | 3 462 471 | 4 080 236 | 3 462 471 |

(Refuse): Ageing

| | | | | |
|-----------------------|------------------|------------------|------------------|------------------|
| Current (0 - 30 days) | 637 633 | 586 031 | 637 633 | 586 031 |
| 31 - 60 Days | 141 392 | 129 641 | 141 392 | 129 641 |
| 61 - 90 Days | 53 712 | 51 936 | 53 712 | 51 936 |
| + 90 Days | 832 579 | 688 718 | 832 579 | 688 718 |
| Total | 1 665 317 | 1 456 326 | 1 665 317 | 1 456 326 |

CAPE AGULHAS LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

| | ECONOMIC ENTITY | | MUNICIPALITY | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 2014 R | 2013 R | 2014 R | 2013 R |
| <u>(Sewerage): Ageing</u> | | | | |
| Current (0 - 30 days) | 393 948 | 345 602 | 393 948 | 345 602 |
| 31 - 60 Days | 107 169 | 86 964 | 107 169 | 86 964 |
| 61 - 90 Days | 46 030 | 38 405 | 46 030 | 38 405 |
| + 90 Days | 642 805 | 478 421 | 642 805 | 478 421 |
| Total | 1 189 953 | 949 392 | 1 189 953 | 949 392 |
| <u>(Other): Ageing</u> | | | | |
| Current (0 - 30 days) | 1 566 704 | 1 317 458 | 1 566 704 | 1 317 458 |
| 31 - 60 Days | 403 392 | 301 242 | 403 392 | 301 242 |
| 61 - 90 Days | 215 639 | 108 619 | 215 639 | 108 619 |
| + 90 Days | 2 559 858 | 2 171 893 | 2 559 858 | 2 171 893 |
| Total | 4 745 592 | 3 899 212 | 4 745 592 | 3 899 212 |
| <u>(Total): Ageing</u> | | | | |
| Current (0 - 30 days) | 11 897 295 | 10 768 205 | 11 897 295 | 10 768 205 |
| 31 - 60 Days | 1 697 459 | 1 442 290 | 1 697 459 | 1 442 290 |
| 61 - 90 Days | 557 366 | 455 084 | 557 366 | 455 084 |
| + 90 Days | 7 241 422 | 5 982 227 | 7 241 422 | 5 982 227 |
| Total | 21 393 541 | 18 647 806 | 21 393 541 | 18 647 806 |
| <u>Reconciliation of the doubtful debt provision</u> | | | | |
| Balance at beginning of the year | 6 391 371 | 5 061 200 | 6 391 371 | 5 061 200 |
| Contributions to provision | 2 028 439 | 1 624 572 | 2 028 439 | 1 624 572 |
| Doubtful debts written off against provision | (628 095) | (294 401) | (628 095) | (294 401) |
| Balance at end of year | 7 791 716 | 6 391 371 | 7 791 716 | 6 391 371 |
| The Provision for Impairment could be allocated between the different classes of receivables as follows: | | | | |
| Electricity | 1 424 833 | 1 259 101 | 1 424 833 | 1 259 101 |
| Water | 1 734 655 | 1 296 322 | 1 734 655 | 1 296 322 |
| Refuse | 796 624 | 639 878 | 796 624 | 639 878 |
| Sewerage | 593 694 | 438 670 | 593 694 | 438 670 |
| Other Services | 2 757 058 | 2 272 548 | 2 757 058 | 2 272 548 |
| Other Receivables | 484 853 | 484 853 | 484 853 | 484 853 |
| | 7 791 716 | 6 391 371 | 7 791 716 | 6 391 371 |

In determining the recoverability of a receivable, the Economic Entity considers any change in the credit quality of the trade receivable from the date the credit was initially granted, up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

20 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

| | | | | |
|------------------------------------|------------------|------------------|------------------|------------------|
| Service Receivables | 5 019 758 | 3 805 488 | 5 019 758 | 3 805 488 |
| Rates | 5 019 758 | 3 805 488 | 5 019 758 | 3 805 488 |
| Other Receivables | 846 816 | 424 074 | 846 816 | 424 074 |
| Unpaid Fines | 841 780 | - | 841 780 | - |
| Staff | 5 036 | 5 288 | 5 036 | 5 288 |
| Trust Account - IDC Grant | - | 418 786 | - | 418 786 |
| | 5 866 575 | 4 229 562 | 5 866 575 | 4 229 562 |
| Less: Allowance for Doubtful Debts | (2 908 273) | (1 838 674) | (2 908 273) | (1 838 674) |
| | 2 958 302 | 2 390 888 | 2 958 302 | 2 390 888 |

Ageing of Receivables from Non-Exchange Transactions

| | | | | |
|-------------------------------|------------------|------------------|------------------|------------------|
| <u>(Rates): Ageing</u> | | | | |
| Current (0 - 30 days) | 1 781 423 | 1 408 369 | 1 781 423 | 1 408 369 |
| 31 - 60 Days | 456 886 | 220 898 | 456 886 | 220 898 |
| 61 - 90 Days | 108 126 | 89 383 | 108 126 | 89 383 |
| + 90 Days | 2 673 323 | 2 086 838 | 2 673 323 | 2 086 838 |
| Total | 5 019 758 | 3 805 488 | 5 019 758 | 3 805 488 |

Debts are required to be settled after 30 days, interest is charged after this date at prime +1%.

The fair value of receivables approximates their carrying amounts.

Due to the prospective application of the revised IGRAP 1, the Economic Entity raised a receivable as well as an impairment charge on unpaid fines in the current year. This also resulted in a significant increase in fines revenue recognised in the statement of financial performance when compared to the comparative year.

CAPE AGULHAS LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

| | ECONOMIC ENTITY | | MUNICIPALITY | |
|--|------------------|------------------|------------------|------------------|
| | 2014 R | 2013 R | 2014 R | 2013 R |
| Reconciliation of the doubtful debt provision | | | | |
| Balance at beginning of the year | 1 838 674 | 1 136 945 | 1 838 674 | 1 136 945 |
| Contributions to provision | 1 090 186 | 702 706 | 1 090 186 | 702 706 |
| Doubtful debts written off against provision | (20 588) | (976) | (20 588) | (976) |
| Balance at end of year | 2 908 273 | 1 838 674 | 2 908 273 | 1 838 674 |
| The Provision for Impairment could be allocated between the different classes of receivables as follows: | | | | |
| Rates | 2 419 775 | 1 838 674 | 2 419 775 | 1 838 674 |
| Fines | 488 498 | - | 488 498 | - |
| | 2 908 273 | 1 838 674 | 2 908 273 | 1 838 674 |

in determining the recoverability of a receivable, the Economic Entity considers any change in the credit quality of the trade receivable from the date the credit was initially granted, up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

21 ASSETS HELD FOR SALE

| | | | | |
|--|---------------|----------------|----------|----------|
| Opening balance | 135 160 | - | - | - |
| Assets recognised as held for sale during the year | 42 | 135 160 | - | - |
| Transfer from Property, Plant and Equipment | - | 96 014 | - | - |
| Balance Previously Reported | - | 101 213 | - | - |
| Correction of error - Refer to note 41.11 | - | (5 199) | - | - |
| Transfer from Intangible Assets | - | 4 559 | - | - |
| Transfer from Taxes | 42 | 34 587 | - | - |
| Disposals | (90 189) | - | - | - |
| Closing balance | 45 013 | 135 160 | - | - |

All assets held for sale relates to the Southernmost Development Agency (SOC) Ltd, which is in process of being deregistered.

22 OPERATING LEASE ARRANGEMENTS

22.1 The Economic Entity as Lessor

| | | | | |
|--------------------------------------|---------------|---------------|---------------|---------------|
| Balance on 1 July | 64 545 | 48 588 | 64 545 | 48 588 |
| Movement in lease asset for the year | 4 907 | 15 958 | 4 907 | 15 958 |
| Balance on 30 June | 69 452 | 64 545 | 69 452 | 64 545 |

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

| | | | | |
|---|------------------|------------------|------------------|------------------|
| Up to 1 Year | 460 777 | 344 676 | 460 777 | 344 676 |
| 1 to 5 Years | 581 691 | 673 473 | 581 691 | 673 473 |
| More than 5 Years | 69 565 | 120 969 | 69 565 | 120 969 |
| Total Operating Lease Arrangements | 1 112 034 | 1 139 119 | 1 112 034 | 1 139 119 |

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 2021.

23 CASH AND CASH EQUIVALENTS

Assets

| | | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| Primary Bank Account | 11 393 101 | 24 549 700 | 11 393 101 | 24 549 700 |
| Call and Notice Deposits | 10 000 000 | - | 10 000 000 | - |
| Cash Floats | 14 100 | 12 700 | 14 100 | 12 700 |
| Total Cash and Cash Equivalents - Assets | 21 407 201 | 24 562 400 | 21 407 201 | 24 562 400 |

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

Cash and cash equivalents are held to fund the following commitments:

| | | | | |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|
| Unspent Conditional Grants | 5 529 399 | 5 954 146 | 5 529 399 | 5 954 146 |
| Capital Replacement Reserve | 15 750 000 | 16 500 000 | 15 750 000 | 16 500 000 |
| Valuation Roll Reserve | - | 2 000 000 | - | 2 000 000 |
| | 21 279 399 | 24 454 146 | 21 279 399 | 24 454 146 |

A bank overdraft facility of R2 000 000 exists at ABSA.

Guarantees are held at ABSA and Nedbank in the name of the following entities :

| | | | | |
|---------------------------|---------------|---------------|---------------|---------------|
| Building of dam (Nedbank) | - | 7 000 | - | 7 000 |
| The Post Office | 50 000 | 50 000 | 50 000 | 50 000 |
| | 50 000 | 57 000 | 50 000 | 57 000 |

CAPE AGULHAS LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

| | ECONOMIC ENTITY | | MUNICIPALITY | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2014 R | 2013 R | 2014 R | 2013 R |
| The Economic Entity has the following bank accounts: | | | | |
| Current Accounts | | | | |
| Bredasdorp ABSA - Account number 40 5883 2586 (Primary Bank Account) | 11 393 101 | 24 549 700 | 11 393 101 | 24 549 700 |
| | 11 393 101 | 24 549 700 | 11 393 101 | 24 549 700 |
| Bredasdorp ABSA - Account number 40 5883 2586 (Primary Bank Account) | | | | |
| Cash book balance at beginning of year | 24 549 700 | 26 572 061 | 24 549 700 | 26 572 061 |
| Cash book balance at end of year | 11 393 101 | 24 549 700 | 11 393 101 | 24 549 700 |
| Bank statement balance at beginning of year | 21 931 361 | 24 827 306 | 21 931 361 | 24 827 306 |
| Bank statement balance at end of year | 11 158 873 | 21 931 361 | 11 158 873 | 21 931 361 |
| Call and Notice Deposits | | | | |
| Call and Notice deposits consist out of the following accounts: | | | | |
| Investec - Acc.no.1100 458527 451 (32 Day Notice) | 10 000 000 | - | 10 000 000 | - |

24 PROPERTY RATES

Actual

Rateable Land and Buildings

Residential, Commercial Property, State

| | | | |
|------------|------------|------------|------------|
| 39 475 102 | 34 888 980 | 39 475 102 | 34 888 980 |
|------------|------------|------------|------------|

Less: Rebates

| | | | |
|-----------|-----------|-----------|-----------|
| (149 989) | (125 848) | (149 989) | (125 848) |
|-----------|-----------|-----------|-----------|

Total Assessment Rates

| | | | |
|-------------------|-------------------|-------------------|-------------------|
| 39 325 113 | 34 763 132 | 39 325 113 | 34 763 132 |
|-------------------|-------------------|-------------------|-------------------|

Valuations

Rateable Land and Buildings

Residential
 Business & Commercial
 Public benefit Organizations
 State-owned
 Agricultural
 Other

| | | | |
|-----------------------|----------------------|-----------------------|----------------------|
| 6 685 236 700 | 6 316 469 100 | 6 685 236 700 | 6 316 469 100 |
| 553 822 000 | 532 867 400 | 553 822 000 | 532 867 400 |
| 88 341 000 | 60 837 000 | 88 341 000 | 60 837 000 |
| 267 886 000 | 177 251 000 | 267 886 000 | 177 251 000 |
| 2 430 074 000 | 1 263 773 600 | 2 430 074 000 | 1 263 773 600 |
| 492 906 200 | 436 869 150 | 492 906 200 | 436 869 150 |
| 10 518 265 900 | 8 788 067 250 | 10 518 265 900 | 8 788 067 250 |

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2013. 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 on Income - Basic Rate:

Single Tariff (Excluding Agricultural)

| | | | |
|----------------|----------------|----------------|----------------|
| 0.004809 c / R | 0.004715 c / R | 0.004809 c / R | 0.004715 c / R |
|----------------|----------------|----------------|----------------|

Agricultural Land

| | | | |
|----------------|----------------|----------------|----------------|
| 0.001202 c / R | 0.001179 c / R | 0.001202 c / R | 0.001179 c / R |
|----------------|----------------|----------------|----------------|

Rates are levied annually and monthly. Monthly rates are payable by the 25th 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 can be defined as any income that the Economic Entity is entitled by law to levy, but which has

25 GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants

Equitable Share

| | | | |
|-------------------|-------------------|-------------------|-------------------|
| 18 057 000 | 16 877 000 | 18 057 000 | 16 877 000 |
| 18 057 000 | 16 877 000 | 18 057 000 | 16 877 000 |

Conditional Grants

Grants and donations
 Subsidies

| | | | |
|-------------------|-------------------|-------------------|-------------------|
| 48 929 273 | 69 723 439 | 48 929 273 | 69 723 439 |
| 48 770 273 | 66 478 118 | 48 770 273 | 66 478 118 |
| 159 000 | 3 245 321 | 159 000 | 3 245 321 |

Total Government Grants and Subsidies

| | | | |
|-------------------|-------------------|-------------------|-------------------|
| 66 986 273 | 86 600 439 | 66 986 273 | 86 600 439 |
|-------------------|-------------------|-------------------|-------------------|

Government Grants and Subsidies - Capital

| | | | |
|------------|------------|------------|------------|
| 15 437 376 | 23 712 195 | 15 437 376 | 23 712 195 |
|------------|------------|------------|------------|

Government Grants and Subsidies - Operating

| | | | |
|------------|------------|------------|------------|
| 51 548 897 | 62 888 244 | 51 548 897 | 62 888 244 |
|------------|------------|------------|------------|

| | | | |
|-------------------|-------------------|-------------------|-------------------|
| 66 986 273 | 86 600 439 | 66 986 273 | 86 600 439 |
|-------------------|-------------------|-------------------|-------------------|

Revenue recognised per vote as required by Section 123 (c) of the MFMA

Equitable share

| | | | |
|------------|------------|------------|------------|
| 18 057 000 | 16 877 000 | 18 057 000 | 16 877 000 |
|------------|------------|------------|------------|

Executive and Council

| | | | |
|------------|------------|------------|------------|
| 43 597 985 | 62 377 406 | 43 597 985 | 62 377 406 |
|------------|------------|------------|------------|

Corporate Services

| | | | |
|---------|---------|---------|---------|
| 538 899 | 321 361 | 538 899 | 321 361 |
|---------|---------|---------|---------|

Community and Social Services

| | | | |
|-----------|-----------|-----------|-----------|
| 4 633 389 | 3 779 351 | 4 633 389 | 3 779 351 |
|-----------|-----------|-----------|-----------|

Road Transport

| | | | |
|---------|-----------|---------|-----------|
| 159 000 | 3 245 321 | 159 000 | 3 245 321 |
|---------|-----------|---------|-----------|

| | | | |
|-------------------|-------------------|-------------------|-------------------|
| 66 986 273 | 86 600 439 | 66 986 273 | 86 600 439 |
|-------------------|-------------------|-------------------|-------------------|

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

25.01 Equitable share

Opening balance

| | | | |
|---|---|---|---|
| - | - | - | - |
|---|---|---|---|

Grants received

| | | | |
|------------|------------|------------|------------|
| 18 057 000 | 16 877 000 | 18 057 000 | 16 877 000 |
|------------|------------|------------|------------|

Conditions met - Operating

| | | | |
|--------------|--------------|--------------|--------------|
| (18 057 000) | (16 877 000) | (18 057 000) | (16 877 000) |
|--------------|--------------|--------------|--------------|

Conditions still to be met

| | | | |
|---|---|---|---|
| - | - | - | - |
|---|---|---|---|

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

CAPE AGULHAS LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

| | ECONOMIC ENTITY | | MUNICIPALITY | |
|---|-----------------|-------------|--------------|-------------|
| | 2014 R | 2013 R | 2014 R | 2013 R |
| 25.02 Local Government Financial Management Grant (FMG) | | | | |
| Opening balance | - | (1 212) | - | (1 212) |
| Grants received | 1 300 000 | 1 250 000 | 1 300 000 | 1 250 000 |
| Conditions met - Operating | (1 300 000) | (1 248 788) | (1 300 000) | (1 248 788) |
| Conditions still to be met/(Grant expenditure to be recovered) | - | - | - | - |
| 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). | | | | |
| 25.03 Municipal Systems Improvement Grant (MSIG) | | | | |
| Opening balance | - | 3 710 | - | 3 710 |
| Grants received | 890 000 | 800 000 | 890 000 | 800 000 |
| Conditions met - Operating | (317 974) | (132 704) | (317 974) | (132 704) |
| Conditions met - Capital | (572 026) | (671 006) | (572 026) | (671 006) |
| Conditions still to be met | - | - | - | - |
| The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems. | | | | |
| 25.04 Municipal Infrastructure Grant (MIG) | | | | |
| Opening balance | - | - | - | - |
| Grants received | 10 209 000 | 10 284 000 | 10 209 000 | 10 284 000 |
| Conditions met - Operating | (1 449 041) | (1 705 121) | (1 449 041) | (1 705 121) |
| Conditions met - Capital | (8 759 959) | (8 578 879) | (8 759 959) | (8 578 879) |
| Conditions still to be met | - | - | - | - |
| The grant was used to upgrade infrastructure in previously disadvantaged areas. | | | | |
| 25.05 Regional Bulk Infrastructure Grant (RBIG) | | | | |
| Opening balance | (3 362 502) | (3 801) | (3 362 502) | (3 801) |
| Grants received | 5 558 000 | 5 557 971 | 5 558 000 | 5 557 971 |
| Conditions met - Operating | (269 623) | (1 081 840) | (269 623) | (1 081 840) |
| Conditions met - Capital | (1 925 875) | (7 834 832) | (1 925 875) | (7 834 832) |
| Grant expenditure to be recovered | - | (3 362 502) | - | (3 362 502) |
| The grant was used to upgrade infrastructure in the municipal area. | | | | |
| 25.06 Skills Development Fund | | | | |
| Opening balance | - | - | - | - |
| Grants received | 774 005 | 321 361 | 774 005 | 321 361 |
| Conditions met - Operating | (774 005) | (321 361) | (774 005) | (321 361) |
| Conditions still to be met | - | - | - | - |
| The Skills Development fund is utilised to provide training. | | | | |
| 25.07 National Electrification Programme (INEP) | | | | |
| Opening balance | (240 866) | - | (240 866) | - |
| Grants received | 3 200 000 | 1 000 000 | 3 200 000 | 1 000 000 |
| Transfers | - | (425 158) | - | (425 158) |
| Conditions met - Operating | (2 909 732) | - | (2 909 732) | - |
| Conditions met - Capital | (49 403) | (815 707) | (49 403) | (815 707) |
| Conditions still to be met | - | (240 866) | - | (240 866) |
| The National Electrification Grant was used to upgrade the sub-station and electrification network. | | | | |
| 25.08 Expanded Public Works Program (EPWP) | | | | |
| Opening balance | - | - | - | - |
| Grants received | 1 000 000 | 1 000 000 | 1 000 000 | 1 000 000 |
| Conditions met - Operating | (1 000 000) | (293 694) | (1 000 000) | (293 694) |
| Conditions met - Capital | - | (706 306) | - | (706 306) |
| Conditions still to be met | - | - | - | - |
| This program is aimed at providing poverty en income relief through the creation of temporary work opportunities. | | | | |
| 25.09 Library Grant | | | | |
| Opening balance | 821 359 | - | 821 359 | - |
| Grants received | 4 511 330 | 4 163 000 | 4 511 330 | 4 163 000 |
| Conditions met - Operating | (3 696 214) | (3 241 918) | (3 696 214) | (3 241 918) |
| Conditions met - Capital | (915 008) | (99 723) | (915 008) | (99 723) |
| Conditions still to be met | 721 466 | 821 359 | 721 466 | 821 359 |
| The library grants is utilised to fund the cost of providing library services within the municipal area. | | | | |

CAPE AGULHAS LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

| | ECONOMIC ENTITY | | MUNICIPALITY | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2014 R | 2013 R | 2014 R | 2013 R |
| 25.10 Proclaimed road subsidy | | | | |
| Opening balance | - | (1 330 079) | - | (1 330 079) |
| Grants received | 159 000 | 4 575 400 | 159 000 | 4 575 400 |
| Conditions met - Operating | (159 000) | (3 245 321) | (159 000) | (3 245 321) |
| Conditions still to be met | - | - | - | - |
| The subsidy is utilised to upgrade the provincial road network in the municipal area. | | | | |
| 25.11 Housing Grants | | | | |
| Opening balance | 3 712 523 | (696 843) | 3 712 523 | (696 843) |
| Grants received | 21 442 614 | 40 972 562 | 21 442 614 | 40 972 562 |
| Transfers | - | 425 158 | - | 425 158 |
| Conditions met - Operating | (18 051 567) | (34 207 782) | (18 051 567) | (34 207 782) |
| Conditions met - Capital | (2 443 394) | (2 780 572) | (2 443 394) | (2 780 572) |
| Conditions still to be met | 4 660 176 | 3 712 523 | 4 660 176 | 3 712 523 |
| Housing grants was utilised for the development of erven and the erection of top structures. | | | | |
| 25.12 Department of Agriculture, Forestry and Fisheries | | | | |
| Opening balance | - | - | - | - |
| Grants received | 3 000 000 | - | 3 000 000 | - |
| Conditions met - Operating | (2 927 961) | - | (2 927 961) | - |
| Conditions still to be met | 72 039 | - | 72 039 | - |
| The Economic Entity received funds from the Department of Agriculture, Forestry and Fisheries to perform initial investigations into the establishment of an Abelone farm in the municipal area. | | | | |
| 25.13 IDC - Pre Establishment Grant | | | | |
| Opening balance | 418 786 | 831 297 | 418 786 | 831 297 |
| Interest Received | 11 353 | 25 199 | 11 353 | 25 199 |
| Conditions met - Operating | (1 165) | (109 902) | (1 165) | (109 902) |
| Conditions met - Capital | (21 001) | (327 807) | (21 001) | (327 807) |
| Funds returned to grant provider | (407 973) | - | (407 973) | - |
| Conditions still to be met | - | 418 786 | - | 418 786 |
| This grant is utilised to fund the pre-establishment and start-up phase of the municipal development agency, Southernmost Development Agency (Soc) Ltd. The municipality resolved on 28 May 2013 to not further economic development through the agency. Subsequently, the remainder of the funds received from the IDC were paid back on 28 February 2014. | | | | |
| 25.14 Other Grants | | | | |
| Opening balance | 1 001 477 | 2 713 652 | 1 001 477 | 2 713 652 |
| Grants received | 460 564 | 608 000 | 460 564 | 608 000 |
| Conditions met - Operating | (635 616) | (422 813) | (635 616) | (422 813) |
| Conditions met - Capital | (750 709) | (1 897 362) | (750 709) | (1 897 362) |
| Conditions still to be met | 75 717 | 1 001 477 | 75 717 | 1 001 477 |
| Various grants were received from other spheres of government (e.g. Library fund and Skills Development). | | | | |
| 25.15 Total Grants | | | | |
| Opening balance | 2 350 779 | 1 516 725 | 2 350 779 | 1 516 725 |
| Grants received | 70 561 513 | 87 409 293 | 70 561 513 | 87 409 293 |
| Interest Received | 11 353 | 25 199 | 11 353 | 25 199 |
| Conditions met - Operating | (51 548 897) | (62 888 244) | (51 548 897) | (62 888 244) |
| Conditions met - Capital | (15 437 376) | (23 712 195) | (15 437 376) | (23 712 195) |
| Funds returned to grant provider | (407 973) | - | (407 973) | - |
| Conditions still to be met | 5 529 399 | 2 350 779 | 5 529 399 | 2 350 779 |
| <u>Disclosed as follows:</u> | | | | |
| Unspent Conditional Government Grants and Receipts | 5 529 399 | 5 954 146 | 5 529 399 | 5 954 146 |
| Unpaid Conditional Government Grants and Receipts | - | (3 603 367) | - | (3 603 367) |
| | 5 529 399 | 2 350 779 | 5 529 399 | 2 350 779 |
| 26 PUBLIC CONTRIBUTIONS AND DONATIONS | | | | |
| Blue Bay Infrastructure - Refer to note 54 | 1 290 000 | - | 1 290 000 | - |
| Department of Cultural Affairs and Sport | - | 46 562 | - | 46 562 |
| Mubesko Africa CC | - | 20 000 | - | 20 000 |
| Knysna Economic Development Agency | - | 41 297 | - | - |
| | 1 290 000 | 107 859 | 1 290 000 | 66 562 |
| <u>Attributable to:</u> | | | | |
| Continued Operations | 1 290 000 | 66 562 | 1 290 000 | 66 562 |
| Discontinued Operations - Refer to note 40 | - | 41 297 | - | - |
| | 1 290 000 | 107 859 | 1 290 000 | 66 562 |
| 27 SERVICE CHARGES | | | | |
| Electricity | 69 613 564 | 65 091 523 | 69 613 564 | 65 091 523 |
| Water | 16 950 471 | 16 175 128 | 16 950 471 | 16 175 128 |
| Refuse removal | 10 495 455 | 9 534 228 | 10 495 455 | 9 534 228 |
| Sewerage and Sanitation Charges | 7 534 105 | 6 335 557 | 7 534 105 | 6 335 557 |
| Less: Rebates | 104 593 595 | 97 136 437 | 104 593 595 | 97 136 437 |
| | (5 767 343) | (5 289 415) | (5 767 343) | (5 289 415) |
| Total Service Charges | 98 826 253 | 91 847 022 | 98 826 253 | 91 847 022 |

CAPE AGULHAS LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

| | ECONOMIC ENTITY | | MUNICIPALITY | |
|---|------------------|------------------|------------------|------------------|
| | 2014 R | 2013 R | 2014 R | 2013 R |
| 28 INTEREST EARNED - OUTSTANDING DEBTORS | | | | |
| Interest earned on service accounts | 622 553 | 536 942 | 622 553 | 536 942 |
| Penalty interest imposed on Property Rates | 137 213 | 99 929 | 137 213 | 99 929 |
| Total Interest Earned | 759 766 | 636 871 | 759 766 | 636 871 |
| 29 OTHER INCOME | | | | |
| Connections - Electricity | 668 923 | 538 553 | 668 923 | 538 553 |
| Connections - Water | 209 313 | 199 388 | 209 313 | 199 388 |
| Building Plan Fees | 428 049 | 429 064 | 428 049 | 429 064 |
| Garden Refuse Removal | 277 421 | 243 707 | 277 421 | 243 707 |
| Sundry Income | 1 179 525 | 801 846 | 1 179 525 | 801 846 |
| Total Other Income | 2 763 231 | 2 212 557 | 2 763 231 | 2 212 557 |

Other income represents sundry income such as administration income, building plans and legal income.

| | | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| 30 EMPLOYEE RELATED COSTS | | | | |
| Long Service Awards | 669 006 | 658 861 | 669 006 | 658 861 |
| Post Retirement Medical | 3 817 731 | 3 204 815 | 3 817 731 | 3 204 815 |
| Employee related costs - Salaries and Wages | 49 550 278 | 47 148 337 | 49 550 278 | 47 148 337 |
| Group Life Insurance | 809 640 | 821 471 | 809 640 | 821 471 |
| Housing Subsidy | 385 776 | 384 259 | 385 776 | 384 259 |
| Leave Reserve Fund | 79 052 | 1 391 434 | 79 052 | 1 391 434 |
| Overtime | 2 977 963 | 2 379 886 | 2 977 963 | 2 379 886 |
| Employee related costs - Contributions for UIF, pensions and medical aids | 9 611 798 | 8 447 929 | 9 611 798 | 8 447 929 |
| Standby Allowances | 1 498 125 | 1 393 947 | 1 498 125 | 1 393 947 |
| Travel, motor car, telephone, assistance and other allowances | 4 279 788 | 3 861 285 | 4 279 788 | 3 861 285 |
| Total Employee Related Costs | 73 679 158 | 69 692 024 | 73 679 158 | 69 692 024 |

KEY MANAGEMENT PERSONNEL

All Managers are appointed on a 5-year contract, except for the current Chief Financial Officer (Mr H van Bijl) who is appointed on a 3 and a half year 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 - D O'Neill (Sep 2013 - Jun 2014)

| | | | | |
|---|------------------|----------|------------------|----------|
| Annual Remuneration | 729 512 | - | 729 512 | - |
| Car Allowance | 90 570 | - | 90 570 | - |
| Subsistence and Travel | 3 729 | - | 3 729 | - |
| SALGA contribution | 64 | - | 64 | - |
| Contribution to Group Insurance | 15 626 | - | 15 626 | - |
| Contributions to UIF, Medical and Pension Funds | 168 185 | - | 168 185 | - |
| Total | 1 007 685 | - | 1 007 685 | - |

Remuneration of the Municipal Manager - R Stevens

| | | | | |
|---|----------------|------------------|----------------|------------------|
| Annual Remuneration | 74 635 | 829 113 | 74 635 | 829 113 |
| Performance Bonuses | 147 732 | 137 998 | 147 732 | 137 998 |
| Car Allowance | 7 199 | 77 984 | 7 199 | 77 984 |
| Subsistence and Travel | - | 1 491 | - | 1 491 |
| SALGA contribution | 6 | 71 | 6 | 71 |
| Contribution to Group Insurance | 1 881 | 20 894 | 1 881 | 20 894 |
| Contributions to UIF, Medical and Pension Funds | 16 428 | 186 947 | 16 428 | 186 947 |
| Total | 247 881 | 1 254 498 | 247 881 | 1 254 498 |

Remuneration of the Manager: Community Services - KM Mrali (Aug 2013 - Jun 2014)

| | | | | |
|---|----------------|----------|----------------|----------|
| Annual Remuneration | 540 480 | - | 540 480 | - |
| Travelling Allowance | 118 727 | - | 118 727 | - |
| Subsistence and Travel | 6 954 | - | 6 954 | - |
| SALGA contribution | 70 | - | 70 | - |
| Contribution to Group Insurance | 11 763 | - | 11 763 | - |
| Contributions to UIF, Medical and Pension Funds | 130 588 | - | 130 588 | - |
| Total | 808 581 | - | 808 581 | - |

CAPE AGULHAS LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

| | ECONOMIC ENTITY | | MUNICIPALITY | |
|--|------------------|------------------|------------------|------------------|
| | 2014 R | 2013 R | 2014 R | 2013 R |
| Remuneration of the Manager: Corporate Services - S Ngwevu | | | | |
| Annual Remuneration | 629 019 | 580 026 | 629 019 | 580 026 |
| Performance Bonuses | 85 517 | 79 898 | 85 517 | 79 898 |
| Travelling Allowance | 99 241 | 89 090 | 99 241 | 89 090 |
| Subsistence and Travel | 27 921 | 37 393 | 27 921 | 37 393 |
| SALGA contribution | 76 | 71 | 76 | 71 |
| Contribution to Group Insurance | 13 870 | 14 617 | 13 870 | 14 617 |
| Contributions to UIF, Medical and Pension Funds | 139 563 | 124 523 | 139 563 | 124 523 |
| Total | 995 206 | 925 618 | 995 206 | 925 618 |
| Remuneration of the Manager: Civil Engineering Services - N Kotze | | | | |
| Annual Remuneration | 636 200 | 587 208 | 636 200 | 587 208 |
| Performance Bonuses | 108 839 | 101 688 | 108 839 | 101 688 |
| Travelling Allowance | 83 637 | 95 306 | 83 637 | 95 306 |
| Subsistence and Travel | 4 803 | 5 612 | 4 803 | 5 612 |
| SALGA contribution | 76 | 71 | 76 | 71 |
| Contribution to Group Insurance | 14 028 | 14 798 | 14 028 | 14 798 |
| Contributions to UIF, Medical and Pension Funds | 158 992 | 149 174 | 158 992 | 149 174 |
| Total | 1 006 576 | 953 858 | 1 006 576 | 953 858 |
| Remuneration of the Chief Financial Officer - P J Van Bijl (Feb 2014 - Jun 2014) | | | | |
| Annual Remuneration | 296 374 | - | 296 374 | - |
| Car Allowance | 65 144 | - | 65 144 | - |
| Subsistence and Travel | 7 641 | - | 7 641 | - |
| SALGA contribution | 32 | - | 32 | - |
| Contributions to UIF, Medical and Pension Funds | 68 617 | - | 68 617 | - |
| Total | 437 807 | - | 437 807 | - |
| Remuneration of the Chief Financial Officer - H Schiebusch (Jul 2013 - Oct 2013) | | | | |
| Annual Remuneration | 216 452 | 600 362 | 216 452 | 600 362 |
| Performance Bonuses | 85 517 | 101 688 | 85 517 | 101 688 |
| Car Allowance | 16 000 | 54 947 | 16 000 | 54 947 |
| Subsistence and Travel | - | 15 017 | - | 15 017 |
| SALGA contribution | 25 | 71 | 25 | 71 |
| Contribution to Group Insurance | 5 227 | 15 129 | 5 227 | 15 129 |
| Contributions to UIF, Medical and Pension Funds | 45 676 | 127 953 | 45 676 | 127 953 |
| Total | 368 897 | 915 168 | 368 897 | 915 168 |
| 31 REMUNERATION OF COUNCILLORS | | | | |
| Executive Mayor | R G Mitchell | 676 660 | 624 472 | 676 660 |
| Executive Deputy Mayor | D Jantjies | 528 739 | 503 552 | 528 739 |
| Speaker | E C Marthinus | 528 739 | 503 552 | 528 739 |
| Councillor - Full time | M R Mokotwana | 497 027 | 476 503 | 497 027 |
| Councillor - Part time | P N Atyhosi | 211 327 | 193 776 | 211 327 |
| Councillor - Part time | J G A Niewoudt | 211 327 | 193 776 | 211 327 |
| Councillor - Part time | G D Burger | 211 327 | 193 776 | 211 327 |
| Councillor - Part time | J A Coetzee | 211 327 | 193 776 | 211 327 |
| Councillor - Part time | W J October | 211 327 | 193 776 | 211 327 |
| Total Councillors' Remuneration | | 3 287 800 | 3 076 960 | 3 287 800 |
| In-kind Benefits | | | | |
| The Executive Mayor, Deputy Executive Mayor, Speaker and one mayoral committee member are full-time. They are provided with secretarial support and an office each at the cost of the Council. | | | | |
| 32 REMUNERATION OF DIRECTORS | | | | |
| Sitting Allowances | - | 20 873 | - | - |
| Attributable to: | | | | |
| Continued Operations | - | - | - | - |
| Discontinued Operations - Refer to note 40 | - | 20 873 | - | - |
| | - | 20 873 | - | - |
| 33 DEBT IMPAIRMENT | | | | |
| Receivables from exchange transactions - Refer to note 19 | 2 028 439 | 1 624 572 | 2 028 439 | 1 624 572 |
| Receivables from non-exchange transactions - Refer to note 20 | 1 090 186 | 702 706 | 1 090 186 | 702 706 |
| Total Contribution to Impairment Provision/(Reversal of provision) | 3 118 626 | 2 327 278 | 3 118 626 | 2 327 278 |
| Less VAT included in contribution for the year | (149 775) | (148 168) | (149 775) | (148 168) |
| Debt impairment recognised in statement of financial performance | 2 968 851 | 2 179 110 | 2 968 851 | 2 179 110 |
| 34 DEPRECIATION AND AMORTISATION | | | | |
| Property Plant & Equipment | 7 702 364 | 6 956 223 | 7 702 364 | 6 951 122 |
| Landfill Sites | 411 843 | 175 697 | 411 843 | 175 697 |
| Investment Property | 8 530 | 8 530 | 8 530 | 8 530 |
| Intangible Assets | 121 912 | 40 316 | 121 912 | 39 593 |
| Total Depreciation | 8 244 648 | 7 180 766 | 8 244 648 | 7 174 942 |
| Attributable to: | | | | |
| Continued Operations | 8 244 648 | 7 174 942 | 8 244 648 | 7 174 942 |
| Discontinued Operations - Refer to note | - | 5 824 | - | - |
| | 8 244 648 | 7 180 766 | 8 244 648 | 7 174 942 |

CAPE AGULHAS LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

| | ECONOMIC ENTITY | | MUNICIPALITY | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 2014 R | 2013 R | 2014 R | 2013 R |
| 35 IMPAIRMENTS | | | | |
| Investment in Municipal Entity - Southernmost Development Agency (Soc) Ltd | - | - | 111 148 | 242 037 |
| Landfill Sites | 2 373 040 | 20 157 | 2 373 040 | 20 157 |
| Total Impairments | 2 373 040 | 20 157 | 2 484 188 | 262 194 |
| 36 REPAIRS AND MAINTENANCE | | | | |
| Repairs and Maintenance | 10 163 161 | 11 961 347 | 10 163 161 | 11 960 114 |
| Total Repairs and Maintenance | 10 163 161 | 11 961 347 | 10 163 161 | 11 960 114 |
| <u>Attributable to:</u> | | | | |
| Continued Operations | 10 163 161 | 11 960 114 | 10 163 161 | 11 960 114 |
| Discontinued Operations - Refer to note 40 | - | 1 233 | - | - |
| | 10 163 161 | 11 961 347 | 10 163 161 | 11 960 114 |
| 37 FINANCE CHARGES | | | | |
| Long-term Liabilities | 99 915 | 118 651 | 99 915 | 118 651 |
| Finance leases | 27 434 | 46 007 | 27 434 | 46 007 |
| Landfill Sites | 1 014 517 | 500 078 | 1 014 517 | 500 078 |
| Total finance charges | 1 141 867 | 664 736 | 1 141 867 | 664 736 |
| 38 BULK PURCHASES | | | | |
| Electricity | 53 634 995 | 48 523 300 | 53 634 995 | 48 523 300 |
| Water | 625 609 | 520 831 | 625 609 | 520 831 |
| Total Bulk Purchases | 54 260 605 | 49 044 131 | 54 260 605 | 49 044 131 |
| 39 GENERAL EXPENSES | | | | |
| Advertising | 175 643 | 290 569 | 175 643 | 290 569 |
| Advertising & Tourism | 706 200 | 706 200 | 706 200 | 706 200 |
| Audit Committee Allowances | 60 761 | 68 726 | 60 761 | 68 726 |
| Audit fees | 2 597 240 | 1 680 494 | 2 597 240 | 1 680 494 |
| Bank Charges | 561 378 | 636 706 | 561 378 | 636 706 |
| Chemicals | 1 123 947 | 1 060 602 | 1 123 947 | 1 060 602 |
| Cleaning material | 185 917 | 229 906 | 185 917 | 229 906 |
| Cleaning projects | 110 707 | 52 274 | 110 707 | 52 274 |
| Cleaning services & washing | 64 629 | 59 428 | 64 629 | 59 428 |
| Computer Services & License fees | 1 642 346 | 1 255 732 | 1 642 346 | 1 255 732 |
| Contributions - Pensioners | 164 657 | 235 370 | 164 657 | 235 370 |
| Donations | 99 000 | 104 960 | 99 000 | 104 960 |
| Entertainment costs | 154 083 | 172 898 | 154 083 | 172 898 |
| Free Basic Electricity and Indigent Subsidy | 527 521 | 506 722 | 527 521 | 506 722 |
| Fuel Cost | 3 128 962 | 2 595 046 | 3 128 962 | 2 595 046 |
| Holiday Programmes & Entertainment | 375 919 | 320 397 | 375 919 | 320 397 |
| Housing Development Fund | 400 000 | 597 000 | 400 000 | 597 000 |
| Housing Subsidy | 16 584 655 | 34 207 782 | 16 584 655 | 34 207 782 |
| Human Development | 301 150 | 217 883 | 301 150 | 217 883 |
| Insurance | 371 764 | 419 679 | 371 764 | 419 679 |
| Legal fees | 1 768 104 | 1 350 806 | 1 768 104 | 1 350 806 |
| License fees - Radios | 10 200 | 28 649 | 10 200 | 28 649 |
| License fees - Vehicles | 115 055 | 100 503 | 115 055 | 100 503 |
| Local Economic Development | 49 615 | 118 211 | 49 615 | 118 211 |
| Oil & Lubricants | 40 564 | 52 977 | 40 564 | 52 977 |
| Postage | 521 593 | 468 472 | 521 593 | 468 472 |
| Printing & Stationery | 919 764 | 849 465 | 919 764 | 849 465 |
| Professional & Consultancy fees | 4 844 965 | 2 092 632 | 4 844 965 | 2 092 632 |
| Protective Clothing | 314 277 | 203 009 | 314 277 | 203 009 |
| Public Communication | 278 683 | 444 144 | 278 683 | 444 144 |
| Recruiting Costs | 227 582 | 146 207 | 227 582 | 146 207 |
| Refuse Bags | 375 015 | 395 507 | 375 015 | 395 507 |
| Rental Paid | 1 703 205 | 624 255 | 1 703 205 | 624 255 |
| Security Services | 676 350 | 520 360 | 676 350 | 520 360 |
| Service Charges | 539 736 | 597 495 | 539 736 | 597 495 |
| Service connections - new | 192 343 | 279 017 | 192 343 | 279 017 |
| Social assistance | 28 000 | 26 045 | 28 000 | 26 045 |
| Socio-Economic Development | 159 856 | 204 363 | 159 856 | 204 363 |
| Structure - & Zoning planning | 107 407 | - | 107 407 | - |
| Subscriptions - Organisations | 675 701 | 573 264 | 675 701 | 573 264 |
| Subsistence & Travel Allowances | 555 040 | 442 797 | 555 040 | 442 797 |
| Telephone costs | 1 403 985 | 1 349 209 | 1 403 985 | 1 349 209 |
| Training & Development - Staff | 2 168 718 | 354 786 | 2 168 718 | 354 786 |
| Training Levy | 606 588 | 547 874 | 606 588 | 547 874 |
| Union Representative | 19 241 | 16 289 | 19 241 | 16 289 |
| Valuation Costs | 525 233 | 439 855 | 525 233 | 439 855 |
| Ward Committees | 553 756 | 507 694 | 553 756 | 507 694 |
| Workmens Compensation Contributions | 421 466 | 337 170 | 421 466 | 337 170 |
| Other | 3 063 840 | 2 074 093 | 3 042 881 | 1 818 588 |
| Total General Expenses | 52 182 382 | 60 563 518 | 52 161 423 | 60 308 014 |

CAPE AGULHAS LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

| | ECONOMIC ENTITY | | MUNICIPALITY | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 2014 R | 2013 R | 2014 R | 2013 R |
| Attributable to: | | | | |
| Continued Operations | 52 161 423 | 60 308 014 | 52 161 423 | 60 308 014 |
| Discontinued Operations - Refer to note 40 | 20 959 | 255 505 | - | - |
| | <u>52 182 382</u> | <u>60 563 518</u> | <u>52 161 423</u> | <u>60 308 014</u> |

General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees, auditing fees and consulting fees.

40 DISCONTINUED OPERATIONS

| | | | | |
|---|------------------|------------------|----------|----------|
| Public Contributions and Donations | - | 41 297 | - | - |
| Remuneration of Directors | - | (20 873) | - | - |
| Depreciation | - | (5 824) | - | - |
| Repairs and Maintenance | - | (1 233) | - | - |
| General expenses | (20 959) | (255 505) | - | - |
| Loss on disposal of Assets held for Sale - Refer to note 21 | (90 189) | - | - | - |
| Total Discontinued Operations | <u>(111 148)</u> | <u>(242 137)</u> | <u>-</u> | <u>-</u> |

All income and expenditure relates to the Southernmost Development Agency (Soc) Ltd. The Economic Entity resolved on 28 May 2013 not to further its objective of economic development through this legal structure.

40 TAXATION

| | | | | |
|-----------------|---|---|---|---|
| Normal taxation | - | - | - | - |
|-----------------|---|---|---|---|

No taxation is payable since the Agency has an incurred a loss in the current year. No deferred tax asset was created for the tax loss, since it is still unclear whether there will be taxable income in the future.

| | ECONOMIC ENTITY | | MUNICIPALITY | |
|--|-----------------|--|--------------------|--------------------|
| | 2013 R | | 2013 R | |
| 41 CORRECTION OF ERROR IN TERMS OF GRAP 3 | | | | |
| 41.01 LONG-TERM LIABILITIES | | | | |
| Balance previously reported | | | 678 582 | 678 582 |
| Recognise finance lease previously not recognised during 2011/2012 - Refer to note 41.04 | | | 27 359 | 27 359 |
| Recognise capital redemption on finance leases up to 30 June 2012 previously not recognised - Refer to note 41.13 | | | (4 760) | (4 760) |
| Recognise capital redemption on finance leases during 2012/2013 previously not recognised - Refer to note 42 | | | (8 762) | (8 762) |
| Correction of current portion of finance leases on 30 June 2013 - Refer to note 41.02 | | | (9 584) | (9 584) |
| | | | <u>682 836</u> | <u>682 836</u> |
| 41.02 CURRENT PORTION OF LONG TERM-LIABILITIES | | | | |
| Balance previously reported | | | 413 962 | 413 962 |
| Correction of current portion of finance leases on 30 June 2013 - Refer to note 41.01 | | | 9 584 | 9 584 |
| | | | <u>423 546</u> | <u>423 546</u> |
| 41.03 INVESTMENT PROPERTY | | | | |
| Balance previously reported | | | 35 709 648 | 35 709 648 |
| Recognise investment properties previously not recognised up to 30 June 2012 | | | 5 023 168 | 5 023 168 |
| Effect on Cost - Refer to note 41.13 | | | 5 058 000 | 5 058 000 |
| Effect on Accumulated Depreciation up to 30 June 2012 - Refer to note 41.13 | | | (29 032) | (29 032) |
| Effect on Accumulated Depreciation up to 30 June 2013 - Refer to note 42 | | | (5 800) | (5 800) |
| | | | <u>40 732 816</u> | <u>40 732 816</u> |
| 41.04 PROPERTY PLANT AND EQUIPMENT | | | | |
| Balance previously reported | | | 244 594 114 | 244 594 114 |
| Recognise finance lease previously not recognised during 2011/2012 - Refer to note 41.01 | | | 27 359 | 27 359 |
| Recognise assets transferred from Department of Cultural Affairs and Sport previously not recognised during 2012/2013 - Refer to note 42 | | | 46 562 | 46 562 |
| Effect on Furniture | | | 934 | 934 |
| Effect on Office Equipment | | | 13 761 | 13 761 |
| Effect on Computer Hardware | | | 31 866 | 31 866 |
| Recognise Other Assets previously not recognised - Refer to note 41.13 | | | 4 168 871 | 4 168 871 |
| Effect on Vehicles | | | 26 665 | 26 665 |
| Effect on Tools & Equipment | | | 16 318 | 16 318 |
| Effect on Furniture | | | 3 413 | 3 413 |
| Effect on Special Vehicles | | | 365 668 | 365 668 |
| Effect on Chairs | | | 1 733 | 1 733 |
| Effect on Office Equipment | | | 16 444 | 16 444 |
| Effect on Computer Hardware | | | 9 964 | 9 964 |
| Effect on Other | | | 1 710 | 1 710 |
| Effect on Land | | | 2 623 000 | 2 623 000 |
| Effect on Buildings | | | 968 000 | 968 000 |
| Effect on Infrastructure Electricity Network | | | 135 958 | 135 958 |

CAPE AGULHAS LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

| | ECONOMIC ENTITY | MUNICIPALITY |
|---|-----------------|--------------|
| | 2013 R | 2013 R |
| Recognise accumulated depreciation on assets previously not recognised up to 30 June 2012 - Refer to note 41.13 | (165 756) | (165 756) |
| Effect on Vehicles | (8 893) | (8 893) |
| Effect on Tools & Equipment | (8 050) | (8 050) |
| Effect on Furniture | (823) | (823) |
| Effect on Special Vehicles | (38 804) | (38 804) |
| Effect on Chairs | (578) | (578) |
| Effect on Office Equipment | (8 018) | (8 018) |
| Effect on Computer Hardware | (4 985) | (4 985) |
| Effect on Other | (221) | (221) |
| Effect on Leased Assets - Office Machines | (1 589) | (1 589) |
| Effect on Buildings | (48 453) | (48 453) |
| Effect on Infrastructure Electricity Network | (45 344) | (45 344) |
| Recognise depreciation on assets previously not recognised during 2012/2013 - Refer to note 42 | (36 204) | (36 204) |
| Effect on Vehicles | (1 778) | (1 778) |
| Effect on Tools & Equipment | (1 580) | (1 580) |
| Effect on Furniture | 179 | 179 |
| Effect on Special Vehicles | (6 275) | (6 275) |
| Effect on Chairs | (116) | (116) |
| Effect on Office Equipment | (2 601) | (2 601) |
| Effect on Computer Hardware | (2 481) | (2 481) |
| Effect on Other | (73) | (73) |
| Effect on Leased Assets - Office Machines | (2 736) | (2 736) |
| Effect on Buildings | (9 680) | (9 680) |
| Effect on Infrastructure Electricity Network | (9 064) | (9 064) |
| Remove duplicate assets incorrectly included in asset register - Refer to note 41.13 | (197 596) | (197 596) |
| Effect on Land | (31 000) | (31 000) |
| Effect on Buildings | (163 000) | (163 000) |
| Effect on Office Equipment | (3 596) | (3 596) |
| Remove accumulated depreciation up to 30 June 2012 on duplicate assets incorrectly included in asset register - Refer to note 41.13 | 41 716 | 41 716 |
| Effect on Buildings | 38 417 | 38 417 |
| Effect on Office Equipment | 3 299 | 3 299 |
| Remove depreciation up to 30 June 2013 on duplicate assets incorrectly included in asset register - Refer to note 42 | 1 870 | 1 870 |
| Effect on Buildings | 1 630 | 1 630 |
| Effect on Office Equipment | 240 | 240 |
| Reversal of assets incorrectly disposed of on 30 June 2013 - Refer to note 42 | 27 730 | 27 730 |
| Effect on Tools & Equipment (Cost) | 49 905 | 49 905 |
| Effect on Furniture (Cost) | 11 276 | 11 276 |
| Effect on Chairs (Cost) | 8 939 | 8 939 |
| Effect on Office Equipment (Cost) | 313 | 313 |
| Effect on Other (Cost) | 1 589 | 1 589 |
| Effect on Tools & Equipment (Accumulated Depreciation) | (38 766) | (38 766) |
| Effect on Furniture (Accumulated Depreciation) | (1 880) | (1 880) |
| Effect on Chairs (Accumulated Depreciation) | (3 308) | (3 308) |
| Effect on Office Equipment (Accumulated Depreciation) | (73) | (73) |
| Effect on Other (Accumulated Depreciation) | (265) | (265) |
| Correction of depreciation up to 30 June 2012 (incorrect useful lives allocated to assets) - Refer to note 41.13 | 984 415 | 984 415 |
| Effect on Buildings | 391 246 | 391 246 |
| Effect on Computer Hardware | 74 593 | 74 593 |
| Effect on Leased Assets - Office Machines | 1 256 | 1 256 |
| Effect on Office Equipment | 14 686 | 14 686 |
| Effect on Other | 60 119 | 60 119 |
| Effect on Tools & Equipment | 38 265 | 38 265 |
| Effect on Recreation Grounds | 5 337 | 5 337 |
| Effect on Parks & Gardens | 1 284 | 1 284 |
| Effect on Infrastructure Roads and Storm water | 192 136 | 192 136 |
| Effect on Infrastructure Electricity Network | 5 050 | 5 050 |
| Effect on Infrastructure Sewerage Network | 14 141 | 14 141 |
| Effect on Infrastructure Water Network | 145 957 | 145 957 |
| Effect on Infrastructure Refuse Removal | 40 346 | 40 346 |
| Correction of depreciation during 2012/2013 (incorrect useful lives allocated to assets) - Refer to note 42 | 4 858 | 4 858 |
| Effect on Buildings | (31 975) | (31 975) |
| Effect on Computer Hardware | 7 411 | 7 411 |
| Effect on Leased Assets - Office Machines | (538) | (538) |
| Effect on Office Equipment | 1 365 | 1 365 |
| Effect on Other | 1 723 | 1 723 |
| Effect on Tools & Equipment | 1 253 | 1 253 |
| Effect on Recreation Grounds | 578 | 578 |
| Effect on Parks & Gardens | (258) | (258) |
| Effect on Infrastructure Roads and Storm water | 21 543 | 21 543 |
| Effect on Infrastructure Electricity Network | 33 | 33 |
| Effect on Infrastructure Sewerage Network | 1 005 | 1 005 |
| Effect on Infrastructure Water Network | (1 029) | (1 029) |
| Effect on Infrastructure Refuse Removal | 3 748 | 3 748 |
| Correction of low voltage network incorrectly unbundled in previous years | 4 751 586 | 4 751 586 |
| Effect on Infrastructure Electricity Network (Cost) - Refer to note 41.13 | 4 141 701 | 4 141 701 |
| Effect on Infrastructure Electricity Network (Accumulated Depreciation up to 30 June 2012) - Refer to note 41.13 | 926 239 | 926 239 |
| Effect on Infrastructure Electricity Network (Accumulated Depreciation up to 30 June 2013) - Refer to note 42 | (316 354) | (316 354) |
| Correction of depreciation charges on infrastructure electricity where completion dates of assets were incorrectly excluded | 596 577 | 596 577 |
| Effect on depreciation up to 30 June 2012 - Refer to note 41.13 | 612 710 | 612 710 |
| Effect on depreciation up to 30 June 2013 - Refer to note 42 | (16 134) | (16 134) |

CAPE AGULHAS LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

| | ECONOMIC ENTITY | MUNICIPALITY |
|---|--------------------|--------------------|
| | 2013 R | 2013 R |
| Correction of incorrect allocation between different classes of assets | - | - |
| Effect on Buildings (Cost) | (1 529 000) | (1 529 000) |
| Effect on Land (Cost) | (352 000) | (352 000) |
| Effect on Other Assets - Other (Cost) | (118 075) | (118 075) |
| Effect on Community Assets (Libraries) (Cost) | 1 881 000 | 1 881 000 |
| Effect on Infrastructure Roads and Storm water (Cost) | 22 219 | 22 219 |
| Effect on Infrastructure Water Network (Cost) | 95 856 | 95 856 |
| Effect on Buildings (Accumulated Depreciation up to 30 June 2012) | 1 211 802 | 1 211 802 |
| Effect on Other Assets - Other (Accumulated Depreciation up to 30 June 2012) | 10 971 | 10 971 |
| Effect on Community Assets (Libraries) (Accumulated Depreciation up to 30 June 2012) | (1 211 802) | (1 211 802) |
| Effect on Infrastructure Roads and Storm water (Accumulated Depreciation up to 30 June 2012) | (7 134) | (7 134) |
| Effect on Infrastructure Water Network (Accumulated Depreciation up to 30 June 2012) | (3 837) | (3 837) |
| Effect on Buildings (Depreciation 2012/2013) | 13 478 | 13 478 |
| Effect on Other Assets - Other (Depreciation 2012/2013) | 3 180 | 3 180 |
| Effect on Community Assets (Libraries) (Depreciation 2012/2013) | (13 478) | (13 478) |
| Effect on Infrastructure Roads and Storm water (Depreciation 2012/2013) | (2 222) | (2 222) |
| Effect on Infrastructure Water Network (Depreciation 2012/2013) | (959) | (959) |
| Correction of Computer Equipment incorrectly included in Asset Register | - | - |
| Effect on Transfer from Economic Development Agency (KEDA) - Refer to note 42 | (5 326) | - |
| Effect on Depreciation for 2012/2013 - Refer to note 42 | 126 | - |
| Effect on transfer to Assets held for sale - Refer to note 41.11 | 5 199 | - |
| | 254 846 101 | 254 846 101 |
| 41.05 NON-CURRENT INVESTMENTS | | |
| Balance previously reported | - | 140 459 |
| Correction of impairment recognised on investment due to asset incorrectly recorded in the records of the municipal entity - Refer to note 42 | - | (5 199) |
| | - | 135 260 |
| 41.06 CURRENT EMPLOYEE BENEFITS | | |
| Balance previously reported | 5 502 083 | 5 502 083 |
| Recognise staff bonuses previously not recognised | 1 441 738 | 1 441 738 |
| Effect up to 30 June 2012 - Refer to note 41.13 | 1 282 317 | 1 282 317 |
| Effect during 2012/2013 - Refer to note 42 | 159 421 | 159 421 |
| Correction of lump sum pension fund payments previously not recognised | 129 858 | 129 858 |
| Effect up to 30 June 2012 - Refer to note 41.13 | 74 922 | 74 922 |
| Effect during 2012/2013 - Refer to note 42 | 54 936 | 54 936 |
| Recognise pension fund increases previously not granted to GF Muller | 53 921 | 53 921 |
| Effect up to 30 June 2012 - Refer to note 41.13 | 43 881 | 43 881 |
| Effect during 2012/2013 - Refer to note 42 | 10 039 | 10 039 |
| | 7 127 600 | 7 127 600 |
| 41.07 PAYABLES FROM EXCHANGE TRANSACTIONS | | |
| Balance previously reported | 5 772 164 | 5 772 164 |
| Correction of Retentions incorrectly removed from retention listing on 30 June 2012 - Refer to note 41.13 | 164 465 | 164 465 |
| Payable outstanding to the Department of Transport and Public Works incorrectly included under receivables - Refer to note 41.10 | 61 239 | 61 239 |
| Correction of Department of Transport and Public Works account | 171 890 | 171 890 |
| Effect on Taxes - Refer to note 41.08 | 4 000 | 4 000 |
| Effect on income and expenditure during 2012/2013 - Refer to note 42 | 28 183 | 28 183 |
| Effect on income and expenditure up to 30 June 2012 - Refer to note 41.13 | 139 707 | 139 707 |
| | 6 169 758 | 6 169 758 |
| 41.08 TAXES | | |
| Balance previously reported | (181 657) | (181 657) |
| Correction of Department of Transport and Public Works account - Refer to note 41.07 | (4 000) | (4 000) |
| | (185 657) | (185 657) |
| 41.09 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS | | |
| Balance previously reported | 6 205 157 | 6 205 157 |
| Housing expenditure prior to 30 June 2012 incorrectly not recovered from grant funding - Refer to note 41.13 | (251 011) | (251 011) |
| | 5 954 146 | 5 954 146 |
| 41.10 RECEIVABLES FROM EXCHANGE TRANSACTIONS | | |
| Balance previously reported | 12 554 163 | 12 554 163 |
| Payable outstanding to the Department of Transport and Public Works incorrectly included under receivables - Refer to note 41.07 | 61 239 | 61 239 |
| | 12 615 402 | 12 615 402 |
| 41.11 ASSETS HELD FOR SALE | | |
| Balance previously reported | 140 459 | - |
| Correction of Computer Equipment incorrectly included in Asset Register - Refer to note 41.04 | (5 199) | - |
| | 135 260 | - |
| 41.12 HOUSING DEVELOPMENT FUND | | |
| Balance previously reported | 1 337 286 | 1 337 286 |
| Housing fund previously not utilised for housing development expenditure (2007 - 2009) - Refer to note 41.13 | (1 337 286) | (1 337 286) |
| | - | - |

CAPE AGULHAS LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

41.13 ACCUMULATED SURPLUS

| | | |
|---|------------------------|---------------------|
| Recognise capital redemption on finance leases up to 30 June 2012 previously not recognised - Refer to note 41.01 | 4 760 | 4 760 |
| Recognise Other Assets previously not recognised - Refer to note 41.04 | 4 168 871 | 4 168 871 |
| Recognise accumulated depreciation on assets previously not recognised up to 30 June 2012 - Refer to note 41.04 | (165 756) | (165 756) |
| Correction of depreciation up to 30 June 2012 (incorrect useful lives allocated to assets) - Refer to note 41.04 | 984 415 | 984 415 |
| Remove duplicate assets incorrectly included in asset register - Refer to note 41.04 | (197 596) | (197 596) |
| Remove accumulated depreciation up to 30 June 2012 on duplicate assets incorrectly included in asset register - Refer to note 41.04 | 41 716 | 41 716 |
| Correction of Retentions incorrectly removed from retention listing on 30 June 2012 - Refer to note 41.07 | (164 465) | (164 465) |
| Housing fund previously not utilised for housing development expenditure (2007 - 2009) - Refer to note 41.12 | 1 337 286 | 1 337 286 |
| Housing expenditure prior to 30 June 2012 incorrectly not recovered from grant funding - Refer to note 41.09 | 251 011 | 251 011 |
| Correction of lump sum pension fund payments previously not recognised - Refer to note 41.06 | (74 922) | (74 922) |
| Recognise staff bonuses previously not recognised - Refer to note 41.06 | (1 282 317) | (1 282 317) |
| Recognise pension fund increases previously not granted to GF Muller - Refer to note 41.06 | (43 881) | (43 881) |
| Correction of Department of Transport and Public Works account - Refer to note 41.07 | (139 707) | (139 707) |
| Correction of depreciation charges on infrastructure electricity where completion dates of assets were incorrectly excluded - Refer to note 41.04 | 612 710 | 612 710 |
| Correction of low voltage network incorrectly unbundled in previous years | 5 067 940 | 5 067 940 |
| Effect on Infrastructure Electricity Network (Cost) - Refer to note 41.04 | 4 141 701 | 4 141 701 |
| Effect on Infrastructure Electricity Network (Accumulated Depreciation up to 30 June 2012) - Refer to note 41.04 | 926 239 | 926 239 |
| Recognise investment properties previously not recognised up to 30 June 2012 | 5 028 968 | 5 028 968 |
| Effect on Cost - Refer to note 41.03 | 5 058 000 | 5 058 000 |
| Effect on Accumulated Depreciation up to 30 June 2012 - Refer to note 41.03 | (29 032) | (29 032) |
| | 15 429 033 | 15 429 033 |
| | ECONOMIC ENTITY | MUNICIPALITY |
| | 2013 | 2013 |
| | R | R |

42 CHANGES IN STATEMENT OF FINANCIAL PERFORMANCE IN TERMS OF GRAP 3

| | | |
|---|------------------------|---------------------|
| Balance previously reported | 12 439 771 | 12 439 871 |
| Recognise capital redemption on finance leases during 2012/2013 previously not recognised - Refer to note 41.01 | 8 762 | 8 762 |
| Effect on general expenses | 10 440 | 10 440 |
| Effect on finance charges | (1 678) | (1 678) |
| Correction of impairment recognised on investment due to asset incorrectly recorded in the records of the municipal entity - Refer to note 41.05 | - | (5 199) |
| Recognise assets transferred from Department of Cultural Affairs and Sport previously not recognised during 2012/2013 - Refer to note 41.04 | - | - |
| Recognise depreciation on assets previously not recognised during 2012/2013 - Refer to note 41.04 | 46 562 | 46 562 |
| Remove depreciation up to 30 June 2013 on duplicate assets incorrectly included in asset register - Refer to note 41.04 | (36 204) | (36 204) |
| Reversal of assets incorrectly disposed of on 30 June 2013 - Refer to note 41.04 | 1 870 | 1 870 |
| Correction of depreciation during 2012/2013 (incorrect useful lives allocated to assets) - Refer to note 41.04 | 27 730 | 27 730 |
| Correction of lump sum pension fund payments previously not recognised - Refer to note 41.06 | 4 858 | 4 858 |
| Recognise staff bonuses previously not recognised - Refer to note 41.06 | (54 936) | (54 936) |
| Recognise pension fund increases previously not granted to GF Muller - Refer to note 41.06 | (159 421) | (159 421) |
| Correction of depreciation charges on infrastructure electricity where completion dates of assets were incorrectly excluded - Refer to note 41.04 | (10 039) | (10 039) |
| Recognise investment properties previously not recognised up to 30 June 2013 (Depreciation) - Refer to note 41.03 | (16 134) | (16 134) |
| Correction of low voltage network incorrectly unbundled in previous years | (5 800) | (5 800) |
| Effect on Infrastructure Electricity Network (Accumulated Depreciation up to 30 June 2013) - Refer to note 41.04 | (316 354) | (316 354) |
| Correction of Department of Transport and Public Works account - Refer to note 41.07 | (28 183) | (28 183) |
| Effect on Agency Fees | (7 587) | (7 587) |
| Effect on Other Revenue | (20 596) | (20 596) |
| Operating grant expenditure incorrectly not disclosed in line with the nature of the item | - | - |
| Effect on Other Operating Grant Expenditure | 39 998 012 | 39 998 012 |
| Effect on Repairs and Maintenance | (3 263 561) | (3 263 561) |
| Effect on Employee Related Costs | (1 154 661) | (1 154 661) |
| Effect on General Expenses | (35 579 790) | (35 579 790) |
| Correction of Computer Equipment incorrectly included in Asset Register - Refer note 41.04 | (5 199) | - |
| Effect on Public Contributions and Donations | (5 326) | - |
| Effect on Depreciation for 2012/2013 | 126 | - |
| Total | 11 897 282 | 11 897 382 |
| | ECONOMIC ENTITY | MUNICIPALITY |
| | 2014 | 2013 |
| | R | R |

43 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS

| | | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| Surplus/(Deficit) for the year | 6 892 550 | 11 897 282 | 6 892 550 | 11 897 382 |
| Adjustments for: | | | | |
| Depreciation and amortisation | 8 244 648 | 7 180 766 | 8 244 648 | 7 174 942 |
| Impairments | 2 373 040 | 20 157 | 2 484 188 | 262 194 |
| (Gain)/Loss on disposal of property, plant and equipment | 1 286 201 | 6 774 616 | 1 286 201 | 6 774 616 |
| Loss on disposal of Assets Held for Sale | 90 189 | - | - | - |
| Contribution from/to employee benefits - non-current | 4 486 737 | 3 863 676 | 4 486 737 | 3 863 676 |
| Contribution from/to employee benefits - non-current - expenditure incurred | (949 480) | (917 280) | (949 480) | (917 280) |
| Contribution from/to employee benefits - non-current - actuarial losses | 2 773 662 | 2 022 024 | 2 773 662 | 2 022 024 |
| Contribution to employee benefits - current | 3 281 908 | 4 942 962 | 3 281 908 | 4 942 962 |
| Contribution to employee benefits - current - expenditure incurred | (3 584 232) | (3 687 291) | (3 584 232) | (3 687 291) |
| Contribution to provisions - non-current | 1 014 517 | 500 078 | 1 014 517 | 500 078 |
| Contribution to provisions - bad debt | 2 968 851 | 2 179 110 | 2 968 851 | 2 179 110 |
| Bad debts written off | (648 682) | (295 377) | (648 682) | (295 377) |
| Operating lease income accrued | (4 907) | (15 958) | (4 907) | (15 958) |
| Grants Received | 70 561 513 | 87 409 293 | 70 561 513 | 87 409 293 |
| Grant Expenditure | (67 394 246) | (86 600 439) | (67 394 246) | (86 600 439) |
| Interest Received (Directly attributable to grants) | 11 353 | 25 199 | 11 353 | 25 199 |
| Operating Surplus before changes in working capital | 31 383 623 | 35 298 620 | 31 404 583 | 35 535 133 |
| Changes in working capital | (3 798 335) | (3 678 039) | (3 798 293) | (3 643 452) |
| Decrease in Payables from exchange transactions | 1 044 335 | (678 940) | 1 044 335 | (678 940) |
| Increase/(Decrease) in Taxes | 109 403 | (518 649) | 109 445 | (584 062) |
| Decrease in Inventory | 216 513 | 64 746 | 216 513 | 64 746 |
| Increase in Receivables from exchange and non-exchange transactions | (5 168 586) | (2 445 195) | (5 168 586) | (2 445 195) |
| Cash generated by operations | 27 585 288 | 31 620 781 | 27 606 289 | 31 891 681 |

CAPE AGULHAS LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

| | ECONOMIC ENTITY | | MUNICIPALITY | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2014 R | 2013 R | 2014 R | 2013 R |
| 44 CASH AND CASH EQUIVALENTS | | | | |
| Cash and cash equivalents included in the cash flow statement comprise the following: | | | | |
| Cash Floats - Refer to note 23 | 14 100 | 12 700 | 14 100 | 12 700 |
| Bank - Refer to note 23 | 11 393 101 | 24 549 700 | 11 393 101 | 24 549 700 |
| Call Investment and Other Deposits - Refer to note 23 | 10 000 000 | - | 10 000 000 | - |
| Total cash and cash equivalents | 21 407 201 | 24 562 400 | 21 407 201 | 24 562 400 |
| 45 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES | | | | |
| Cash and Cash Equivalents - Refer to note 44 | 21 407 201 | 24 562 400 | 21 407 201 | 24 562 400 |
| Cash held in Attorneys' Trust Account - Refer to note 20 | - | 418 786 | - | 418 786 |
| | 21 407 201 | 24 981 187 | 21 407 201 | 24 981 187 |
| Less: | 5 529 399 | 5 954 146 | 5 529 399 | 5 954 146 |
| Unspent Committed Conditional Grants - Refer to note 10 | 5 529 399 | 5 954 146 | 5 529 399 | 5 954 146 |
| VAT - Refer to note 11 | - | - | - | - |
| Net cash resources available for internal distribution | 15 877 802 | 19 027 041 | 15 877 802 | 19 027 041 |
| Allocated to: | | | | |
| Capital Replacement Reserve | 15 750 000 | 16 500 000 | 15 750 000 | 16 500 000 |
| Valuation Roll Reserve | - | 2 000 000 | - | 2 000 000 |
| Resources available for working capital requirements | 127 802 | 527 041 | 127 802 | 527 041 |
| 46 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION | | | | |
| Long-term Liabilities - Refer to note 3 | 807 331 | 1 079 687 | 807 331 | 1 079 687 |
| Used to finance property, plant and equipment - at cost | (807 331) | (1 079 687) | (807 331) | (1 079 687) |
| | - | - | - | - |
| Cash set aside for the repayment of long-term liabilities | - | - | - | - |
| Cash invested for repayment of long-term liabilities | - | - | - | - |
| 47 BUDGET COMPARISONS | | | | |
| In order to comply with the requirements of GRAP 24.12 and GRAP 24.27, all required disclosures are included in pages 7 to 12. | | | | |
| Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats | | | | |
| The following items are affected by these classification differences: | | | | |
| Statement of financial position | | | | |
| Consumer debtors in budget statements consist out of Receivables from Exchange and Receivables from Non-exchange. | | | | |
| The budget formats does not allow for various sundry debtor balances to be disclosed separately. For this reason, Unpaid Conditional Grants and Receipts, Operating Lease Assets and Taxes are all incorporated under other receivables. | | | | |
| Included in Trade and other payables per budget statement are Payables from Exchange Transactions as well as Unspent Conditional Government Grants and Receipts. | | | | |
| Employee benefits and Provisions (current and non-current) are disclosed separately in the financial statements while these figures are aggregated in the budget statements. | | | | |
| Statement of financial position | | | | |
| The statement of financial performance is comparable on a line by line basis except for the following items: | | | | |
| The budget statements does not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Revenue in the budget statement. Other revenue per budget statement consist out of the following line items - Public Contributions and donations, Other Income and Third Party Payments. | | | | |
| Depreciation/Amortisation and Impairments are disclosed separately in the financial statements while these figures are aggregated in the budget statements. | | | | |
| The budget statements does not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Expenditure in the budget statement. Other Expenditure per budget statement consist out of the following line items - General Expenses, Repairs and Maintenance and Actuarial Losses. | | | | |
| Cash Flow Statement | | | | |
| The Cash Flow Statement is presented on a comparable basis. | | | | |

48 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

48.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

| | | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| Opening balance | 25 552 730 | 10 367 490 | 25 552 730 | 10 367 490 |
| Unauthorised expenditure current year - capital | 7 178 389 | 15 297 854 | 7 178 389 | 15 297 854 |
| Unauthorised expenditure current year - operating | 8 776 358 | 10 254 875 | 8 776 358 | 10 254 875 |
| Approved by Council or condoned | - | (10 367 490) | - | (10 367 490) |
| Unauthorised expenditure awaiting authorisation | 41 507 477 | 25 552 730 | 41 507 477 | 25 552 730 |

| Incident | Disciplinary steps/criminal proceedings |
|--|---|
| Over expenditure of approved budget on votes 2013/14 | None |

CAPE AGULHAS LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

| | 2014 R (Actual) | 2014 R (Budget) | 2014 R (Variance) | 2014 R (Unauthorised) |
|--|-----------------------|-----------------------|-------------------------|-----------------------------|
| Unauthorised expenditure current year - operating | | | | |
| Executive and Council | 37 323 112 | 50 587 150 | (13 264 038) | - |
| Budget and Treasury Office | 27 511 812 | 24 854 044 | 2 657 768 | 2 657 768 |
| Corporate Services | 17 194 824 | 14 833 056 | 2 361 768 | 2 361 768 |
| Community and Social Services | 12 573 825 | 12 394 462 | 179 363 | 179 363 |
| Sport and Recreation | 6 978 950 | 8 089 754 | (1 110 804) | - |
| Public Safety | 6 601 439 | 6 235 852 | 365 587 | 365 587 |
| Road Transport | 9 896 024 | 9 943 159 | (47 135) | - |
| Electricity | 61 943 022 | 61 246 351 | 696 671 | 696 671 |
| Water | 12 181 965 | 11 744 466 | 437 498 | 437 498 |
| Waste Water Management | 6 911 437 | 6 633 271 | 278 166 | 278 166 |
| Waste Management | 11 952 348 | 10 152 811 | 1 799 537 | 1 799 537 |
| Environmental Protection | 392 951 | 512 123 | (119 172) | - |
| Other | 2 305 800 | 2 318 928 | (13 128) | - |
| | 213 767 508 | 219 545 427 | (5 777 919) | 8 776 358 |
| Expenditure per approved budget | | 225 195 427 | | |
| Indigent Subsidies recognised as revenue foregone | | (5 650 000) | | |
| | | 219 545 427 | | |

| | 2014 R (Actual) | 2014 R (Budget) | 2014 R (Variance) | 2014 R (Unauthorised) |
|--|-----------------------|-----------------------|-------------------------|-----------------------------|
| Unauthorised expenditure current year - capital | | | | |
| Executive and Council | 167 611 | - | 167 611 | 167 611 |
| Budget and Treasury Office | 832 859 | 450 000 | 382 859 | 382 859 |
| Corporate Services | 2 553 | 7 000 | (4 447) | - |
| Community and Social Services | 6 650 961 | 5 815 993 | 834 968 | 834 968 |
| Sport and Recreation | 1 179 433 | 1 251 000 | (71 567) | - |
| Road Transport | 9 459 395 | 9 691 975 | (232 580) | - |
| Electricity | 4 164 812 | 2 035 000 | 2 129 812 | 2 129 812 |
| Water | 45 098 | 100 000 | (54 902) | - |
| Waste Water Management | 8 150 410 | 6 775 125 | 1 375 285 | 1 375 285 |
| Waste Management | 2 501 355 | 213 500 | 2 287 855 | 2 287 855 |
| | 33 154 485 | 26 339 593 | 6 814 892 | 7 178 389 |

48.2 Fruitless and wasteful expenditure

None

| | ECONOMIC ENTITY | | MUNICIPALITY | |
|--|-----------------|-------------|----------------|-------------|
| | 2014 R | 2013 R | 2014 R | 2013 R |
| 48.3 Irregular expenditure | | | | |
| Reconciliation of irregular expenditure: | | | | |
| Opening balance | - | 2 037 225 | - | 2 037 225 |
| Irregular expenditure current year | 1 707 045 | - | 1 707 045 | - |
| Condoned or written off by Council | (714 931) | (2 037 225) | (714 931) | (2 037 225) |
| Irregular expenditure awaiting condonement | 992 113 | - | 992 113 | - |

| Incident | Disciplinary steps/criminal proceedings |
|--|---|
| Premium Computers - Non-compliance with MFMA section 44. | None |
| Nashua Mobile (Pty) Ltd - Non-compliance with MFMA section 44. | None |
| Brasika - Services Rendered after contract have lapsed | None |
| Thusong Centre - Contract extended with more than 20% of tender award. | None |

| | 2014 R | 2013 R | 2014 R | 2013 R |
|--|------------------|-----------|------------------|-----------|
| Premium Computers - Non-compliance with MFMA section 44. | 247 064 | - | 247 064 | - |
| Nashua Mobile (Pty) Ltd - Non-compliance with MFMA section 44. | 219 575 | - | 219 575 | - |
| Brasika - Services Rendered after contract have lapsed | 714 931 | - | 714 931 | - |
| Thusong Centre - Contract extended with more than 20% of tender award. | 525 475 | - | 525 475 | - |
| | 1 707 045 | - | 1 707 045 | - |

CAPE AGULHAS LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

| 48.4 Material Losses | ECONOMIC ENTITY | | MUNICIPALITY | |
|--|-----------------|------------|--------------|------------|
| | 2014 | 2013 | 2014 | 2013 |
| Electricity distribution losses | | | | |
| - Units purchased (Kwh) | 71 731 702 | 70 477 557 | 71 731 702 | 70 477 557 |
| - Units lost during distribution (Kwh) | 6 203 948 | 6 999 175 | 6 203 948 | 6 999 175 |
| - Percentage lost during distribution | 8.65% | 9.93% | 8.65% | 9.93% |
| - Rand Value of Loss | 3 346 003 | 3 163 464 | 3 346 003 | 3 163 464 |
| Water distribution losses | | | | |
| - Kilo litres purified | 2 322 057 | 2 363 816 | 2 322 057 | 2 363 816 |
| - Kilo litres lost during distribution | 523 186 | 491 619 | 523 186 | 491 619 |
| - Percentage lost during distribution | 22.53% | 20.80% | 22.53% | 20.80% |
| - Rand Value of Loss | 668 895 | 604 691 | 668 895 | 604 691 |

49 **ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

| | ECONOMIC ENTITY | | MUNICIPALITY | |
|--|-----------------|-----------|--------------|-----------|
| | 2014 R | 2013 R | 2014 R | 2013 R |

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

| | | | | |
|---|------------------|-----------|------------------|-----------|
| Council subscriptions | 663 453 | 545 408 | 663 453 | 545 408 |
| Amount paid - current year | (1 426 816) | (545 408) | (1 426 816) | (545 408) |
| Payment in advance (included in note 19) | (763 363) | - | (763 363) | - |

49.2 **Audit fees - [MFMA 125 (1)(c)]**

| | | | | |
|----------------------------------|-------------|-------------|-------------|-------------|
| Opening balance | - | - | - | - |
| Current year audit fee | 3 021 634 | 1 984 489 | 3 021 634 | 1 984 489 |
| External Audit - Auditor-General | 2 960 854 | 1 915 763 | 2 960 854 | 1 915 763 |
| Audit Committee | 60 781 | 68 726 | 60 781 | 68 726 |
| Amount paid - current year | (3 021 634) | (1 984 489) | (3 021 634) | (1 984 489) |
| Balance unpaid | - | - | - | - |

49.3 **VAT - [MFMA 125 (1)(c)]**

| | | | | |
|---|------------------|------------------|------------------|------------------|
| Opening balance | 563 528 | - | 563 528 | - |
| Amounts received during the year | (2 510 500) | (1 555 238) | (2 510 500) | (1 555 238) |
| Amounts paid during the year | 1 632 528 | 1 371 915 | 1 632 528 | 1 371 915 |
| Amounts claimed - current year | 2 383 317 | 2 144 434 | 2 383 317 | 2 144 434 |
| Amounts payable - current year | (1 632 528) | (1 397 582) | (1 632 528) | (1 397 582) |
| Closing balance | 436 346 | 563 528 | 436 346 | 563 528 |
| Vat in suspense due to cash basis of accounting | (360 134) | (377 871) | (360 134) | (377 871) |

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

49.4 **PAYE, SDL and UIF - [MFMA 125 (1)(c)]**

| | | | | |
|---|-------------|-------------|-------------|-------------|
| Current year payroll deductions and Council Contributions | 9 518 056 | 8 621 751 | 9 518 056 | 8 621 751 |
| Amount paid - current year | (9 518 056) | (8 621 751) | (9 518 056) | (8 621 751) |
| Balance unpaid | - | - | - | - |

49.5 **Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]**

| | | | | |
|---|--------------|--------------|--------------|--------------|
| Current year payroll deductions and Council Contributions | 16 001 736 | 14 200 324 | 16 001 736 | 14 200 324 |
| Amount paid - current year | (16 001 736) | (14 200 324) | (16 001 736) | (14 200 324) |
| Balance unpaid | - | - | - | - |

49.6 **Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]**

The following Councillors had arrear accounts for more than 90 days as at 30 JUNE 2014:

| | Outstanding more than 90 days | Outstanding more than 90 days | Outstanding more than 90 days | Outstanding more than 90 days |
|------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| None | - | - | - | - |

49.7 **Quotations awarded - Supply Chain Management**

Approved deviations from Supply Chain Management Regulations were identified on the following categories:

| | | | | |
|---------------------------------------|------------------|------------------|------------------|------------------|
| Non Compliance per financial category | | | | |
| - Less than R 30 000 | 581 576 | 1 261 135 | 581 576 | 1 261 135 |
| - Between R 30 000 and R 200 000 | 1 668 073 | 1 432 064 | 1 668 073 | 1 432 064 |
| - More than R 200 000 | 4 322 660 | 1 613 636 | 4 322 660 | 1 613 636 |
| | 6 572 309 | 4 306 835 | 6 572 309 | 4 306 835 |

49.8 **Other non-compliance [MFMA 125(2)(e)]**

Section 32 (4) (a) of the MFMA states that the accounting officer must promptly inform the mayor, the MEC of local government in the province and the Auditor General in writing of any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality. The municipality did not inform the relevant parties as required by the section.

49.9 **Trading with employees in service of the state (SCM 44 and 45)**

During the year under review, the municipality engaged with the following employees in service of the state (SCM 44)

| Name (State institution) | Supplier name | | | | |
|---|-------------------------------|----------------|------------------|----------------|------------------|
| J Abrahams (Western Cape: Education) | Khubeika Construction CC | - | 6 214 596 | - | 6 214 596 |
| N Eksteen (Denel SOC Ltd) | Premium Computers | 247 064 | 231 977 | 247 064 | 231 977 |
| V Ztutane (EC Parks and Tourism Agency) | Total Client Services Limited | 87 267 | - | 87 267 | - |
| D Nchoba (Nat. Arts & Culture) | Nashua Mobile (Pty) Ltd | 219 575 | - | 219 575 | - |
| M Mokoena (Gautrain Management Agency) | Inca Portfolio Managers (Pty) | 176 484 | - | 176 484 | - |
| | | 730 390 | 6 446 574 | 730 390 | 6 446 574 |

CAPE AGULHAS LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

| | ECONOMIC ENTITY | | MUNICIPALITY | |
|--|------------------|-------------------------------|------------------|-----------|
| | 2014 R | 2013 R | 2014 R | 2013 R |
| During the year under review, the municipality engaged with the following entities where spouses of suppliers are in service of the state (SCM 45) | | | | |
| <u>Name (State institution)</u> | | <u>Supplier name</u> | | |
| TL Du Toit (Department of Health) | 7 207 229 | Cape Agulhas Civits | 7 207 229 | - |
| C Rhoda (City of Cape Town) | 17 698 | NCC Environmental Services CC | 17 698 | - |
| | 7 224 927 | | 7 224 927 | - |

50 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

| | 2014 R | 2013 R | 2014 R | 2013 R |
|---|------------------|-------------------|------------------|-------------------|
| Approved and contracted for: | 5 457 845 | 10 042 575 | 5 457 845 | 10 042 575 |
| GAP Housing | 558 684 | - | 558 684 | - |
| Streets and Stormwater | 4 402 341 | - | 4 402 341 | - |
| Upgrading of Welverdiend Library | 496 820 | - | 496 820 | - |
| Thusong Centre | - | 2 018 699 | - | 2 018 699 |
| Upgrading of Droë Rivier | - | 160 512 | - | 160 512 |
| WWTW Struisbaal & Sewerage Scheme | - | 7 863 364 | - | 7 863 364 |
| Total | 5 457 845 | 10 042 575 | 5 457 845 | 10 042 575 |
| This expenditure will be financed from: | | | | |
| Government Grants | 5 457 845 | 10 042 575 | 5 457 845 | 10 042 575 |
| | 5 457 845 | 10 042 575 | 5 457 845 | 10 042 575 |

51 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 Economic Entity does not engage in foreign currency transactions.

(b) Price risk

The Economic Entity is not exposed to price risk.

(c) Interest Rate Risk

As the Economic Entity has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The Economic Entity 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 Economic Entity 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 follows:

| | 2014 R | 2013 R | 2014 R | 2013 R |
|---|-----------|-----------|-----------|-----------|
| 1% (2013 - 0.5%) Increase in interest rates | (134 529) | 9 611 | (134 529) | 9 611 |
| 0% (2013 - 0.5%) Decrease in interest rates | - | (9 611) | - | (9 611) |

(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 Economic Entity to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Receivables comprise of a large number of users, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are considered to be moderate due to the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the Economic Entity 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.

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.

CAPE AGULHAS LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

The provision for bad debts could be allocated between the different classes of debtors as follows (Municipality and Economic Entity):

| | 2014 % | 2014 R | 2013 % | 2013 R |
|-------|----------------|-------------------|----------------|------------------|
| Rates | 27.18% | 2 908 273 | 22.34% | 1 838 674 |
| Other | 72.82% | 7 791 716 | 77.66% | 6 391 371 |
| | <u>100.00%</u> | <u>10 699 989</u> | <u>100.00%</u> | <u>8 230 046</u> |

The entity only deposits cash with major banks with high quality credit standing. These banks are all listed on the JSE. The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

| | ECONOMIC ENTITY | | MUNICIPALITY | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2014 R | 2013 R | 2014 R | 2013 R |
| Financial assets exposed to credit risk at year end are as follows: | | | | |
| Long term receivables | 324 457 | 357 052 | 324 457 | 357 052 |
| Receivables from exchange transactions | 15 042 831 | 12 761 827 | 15 042 831 | 12 761 827 |
| Receivables from non-exchange transactions | 846 816 | 424 074 | 846 816 | 424 074 |
| Cash and Cash Equivalents | 21 407 201 | 24 562 400 | 21 407 201 | 24 562 400 |
| Unpaid conditional grants and subsidies | - | 3 603 367 | - | 3 603 367 |
| | <u>37 621 305</u> | <u>41 708 721</u> | <u>37 621 305</u> | <u>41 708 721</u> |

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an on-going review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant (Municipality and Economic Entity).

| | Less than 1 year | Between 1 and 5 years | Between 5 and 10 years | Over 10 Years |
|--|-------------------|--------------------------|---------------------------|--------------------|
| 2014 | | | | |
| Long Term liabilities - Annuity Loans | 238 724 | 477 180 | - | - |
| Capital repayments | 160 467 | 399 444 | - | - |
| Interest | 78 257 | 77 737 | - | - |
| Long Term liabilities - Finance Leases | 157 571 | 112 152 | - | - |
| Capital repayments | 143 318 | 104 103 | - | - |
| Interest | 14 253 | 8 049 | - | - |
| Provisions - Landfill Sites | 2 713 221 | - | - | 211 987 075 |
| Capital repayments | 2 713 221 | - | - | 21 325 455 |
| Interest | - | - | - | 190 661 620 |
| Payables from exchange transactions | 6 159 870 | - | - | - |
| Unspent conditional government grants and receipts | 5 529 399 | - | - | - |
| | <u>14 798 785</u> | <u>589 332</u> | <u>-</u> | <u>211 987 075</u> |
| 2013 | | | | |
| Long Term liabilities - Annuity Loans | 238 724 | 715 942 | - | - |
| Capital repayments | 138 864 | 559 856 | - | - |
| Interest | 99 860 | 156 086 | - | - |
| Long Term liabilities - Finance Leases | 307 272 | 99 163 | - | - |
| Capital repayments | 284 682 | 96 285 | - | - |
| Interest | 22 590 | 2 878 | - | - |
| Provisions - Landfill Sites | 310 511 | - | - | 219 151 983 |
| Capital repayments | 310 511 | - | - | 21 237 284 |
| Interest | - | - | - | 197 914 700 |
| Payables from exchange transactions | 4 656 713 | - | - | - |
| Unspent conditional government grants and receipts | 5 954 146 | - | - | - |
| | <u>11 467 365</u> | <u>815 105</u> | <u>-</u> | <u>219 151 983</u> |

CAPE AGULHAS LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

| | ECONOMIC ENTITY | | MUNICIPALITY | | |
|---|---|-------------------|-------------------|-------------------|-------------------|
| | 2014 R | 2013 R | 2014 R | 2013 R | |
| 52 FINANCIAL INSTRUMENTS | | | | | |
| In accordance with GRAP 104 the financial instruments of the Economic Entity are classified as follows: | | | | | |
| 52.1 Financial Assets | Classification | | | | |
| Long-term Receivables | | | | | |
| Loans to organisations - at amortised cost | | 4 439 | 10 994 | 4 439 | 10 994 |
| Individual housing loans | | 313 463 | 339 819 | 313 463 | 339 819 |
| Non-Current Investments | | | | | |
| Investment in Municipal Entity | | - | - | 45 113 | 135 260 |
| Consumer and other Debtors | | | | | |
| Receivables from exchange transactions | | 15 042 831 | 12 761 827 | 15 042 831 | 12 761 827 |
| Receivables from non-exchange transactions | | 846 816 | 424 074 | 846 816 | 424 074 |
| Other Debtors | | | | | |
| Unpaid government grants | | - | 3 603 367 | - | 3 603 367 |
| Current Portion of Long-term Receivables | | | | | |
| Loans to organisations - at amortised cost | | 6 554 | 6 239 | 6 554 | 6 239 |
| Sport Club Loans | | - | - | - | - |
| Bank Balances and Cash | | | | | |
| Bank Balances | | 21 393 101 | 24 549 700 | 21 393 101 | 24 549 700 |
| Cash Floats and Advances | | 14 100 | 12 700 | 14 100 | 12 700 |
| | | <u>37 621 305</u> | <u>41 708 721</u> | <u>37 666 418</u> | <u>41 843 980</u> |
| SUMMARY OF FINANCIAL ASSETS | | | | | |
| At amortised cost | | <u>37 621 305</u> | <u>41 708 721</u> | <u>37 666 418</u> | <u>41 843 980</u> |
| 52.2 Financial Liability | Classification | | | | |
| Non-Current Liabilities | | | | | |
| Annuity Loans | | 399 444 | 559 856 | 399 444 | 559 856 |
| Capitalised Lease Liability | | 104 103 | 96 285 | 104 103 | 96 285 |
| Non-Current Provisions - Landfill Sites | | 21 325 455 | 21 237 284 | 21 325 455 | 21 237 284 |
| Current Provisions | | | | | |
| Current Provisions - Landfill Sites | | 2 713 221 | 310 511 | 2 713 221 | 310 511 |
| Payables from exchange transactions | | | | | |
| Trade creditors | | 3 682 913 | 1 861 038 | 3 682 913 | 1 861 038 |
| Retentions | | 1 487 089 | 1 763 438 | 1 487 089 | 1 763 438 |
| Other Creditors | | 601 774 | 662 674 | 601 774 | 662 674 |
| Deposits | | 388 094 | 369 563 | 388 094 | 369 563 |
| Unspent Conditional Grants, Receipts and other contributions | | | | | |
| Other Spheres of Government | | 5 529 399 | 5 954 146 | 5 529 399 | 5 954 146 |
| Current Portion of Long-term Liabilities | | | | | |
| Annuity Loans | | 160 467 | 138 864 | 160 467 | 138 864 |
| Capitalised Lease Liability | | 143 318 | 284 682 | 143 318 | 284 682 |
| | | <u>36 535 276</u> | <u>33 238 341</u> | <u>36 535 276</u> | <u>33 238 341</u> |
| SUMMARY OF FINANCIAL LIABILITY | | | | | |
| At amortised cost | | <u>36 535 276</u> | <u>33 238 341</u> | <u>36 535 276</u> | <u>33 238 341</u> |
| 53 EVENTS AFTER THE REPORTING DATE | None | | | | |
| 54 IN-KIND DONATIONS AND ASSISTANCE | The Economic Entity received a public contribution during the year under review to the value of R 1 290 000. The contribution was fully utilised in the upgrading of electricity infrastructure in the Blue Bay area (Suldersstrand). | | | | |
| 55 PRIVATE PUBLIC PARTNERSHIPS | Council has not entered into any private public partnerships during the financial year. | | | | |
| 56 CONTINGENT LIABILITY | Council do have the following contingent liabilities at the end of the financial year 2013/14. | | | | |
| 56.01 | The Council and DA Civics CC is still in the mediation-/arbitration process flowing from a claim of R3 210 179 (Vat Excl.) that was lodged by the Contractor against the Council due to solid rock digging in accordance with contract DCR 0041. The Contractor also claim interest from September 2004. The total approved amount was R1 064 239 (Vat excl.) from which R825 652 already paid to the Contractor. Council apposes the claim and due to potential legal cost implication, the mediation-/arbitration process is followed in an attempt to settle the claim outside the court. The matter is currently in mediation. | | | | |
| 56.02 | The Council is currently party to a court case, case 2226/11 in which Verweyde Eiensdom BPK instituted a claim of R33 119 510 regarding erf 599 Waenhuiskrans against the Council. Council filed a plea to the original claim. The matter is sub judice and the amount is regarded as a contingent liability until judgement is passed. | | | | |

CAPE AGULHAS LOCAL MUNICIPALITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

- 56.03 A claim was lodged against the council by Spronk and Associates Incorporated for town planning performed on behalf of the Economic Entity. The council opposes the appointment of the consultant due to inappropriate procedures followed during the procurement process. The amount of the claim is R 1 061 099.29
- 56.04 Labour case is pending between the former Municipal Manager and the Economic Entity of Cape Agulhas. The judgement was given by the CCMA and the case has been referred to the High Court for finalisation. The potential financial implication and / or liability to council is estimated at R1 400 000.
- 56.05 The Economic Entity does not have a permit or license for all of the landfill sites currently in use and could be liable for a penalty in terms of section 24G of the Environmental Conservation Act.
- 56.06 The municipalities of Hessequa, Theewaterskloof, Swellendam and Cape Agulhas have lodged a section 44 dispute regarding the Overberg Water Board Bulk Water Tariffs in respect of the 2014/15 financial year affecting Klipdale and Proteem in the municipal area. Provincial Treasury and SALGA is involved to facilitate the process between the four affected municipalities for recommendation to National Treasury to mediate the process in terms of circular 21.
- 56.07 Guarantees in favour of the following third parties
 - The Post Office - R 50 000

57 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratapayers / residents.

57.1 Related Party Transactions

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.

57.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

57.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 30 to the Annual Financial Statements.

57.4 Investment in Municipal Entity

The Municipality has a 100% shareholding in the Southernmost Development Agency (Soc) Ltd - Refer to note 16

| | ECONOMIC ENTITY | | MUNICIPALITY | |
|--|---|----------------|----------------|----------------|
| | 2014 R | 2013 R | 2014 R | 2013 R |
| 57.5 Other related party transactions | | | | |
| The following purchases were made during the year where Councillors, Management or Employees have an interest: | | | | |
| <u>Councillor/Employee</u> | <u>Entity</u> | | | |
| A Rudolph | AC Rudolph (Parent of A Rudolph) | 7 900 | - | 7 900 |
| C Leonard and U Hopley | KJ Hopley (Parent of C Leonard an U Hopley) | 1 000 | - | 1 000 |
| C Marthinus | T Marthinus T/A Ikhula Enterprises (Spouse of C Marthinus) | - | 1 600 | - |
| D Fredericks | Adonal Funeral Home (Brother of D Fredericks) | 22 500 | 5 800 | 22 500 |
| D Oncke | KJ Jansen (Parent of D Oncke) | 1 200 | 24 504 | 1 200 |
| F Pieterse | F Pieterse (Spouse of F Pieterse) | 7 800 | - | 7 800 |
| G Le Roux | PF Hammer (Parent of G Le Roux) | 35 600 | - | 35 600 |
| H Damons | Propatria Civil Enterprises (Brother of L Jacobs) | - | 414 986 | - |
| H de Jager | EE De Jager (Brother of H De Jager) | 29 401 | 115 798 | 29 401 |
| H Spandiel | Cape Agulhas Communications (Parent of H Spandiel) | 5 726 | 1 800 | 5 726 |
| J Diedericks | AD Diedericks/Diedericks Construction (Brother of J Diedericks) | 50 448 | 93 527 | 50 448 |
| J Teixeira & L Teixeira | M.A.T Overberg Retailers (Spouses of J Teixeira & L Teixeira) | 760 | 177 | 760 |
| W Van Zyl | J Van Zyl (Parent of W van Zyl) | 68 449 | - | 68 449 |
| R Marthinus | R Marthinus T/A Kassies Kove Restaurant (Former official) | - | 4 425 | - |
| R Temmers | JJ Temmers (Spouse of R Temmers) | - | 2 300 | - |
| | | <u>230 784</u> | <u>664 918</u> | <u>230 784</u> |
| | | | | <u>664 918</u> |

APPENDIX A - Unaudited
 CAPE AGULHAS LOCAL MUNICIPALITY
 SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014

| EXTERNAL LOANS | Rate | Loan Number | Redeemable | Balance at 30 JUNE 2013 | Correction | Balance at 30 JUNE 2013 Restated | Received during the period | Redeemed written off during the period | Balance at 30 JUNE 2014 |
|--------------------------------|--------|-------------|------------|-------------------------|---------------|----------------------------------|----------------------------|--|-------------------------|
| ANNUITY LOANS | | | | | | | | | |
| DBSA | 15.00% | B48 | 30/06/2017 | 698 721 | - | 698 721 | - | 138 810 | 559 910 |
| Total Annuity Loans | | | | 698 721 | - | 698 721 | - | 138 810 | 559 910 |
| LEASE LIABILITY | | | | | | | | | |
| Office Equipment | | | | 367 130 | 13 837 | 380 967 | 167 611 | 301 158 | 247 421 |
| Total Lease Liabilities | | | | 367 130 | 13 837 | 380 967 | 167 611 | 301 158 | 247 421 |
| TOTAL EXTERNAL LOANS | | | | 1 065 850 | 13 837 | 1 079 687 | 167 611 | 439 968 | 807 331 |

APPENDIX B - Unaudited
CAPE AGULHAS LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014
GENERAL FINANCE STATISTIC CLASSIFICATIONS

| 2013 Actual Income R | 2013 Actual Expenditure R | 2013 Surplus/ (Deficit) R | | 2014 Actual Income R | 2014 Actual Expenditure R | 2014 Surplus/ (Deficit) R |
|-------------------------------|------------------------------------|------------------------------------|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| 73 984 992 | (48 476 116) | 25 508 875 | Executive and Council | 55 907 304 | (37 323 112) | 18 584 192 |
| 37 888 651 | (24 862 208) | 13 026 443 | Budget and Treasury Office | 42 714 390 | (27 511 812) | 15 202 577 |
| 896 354 | (20 393 024) | (19 496 670) | Corporate Services | 618 294 | (17 194 824) | (16 576 530) |
| 4 974 609 | (10 154 768) | (5 180 159) | Community and Social Services | 6 294 971 | (12 573 825) | (6 278 854) |
| 3 992 164 | (6 709 336) | (2 717 172) | Sport and Recreation | 4 254 403 | (6 978 950) | (2 724 547) |
| 2 867 641 | (5 448 914) | (2 581 273) | Public Safety | 3 454 737 | (6 601 439) | (3 146 703) |
| 3 261 349 | (13 374 021) | (10 112 672) | Road Transport | 212 441 | (9 896 024) | (9 683 583) |
| 65 679 676 | (57 034 446) | 8 645 230 | Electricity | 71 611 969 | (61 943 022) | 9 668 948 |
| 16 392 143 | (10 812 588) | 5 579 556 | Water | 17 163 069 | (12 181 965) | 4 981 104 |
| 6 434 871 | (6 101 183) | 333 689 | Waste Water Management | 7 655 607 | (6 911 437) | 744 170 |
| 9 806 279 | (8 420 299) | 1 385 980 | Waste Management | 10 772 875 | (11 952 348) | (1 179 472) |
| - | (383 053) | (383 053) | Environmental Protection | - | (392 951) | (392 951) |
| 4 511 | (2 115 901) | (2 111 390) | Other | - | (2 305 800) | (2 305 800) |
| 226 183 240 | (214 285 858) | 11 897 382 | Total | 220 660 058 | (213 767 508) | 6 892 550 |
| | | | | | | |

**APPENDIX C (1) - Unaudited
CAPE AGULHAS LOCAL MUNICIPALITY
OPERATING EXPENDITURE
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2014
GENERAL FINANCE STATISTIC CLASSIFICATIONS**

| | 2014 Actual (R) | 2014 Budget (R) | 2014 Variance (R) | 2014 Variance (%) | Explanation of Significant Variances greater than 10% versus Budget |
|-------------------------------|--------------------|--------------------|----------------------|----------------------|--|
| EXPENDITURE | | | | | |
| Executive and Council | 37 323 112 | 50 587 150 | (13 264 038) | (26%) | Underspending of proposed housing budget. |
| Budget and Treasury Office | 27 511 812 | 24 854 044 | 2 657 768 | 11% | Actuarial losses not budgeted for. |
| Corporate Services | 17 194 824 | 14 833 056 | 2 361 768 | 16% | Loss on disposal of assets not budgeted for |
| Community and Social Services | 12 573 825 | 12 394 462 | 179 363 | 1% | |
| Sport and Recreation | 6 978 950 | 8 089 754 | (1 110 804) | (14%) | Saving on salaries and wages |
| Public Safety | 6 601 439 | 6 235 852 | 365 587 | 6% | |
| Road Transport | 9 896 024 | 9 943 159 | (47 135) | (0%) | |
| Electricity | 61 943 022 | 61 246 351 | 696 671 | 1% | |
| Water | 12 181 965 | 11 744 466 | 437 498 | 4% | |
| Waste Water Management | 6 911 437 | 6 633 271 | 278 166 | 4% | |
| Waste Management | 11 952 348 | 10 152 811 | 1 799 537 | 18% | Impairment of landfill sites not budgeted for. |
| Environmental Protection | 392 951 | 512 123 | (119 172) | (23%) | |
| Other | 2 305 800 | 2 318 928 | (13 128) | (1%) | |
| Total Expenditure | 213 767 508 | 219 545 427 | (5 777 919) | | |

APPENDIX C (2) - Unaudited
 CAPE AGULHAS LOCAL MUNICIPALITY
 ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2014
 ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY & INTANGIBLE ASSETS
 GENERAL FINANCE STATISTIC CLASSIFICATIONS

| | 2014 Actual (R) | 2014 Budget (R) | 2014 Variance (R) | 2014 Variance (%) | Explanation of Significant Variances greater than 10% versus Budget |
|-------------------------------|--------------------|--------------------|----------------------|----------------------|--|
| Executive and Council | 167 611 | - | 167 611 | 0% | |
| Budget and Treasury Office | 832 859 | 450 000 | 382 859 | 85% | Intangible Assets not budgeted for |
| Corporate Services | 2 553 | 7 000 | (4 447) | (64%) | |
| Community and Social Services | 6 650 961 | 5 815 993 | 834 968 | 14% | Over Expenditure on Thusong Centre |
| Sport and Recreation | 1 179 433 | 1 251 000 | (71 567) | (6%) | |
| Road Transport | 9 459 395 | 9 691 975 | (232 580) | (2%) | |
| Electricity | 4 164 812 | 2 035 000 | 2 129 812 | 105% | INEP incorrectly budgeted under operating |
| Water | 45 098 | 100 000 | (54 902) | (55%) | |
| Waste Water Management | 8 150 410 | 6 775 125 | 1 375 285 | 20% | RBIG over expenditure |
| Waste Management | 2 501 355 | 213 500 | 2 287 855 | 1072% | Increase in cost of rehabilitation |
| Total | 33 154 485 | 26 339 593 | 6 814 892 | 26% | |

APPENDIX D - Unaudited
CAPE AGULHAS LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

| Grant Description | Balance 1 JULY 2013 | Correction of error | Balance 1 JULY 2013 | Grants Received | Interest Received | Paid back to grant provider | Operating Expenditure during the year Transferred to Revenue | Capital Expenditure during the year Transferred to Revenue | Balance 30 JUNE 2014 |
|---|------------------------|------------------------|------------------------|--------------------|----------------------|-----------------------------------|--|--|-------------------------|
| | R | R | R | R | R | R | R | R | R |
| UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS | | | | | | | | | |
| National Government Grants | | | | | | | | | |
| Equitable Share | - | - | - | 18 057 000 | - | - | 18 057 000 | - | - |
| Local Government Financial Management Grant | - | - | - | 1 300 000 | - | - | 1 300 000 | - | - |
| Municipal Systems Improvement Grant | - | - | - | 890 000 | - | - | 317 974 | 572 026 | - |
| Municipal Infrastructure Grant | - | - | - | 10 209 000 | - | - | 1 449 041 | 8 759 959 | - |
| Regional Bulk Infrastructure Grant (RBIG) | (3 362 502) | - | (3 362 502) | 5 558 000 | - | - | 269 623 | 1 925 875 | - |
| Skills Development Fund | - | - | - | 774 005 | - | - | 774 005 | - | - |
| National Electrification Programme (INEP) | (240 866) | - | (240 866) | 3 200 000 | - | - | 2 909 732 | 49 403 | - |
| Expanded Public Works Program | - | - | - | 1 000 000 | - | - | 1 000 000 | - | - |
| Total National Government Grants | (3 603 367) | - | (3 603 367) | 40 988 005 | - | - | 26 077 374 | 11 307 263 | - |
| Provincial Government Grants | | | | | | | | | |
| Library Services | 821 359 | - | 821 359 | 4 511 330 | - | - | 3 696 214 | 915 008 | 721 466 |
| Proclaimed Road Subsidy | - | - | - | 159 000 | - | - | 159 000 | - | - |
| CDW | 94 993 | - | 94 993 | 49 200 | - | - | 58 963 | 15 000 | 70 230 |
| Provincial Financial Grant | - | - | - | 200 000 | - | - | 200 000 | - | - |
| Masibambane Programme | 67 777 | - | 67 777 | - | - | - | 67 777 | - | - |
| RDP Housing Zwelitsha | 67 756 | - | 67 756 | - | - | - | - | - | 67 756 |
| RDP Housing Phase 4 | 251 011 | (251 011) | - | - | - | - | - | - | - |
| Thusong Centre | 838 708 | - | 838 708 | - | - | - | 102 999 | 735 709 | - |
| Department of Housing | 42 148 | - | 42 148 | 19 943 681 | - | - | 16 110 251 | - | 3 875 578 |
| Department of Housing (GAP Housing) | 303 372 | - | 303 372 | 1 498 933 | - | - | - | 1 794 362 | 7 943 |
| Department of Housing (Basic Services) | 799 249 | - | 799 249 | - | - | - | - | 649 032 | 150 216 |
| Department of Agriculture, Forestry and Fisheries | - | - | - | 3 000 000 | - | - | 2 927 961 | - | 72 039 |
| Mandela Memorial Contribution | - | - | - | 100 000 | - | - | 94 513 | - | 5 487 |
| Provincial Contribution to the acceleration of housing | 2 500 000 | - | 2 500 000 | - | - | - | 1 941 316 | - | 558 684 |
| Total Provincial Government Grants | 5 786 371 | (251 011) | 5 535 360 | 29 462 144 | - | - | 25 358 994 | 4 109 111 | 5 529 399 |
| District Municipality | | | | | | | | | |
| Mandela Memorial Contribution | - | - | - | 111 364 | - | - | 111 364 | - | - |
| Total Other Grants | - | - | - | 111 364 | - | - | 111 364 | - | - |
| Other Grant Providers | | | | | | | | | |
| IDC (Pre-Establishment Costs Southernmost Development Agency (Soc) Ltd) | 418 786 | - | 418 786 | - | 11 353 | (407 973) | 1 165 | 21 001 | - |
| Total Other Grants | 418 786 | - | 418 786 | - | 11 353 | (407 973) | 1 165 | 21 001 | - |
| Total | 2 601 790 | (251 011) | 2 350 779 | 70 561 513 | 11 353 | (407 973) | 51 548 897 | 15 437 376 | 5 529 399 |

APPENDIX E (1) - Unaudited
CAPE AGULHAS LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

| Description | 2013/2014 | | | | | | | 2012/2013 |
|--|-----------------|---|-----------------------------|-------------------|--|---|---|-----------------------------|
| | Original Budget | Budget Adjustments (i.t.o. MFMA s28) | Final adjustments budget | Actual Outcome | Variance of Actual Outcome against Adjustments Budget | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Restated Audited Outcome |
| R thousand | | | | | | | | |
| Revenue - Standard | | | | | | | | |
| Governance and administration | 106 787 | (968) | 105 818 | 99 240 | (6 578) | 93.8% | 92.9% | 112 770 |
| Executive and council | 64 308 | (968) | 63 340 | 55 907 | (7 432) | 88.3% | 86.9% | 73 985 |
| Budget and treasury office | 41 943 | - | 41 943 | 42 714 | 771 | 101.8% | 101.8% | 37 889 |
| Corporate services | 535 | - | 535 | 618 | 83 | 115.5% | 115.5% | 896 |
| Community and public safety | 14 586 | 1 201 | 15 787 | 14 004 | (1 783) | 88.7% | 96.0% | 11 834 |
| Community and social services | 5 990 | 1 201 | 7 192 | 6 295 | (897) | 87.5% | 105.1% | 4 975 |
| Sport and recreation | 5 083 | - | 5 083 | 4 254 | (828) | 83.7% | 83.7% | 3 992 |
| Public safety | 3 513 | - | 3 513 | 3 455 | (58) | 98.3% | 98.3% | 2 868 |
| Housing | - | - | - | - | - | - | - | - |
| Health | - | - | - | - | - | - | - | - |
| Economic and environmental services | 193 | - | 193 | 212 | 19 | 110.1% | 110.1% | 3 261 |
| Planning and development | - | - | - | - | - | - | - | - |
| Road transport | 193 | - | 193 | 212 | 19 | 110.1% | 110.1% | 3 261 |
| Environmental protection | - | - | - | - | - | - | - | - |
| Trading services | 112 749 | (4 558) | 108 192 | 107 204 | (988) | 99.1% | 95.1% | 98 317 |
| Electricity | 74 846 | (2 819) | 72 026 | 71 612 | (414) | 99.4% | 95.7% | 65 680 |
| Water | 19 007 | (905) | 18 102 | 17 163 | (939) | 94.8% | 90.3% | 16 392 |
| Waste water management | 7 462 | - | 7 462 | 7 656 | 194 | 102.6% | 102.6% | 6 435 |
| Waste management | 11 434 | (834) | 10 601 | 10 773 | 172 | 101.6% | 94.2% | 9 806 |
| Other | 1 | - | 1 | - | (1) | - | - | 5 |
| Total Revenue - Standard | 234 315 | (4 325) | 229 990 | 220 660 | (9 330) | 95.9% | 94.2% | 226 183 |
| Expenditure - Standard | | | | | | | | |
| Governance and administration | 88 897 | 1 377 | 90 274 | 82 030 | (8 245) | 90.9% | 92.3% | 93 731 |
| Executive and council | 50 877 | (290) | 50 587 | 37 323 | (13 264) | 73.8% | 73.4% | 48 476 |
| Budget and treasury office | 24 595 | 259 | 24 854 | 27 512 | 2 658 | 110.7% | 111.9% | 24 862 |
| Corporate services | 13 425 | 1 408 | 14 833 | 17 195 | 2 362 | 115.9% | 128.1% | 20 393 |
| Community and public safety | 31 849 | (5 128) | 26 720 | 26 154 | (566) | 97.9% | 82.1% | 22 313 |
| Community and social services | 16 846 | (4 452) | 12 394 | 12 574 | 179 | 101.4% | 74.6% | 10 155 |
| Sport and recreation | 8 511 | (421) | 8 090 | 6 979 | (1 111) | 86.3% | 82.0% | 6 709 |
| Public safety | 6 491 | (255) | 6 236 | 6 601 | 366 | 105.9% | 101.7% | 5 449 |
| Housing | - | - | - | - | - | - | - | - |
| Health | - | - | - | - | - | - | - | - |
| Economic and environmental services | 10 678 | (223) | 10 455 | 10 289 | (166) | 98.4% | 96.4% | 13 757 |
| Planning and development | - | - | - | - | - | - | - | - |
| Road transport | 10 166 | (223) | 9 943 | 9 896 | (47) | 99.5% | 97.3% | 13 374 |
| Environmental protection | 512 | - | 512 | 393 | (119) | 76.7% | 76.7% | 383 |
| Trading services | 92 076 | 20 | 92 096 | 95 295 | 3 199 | 103.5% | 103.5% | 84 484 |
| Electricity | 60 091 | 1 156 | 61 246 | 61 943 | 697 | 101.1% | 103.1% | 57 034 |
| Water | 12 599 | (855) | 11 744 | 12 182 | 437 | 103.7% | 96.7% | 10 813 |
| Waste water management | 7 048 | (415) | 6 633 | 6 911 | 278 | 104.2% | 98.1% | 6 101 |
| Waste management | 9 908 | 245 | 10 153 | 11 952 | 1 800 | 117.7% | 120.6% | 8 420 |
| Other | 2 429 | (110) | 2 319 | 2 306 | (13) | 99.4% | 94.9% | 2 116 |
| Total Expenditure - Standard | 223 500 | (3 954) | 219 545 | 213 768 | (5 778) | 97.4% | 95.8% | 214 286 |
| Surplus/(Deficit) for the year | 10 815 | (371) | 10 444 | 6 893 | (3 552) | 66.0% | 63.7% | 11 897 |

APPENDIX E (2) - Unaudited
CAPE AGULHAS LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

| Description | 2013/2014 | | | | | | | 2012/2013 |
|---|-----------------|---|-----------------------------|-------------------|--|---|---|-----------------------------|
| | Original Budget | Budget Adjustments (i.t.o. MFMA s28) | Final adjustments budget | Actual Outcome | Variance of Actual Outcome against Adjustments Budget | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Restated Audited Outcome |
| R thousand | | | | | | | | |
| Revenue by Vote | | | | | | | | |
| Executive and Council | 64 308 | (968) | 63 340 | 55 907 | (7 432) | 88.3% | 86.9% | 73 985 |
| Budget and Treasury Office | 41 943 | - | 41 943 | 42 714 | 771 | 101.8% | 101.8% | 37 889 |
| Corporate Services | 535 | - | 535 | 618 | 83 | 115.5% | 115.5% | 896 |
| Community and Social Services | 5 990 | 1 201 | 7 192 | 6 295 | (897) | 87.5% | 105.1% | 4 975 |
| Sport and Recreation | 5 083 | - | 5 083 | 4 254 | (828) | 83.7% | 83.7% | 3 992 |
| Public Safety | 3 513 | - | 3 513 | 3 455 | (58) | 98.3% | 98.3% | 2 868 |
| Road Transport | 193 | - | 193 | 212 | 19 | 110.1% | 110.1% | 3 261 |
| Electricity | 74 846 | (2 819) | 72 026 | 71 612 | (414) | 99.4% | 95.7% | 65 680 |
| Water | 19 007 | (905) | 18 102 | 17 163 | (939) | 94.8% | 90.3% | 16 392 |
| Waste Water Management | 7 462 | - | 7 462 | 7 656 | 194 | 102.6% | 102.6% | 6 435 |
| Waste Management | 11 434 | (834) | 10 601 | 10 773 | 172 | 101.6% | 94.2% | 9 806 |
| Other | 1 | - | 1 | - | (1) | - | - | 5 |
| Total Revenue by Vote | 234 315 | (4 325) | 229 990 | 220 660 | (9 330) | 95.9% | 94.2% | 226 183 |
| Expenditure by Vote to be appropriated | | | | | | | | |
| Executive and Council | 50 877 | (290) | 50 587 | 37 323 | (13 264) | 73.8% | 73.4% | 48 476 |
| Budget and Treasury Office | 24 595 | 259 | 24 854 | 27 512 | 2 658 | 110.7% | 111.9% | 24 862 |
| Corporate Services | 13 425 | 1 408 | 14 833 | 17 195 | 2 362 | 115.9% | 128.1% | 20 393 |
| Community and Social Services | 16 846 | (4 452) | 12 394 | 12 574 | 179 | 101.4% | 74.6% | 10 155 |
| Sport and Recreation | 8 511 | (421) | 8 090 | 6 979 | (1 111) | 86.3% | 82.0% | 6 709 |
| Public Safety | 6 491 | (255) | 6 236 | 6 601 | 366 | 105.9% | 101.7% | 5 449 |
| Road Transport | 10 166 | (223) | 9 943 | 9 896 | (47) | 99.5% | 97.3% | 13 374 |
| Electricity | 60 091 | 1 156 | 61 246 | 61 943 | 697 | 101.1% | 103.1% | 57 034 |
| Water | 12 599 | (855) | 11 744 | 12 182 | 437 | 103.7% | 96.7% | 10 813 |
| Waste Water Management | 7 048 | (415) | 6 633 | 6 911 | 278 | 104.2% | 98.1% | 6 101 |
| Waste Management | 9 908 | 245 | 10 153 | 11 952 | 1 800 | 117.7% | 120.6% | 8 420 |
| Environmental Protection | 512 | - | 512 | 393 | (119) | 76.7% | 76.7% | 383 |
| Other | 2 429 | (110) | 2 319 | 2 306 | (13) | 99.4% | 94.9% | 2 116 |
| Total Expenditure by Vote | 223 500 | (3 954) | 219 545 | 213 768 | (5 778) | 97.4% | 95.6% | 214 286 |
| Surplus/(Deficit) for the year | 10 815 | (371) | 10 444 | 6 893 | (3 552) | 66.0% | 63.7% | 11 897 |

APPENDIX E (3) - Unaudited
CAPE AGULHAS LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
REVENUE AND EXPENDITURE

| Description | 2013/2014 | | | | | | | 2012/2013 |
|--|-----------------|---|-----------------------------|-------------------|--|---|---|-----------------------------|
| | Original Budget | Budget Adjustments (i.l.o. MFMA s28) | Final adjustments budget | Actual Outcome | Variance of Actual Outcome against Adjustments Budget | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Restated Audited Outcome |
| R thousand | | | | | | | | |
| Revenue By Source | | | | | | | | |
| Property rates | 39 103 | - | 39 103 | 39 325 | 223 | 100.6% | 100.6% | 34 763 |
| Service charges | 103 281 | (3 224) | 100 057 | 98 826 | (1 231) | 98.8% | 95.7% | 91 847 |
| Rental of facilities and equipment | 5 898 | - | 5 898 | 5 177 | (721) | 87.8% | 87.8% | 5 014 |
| Interest earned - external investments | 1 650 | - | 1 650 | 1 889 | 239 | 114.5% | 114.5% | 2 050 |
| Interest earned - outstanding debtors | 737 | - | 737 | 760 | 23 | 103.1% | 103.1% | 637 |
| Fines | 1 186 | - | 1 186 | 1 400 | 213 | 118.0% | 118.0% | 861 |
| Licences and permits | 1 244 | - | 1 244 | 963 | (281) | 77.4% | 77.4% | 1 036 |
| Agency services | 1 230 | - | 1 230 | 1 255 | 24 | 102.0% | 102.0% | 1 095 |
| Transfers recognised - operational | 62 543 | (1 306) | 61 237 | 51 549 | (9 688) | 84.2% | 82.4% | 62 888 |
| Other revenue | 4 025 | - | 4 025 | 4 079 | 54 | 101.3% | 101.3% | 2 279 |
| Total Revenue (excluding capital transfers and contributions) | 220 898 | (4 530) | 216 368 | 205 223 | (11 145) | -4776.5% | 92.9% | 202 471 |
| Expenditure By Type | | | | | | | | |
| Employee related costs | 77 029 | (818) | 76 210 | 73 679 | (2 531) | 96.7% | 95.7% | 69 692 |
| Remuneration of councillors | 3 338 | - | 3 338 | 3 288 | (50) | 98.5% | 98.5% | 3 077 |
| Debt impairment | 1 110 | - | 1 110 | 2 969 | 1 859 | 267.5% | 267.5% | 2 179 |
| Depreciation & asset impairment | 6 775 | 239 | 7 014 | 10 729 | 3 715 | 153.0% | 158.4% | 7 437 |
| Finance charges | 277 | 922 | 1 199 | 1 142 | (57) | 95.2% | 412.2% | 665 |
| Bulk purchases | 50 900 | 2 425 | 53 325 | 54 261 | 936 | 101.8% | 106.6% | 49 044 |
| Contracted services | 1 191 | (213) | 978 | 1 336 | 358 | 136.6% | 112.2% | 1 127 |
| Other expenditure | 82 881 | (6 509) | 76 372 | 65 098 | (11 274) | 85.2% | 78.5% | 74 290 |
| Loss on disposal of PPE | - | - | - | 1 266 | 1 266 | #DIV/0! | #DIV/0! | 6 775 |
| Total Expenditure | 223 500 | (3 954) | 219 545 | 213 768 | (5 778) | -5552.3% | 95.6% | 214 286 |
| Surplus/(Deficit) | (2 602) | (576) | (3 177) | (8 545) | (5 368) | 268.9% | 328.4% | (11 815) |
| Transfers recognised - capital | 13 417 | 205 | 13 622 | 15 437 | 1 816 | 113.3% | 115.1% | 23 712 |
| Surplus/(Deficit) for the year | 10 815 | (371) | 10 444 | 6 893 | (3 552) | 66.0% | 63.7% | 11 897 |

APPENDIX E (4) - Unaudited
CAPE AGULHAS LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING

| Description | 2013/2014 | | | | | | | 2012/2013 |
|---|-----------------|--------------------------------------|--------------------------|----------------|---|-------------------------------------|--|--------------------------|
| | Original Budget | Budget Adjustments (i.t.o. MFMA s28) | Final adjustments budget | Actual Outcome | Variance of Actual Outcome against Adjustments Budget | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Restated Audited Outcome |
| R thousand | | | | | | | | |
| Capital expenditure - Vote | | | | | | | | |
| Multi-year expenditure | | | | | | | | |
| Sport and Recreation | 900 | 61 | 961 | 933 | (28) | 97.1% | 103.7% | 70 |
| Public Safety | - | - | - | - | - | - | - | 103 |
| Road Transport | 7 867 | 650 | 8 517 | 7 685 | (832) | 90.2% | 97.7% | 5 999 |
| Electricity | 780 | - | 780 | 1 028 | 248 | 131.8% | 131.8% | 1 476 |
| Water | - | - | - | - | - | - | - | 85 |
| Waste Water Management | 8 875 | (2 950) | 5 926 | 7 494 | 1 568 | 126.5% | 84.4% | 9 068 |
| Waste Management | - | - | - | - | - | - | - | 60 |
| Capital multi-year expenditure | 18 422 | (2 239) | 16 184 | 17 140 | 957 | 105.9% | 93.0% | 16 861 |
| Single-year expenditure | | | | | | | | |
| Executive and Council | - | - | - | 168 | 168 | #DIV/0! | #DIV/0! | 14 |
| Budget and Treasury Office | 450 | - | 450 | 999 | 549 | 222.0% | 222.0% | 628 |
| Corporate Services | 7 | - | 7 | 3 | (4) | 36.5% | 36.5% | 296 |
| Community and Social Services | 1 572 | 3 071 | 4 643 | 6 485 | 1 842 | 139.7% | 412.6% | 2 589 |
| Sport and Recreation | 1 240 | (80) | 1 160 | 246 | (914) | 21.2% | 19.9% | 1 018 |
| Public Safety | - | - | - | - | - | - | - | 410 |
| Road Transport | 1 050 | 1 228 | 2 278 | 1 774 | (503) | 77.9% | 169.0% | 2 359 |
| Electricity | 1 380 | (125) | 1 255 | 3 136 | 1 881 | 249.9% | 227.3% | 452 |
| Water | 100 | - | 100 | 45 | (55) | 45.1% | 45.1% | 8 267 |
| Waste Water Management | 50 | - | 50 | 656 | 606 | 1312.3% | 1312.3% | 45 |
| Waste Management | 214 | - | 214 | 2 501 | 2 288 | 1171.6% | 1171.6% | 10 714 |
| Capital single-year expenditure | 6 062 | 4 094 | 10 156 | 16 014 | 5 858 | 158% | 264% | 26 792 |
| Total Capital Expenditure - Vote | 24 484 | 1 855 | 26 340 | 33 154 | 6 815 | 126% | 135% | 43 653 |
| Capital Expenditure - Standard | | | | | | | | |
| Governance and administration | 457 | - | 457 | 1 169 | 712 | 255.9% | 255.9% | 938 |
| Executive and council | - | - | - | 168 | 168 | #DIV/0! | #DIV/0! | 14 |
| Budget and treasury office | 450 | - | 450 | 999 | 549 | 222.0% | 222.0% | 628 |
| Corporate services | 7 | - | 7 | 3 | (4) | 36.5% | 36.5% | 296 |
| Community and public safety | 3 712 | 3 052 | 6 764 | 7 664 | 900 | 113.3% | 206.5% | 4 191 |
| Community and social services | 1 572 | 3 071 | 4 643 | 6 485 | 1 842 | 139.7% | 412.6% | 2 589 |
| Sport and recreation | 2 140 | (19) | 2 121 | 1 179 | (942) | 55.6% | 55.1% | 1 088 |
| Public safety | - | - | - | - | - | - | - | 513 |
| Economic and environmental services | 8 917 | 1 878 | 10 795 | 9 459 | (1 335) | 87.6% | 106.1% | 8 358 |
| Road transport | 8 917 | 1 878 | 10 795 | 9 459 | (1 335) | 87.6% | 106.1% | 8 358 |
| Trading services | 11 399 | (3 075) | 8 324 | 14 862 | 6 537 | 178.5% | 130.4% | 30 166 |
| Electricity | 2 160 | (125) | 2 035 | 4 165 | 2 130 | 204.7% | 192.8% | 1 927 |
| Water | 100 | - | 100 | 45 | (55) | 45.1% | 45.1% | 8 352 |
| Waste water management | 8 925 | (2 950) | 5 976 | 8 150 | 2 175 | 136.4% | 91.3% | 9 113 |
| Waste management | 214 | - | 214 | 2 501 | 2 288 | 1171.6% | 1171.6% | 10 773 |
| Total Capital Expenditure - Standard | 24 484 | 1 855 | 26 340 | 33 154 | 6 815 | 126% | 135% | 43 653 |
| Funded by: | | | | | | | | |
| National Government | 13 217 | (2 950) | 10 267 | 11 307 | 1 040 | 110.1% | 85.6% | 18 607 |
| Provincial Government | 200 | 3 155 | 3 355 | 4 109 | 754 | 122.5% | 205.6% | 4 778 |
| Other transfers and grants | - | - | - | - | - | - | - | 328 |
| Transfers recognised - capital | 13 417 | 205 | 13 622 | 15 416 | 1 795 | 113% | 115% | 23 712 |
| Public contributions & donations | - | - | - | - | - | - | - | - |
| Borrowing | - | - | - | 168 | 168 | #DIV/0! | #DIV/0! | 44 |
| Internally generated funds | 11 068 | 1 650 | 12 718 | 17 570 | 4 853 | 138.2% | 158.8% | 19 896 |
| Total Capital Funding | 24 484 | 1 855 | 26 340 | 33 154 | 6 815 | 126% | 135% | 43 653 |

**APPENDIX E (5) - Unaudited
CAPE AGULHAS LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
CASH FLOWS**

| Description | 2013/2014 | | | | | | | 2012/2013 |
|--|-----------------|---|-----------------------------|-------------------|--|---|---|-----------------------------|
| | Original Budget | Budget Adjustments (i.l.o. MFMA s28) | Final adjustments budget | Actual Outcome | Variance of Actual Outcome against Adjustments Budget | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Restated Audited Outcome |
| R thousand | | | | | | | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | |
| Receipts | | | | | | | | |
| Ratepayers and other | 160 313 | (3 155) | 157 158 | 146 175 | (10 983) | 93.0% | 91.2% | 140 762 |
| Government - operating | 62 543 | (4 020) | 58 523 | 55 124 | (3 399) | 94.2% | 88.1% | 63 697 |
| Government - capital | 13 417 | 495 | 13 912 | 15 437 | 1 526 | 111.0% | 115.1% | 23 712 |
| Interest | 2 068 | - | 2 068 | 2 660 | 593 | 128.7% | 128.7% | 2 712 |
| Payments | | | | | | | | |
| Suppliers and employees | (220 396) | 9 910 | (210 486) | (190 670) | 19 816 | 90.6% | 86.5% | (198 384) |
| Finance charges | (277) | (922) | (1 199) | (1 142) | 57 | 95.2% | 412.2% | (663) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 17 668 | 2 308 | 19 976 | 27 585 | 7 609 | 138.1% | 156.1% | 31 836 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | |
| Receipts | | | | | | | | |
| Proceeds on disposal of PPE | - | - | - | - | - | - | - | 230 |
| Decrease (increase) other non-current receivables | 5 | 1 | 6 | 33 | 26 | 522.5% | 651.9% | 29 |
| Decrease (increase) in non-current investments | - | - | - | - | - | - | - | (377) |
| Payments | | | | | | | | |
| Capital assets | (24 484) | (1 855) | (26 340) | (30 731) | (4 392) | 116.7% | 125.5% | (33 654) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (24 479) | (1 854) | (26 333) | (30 699) | (4 365) | 116.6% | 125.4% | (33 772) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | |
| Receipts | | | | | | | | |
| Borrowing long term/refinancing | - | - | - | 168 | 168 | #DIV/0! | #DIV/0! | 44 |
| Increase (decrease) in consumer deposits | 201 | (70) | 130 | 231 | 101 | 177.4% | 115.1% | 260 |
| Payments | | | | | | | | |
| Repayment of borrowing | (400) | 131 | (269) | (440) | (171) | 163.6% | 110.1% | (390) |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | (199) | 60 | (139) | (42) | 97 | 30.0% | 20.9% | (87) |
| NET INCREASE/ (DECREASE) IN CASH HELD | (7 011) | 515 | (6 496) | (3 155) | 3 341 | 48.6% | 45.0% | (2 022) |
| Cash/cash equivalents at the year begin: | 16 572 | 7 990 | 24 562 | 24 562 | 0 | 100.0% | 148.2% | 26 585 |
| Cash/cash equivalents at the year end: | 9 561 | 8 505 | 18 066 | 21 407 | 3 438 | 118.5% | 223.9% | 24 562 |



ANNEXURE B: REPORT OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON THE CAPE AGULHAS MUNICIPALITY

REPORT ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Introduction

1. I have audited the consolidated and separate financial statements of the Cape Agulhas Municipality set out on pages 3 to 75, which comprise the consolidated and separate statement of financial position as at 30 June 2014, the consolidated and separate statement of financial performance, consolidated and separate statement of changes in net assets, consolidated and separate cash flow statement and the consolidated and separate statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2013 (Act No. 2 of 2013) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate 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 consolidated and separate 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 consolidated and separate financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Cape Agulhas Municipality as at 30 June 2014 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

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

Significant uncertainties

8. With reference to note 56 to the consolidated and separate financial statements, the municipality is at risk for the payment of claims relating to contractual disputes from third parties. The amounts in this regard were uncertain at year-end and no provision for any liability that may result has been made in the financial statements.

Restatement of corresponding figures

9. As disclosed in note 41 to the consolidated and separate financial statements, the corresponding figures for 30 June 2013 have been restated as a result of errors discovered during the 2013-14 financial year in the financial statements of the municipality at, and for the year ended, 30 June 2013.

Going concern

10. As disclosed in note 1.3 and note 16 to the consolidated and separate financial statements, the Southernmost Development Agency (SOC) Limited entity is no longer a going concern as the council of the Cape Agulhas Municipality took a decision on 28 May 2013 to wind up the entity.

Additional matters

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

Unaudited supplementary schedules

12. The supplementary information set out on pages 76 to 85 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.

Unaudited disclosure notes

13. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

14. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

Cape Agulhas Municipality

15. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the Cape Agulhas municipality for the year ended 30 June 2014:
 - Strategic Objective 3.5.2 (a): development and regular maintenance of bulk infrastructure such as roads, storm water networks, potable water networks, waste water treatment plants, land and integrated human settlements (pages 77 to 80)
 - Strategic Objective 3.5.2 (d): provision of quality basic services such as water, electricity, refuse removal and sanitation (pages 82 to 84)
16. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
17. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information*.
18. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
19. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected strategic objectives.

Additional matters

20. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected objectives, I draw attention to the following matters:

Achievement of planned targets

21. Refer to the annual performance report on pages 77 to 80 and 83 to 85 for information on the achievement of planned targets for the year.

Adjustment of material misstatements

22. I identified material misstatements in the annual performance report submitted for auditing on the reported information for Strategic Objective 3.5.2 d. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Unaudited supplementary information

23. The supplementary information set out on pages 68 to 76 and 86 to 160 does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not express a conclusion thereon.

Compliance with legislation

24. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

25. I considered internal control relevant to my audit of the consolidated and separate financial statements, the annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

The Southernmost Development Agency (SOC) Limited

26. There were no matters to report in respect of performance against predetermined objectives, compliance with laws and regulations and internal control as the entity was not operational during the year under review. The council is in the process of deregistering the entity.

Auditor - General

Cape Town

28 November 2014



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



ANNEXURE C: REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE



KAAP AGULHAS MUNISIPALITEIT
CAPE AGULHAS MUNICIPALITY
U MASIPALA WASECAPE AGULHAS

CAPE AGULHAS MUNICIPALITY

REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

The Audit and Performance Audit Committee (Committee) has pleasure in submitting this report, as required by section 166 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (Act).

1. COMPOSITION OF THE COMMITTEE

- 1.1 The Committee was duly appointed by the Council through Council Resolution 166/2011 dated 31 August 2011.
- 1.2 At 30 June 2014 the Committee consisted of the following members:
 - i. Mr. C Pieterse (Chairperson)
 - ii. Ms M Weits
 - iii. Mr. E Lakey
 - iv. Mr. A Kok
 - v. One vacant position
- 1.3 The Committee tried to fill the vacant post during the year through head-hunting but was unsuccessful.
- 1.4 The Committee was also remunerated in terms of the National Treasury guide on the "Remuneration of non-official Members: Commissions, Committees of Inquiry and Audit Committees" issued on an annual basis.

2. FREQUENCY OF MEETINGS OF THE COMMITTEE

- 2.1 The Committee had meetings on the following dates:
- i. 6 September 2013
 - ii. 15 November 2013
 - iii. 27 March 2014
 - iv. 30 June 2014
- 2.2 The Committee is satisfied that it has fulfilled its obligations in this regard.

3. FUNCTIONS OF THE AUDIT COMMITTEE

The Audit Committee has discharged its functions in terms of section 166 of the Act as follows:

- 3.1 Evaluating and advising the Council, political office-bearers, accounting officer and management on the following items:
- i. Capacity constraints within the internal audit function;
 - ii. Internal audit reports issued during the financial year, including reports on the SDBIP;
 - iii. Internal audit risk based audit plan and the progress made with the implementation of the plan;
 - iv. The work load of the Internal Auditor with specific reference to tasks performed other than internal auditing as well as the effect this has on the independence of the Internal Auditor;
 - v. The importance of the SDBIP and the usage thereof by the Council;
 - vi. Quarterly SDBIP reports;
 - vii. The administrative support given to the Committee;
 - viii. Draft annual financial statements for 2012/13 in preparation for the Auditor-General audit;
 - ix. Auditor-General findings action plan for 2012/13 and the monitoring thereof;
 - x. Risk analysis results of a risk assessment exercise for 2013/14;
 - xi. Compliance with Laws and Regulations;
 - xii. The control over deviations which has resulted in a further reduction in the number of deviation approvals;
 - xiii. Control measures implemented by the CFO on budgetary and financial management; and
 - xiv. Enhanced communication with Municipal Manager and Council.
- 3.2 Reviewed the year-end draft financial statements as at 30 June 2013. In the course of its review the committee took appropriate steps to ensure that the financial statements are prepared in accordance with generally recognized accounting practice (GRAP) prescribed in terms of section 91(1)(b) of the Municipal Finance Management Act.

- 3.3 Reviewed the external audit report by the Auditor-General for 2012/13 on the annual financial statements and compliance of that financial year, as well as the action plan to address these findings.
- 3.4 Reviewed the municipality's risk management function and its implementation. The Committee dealt with the following issues in this regard:
 - i. Risk assessment results for 2013/14; and
 - ii. The functioning of the risk management section
- 3.5 The Committee reviewed the functions of the internal auditor, including the following items:
 - i. Independence of the Internal Audit function in execution of its duties; and
 - ii. Risk based audit plan for 2013/14 and the progress made with the execution of the plan during the year.
- 3.6 The committee also did a self-evaluation of its functions and was also favourably reviewed by the municipality's Municipal Public Accounts oversight Committee.
- 3.7 The Chairperson attended the Western Cape Audit Committee Chairpersons Forum during the year.
- 3.8 The Committee also reviewed the draft budget for 2014/15.
- 3.9 The Committee reviewed the performance management system and issued two reports thereon to the Council in this regard.
- 3.10 No investigations were requested or performed by the Committee during the year under review.
- 3.11 No additional functions were performed by the Committee during the year.
- 3.12 The Committee would also like to express its satisfaction on the following issues:
 - i. The financial statements for 2012/13 in general and is satisfied with the improvements made since the previous audit by the Auditor-General;
 - ii. The achievement of an unqualified audit report for the 2012/13 financial year;
 - iii. The achievement of a clean audit report on predetermined objectives for 2012/13;
 - iv. Support given by the Mayor, Council and the Municipal Manager and the improved communication between the parties;
 - v. The continued satisfactory functioning of the Committee and the support structure;



- vi. The process and results of the performance evaluations of the Senior Managers and the Municipal Manager;
- vii. The further reduction in Supply Chain deviations year-on-year; and
- viii. The progress made with the clearing of the Auditor-General findings for the previous financial year.

3.13 However, the Committee do have concerns on the following issues:

- i. Material water losses which is still prevalent;
- ii. The low expenditure on maintenance and the possible future impact;
- iii. The continuous decrease in cash reserves and the possible effect on future service delivery;
- iv. The involvement of the Internal Auditor in other municipal functions as well as the effect this may have on the independence of the internal audit unit;
- v. Limited feedback from Council on the recommendations made by the Committee;
- vi. The functioning of a risk management unit; and
- vii. Recurring findings and report matters identified by the Auditor-General.



C Pieterse
Chairman
25 November 2014