

**DRAFT v6**

**Beaufort West Municipality**

**ANNUAL REPORT**

## LIST OF ABBREVIATIONS

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<b>AG</b>	Auditor-General
<b>CAPEX</b>	Capital Expenditure
<b>CFO</b>	Chief Financial Officer
<b>CKDM</b>	Central Karoo District Municipality
<b>DPLG</b>	Department of Provincial and Local Government
<b>EE</b>	Employment Equity
<b>GAMAP</b>	Generally Accepted Municipal Accounting Practice
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>GDP</b>	Gross Domestic Product
<b>HR</b>	Human Resources
<b>IDP</b>	Integrated Development Plan
<b>IFRS</b>	International Financial Reporting Standards
<b>KPA</b>	Key Performance Area
<b>KPI</b>	Key Performance Indicator
<b>LED</b>	Local Economic Development
<b>MAYCOM</b>	Executive Mayoral Committee
<b>MFMA</b>	Municipal Finance Management (Act No. 56 of 2003)
<b>MIG</b>	Municipal Infrastructure Grant
<b>MM</b>	Municipal Manager
<b>MMC</b>	Member of Mayoral Committee
<b>MSA</b>	Municipal Systems Act No. 32 of 2000
<b>MTECH</b>	Medium Term Expenditure Committee
<b>NSDP</b>	National Spatial Development Perspective
<b>NT</b>	National Treasury
<b>OPEX</b>	Operating expenditure
<b>PMS</b>	Performance Management System
<b>PT</b>	Provincial Treasury
<b>SDBIP</b>	Service Delivery and Budget Implementation Plan
<b>SCM</b>	Supply Chain Management
<b>SDF</b>	Spatial Development Framework

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## CHAPTER 1: INTRODUCTION AND OVERVIEW

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### 1.1 PREFACE BY THE EXECUTIVE MAYOR

In presenting this third Annual Report of the Beaufort West Municipality, we will account for the work that was done for the period under review. This Annual Report will highlight our achievements and will reflect on the challenges facing our various diverse communities.

Our ultimate goal was to ensure democracy and accountability, in fulfilling our responsibility of ensuring the provision of services, development and poverty alleviation and eradication.

We have deepened the thrust and impact of existing policies and developmental programmes directed to accelerate service delivery and facilitate the effective implementation of government's programmes on social and economic transformation.

The deployment of key strategies was aimed at tackling service delivery that is geared at the provision of water, sanitation, refuse collection, electricity, etc. It is important to have a sustainable service delivery in order to attract investors and to grow local economic development.

The topography of the area provides an abundant potential for the development of the tourism industry, which could reach its full capacity with an adequate injection of investments, again both in terms of human- and monetary capital.

I want to express my sincere thanks to the Municipal Manager and his personnel for their dedication and hard work. My sincerest thanks to all Councillors for their unselfish service to the communities of Beaufort West.

I want to express my sincere appreciation to our taxpayers and residents who steadfastly adhered to paying their dues to the Municipality.

Let us work together to make Beaufort West truly a place of opportunity.

**Juliet Jonas**

**Executive Mayor**

## 1.2 OVERVIEW BY THE MUNICIPAL MANAGER

In terms of Section 121 of the MFMA, every municipality must for each financial year, prepare an Annual Report.

The purpose of an annual report is –

- (a) to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;
- (b) to provide a report on performance against the budget of the municipality or municipal entity for that financial year; and
- (c) to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.

The period under review we have achieved a great deal. Through the support of our devoted communities, councillors and loyal officials we continued to work towards a better life for all our people.

Our aims and objectives for 2007/08 ensured that we continue to make a difference in the lives of our people. In particular, we contributed to respond rapidly to the best ideas from our communities, and provide the most appropriate form of support to take their ideas forward. The area-based planning approach that we introduced made it possible that we have the input of all our communities. This one on one responsive process made it possible that we prioritise the needs of community and the budget accordingly.

Beaufort West Municipality's success could widely be attributed to the contribution and harmonisation between the politicians and administration in ensuring that all systems flourish.

It is indeed an honour to present this report to you. Allow me to congratulate the devoted citizens, councillors, officials and all the stakeholders for their continuing support during the year.

In closing, I would like to sincerely express my gratitude to the dedicated employees of Beaufort West Municipality who continue to provide quality services to our residents. Without them, the achievements mentioned above could not have been accomplished. We are also very fortunate to have a much skilled and committed group of managers who are doing their best, under difficult circumstances, to help our workforce to optimise their output.

I must, however, not forget to acknowledge the Executive Mayor for her commitment to our vision of making Beaufort West a place of opportunity to all its citizens. I remain confident that if our municipality continues to work closely with all community partners and residents then the year 2008/2009 will even be more successful than 2007/2008.

**J Booyesen**

**Municipal Manager**

### 1.3 INTRODUCTION

Democracy in South Africa is underpinned by a contract between the governed (i.e. the citizenry) and the authority that governs. This is especially true at local government level, which is the closest sphere of government to the citizenry. In terms of this social contract, elected leaders are required to involve citizens in decisions regarding their own government, including the determination of priorities and key programmes of the city.

Local government is positioned to create the participatory framework that defines and enhances the relationship between representatives and the citizenry. Part of its mandate requires that the leadership of the Municipality provides regular and predictable reporting on programme performance and the general state of affairs in their locality. The Beaufort West Municipality after the March 2006 Local Government Elections, committed itself to the vision of:

**“Beaufort West land of space in the Great Karoo aims to improve the lives of all its residence, including Merweville and Nelspoort by being a sustainable, expending and safe town”**

The Annual Report is a very important measure of ensuring that there is regular, impartial feedback to stakeholders, thereby strengthening accountability and transparency. The Annual Report is developed in terms of the Municipal Finance Management Act (MFMA), as represented in the table below:

SECTION	REQUIREMENT	LEGISLATIVE PROVISION
121(3)(a)	Annual Report with consolidated financial statements	Annual financial statements of the municipality, and, in addition, if section 122(2) applies, consolidated annual financial statements, as submitted to the Auditor-General for audit in terms of section 126(1)
121(3)(b)	Auditor-General's audit report	Auditor-General's audit report in terms of section 126(3) on those financial statements
121(3)(c)	Annual performance report	Annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act
121(3)(d)	Auditor-General's performance audit report	Auditor-General's audit report in terms of section 45(b) of the Municipal Systems Act
121(3)(e)	Accounting Officer's assessment on arrears	Assessment by the municipality's accounting officer of any arrears on municipal taxes and service charges
121(3)(f)	Accounting Officer's assessment of performance on each vote of the budget	Assessment by the municipality's accounting officer of the municipality's performance against the measurable performance objectives referred to in section 17(3)(b) for each vote in the municipality's approved budget for the relevant financial year
121(3)(g)	Audit corrective actions	Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d)
121(3)(h)	Explanations to clarify financial statements	Explanations that may be necessary to clarify issues in connection with the financial statements
121(3)(i)	Other information	Information as determined by the municipality
121(3)(j)	Audit Committee recommendations	Recommendations of the municipality's Audit Committee
121(3)(k)	Other prescribed information	Other information as may be prescribed

Table 1: MFMA requirements for Annual Report

Section 46(1) of the Municipal Systems Act (MSA) requires municipalities to prepare a performance report for each financial year, setting out the performance of the municipality and its external service providers, a

comparison between targets and performance in the previous financial year and measures taken to improve performance. As shown above, the annual performance report must form part of the annual financial report.

The 2007/08 Annual Report reflects on the performance of the Beaufort West Municipality for the period 1 July 2007 to 30 June 2008. The Annual Report is prepared in terms of Section 121(1) of the Municipal Finance Management Act (MFMA), in terms of which the Municipality must prepare an Annual Report for each financial year. Circular 11 issued in terms of the MFMA also provide guidance on the formulation and preparation of Annual Reports.

#### 1.4 BEAUFORT WEST AT A GLANCE

Beaufort West is the economic, political and administrative heart of the Central Karoo. Located about 460km north east of Cape Town, the town was founded on the farm Hooivlakte in 1818. The municipal area covers 16 330.10 km<sup>2</sup> and include the areas of Beaufort West, Droërvier, Hillcrest, Letjiesbos, Merweville, Nelspoort, Renosterkop, Restvale, Rosedene, Wiegnaarspoort

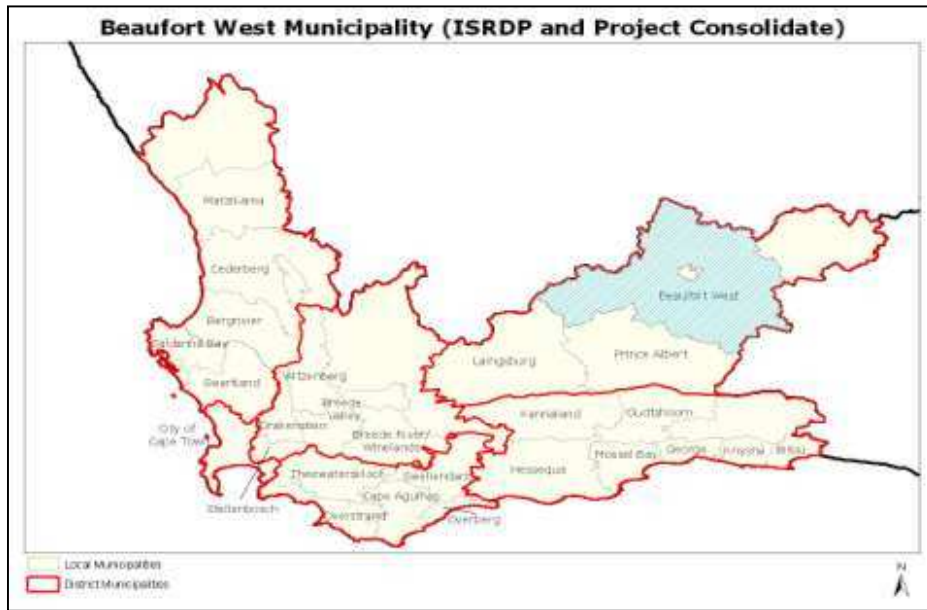
Beaufort West was originally established as a service centre for rail- and road transport and to a lesser degree for rural agriculture. The historical *raison d'être* for the town's existence is however the railways. It is reported that during the 1970's and 80's, 90% of the towns economically active people were employed by the railways. Even though both rail transport and agriculture are in decline in terms of economic opportunities, the town has managed to maintain a minimal level of growth due to the high volume of passing road traffic. The National Road from Cape Town to Johannesburg (N1) bisects the town, and is still responsible for generating a significant portion of the town's income.

The town is currently structured into the following 7 Wards:

WARD	AREAS
1	Hillside, central town, Hospital hill, Noord einde
2	Nelspoort and Mervewille
3	Essopville, Toekomrus, Barrake, Hillside 2
4	Kwa Mandlenkosi, The Lande
5	Rustdene, New Lands, New Town, Hooyvlakte Paddavlei
6	Rustdene, Prince Valley
7	Kwa Mandlenkosi , Rustdene

Table 2: Municipal Wards

The town has all the features of a modern town: shopping centres, a magistrate's court, Internet Cafes, hotels, medical facilities, restaurants and all the other amenities and services usually found in modern towns around the world. Below is a map of the Western Cape that indicates the location of the Municipality



There are a total number of 9 508 households that lives in Beaufort West. 82,2% live in urban areas with remaining 17,8% living in rural areas. Between 2001 and 2006 the Beaufort West population increased from 34 999 to 37 598, equal to an annual average of 1,4%. The provincial treasury projects in its socio economic profile (2006) that the population growth will slow to 0,1 % between 2006 and 2010.

For Africans, the only year that showed migration into the area was in 2001, when 227 Africans migrated to the region. From 2002 onwards Africans recorded net out-migration. It is projected that Africans will continue to out migrate until 2025. On the other hand there has been a significant in-migration of coloureds (1 681) in 2001. It is also anticipated that in-migration of coloureds to Beaufort West will continue until 2016. For the white population grouping it is shown that, since 2001, they have been out-migrating from Beaufort West Municipality. This picture may change given the prospects of economic development uranium mining in particular.

The Demographic information of the municipality is as follows:

Number of Households	Total Population	African	Coloured	Indian	White
9 508	37 598	5 864	27 656	45	4 033

Table 3: Demographic information of the municipality

The Socio-economic information of the municipality is as follows:

Housing backlog (2008)	Unemployment rate (%)	Proportion of house-holds with no income (%)	Skills prop. of pop. – Low skilled employ. (%)	HIV/AIDS prevalence 2005 (%)	People older than 14 years illiterate (%)	Urban/ rural household split (%)
4 615	39	7.1	39.7	2.9	32	82/ 18

Table 4: Socio-economic information of the municipality

The percentage of people with higher education in the Beaufort West is 5,3%, compared to Central Karoo District with 5,9%. But in terms of occupational skills, Beaufort West has a proportion of 17,1% compared to Central Karoo District with 14,2%. This picture reflects an ability of the town in skills development and human resource capital. But it also hints at where the weakness is: the low levels of education particularly amongst girls especially in areas like Kwa Mandlenkosi is indeed of concern. According to SAPS, liquor abuse, domestic violence, and money lenders are some of the social ills contributing to high levels of crime, also the economic rationale of this town bedded in poverty of the majority lead to such kind of crimes like theft out of motor vehicles.

Health indicators reveal that the proportion of children under the age of 1 year with first measles immunization was 93 per cent (above the national target of 90%), TB prevalence stood at 950 for every 100 000 people, with a cure rate of 74 per cent. The national target for TB cure rate of 85 per cent has not been met because of social grants, which have become a source of living for people; it implies that being cured will remove the grant. The patient nurse ratio was 31:1, better than the national target of 34:1. Recent information suggests that there is decline in HIV/AIDS related diseases.

Beaufort West, as a largest town in Central Karoo, boosts some cultural activities. Afrikaans is the dominant language & culture followed by Xhosa and English. There are a relatively small number of craft entrepreneurs in Beaufort West. Many are hobbyists, some of whom have achieved high levels of expertise in activities such as needlework, knitting, crocheting and decoupage. Leatherwork appears to be increasing in popularity such as the leather works sponsored by CSIR at the Arts and Craft Village. Other craft activities include cane work, beading, wire work, fabric painting, ceramic and weaving (Nelspoort).

Gender issues are high in the social agenda of the town; there are also a few organisations with specific interest in gender related issues like Gender Forum and gender education; however, the impact is yet to be experienced as the society still has high unequal equilibrium and distribution of resources including work between women and men. Women still accounts for the highest unemployment figures and very few are holding positions of influence within the town. The Moral fibre of Beaufort West is still relatively low, with early dropouts, teenage pregnancies and incidences of substance abuse being reported.

The majority of households (65, 8%) in Beaufort West have an income of between R4 801 and R38 400 per year. Of all the households, 7,1% have no income while 6,2% earn between R0 and R400 per month. This clearly shows that against the average income of households nationally of R2 400 a month an average person in Beaufort west earns R800 a month. This is inter alia caused by poverty and unemployment of the people and specifically the absence of markets.

## 1.5 PLANNING PROCESSES<sup>1</sup>

This report addresses the performance of the Municipality in respect of its core legislative obligations and service delivery priorities. A municipality's performance is primarily assessed in terms of its development priorities and the objectives cited in its Integrated Development Plan (IDP).

In light of the above, it is important to understand the planning process followed by the Municipality and the outcomes of such planning processes. The planning processes and the outcome thereof are defined in the IDP.

The review IDP document for 2007/08 has followed the path of a new development growth trajectory which was established through multiple engagement sessions with local private and public sector partners during our pre- and post Growth and Development Summit engagements since February 2007 as well as the roll-out of the local Community Based Programme during August to November 2006. The Community Based Programme and inputs from the communities which culminated in ward plans formed the basis for engagement whereas the Growth and Development Summit was seen as the point of departure for a new economic development vision of growth through the mobilization of partnerships with our private sector, civil society and other government partners.

After the GDS Summit, which was held on the 9<sup>th</sup> of March 2007, the CKDM and its local municipalities embarked on a process of developing the Growth and Development Strategy which is a long term (2007-2020) vision and plan for the district, while at the same time launching its IDP process. In essence, the two processes ran concurrently and could therefore feed into each other. The two documents are therefore linked and must be read together as one coherent strategic plan, covering the long and medium term in an integrated manner.

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<sup>1</sup> Circular 11 refers to this section as Executive Summary which mainly focuses on the planning process followed by municipal overview, the geographic and demographic information, challenges and planning priorities and the governance structure. The municipality preferred to document the information under the respective topical headers.

The GDS set out the long term twenty year vision for the region while the IDP defined the medium term (5 year) path. It spelled out where the Municipality wants to be five years from now and the actions to get there.

In terms of the Municipal Systems Act of 2000, the Executive Mayor is responsible for the preparation of the Integrated Development plan (IDP). The co-ordination of this responsibility was assigned to the Municipal Manager, who reports directly to the Executive Mayor and the Mayoral Committee. The IDP process and the drafting of outputs were co-coordinated internally and mechanisms were put in place to ensure that all stakeholders contribute to decision-making process.

The Process Plan and Framework are two distinct documents which are talking to each other. The process plan is a management tool for each municipality (local and district) which helps with the management of the IDP process on a day-to-day basis. The Framework is a coordination tool for the district which helps ensure interrelated parallel planning processes at district and local level.

This Process Plan sated the tone and purpose of the activities required for the successful completion, as required by law, of the Integrated Development Plan (IDP) for the municipality. It also sated the extent and nature of the activities that the municipality engaged in until June 2008 in order for it to be able to review its 5-year IDP. The Process Plan fulfilled the function of a business plan or an operational plan for the IDP process.

The following responsibilities were allocated to the different structures during the planning process:

Structure	Responsibilities
<p style="text-align: center;"><b>The Council</b></p>	<ul style="list-style-type: none"> <li>● Considered and Adopted the Process Plan and the final IDP. Undertook the overall management and coordination of the planning process, which included ensuring that:               <ul style="list-style-type: none"> <li>○ all relevant actors were appropriately involved</li> <li>○ Appropriate mechanisms and procedures for public consultation and participation were applied.</li> <li>○ ensured the establishment of ward committees and IDP forum</li> <li>○ The planning events were undertaken according to time schedule.</li> <li>○ Planning process was related to the real burning issues in the municipality.</li> <li>○ The sector planning requirements were satisfied.</li> </ul> </li> <li>● Adopted and approved the IDP</li> <li>● Adjusted the IDP in accordance with the MEC for local government's proposal.</li> <li>● Ensured that the annual business plans, budget and land use management decisions were linked to and based on the IDP.</li> <li>● Ensured that development and management of municipal affairs were in the ambits of</li> </ul>

Structure	Responsibilities
	the law.
<b>The Executive mayor and MAYCOM</b>	<ul style="list-style-type: none"> <li>• Gave political direction</li> <li>• Ensured that district wide issues were discussed at the district intergovernmental forum (DIF), which comprises mayors of the district and local municipalities as well as provincial departmental representatives</li> <li>• Assigned IDP responsibilities to the Municipal Manager</li> <li>• Provided terms of reference for various planning activities</li> <li>• Established sub-committees (Project Task Teams)</li> </ul>
<b>IDP Standing Committee</b>	<ul style="list-style-type: none"> <li>• Coordinated the IDP process</li> <li>• Coordinated the review process</li> <li>• Monitored IDP implementation</li> <li>• Ensured proper implementation of public participation legislation. <ul style="list-style-type: none"> <li>○ Establish ward committees</li> <li>○ Establish the IDP</li> </ul> </li> <li>• Ensured engagement with IDP Forum</li> </ul>
<b>IDP Steering Committee</b>	<ul style="list-style-type: none"> <li>• Provides terms of reference for the various planning activities.</li> <li>• Commissions research studies.</li> <li>• Considers and comments on: <ul style="list-style-type: none"> <li>○ Inputs from sub-committees, study teams and consultants.</li> <li>○ Inputs from provincial sector departments and support providers</li> </ul> </li> <li>• Processes summarizes and documents outputs</li> <li>• Makes content recommendations</li> <li>• Prepares, facilitates and documents meetings.</li> <li>• Heads project task teams</li> </ul>
<b>IDP Project teams</b>	<ul style="list-style-type: none"> <li>• Chaired by the Municipal Manager.</li> <li>• Considers and comments on inputs from sub-committees, consultants and Sector departments.</li> <li>• Makes recommendations to the Steering Committee</li> </ul>

Table 5: Responsibilities of different structures during the IDP process

Involving the public, other spheres of government, local authorities, district role-players, specialists and consultants is the key to an integrated development planning process, but involving them is a costly process and it takes time. Public participation is not equally relevant and appropriate in each stage of planning, and not all participation procedures are equally suitable for each planning step. To limit participation costs, to avoid participation fatigue and to optimize the impact of participation, specific mechanisms of participation were employed during the process.

Regular consultation meetings were held with the combined IDP Steering Committee members and the Representative Forum members, ensuring the efficiency of the process. A series of public participation meetings took place to inform the public about the process as well as to access the identified key performance areas with its identified development priorities. The Community Based Planning Technique which is used by government to collect and prioritise community needs was utilised successfully in the seven wards of the Beaufort West Municipality and it produced ward plans which served as a basis of the planning. The IDP public participation meetings were presented together with the finance department of the municipality who introduced the municipality's draft budget to the public.

## 1.6 MUNICIPAL PRIORITIES AND CHALLENGES<sup>2</sup>

The following challenges and actions were identified by the municipality:

CHALLENGES	ACTIONS TO ADDRESS
<b>Development Planning</b>	
Institutional gearing for delivery – institutional constraints	Capacity building and skills development
Alignment with national, district and provincial programmes	Effective IGR
Limited municipal resource base	Long-term revenue enhancement strategy
<b>HR management</b>	
Retaining skilled personnel	Capacity building and skills development
Filling of posts	Effective processes
Institutional gearing for delivery – institutional constraints	Capacity building and skills development
<b>Service delivery</b>	
Limited municipal resource base	Long-term revenue enhancement strategy
Limited water resources	Exploring alternative resources
<b>Financial Viability</b>	
Limited municipal resource base	Long-term revenue enhancement strategy
Unemployment and Poverty	LED initiatives

<sup>2</sup> Circular 11 refers to this section as Executive Summary which mainly focuses on the planning process followed by municipal overview, the geographic and demographic information, challenges and planning priorities and the governance structure. The municipality preferred to document the information under the respective topical headers.

CHALLENGES	ACTIONS TO ADDRESS
Debt Collection	Capacity building
Low economic growth rate	LED strategy implementation
<b>Housing</b>	
Affordability of social housing	Long-term revenue enhancement strategy
Availability of land	Long-term revenue enhancement strategy to finance
Limited municipal resource base	Long-term revenue enhancement strategy
Water Shortages	Exploring alternative resources
<b>Public safety</b>	
Improve by-law enforcement	Capacity building

Table 6: Municipal challenges and actions to address

The following were the priorities of the municipality for the year under review:

- Promoting job creation, economic development and skills development
- Reducing the levels of crime
- Promoting good governance
- Fighting poverty and unemployment
- Improving infrastructure and service delivery
- Improving the financial viability of the municipality

## 1.7 GOVERNANCE STRUCTURE<sup>3</sup>

Municipal Councils in South Africa perform both legislative and executive functions. The Council's role focuses on legislative, oversight and participatory roles, and has delegates its executive function to the Executive Mayor and the Mayoral Committee. Council's principle and most substantive role is to publicly debate issues and facilitate political debate and discussion.

The Council receives regular reports on the exercise of executive powers, including quarterly and annual reports on the exercise of delegations and overall performance, from the Executive Mayor and Mayoral Committee. The Council had 11 scheduled and 35 special meetings during the year under review.

<sup>3</sup> Circular 11 refers to this section as Executive Summary which mainly focuses on the planning process followed by municipal overview, the geographic and demographic information, challenges and planning priorities and the governance structure. The municipality preferred to document the information under the respective topical headers.

Section 79 portfolio committees (please see below) have been constituted. The idea is that the executive and officials are held to account for executive decisions, planning, spending, service delivery, and policy implementation.

The ward committees support the Ward Councillor who receives reports on development, participate in development planning processes, and facilitate wider community participation. To this end, the municipally 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.

The Council comprises 13 elected Councillors, made up from 7 Ward Councillors and 6 Proportional Representation (PR) Councillors. The portfolio committees are made up of councillors drawn from all political parties. The party and gender representation in the Council is represented the table below:

Name of councillor	Capacity	Political Party	Ward/ PR	S 79 committee	Constituency
Juliet Jonas	Executive Mayor	ANC	2	Finance Services (Chairperson)	Nelspoort , Mervewille and Rural area
Pieter Long	Executive Deputy Mayor	NPP	PR	Member Financial Services	-
William Toto	Member of Mayoral Committee	ANC	7	Community Development Services (Chairperson) Member Technical Services	Kwa-Mandlenkosi, Paradise Valley and Rustdene
Jacobus van Wyk	Speaker	ICOSA	PR	Member Technical Services	-
Petrus Stephanus Botha	Normal Councillor	SDP	PR	Member Financial Services, Technical Services, Community Development Services	-
Aloma Daniels	Normal Councillor	ICOSA	6	Member Community Development Services	Prince Valley and Rustdene
Anna Maans	Normal Councillor	ICOSA	5	Member Technical Services	Rustdene, Newtown, Newlands and Hooyvlakte
Alida Catherina Rosy Madumbo	Normal Councillor	ICOSA	3	Member Financial Services	Nieuvelid Park, Essopville, Barakke, Toekomsrus and Hillside
Maria Mtunzi	Normal Councillor	ANC	PR	Member Financial Services	-
Edward Zoyisile Njadu	Normal Councillor	ANC	4	Member Technical Services	Kwa Mandlenkosi, The Lande
Sarika Nortjé	Normal Councillor	DA	1	Member Financial Services, Community Development Services	Hillside, central town, Hospital hill, Noord einde and Rural area
Hendrik Truman Prince	Normal Councillor	ICOSA	PR	Technical Services [Chairperson]	-
Jacob Jeffrey van der Linde	Normal Councillor	DA	PR	Member Technical Services	-

Table 7: Composition of the Council

During the year under review, by-elections were held in 3 wards and the composition of political parties changed as follows:

- ANC: 4
- NPP 1
- ICOSA 5
- SDP 1
- DA 2

During the floor crossing period, two councillors, namely, Clr P. Long crossed to the NPP, and Clr P.S. Botha crossed to the SDP.

## 1.8 EXECUTIVE MAYORAL COMMITTEE <sup>4</sup>

The Executive Mayor of the Municipality, Councillor J Jonas, 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 her to manage the day-to-day affairs. This means that she has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Executive Mayor, delegated by the Council, and as well as the powers assigned by legislation. Although accountable for the strategic direction and performance of the Municipality, the Executive Mayor operates in concert with the Mayoral Committee. The name and portfolio of each Member of the Mayoral Committee is listed in the table below.

Name of member	Portfolio/ Capacity
Councillor Juliet Jonas	Executive Mayor
Councillor Pieter Long	Deputy Mayor
Councillor William Toto	Fulltime Councillor

Table 8: Composition of Mayoral Committee

## 1.9 SECTION 79 PORTFOLIO COMMITTEES <sup>5</sup>

The portfolio committees' primary responsibility is to exercise oversight over the executive arm of the municipality's governance structure. Section 79 portfolio committees monitor the delivery and outputs of

<sup>4</sup> Circular 11 refers to this section as Executive Summary which mainly focuses on the planning process followed by municipal overview, the geographic and demographic information, challenges and planning priorities and the governance structure. The municipality preferred to document the information under the respective topical headers.

the executive and may request departments to account for the outputs of their functions. Executive Councillors account for executive decisions and operations performed in general policy framework agreed to by Council and although the portfolio committees play an oversight role, they do not have any decision-making powers. These committees are responsible for submitting reports to Council as the Legislature and have submitted 20 reports (Financial Services (7); Special Financial Services (2); Community Development (2); Technical Services (5)) to Council during the year under review. The Section 79 portfolio committees for the 2006/11 Mayoral Term and their Chairpersons are:

Committee	Chairperson
Financial Services Committee	Councillor J Jonas
Technical Services Committee	Councillor HT Prince
Community Development Committee	Councillor W Toto

Table 9: Section 79 Portfolio Committees

## 1.10 SENIOR MANAGEMENT PROFILE

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

Name of Official	Department
Mr J Booysen	Municipal Manager
Mr P de V Strü mpher	Acting Director: Corporate Services
Mr D Louw	Director: Financial Services
Mr AC Makendlana	Director: Community Services
Mr JCL Smit	Director: Engineering Services
Mr RE van Staden	Director: Electro Technical Services

Table 10: Management Team

## CHAPTER 2: PERFORMANCE HIGHLIGHTS

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### 2.1 INTRODUCTION

Performance management is a holistic process that incorporates business planning, developing an execution plan, modeling the execution plan using key business metrics and ultimately reporting on the business operations against the execution plan.

In giving effect to this definition, the Municipality has developed and implemented a performance management system, as required by section 152 of the constitution, chapter 6 of the MSA and the MFMA. This is in accordance with the Municipal Systems Act 32 of 2000, and the Local Government: Municipal Planning and the Performance Management Regulations 2001, which require municipalities to adopt a performance management system. Once the IDP and budget have been prepared and approved, the municipality prepares the SDBIP in accordance with the MFMA and MFMA Circular 13. The SDBIP indicates quarterly performance targets, financial performance targets and assigns responsibility to execute the respective performance targets. The municipality assessed its performance on a quarterly basis and reported progress on performance against targets set to Council and will ultimately presents the annual performance in this annual report. The system currently only applies to section 57 appointees.

This chapter speaks to the performance highlights in terms of the municipality's IDP performance on basic service delivery and backlogs addressed, the MIG projects as well as the spending priorities for the following year. It is furthermore important to address the communication and public participation processes of the municipality to give a holistic view of how the IDP was derived at.

### 2.2 GOOD GOVERNANCE AND PUBLIC PARTICIPATION

#### 2.2.1 Communication

During the year under review the objectives were to: -

- Support and strengthen the systems and structures of communication
- Sharing and publicizing the gains which the municipality have made in delivering services
- Increasing the accessibility of information to all stakeholders; and
- Supporting and promoting Beaufort West Municipality's vision and mandate through an effective internal and external- communication system

#### Achievements

- Newsletter

- Functioning Communication forum with CKDM and GCIS
- Enhanced the municipal website to improve access to information

## Challenges

- Insufficient capital and resources to implement communication department and communication strategy.
- The division of powers and functions between district- and local municipalities
- The extension of learning networks to broaden participation

### 2.2.2 Participation in IGR structures

Intergovernmental Relations (IGR) is a central component of service delivery, since the public perceives government as a unitary structure, and pays little need to jurisdiction niceties. Each sphere of government has a service delivery mandate and these ranges from social grants, free basic services, education, policing, and health, which require a robust intergovernmental engagement between spheres and agencies of government. In the spirit of IGR co-operation, the municipality has been involved in the following key structures and engagements to align resources, plans and activities on a district- and provincial level:

- District Intergovernmental Forum – MM, Executive Mayor and Speaker)
- Premier’s Advisory Forum (MM and Executive Mayor)
- Provincial Advisory Forum (MM and Executive Mayor)
- The Local Government MTECH process
- District Intergovernmental Technical Forum (MM)
- Municipal Managers Forum (MM)
- Internal Audit Forum (Internal Auditor)
- CFO forum (Director: Financial Services as Chief Financial Officer)
- MIG forum
- IMESA forum
- Water Affairs forum - Masibambani

### 2.2.3 Public participation

The public participation processes of the municipality for reviewing the IDP and drafting the budget for the 2007/8 financial year were completed in the 2006/7 financial year. As this report focuses on the performance of the municipality for the 2007/8 financial year, the public participation processes reported on, mainly focus on the public participation during 2007/8 and therefore the review of the 2008/9 IDP and drafting the 2008/9 budget.

## Public Participation during 2006/7 to review IDP for 2007/08

As mentioned before, involving the public, other spheres of government, local authorities, district role-players, specialists and consultants is the key to an integrated development planning process, but involving them is a costly process and it takes time. To limit participation costs, to avoid participation fatigue and to optimize the impact of participation, specific mechanisms of participation were employed during the process.

Regular consultation meetings were held with the combined IDP Steering Committee members and the Representative Forum members, ensuring the efficiency of the process. A series of public participation meetings took place to inform the public about the process as well as to access the identified key performance areas with its identified development priorities. The Community Based Planning Technique which is used by government to collect and prioritise community needs was utilised successfully in the seven wards of the Beaufort West Municipality and it produced ward plans which served as a basis of the planning. The IDP public participation meetings were presented together with the finance department of the municipality who introduced the municipality's draft budget to the public.

## Public Participation during 2007/08

Public participation during 2007/8 can be summarized as follows:

### Local Ward Meetings

Councillors held regular ward committee meetings and public meetings to facilitate public participation in general. The meetings also focussed on the 2008/09 IDP review, drafting the IDP priorities and 2008/09 budget.

### Community based planning

Community Based Planning (CBP) has been identified as a key vehicle to address the challenge of localising planning and participation in the municipality. Moreover, CBP was identified by the Department of Provincial and Local Government (**dplg**) and the South African Local Government Association (SALGA) as an important mechanism to enhance community participation and consultation as part of its planning processes. This approach also facilitated community planning in the municipality and was followed in all seven wards to contribute to the 2008/09 IDP and empowered each Ward Councillor, Ward Committees and communities to take ownership for development in their ward. In turn, it strengthened the functioning

of Ward Committees and Ward Councillors' roles in contributing to the development agenda for the municipality as a whole and the ward specifically.

## Other Public Participation Forums

Finally, working on the principles of consultation and transparency, a lengthy period is set aside for councillors to consult their constituencies and various other sectoral meetings are held with representatives of business, labour, women, youth and non governmental organisations, including national and provincial government, international organisations, other local government organisations and municipalities that added value to the business of the municipality, its communities and/or to the business of the respective stakeholders.

### 2.2.4 Performance in terms of the National KPA's

The performance of the municipality against the National KPA's can be summarised as follows:

KPA & INDICATORS	MUNICIPAL ACHIEVEMENT
<b><u>Basic Service Delivery</u></b>	
(a) The percentage of households with access to basic level of water, sanitation, electricity and solid waste removal	100%
(b) The percentage of households earning less than R1100 per month with access to free basic services	100%
<b><u>Municipal Institutional development and transformation</u></b>	
(a) The number of people from <b>employment equity</b> target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	100%
(b) The percentage of a municipality's <b>budget actually spent</b> on implementing its <b>workplace skills plan</b>	3.1%
<b><u>Local economic development</u></b>	
The number of <b>jobs created</b> through municipality's local, economic development initiatives including capital projects	616
<b><u>Municipal financial viability and management</u></b>	
<b>Financial viability</b> as expressed by the following ratios:	42.35
<ul style="list-style-type: none"> <li>Debt coverage ((Total operating revenue-operating grants received)/debt service payments due within the year)</li> </ul>	
<ul style="list-style-type: none"> <li>Service debtors to revenue – (Total outstanding service debtors/ revenue received for services)</li> </ul>	39.3
<ul style="list-style-type: none"> <li>Cost coverage ((Available cash+ investments)/ Monthly fixed operating expenditure)</li> </ul>	1.7

KPA & INDICATORS	MUNICIPAL ACHIEVEMENT
<p><b><u>Good governance and public participation</u></b></p> <p>The percentage of a municipality's <b>capital budget</b> actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan</p>	77.3

Table 11: Performance against National KPA's

## 2.3 BASIC SERVICES DELIVERY

### 2.3.1 Provision of free basic services

The free basic services with regards to electricity, water, sanitation and refuse removal offered by the municipality during the 2007/08 financial year are summarized in the tables below:

#### Electricity:

Indigent Households			Non-indigent households			Households in Eskom areas		
Nr of households	Unit per household (kwh)	Value R	Nr of households	Unit per household (kwh)	Value R'000	Nr of households	Unit per household (kwh)	Value R
3 469	50	793 318	5 552	0	0	216	50	32 318

Table 12: Free basic electricity

A total number of 3 469 households benefitted from the municipality's policy to provide 50 Kwh free to each household. 216 Households received the service from Eskom and they recover the cost of the free electricity provided by them from the municipality.

#### Water:

Indigent Households			Non-indigent households		
Number of households	Unit per household (kl)	Value R	Number of households	Unit per household	Value R
3 469	6	1 320 845	5 939	0	0

Table 13: Free basic water

3 469 Households received 6 kl free water from the municipality. This represents 36% of the total number of households and amounts to R1.3 million per annum.

## Sanitation:

Indigent Households			Non-indigent households		
Number of households	Unit per household per month	Value R	Number of households	Unit per household per month	Value R
2 562	1	1 051 529	6 846	0	0

Table 14: Free basic sanitation

2 562 Households received free basic sanitation from the municipality. The value of the free service offered amounts to R1,051 million for the 2007/08 financial year.

## Refuse removal:

Indigent Households			Non-indigent households		
Number of households	Unit per household per month	Value R	Number of households	Unit per household per month	Value R
743	1 p/week	235 070	8 665	0	0

Table 15: Free basic refuse removal

743 Households received free basic refuse removal from the municipality. The value of the free service offered amounts to R235 070 for the 2007/08 financial year.

### 2.3.2 Access to basic municipal services

An average 143 of households gained access to basic services during the 2007/08 financial year as indicated in the following table:

Type of service	2006/07	2007/08
Housing	512	144
Water	512	144
Sanitation	512	144
Refuse removal	512	144
Electricity	532	108

Table 16: Access to basic services – 2007/8

### 2.3.3 Summary of backlogs that must still be addressed

The municipality is constantly working towards eradicating all backlogs and the table below highlights the current backlogs.

Area	Total nr of households affected	Timeframe to be addressed	Cost to address R'000
Housing	4 170	2014	300 000
Water (on site)	64	2009/10	1 280
Sanitation	0	0	0
Refuse removal (at least once a week at site)	0	0	0
Electricity (in house)	0	0	0
Streets and storm water	0	0	0

Table 17: Service delivery backlogs

### 2.3.4 Capital budget spent on municipal services

The percentage (%) of the approved budget spent of each municipal service respectively for the 2006/07 and 2007/08 financial years respectively are as follows:

Financial Year	Housing	Water	Sanitation	Refuse Removal	Electricity	Streets & Storm Water	Community facilities
2006/ 2007	65.9%	87.1%	0%	0%	98.8%	31.1%	41.1%
2007/ 2008	182.8%	122.6%	298.3%	0%	491.9%	126.6%	137.2%

Table 18: CAPEX

### 2.3.5 Spending on capital budget

The under spending of capital budgets were mainly due to difference in accounting and budgeting treatment of expenditure in relation to low cost housing. The details regarding the total capital spending are presented in the table below:

Fin year	% of Capital budget spent	Reasons for under spending
2006/ 2007	58%	Expenditure in respect of low cost housing
2007/ 2008	81%	Expenditure in respect of low cost housing

Table 19: Capital budget spending

### 2.3.6 Housing

There are currently approximately 4 170 housing units on the waiting list, including any informal settlement area. A total amount of R 7,009 million was allocated to build houses during the financial year under review. A summary of houses built, includes:

Fin year	Allocation R'000	Amount spent R'000	% spent	Number of houses built	Number of sites serviced
2006/ 2007	10 300	6 789	65.9%	512	0
2007/ 2008	7 009	12 812	182.8%	144	598

Table 20: Housing

During the 2007/08 financial year the municipality received 200 building plans of which 194 with a value of R45 711 110 were approved. 36 Town planning applications were received and approved for the same period of which 19 were rezoning applications.

### 2.3.7 Municipal infrastructure and other grants

The Municipality received grants totaling R 3,590 million for infrastructure and other capital projects from National and Provincial Government during the 2007/08 financial year. The performance in spending these grants can be summarized as follows:

### Municipal Infrastructure Grant (MIG)

Financial year	Available funding 2007/08 R'000	Amount spent R'000	% spent
2006/2007	1 184	991	83.7%
2007/2008	1 370	1301	95.0%

Table 21: MIG

### Other Grants for Capital projects

Financial year	Available funding 2007/08 R'000	Amount spent R'000	% spent
2006/2007	1 392	1 310	94.1%
2007/2008	2 220	2 220	100%

Table 22: Other capital grants

### 2.3.8 Spending priorities for next financial year with regards to service delivery

The spending priorities for the 2008/09 financial year approved in the budget can be summarised as follows:

Sewerage	R3 million
Streets and storm water	R5.4 million
Housing	R4.9 million
Refuse removal	R1,1 million
Water	R2.2 million
Electricity	R17.3 million

## 2.4 LOCAL ECONOMIC DEVELOPMENT

The economic outlook for the South African economy remains positive over the medium term, but although positive economic growth is expected for the country and the province, the outlook for the town of Beaufort West is less positive. The sectors that are contributing the most to the town's economy are transport and communication (25,3%), wholesale and retail trade (16,8%), general government services (14,4%), manufacturing (10,9%) and agriculture (7,7%). The ability of the local economy to create jobs is limited and is reflected in the current high unemployment figure of 39 percent compared to the provincial unemployment rate of 15,9 percent.

The high unemployment coupled with the low skills level of the labour force have been identified as of critical importance at the regional growth and development summit that was held for the district during March 2007. Local government therefore also has to play a role in the skills development of the local

labour force. The challenge to the Beaufort West Municipality is not only to grow the economy and tax base, but also to develop skills so that the jobs that are created through the growing economy can be taken up by the local unemployed citizens.

The Beaufort West Municipality have an approved Local Economic Development Plan that was compiled during a comprehensive and transparent formulation process. An official in top management is responsible for economic development and implementation, which is challenging due to limited resources and capacity. The IDP Manager oversees the LED plan and resides within the office of the Municipal Manager. The number of temporary jobs created by the Municipality during the 2007/2008 budget year amounts to 616.

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## **CHAPTER 3: HUMAN RESOURCE AND ORGANISATIONAL MANAGEMENT**

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### **3.1 INTRODUCTION**

The municipality employs 312 officials who individually and collectively contribute to the achievement of its objectives. The primary objective of Human Resource Management is to render a complete HR service that addresses both skills development and administrative function at a high level of satisfaction. In order to deliver an effective human resource management function to its workforce, the municipality has developed strategies that addresses skills development, employment equity, gender mainstreaming, HIV/Aids, performance management and creates a healthy environment.

### **3.2 HUMAN RESOURCE MANAGEMENT**

#### **3.2.1 Human resource policies**

The following council approved primary HR policies are in place at the municipality:

- Recruitment and selection
- Performance management
- Skills development plan
- Employment equity plan
- Sexual Harassment
- Training & Development
- Cell Phone
- Study
- HIV/AIDS
- Subsistence and Traveling
- Language
- Induction Training and Staff Orientation
- IT-policy
- Private Work

#### **3.2.2 Skills development and training**

The municipality annually conducts a skills audit, after which a skills development plan is developed to address the skills and competency needs of staff. New challenges demand that staff perform optimally to meet the identified needs. The Work Place Skills Plan (WPSP) for 2007/08 financial year and the

Implementation Report for the 2006/07 financial year was submitted to the Seta on 30 June 2008. The amount spent on training was R 632 219.00, which is 3.1% of the salary spend of R20 561 938 as at 30 June 2008. The training programmes that were completed by the municipal staff is summarised in the following table.

Name of training programme	Short description	Number of officials							
		Gender		Race					
		Female	Male	AF	AM	CF	CM	WF	WM
ABET	Level II	0	13	0	5	0	8	0	0
ABET	Level III	0	9	0	4	0	5	0	0
ABET	Level IV	2	11	0	0	2	11	0	0
ABET	NQF 4	0	9	0	3	0	6	0	0
Municipal Fin & Admin L/Ship	Learnership	13	1	3	1	6	0	4	0
Bundle Conductor Course	Electrical	0	12	0	5	0	6	0	1
Peace Officers Course	Conflict management	3	0	0	0	3	0	0	0
Water Purification Process Operators	NQF 2	0	4	0	1	0	3	0	0
Waste Water Process Operators	NQF 2	0	4	0	1	0	3	0	0
Water Reticulation Services	NQF 2	0	7	0	2	0	5	0	0
Management of Civil Engineering Construction Process	NWF 5	0	2	0	0	0	2	0	0
Construction Supervisor Labour Intensive Construction	NQF 4	0	4	0	1	0	3	0	0
Incident Management	Register and support to indigent	1	5	0	1	1	4	0	0
Assessor	Fire Services	0	1	0	0	0	1	0	0
Basic Fire Fighting	Fire Services	0	1	0	0	0	1	0	0
Drager Alcohol Apparatus	Traffic Services	0	1	0	0	0	1	0	0

Name of training programme	Short description	Number of officials							
		Gender		Race					
		Fe-male	Male	AF	AM	CF	CM	WF	WM
Micro Digicam	Traffic Services	1	3	0	1	1	2	0	0
Speedguard Speed Apparatus	Traffic Services	1	3	0	1	1	2	0	0
Assessor	Traffic Services	0	1	0	0	0	1	0	0
Moderator	Traffic Services	0	1	0	0	0	1	0	0
Basic Traffic Officer	Training	1	0	0	0	1	0	0	0
<b>Total</b>		<b>22</b>	<b>92</b>	<b>3</b>	<b>26</b>	<b>15</b>	<b>65</b>	<b>4</b>	<b>1</b>

Table 23: Official training

### 3.2.3 Councillor training

The training programmes that were completed by councillors of the municipality is summarised in the following table:

Name of training programme	Short description	Number of councillors							
		Gender		Race					
		Fe-male	Male	AF	AM	CF	CM	WF	WM
Executive Leadership Development Programme for Councillors		1	1		1			1	

Table 24: Councillor training

## 3.3 ORGANISATIONAL STRUCTURE

During the 2007/08 financial year, the Municipality appointed 23 employees in various departments. All of these appointments were based on both the service delivery needs and the Employment Equity Plan. The biggest challenge for the municipality remains the attraction of scarce skills and technical skills. The Employment Equity Report for 2006/2007 was approved by the Local Labour Forum on 14 April 2008 though the report was submitted to the Department of Labour on 10 October 2007.

### 3.4 ORGANOGRAM OF THE MUNICIPALITY

The Municipal Manager is the Chief Accounting Officer of the municipality. He is the head of the administration, and primarily has to serve as chief custodian of service delivery and implementation of political priorities. He is assisted by his direct reports, which consists of 5 Departmental Heads.

#### Management

The Management team is appointed on a fixed term contract period (MSA, s57) and the position of these appointees were as follows:

Portfolio	Name of person	Employment contract in place / Acting	Performance agreements in place
Municipal Manager	Mr J Booysen	Yes	Yes
Acting Director: Corporate Services	Mr P de V Strü mpher	No contract –acting only	No
Director: Financial Services	Mr D Louw	Permanent	Yes
Director: Community Services	Mr AC Makendlana	Yes	Yes
Director: Engineering Services	Mr JCL Smit	Permanent	Yes
Director: Electro Technical Services	Mr RE van Staden	Permanent	Yes

Table 25: s57 employees

#### 3.4.1 Approved and vacant posts on post levels

The Management team is supported by staff employed by the municipality to deliver on municipal services and political priorities. The approved structure for the Administration has 361 posts. The actual positions filled are indicated in the tables below

PER POST LEVEL		
Post level	Approved	Vacant
<b>MM &amp; MSA section 57</b>	6	1
<b>Middle management</b>	22	4
<b>Admin Officers</b>	69	12
<b>General Workers</b>	264	42
<b>Total</b>	<b>361</b>	<b>59</b>

PER FUNCTIONAL LEVEL		
Functional area	Approved	Vacant
Municipal manager's office	10	1
Corporate Services	27	3
Financial Services	37	8
Community Services	78	20
Engineering Services	179	24
Electro Technical Services	30	3
<b>Total</b>	<b>361</b>	<b>59</b>

Table 26: Approved and vacant post

### 3.4.2 Details on posts filled

Posts filled									
Occupational categories	Male				Female				Total
	A	C	I	W	A	C	I	W	
Legislators, senior officials and managers	1	7	0	5		1	0	2	16
Professionals	1	2	0	1			0		4
Technicians and associate professionals		3	0				0		3
Clerks	3	7	0		9	24	0	14	57
Service and sales workers	1	5	0			1	0		7
Craft and related trades workers	7	41	0	7			0		55
Plant and machine operators and assemblers	6	25	0		1		0		32
Elementary occupations	37	82	0		1	8	0		128
<b>Total permanent</b>	<b>56</b>	<b>172</b>	<b>0</b>	<b>13</b>	<b>11</b>	<b>34</b>	<b>0</b>	<b>16</b>	<b>302</b>
Non- permanent	1	1	0	1	2	5	0	0	10
<b>Grand total</b>	<b>57</b>	<b>173</b>	<b>0</b>	<b>14</b>	<b>13</b>	<b>39</b>	<b>0</b>	<b>16</b>	<b>312</b>

Occupational levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Senior management	1	7		5		1		2	16
Professionally qualified and experienced specialists and mid-management	1	5		1					7
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	11	53		7	9	25		14	119
Semi-skilled and discretionary decision making	6	25			1				32
Unskilled and defined decision making	37	82			1	8			128
<b>Total permanent</b>	<b>56</b>	<b>172</b>		<b>13</b>	<b>11</b>	<b>34</b>		<b>16</b>	<b>302</b>
Non- permanent employees	1	1		1	2	5			10
<b>Grand total</b>	<b>57</b>	<b>173</b>		<b>14</b>	<b>13</b>	<b>39</b>		<b>16</b>	<b>312</b>

Key function (Department)	Male				Female				Total
	A	C	I	W	A	C	I	W	
<b>Municipal manager</b>	2	4		2				1	9
<b>Corporate Services</b>	3	2		1	3	13		3	25
<b>Financial Services</b>	2	6		1	4	9		7	29
<b>Community Services</b>	9	37		1	3	5		3	58
<b>Engineering Services</b>	35	108		4		6		2	155
<b>Electro Technical Services</b>	5	15		4	1	1			26
<b>Total permanent</b>	<b>56</b>	<b>172</b>		<b>13</b>	<b>11</b>	<b>34</b>		<b>16</b>	<b>302</b>
Non- permanent	1	1		1	2	5			10
<b>Grand total</b>	<b>57</b>	<b>173</b>		<b>14</b>	<b>13</b>	<b>39</b>		<b>16</b>	<b>312</b>

Table 27: Posts filled

### 3.4.3 Personnel expenditure compared to total operating expenditure

The municipality has employed competent staff in various departments to provide efficient service delivery.

Financial year	Total Expenditure salary and allowances (R'000)	Total Operating Expenditure (R'000)	Percentage (%)
2005/06	25 299	89 794	28 (41) if additional grant funding for year is excluded
2006/07	28 152	73 540	38
2007/08	32 524	112 098	29
Average	28 658	91 811	31

Table 28: Staff expenditure

### 3.4.4 Employment equity

The Employment Equity Act dictates that all workplaces promote equity in terms of gender, race and disability. The municipality has an approved employment equity plan that is implemented when all vacant posts are filled. The transformation statistics were as follows at 30 June 2008:

Description	African	Coloured	Indian	White	Male	Female	Disability
Target	70	225	0	66	162	199	12
Actual	67	206	0	29	241	61	1

Table 29: Employment equity statistics

The demographic information of the municipality compared to the workforce of the institution is as follows:

Description	Total	African	Coloured	Indian	White
Population numbers	37 598	5 864	27 655	45	4 033
% Population	100	16	74	0	10
Number for positions filled	302	66	206	0	29
% for Positions filled	100	22	68	0	10

Table 30: Employment equity vs population

### 3.5 PERFORMANCE MANAGEMENT

The Municipal Systems Act (MSA), 32 of 2000 requires the municipality to establish a Performance Management System (PMS) that is commensurate with its resources, best suited to its circumstances, and in line with the priorities, objectives, indicators and targets contained in its IDP. It is therefore required to promote a culture of performance among its political structures, political office bearers, Councillors, and its administration.

The municipality must also comply with Municipal Finance Management Act, 56 of 2003 (MFMA), Municipal planning and performance management regulations, 2001 and the Municipal Performance regulations for municipal managers and managers directly accountable to municipal managers

In giving effect to this definition, the Municipality has developed and implemented a performance management system, as required by section 152 of the constitution, chapter 6 of the MSA and the MFMA. This is in accordance with the Municipal Systems Act 32 of 2000, and the Local Government: Municipal Planning and the Performance Management Regulations 2001, which require municipalities to adopt a performance management system. Once the IDP and budget have been prepared and approved, the municipality prepares the SDBIP in accordance with the MFMA and MFMA Circular 13. The SDBIP indicates quarterly performance targets, financial performance targets and assigns responsibility to execute the respective performance targets. The municipality assessed its performance on a quarterly basis and reported progress on performance against targets set to Council and will ultimately present the annual performance in this annual report. The system currently only applies to section 57 appointees.

The Audit Committee of the municipality also act as the Performance Management Committee. The current external members of the Panel were drawn from both the public, private sector and the academia and are listed below:

Name of Member	Portfolio
A Hooker	Chairperson
R Julyan	Member
T Solomon	Member
KE Mackay	Member

Table 31: Performance Audit Committee Members

## CHAPTER 4: FUNCTIONAL SERVICE DELIVERY REPORTING

### 4.1 INTRODUCTION

This chapter deals with how services were delivered during the 2007/8 financial year and indicates the performance against the KPA's for the 2007/8 financial year based on the IDP processes followed as explained in Chapter 1 of this report.

The performance of the Beaufort West Municipality is reported against the objectives for each department as indicated in the IDP and the performance agreements of the departmental heads. The chapter also highlights the main KPA's for 2008/9.

### Functional breakdown by Department

The functional breakdown of departments is set out below:

Department	Functions
<b>Municipal Manager</b>	Administration Internal Control IDP Management
<b>Corporate Services</b>	Libraries Human Resource Management Organisational Development Skills Development Administration Labour Relations Committee Services Valuations Property Management Safety and Loss Control
<b>Financial Services</b>	Supply Chain Management Treasury Expenditure Management Revenue Management
<b>Community Services</b>	Traffic Services Registration of vehicles and licensing Disaster Management Fire services Traffic law enforcement Housing Environmental Health Waste management Economic Development Community Services (Including Sport) Human Development Co-ordination (Including Social Services & Human Development Support)
<b>Engineering Services</b>	Water Management & Planning Sanitation Management & Planning Cemeteries and parks Sport facilities

Department	Functions
	Infrastructure development Fleet maintenance Building control Town Planning
<b>Electro Technical Services</b>	Electricity management Electricity planning Electricity construction Maintenance of street lights, corporate air conditioners, robots, two way radio's and boreholes Energy management

Table 32: Functional breakdown

## 4.2 MUNICIPAL MANAGER



### Introduction

The Office of the Municipal Manager strives to enhance the relationship between the political and administrative centres of the council, to promote governance mechanisms and innovations in the areas of communication, strategic planning, information and knowledge management, legal and compliance, risk management and internal audit.

### Performance against KPA's

IDP Objective	Key performance indicator	Target	Actual performance
To achieve a strong financial position to withstand local economic impact in short and long term for the implementation of responsible and sustainable development and economic growth	Decrease the bank account by 25%	Bank overdraft less	Achieved
	Fully comply with s72 of the MFMA	Mid-year budget approved Performance assessment completed	Completed
<ul style="list-style-type: none"> <li>To create an institution with skilled and informed employees who can provide a professional</li> </ul>	Maintain the Council's performance management system	Performance management system implemented	60% implemented
	Drafting and submission of performance agreements	Performance agreements agreed and approved	Completed

IDP Objective	Key performance indicator	Target	Actual performance
<p>and effective service to its clientele guided by the Batho Pele principles</p> <ul style="list-style-type: none"> <li>To align and strengthen internal operational systems</li> </ul>	of municipal manager and senior managers		
	Improve teamwork through propagating and open door policy	Performance culture enhanced and visible	Ongoing
	Deal with disciplinary hearings within 14 days	All disciplinary hearings dealt with timeously	Not always achieved
	Effective functioning of labour forum as per collective agreement	Regular labour forum matters signed-off	Achieved
	Monthly management meetings: For the maintenance and extension of household matters, motivation of departmental heads and the availability to supply advice and information. - Supply minutes monthly meetings	Minutes of monthly meetings approved	Achieved
	Audit committee meet on regular basis and finalise reports	Minutes of meetings	Achieved
	Compilation of audit charter and audit plan	Audit charter and plan compiled	Completed
	Support to audit committee	Audit committee meeting 100% supported	100% supported
	Ensure that the recommendations in the external audit reports are successfully implemented	All audit report matters are dealt with	Dealt with adequately
	Address urgent and very urgent matters according to the audit programme	Matters 100% finalised	100% finalised
	Ad hoc instructions finalized and report issued within 5 days	All matters reported on within 5 days	Ongoing
	Auditing of performance management within different departments	Performance management audited in all the departments	Audited on an ongoing basis
	Ensure that all correspondence marked out to the Internal Audit Segment receives attention within three (3) working days after receipt from the Registration office.	Correspondence dealt with within the set timeframes	Achieved
	Cash inspections to be done on surprise basis	Surprise inspections done monthly	On continuous basis
	Compilation of Annual Report and submit to Council	Annual report published	Completed
To ensure that the development of the 5 year Integrated Development Plan of the Municipality is being conducted in terms of the guidelines stipulated	IDP comply and approved	Completed	

IDP Objective	Key performance indicator	Target	Actual performance
	in Chapter 5 of the Municipal Systems Act of 2000.		
To promote effective public participation	To facilitate active and structured public participation during the drafting of the IDP Process.	IDP public participation process completed	Completed
	To record the priority needs of all sectors of the community in the amended IDP document.	IDP reviewed and updated	Completed
	Arrange for IDP to be drafted and arrange IDP forums during drafting period	3 IDP forums held and IDP approved by council	Not achieved
	To ensure the alignment of the IDP objectives be reflected in the municipal budget.	IDP aligned with budget	Achieved
	To implement projects for which funding has been secured.	Funded projects implemented	Implemented
	Extended IDP Forum meetings to explain about- and report back on Performance.	2 Extended forum meetings held	No IDP forum
<ul style="list-style-type: none"> <li>To create an institution with skilled and informed employees who can provide a professional and effective service to its clientele guided by the Batho Pele principles</li> <li>To align and strengthen internal operational systems</li> </ul>	Capacity Building to Council and Officials in the application of the IDP -	3 Sessions per quarter completed	Completed one session
	Submit process plan for IDP review process to Mayoral Committee	Process plan approved	Plan approved
	Compilation and submission of IDP Office Budget and Business plans for 2008/2009	Plans approved	Plans approved
	GIS to be updated by staff / consultants	GIS updated	Not completed
The majority of households increase their income from the current estimated average of R1000 to the national average minimum living income of R2 400 per household	Manage the drafting and review process of the LED Strategy for the municipality	LED strategy developed and reviewed	Developed
<ul style="list-style-type: none"> <li>To create an institution with skilled and informed employees who can provide a professional and effective service to its clientele guided by the Batho Pele principles</li> <li>To align and strengthen internal operational systems</li> </ul>	Ensure that all correspondence marked out to the Integrated Development Plan and Local Economic Development Segments receives attention within three (3) working days after receipt from the Registration office.	Correspondence dealt with within the set timeframes	Achieved
The majority of households increase their income from	To manage the consultants appointed to draft the LED	LED strategy approved	Approved

IDP Objective	Key performance indicator	Target	Actual performance
the current estimated average of R1000 to the national average minimum living income of R2 400 per household	Strategy of the municipality.		
	Manage the drafting and review of the LED	LED reviewed	Not reviewed
	To manage the implementation of projects culminating from the process which will create a substantial number of sustainable jobs for unemployed people and stimulate economic growth in the area.	# jobs created	Ongoing
	Obtain external funding for projects	Funding approved	Ongoing
	Investigate any possible partnerships with the municipality in the area	Partnerships explored and approved	Ongoing
	Investigate non-core functions and possible partnerships and options	S78 completed	Not completed
	Investigate possible new business premises	Report for new premises submitted to Council	Not completed
To promote effective public participation	Administrative support to ward committees	Ward committees fully functional	Ongoing
	A structure for administrative support to ward committees provided	Structure approved and working	Approved
	Ward committees meet regularly	9 ward committee meetings per annum	Not achieved
	Facilitate community meetings for Executive Mayor	At least two meetings per annum	Achieved

Table 33: Performance against KPA's: Municipal manager

### Main Delivery Agenda 2008/09

Key performance indicator	Target
Development, implementation and Monitoring of an effective communication system	100% effective system
Sustainable management of IGR over a wide spectrum in order to enhance integrated development planning	100% of attendance by applicable snr manager
Development of human resources	Guidance and support provided to staff measured by complaints
Managing of effective performance management system	Quarterly reports to council
Ensure that the recommendations in the External Audit report is successfully implemented.	Unqualified audit report
Auditing of Performance Management of the different Departments.	All departments audited
Monitoring the correct procurement processes	Months during which no successful appeals regarding the awarding of tenders were won against the municipality
Managing the drafting and review process of a LED Strategy	Revised LED strategy

Table 34: Main delivery agenda 2008/09: Municipal manager

### 4.3 CORPORATE SERVICES

#### Introduction

The department's primary focus is mainly directed to internal resources, systems and support processes of the organization, but is also responsible for libraries and a full committee service

#### Performance against KPA's

IDP Objective	Key performance indicator	Target	Actual performance
<ul style="list-style-type: none"> <li>To create an institution with skilled and informed employees who can provide a professional and effective service to its clientele guided by the Batho Pele principles</li> <li>To align and strengthen internal operational systems</li> </ul>	Development, implementation and Monitoring of an effective communication system - Section 6 of Act 32/2000 refers	4 newsletters issued Imbizo's well attended	Insufficient funding
	Timorous circulation of agendas	All agendas circulated	100% Achieved
	Develop 'one stop shop' for complaints / enquiries -.	All complaints followed up/ finalized within agreed timeframe	Insufficient funding
	Timely compilation and distribution of Agendas for all Council, Committee and other meetings of the Council and its Committees	All agendas circulated	100% Achieved
	The keeping and compilation of minutes of all meetings of the Council and its Committees.	All minutes distributed within timeframes	90% Achieved
	Approval of all standing committee meeting minutes	All minutes approved at next meeting	100% Achieved
	Approval of all Exec-Mayor meeting minutes	All minutes approved at next meeting	100% Achieved
	Distribution of resolutions	All decisions communicated	100% Achieved
	Maintenance of municipal records and correspondence	Correspondence attended to within the timeframes All records safeguarded	100% Achieved
	Disposal Authority for all closed filing systems	Closed filing system disposed	100% Achieved
	Management of securities	Input and filing of all contracts/ agreements [100%]	100% Achieved
	Management of amendments	All amendments filed	100% Achieved
	Effective advertising of bids	All agreed upon bids advertised	100% Achieved
	Advertising of valuation rolls and administration of valuation board affairs.	Valuation role advertised And administration completed	Not achieved. Valuation role received too late to be finalised before 30 June

IDP Objective	Key performance indicator	Target	Actual performance
			2008
	Manage income and expenditure as per budget	Budgets not exceeded Budgets spent	100% Achieved
	Human Resource recruitment and selection.	Complied with all approved processes	100% Achieved
	Effective management of Labour relations issues.	No outstanding LR matters	100% Achieved
	Effective departmental communication - Attendance of meetings, training.	All meetings well-attended	100% Achieved
	Update of Skills Development Plan	Skills development plan submitted	100% Achieved
	Oversee that training in terms of the Skills Development Plan is being implemented.	Training plan completed	100% Achieved
	Reclaim all monies due i.t.o. Skills Development Plan.	No outstanding fees to be claimed	100% Achieved
	Employment equity plan	All reports and updated plan submitted	100% Achieved
	Job descriptions and placements	Task implemented 11 reviews completed	90% Achieved
	Effective functioning of Labour- and Training forums.	Regular meetings held	70% Achieved
	Ensure work satisfaction of personnel within the Department -	No o/s grievances and training	One official grievance completed Training completed as per agreed programme
	Managing of properties	Effective management of municipal immovable properties	90% Achieved
	Spatial Implementation Strategy in place in respect of the proposals and strategies as contained in the S.D.F;	SDF approved and implementing SDF 100% of all Land Use applications finalised after 2 months	85% Achieved
	Management of planning documentation	100% of correspondence dealt with	90% Achieved
	Administrative support for Ward committees	Effective functioning of ward committees	100% Achieved
	To reduce the cost of lost books by 25%	Cost reduced by at least 25%	In line
	To increase book circulation by 5%	Circulation increased at least 5%	In line
	Training for current library staff	Staff trained as per skills plan	Training completed as per agreed programme
	Ensure that all correspondence marked out to the Planning Segment receives attention within ten (10) working days after receipt from the Registration office	100% of correspondence dealt with	90% Achieved
	To process land use applications speedily - To	100% of correspondence dealt with	Done on a continuous basis

IDP Objective	Key performance indicator	Target	Actual performance
	be determined for each type of application and each step in the process based on number & type received		

Table 35: Performance against KPA's: Corporate Services

## Main Delivery Agenda 2008/09

Key performance indicator	Target
Maintained of staff record system	100% maintained record system
To co-ordinate the training to all staff as identified by different directorates	100 % of Training budget spent
Recordkeeping and availability of applicable legislation.	100% legislation available
Timely compilation and distribution of Agendas for all Council and Committee Meetings	95% Agendas distributed within 7 days prior to meetings
Assist with the compilation and distribution of agendas and minutes for all Ward committee meetings	98% agendas distributed 7 days before meeting and minutes 7 days after the meeting
Network availability & maintenance of web page (except Finance network)	98% network availability
To increase book circulation at libraries	5% increase in book circulation

Table 36: Main delivery agenda 2008/09: Corporate Services

## 4.4 FINANCIAL SERVICES



### Introduction

The Department is responsible for the development of the financial strategy and overall financial management. This Department is also responsible for ensuring financial balance in the municipality, compliance with relevant legislation, regulations, and governance practices and finally ensuring the implementation of the Municipal Finance Management Act (MFMA)

### Performance against KPA's

IDP Objective	Key performance indicator	Target	Actual performance
To align and strengthen internal operational	Capturing of leave forms to prevent losses for council.	Leave captured on daily basis	Achieved / Ongoing

IDP Objective	Key performance indicator	Target	Actual performance
systems			
To achieve a strong financial position to withstand local I economic impact in short and long term for the implementation of responsible and sustainable development and economic growth	Implement mechanisms to ensure 90% Payment percentage	Average 90% payment ratio maintained	90%
	Delivery of correct accounts	99% delivered correctly	Achieved / Ongoing
To align and strengthen internal operational systems	Monthly closing within (10) working days after month end.	All monthly closing within required timeframe	Achieved / Ongoing
To align and strengthen internal operational systems	Implement system to respond to queries	Enquiries answered within ten (10) days	Ongoing
Provide all indigent households with basic services according national standards and income	Allocation of all indigent subsidies	Allocations done on monthly basis	Achieved
To align and strengthen internal operational systems	Regular balancing of control accounts	Balance control accounts within (10) working days after month end.	Achieved / Ongoing
To achieve a strong financial position to withstand local I economic impact in short and long term for the implementation of responsible and sustainable development and economic growth	Recover monies for clearance certificates.	100% recovered	Achieved / Ongoing
	Paid invoices within 30 days of invoice or statement.	100% paid within 30 days	98% Not always possible - disputes with service providers re goods and/or services
	All salaries and third party payments paid	All payments made within 15 days after month-end	Achieved / Ongoing
	Utilise discounts from service providers	Discounts 100% utilised	Achieved / Ongoing
	Investment income according to best quotations	Investments made at highest bidder who comply with investment policy	Achieved / Ongoing
To align and strengthen internal operational systems	Month-end closed within required timeframes	Month end within (10) working days after month end.	Achieved / Ongoing
	Control accounts balanced after month end.	Control accounts balanced within (10) working days after month end.	Achieved / Ongoing
	Compile and submit to the Municipal Manager a Report on the implementation of the supply chain management policy to be reported to the Council in accordance with the regulations.	Report submitted to Council	Achieved
	Network service supported	Network runs 98 % of time	Achieved
	Virus software management	98% Virus control on server	Achieved
	Processing of insurance claims	All insurance claims up to date	Achieved
	Updated and safeguarding of Back-ups	By-weekly back-ups saved	Achieved
	Implement and Maintain	Asset register up to date	Achieved / Ongoing

IDP Objective	Key performance indicator	Target	Actual performance
	complete asset register according to GRAP		
	Submit financial statements within the required timeframe	Financial Statements by 31 August 2007 and submitted to the Auditor-General	Achieved
To achieve a strong financial position to withstand local   economic impact in short and long term for the implementation of responsible and sustainable development and economic growth	Implement GRAP to create sustainability	Fully implement GRAP	Achieved / Ongoing
To align and strengthen internal operational systems	Draw up 2008 / 2009 budget within time frame - Budget time frame by 31 August 07 - Draft budget by 31 March 08 to Council and final budget submitted to Council by 31 May 08	Deliver within required timeframes	Achieved
	Ensure that all correspondence marked out to the Financial Segment receives attention within seven (7) working days after receipt from the Registration office.	All correspondence dealt with within 7 days	Ongoing – Not always possible due to nature and complexity of correspondence.
	Reporting in terms of MFMA, DORA PT and NT and other legislative requirements	Reported on monthly basis	Achieved / Ongoing
	Maintain the creditors database	100% updated creditor's database.	Achieved / Ongoing
	Implement Supply Chain Management policy	Policies fully implemented and reviewed on annual basis	Achieved / Ongoing
	Implement Rates Policy	Rates updated and charged	Ongoing
To achieve a strong financial position to withstand local   economic impact in short and long term for the implementation of responsible and sustainable development and economic growth	Implement MFMA Policies	MFMA Policies approved	Achieved / Ongoing
	Budget in 2008/2009 Financial Year to implement Strategic Planning session strategies.	Strategic sessions held with Council and management team	Achieved
	Ensure maximum income from rates through valuations	Valuations up to date	Achieved
	Update tariff policy and processes to offer free basic services	Supply 6 Klit free basic water services for Indigents	Achieved / Ongoing
	Supply of material, parts, fuel and control over stock within financial regulations. Ensure adequate stock available.	Materials supplied within acceptable timeframes	Not always possible due to transport and problems with suppliers from out of town

Table 37: Performance against KPA's: Financial Services

## Main Delivery Agenda for 2008/09

Key performance indicator	Target
Updated asset register annually	95 % New Assets recorded in Asset Register
Closure of books and compilation of financial statements	Closing of books and compilation of financial statements completed by 31/08
Completion of draft and final budgets	Completion of Draft and final budgets on 20th of March
Implementation of Internal audit reports	% of queries rectified within 6 months
Bi-annual auditing of indigent records	100% of indigent audited
Execution of credit control procedures as per approved policy	90% compliance with policy
Timeous payment of invoices and utilisation of discounts	Payment within 30 days from date of invoice/statement
All tenders finalised according to applicable legislation, regulations and policies	Within 21 days after closure of tender
Network availability & maintenance of web page (Finance network only)	98% network availability

Table 38: Main delivery agenda 2008/09: Financial Services

## 4.5 COMMUNITY SERVICES



### Introduction

The Department is responsible for environmental services, housing, public safety and traffic services

### Performance against KPA's

IDP Objective	Key performance indicator	Target	Actual performance
To align and strengthen internal operational systems	Ensure that all procedures with the pounding of animals are followed and that the register is kept up to date	Updated register and animals managed	Achieved / Ongoing
To improve general living standards of the people	To ensure that all procedures are followed with the rental of kraals for animals and that the register is kept up to date.	Register up to date	Achieved / Ongoing
	All open premises are inspected for cleanliness and corrective steps are	Two inspection done per annum	Achieved / Ongoing

IDP Objective	Key performance indicator	Target	Actual performance
	taken 2 Inspections p.a.		
	To produce 30 tons of recyclables per month through the recycling project.	30 tons recycling produced	Achieved / Ongoing
To align and strengthen internal operational systems	To update a cash book monthly on the recycling project, to determine profitability.	Profitability of recycling project	Achieved / Ongoing
To improve general living standards of the people	Applications on pest control be done in a weeks time	Pest control applications dealt with within 5 days	Achieved / Ongoing
	That all procedures on informal trading are followed and that funds are collected. Quarterly reports should be completed.	Informal trading fully compliant	Achieved / Ongoing
To align and strengthen internal operational systems	Ensure that all correspondence marked out to the department receives attention	Ensure that all correspondence receives attention within three (3) working days after receipt from the Registration office	Achieved / Ongoing
To improve general living standards of the people	To develop a community education programmes and launches environmental projects to create a clean environment.	Programmes approved and implemented	Ongoing
	Inspection of the cemeteries to determine the availability of space in cemeteries.	Inspections done quarterly	Achieved / Ongoing
	Ensure that all pauper burials are attended to.	Attend to all pauper burials within 3 days	Achieved / Ongoing
	Update housing database regularly.	Database up to date	Achieved / Ongoing
	Control of informal housing by allocation.	Informal housing allocated	Ongoing
	Timely Finalisation of housing correspondence within a reasonable time.	Housing correspondence finalized within 5 days	Achieved / Ongoing
	Control over unauthorised informal settlements by allocation. Prevent structures to be built.	Informal structures prevented	Ongoing
	Complete all procedures correctly after an application was made for housing, before a house is awarded.	All housing procedures completed	Ongoing
	Registration of beneficiaries for subsidised houses at Merweville.	90 beneficiaries registered	Ongoing
	Registration of beneficiaries for subsidized houses at Nelspoort.	140 beneficiaries registered	Ongoing

IDP Objective	Key performance indicator	Target	Actual performance
	Registration of beneficiaries for subsidized houses at Kwa Mandlenkosi	100 beneficiaries registered	Ongoing
	Law enforcement procedures implemented	Visible law enforcement	Achieved / Ongoing
	Fire Brigade Services and Disaster Management processes in place	Services delivered timeously	Ongoing
	Education in Fire Fighting, household risks, emergency procedures.	At least two training programs delivered	Ongoing
	Implementation of a Disaster Management Plan	Plan developed and implemented	Ongoing
	Increase in number and quality of fire hydrants provided.	# provided	Ongoing
	Monitoring and Upgrading of Fire department equipment.	Equipment upgraded	Ongoing
	Implement By-laws on law enforcement for the Beaufort-West Region.	Visible law enforcement	Ongoing
	The removal of Domestic waste at all residences in all residential areas	Solid waste removed once a week	Achieved / Ongoing
	The dumping of all waste at Vaalkoppies waste sites and the maintenance of the dumping site.	Dumping site maintained	Ongoing
	Control and monitor – Abattoir-waste	Abattoir waste managed	Ongoing
	Monitor the current outsourced refuse removal service in Kwa Mandlenkosi	Weekly outsourced refuse removal inspections	Ongoing
	The removal of refuse, commonage and build-up areas.	Areas cleaned once a week	Ongoing
	Correct information for sewerage tanker services be issued to finance department for the issuing of accounts.	Information submitted to Finance monthly	Ongoing
	Collection of motor vehicle registration and licensing fees	All fees receipted and service available on daily basis	Ongoing
	Finalise daily closing of Motor registration an licensing fees and transfer within 24 hours	MLF transferred within 24 hours	Achieved / Ongoing
	To spend a maximum of 45 min (handling time) per vehicle but within the framework of SABS Practice Code 0216 when opened.	All vehicles inspected within 45 minutes	Achieved / Ongoing
	Pay over R46.50 per card	All levies paid	Achieved

IDP Objective	Key performance indicator	Target	Actual performance
	– levy to Prodiba within Provincial requirements.		
	To satisfy the SABS Inspectorate's requirements 100%	Inspections 100% compliant	Ongoing
	Attend to damaged road signs	All damaged road signs repaired within 7 days	Ongoing
	Replace old road signs with new format signs	All old road signs replaced	Ongoing

Table 39: Performance against KPA's: Community Services

## Main Delivery Agenda 2008/09

Key performance indicator	Target
To ensure that all procedures are followed with the pounding of animals and that the register is kept up to date.	Correctly followed procedures and maintained register
That all procedures on informal trading are followed and that funds are collected.	4 reports
To develop a community education programme and launch environmental projects to create a clean environment.	Developed programme
Maintenance and managing of cemeteries.	Maintained cemeteries
Complete all procedures correctly after an application were made for housing, before a house is awarded.	100% of procedures followed correctly
Control over unauthorised informal settlements by allocation, prevent structures to be build.	12 Months during which control will be enforced
Implementation of a Disaster Management Plan	Items implemented within required timeframe
The removal of domestic waste at all residences in all residential areas	Once per week.
Collection of motor vehicle registration and licensing fees	95% collection

Table 40: Main delivery agenda 2008/09: Community Services

## 4.6 ENGINEERING SERVICES



### Introduction

The Department is responsible for all civil engineering services, cemeteries, parks, sport facilities, infrastructure development, the maintenance of the vehicle fleet, building control, town planning, sanitation and water provision.

### Performance against KPA's

IDP Objective	Key performance indicator	Target	Actual performance
Extend basic infrastructure and services to all residents in Beaufort West	100% of all applications for zoning certificates issued within a period of 3 working days after an application is approved.	Certificates issued within 3 days	100% Achieved
	Processing all applications in respect of rezoning, removals of restrictions, consent use, subdivision. *Legal prescription and finalised within three months. * Matters receive attention within 5 Days. * Finalise all matters within 90 days as prescribed by legislation.	Applications processed within the agreed timeframes	30% Achieved
	Report to Dir: Finance on the buildings completed during the previous financial year.	Report issued within one month after year-end	100% Achieved
	To process building Plans within timeframes	80% to be scrutinised within 10 working days and approved/denied in 30 days	100% Achieved
	To execute building inspections -	95% within 36 hours	100% Achieved
	To implement a uniform updated tariff structure (UTS) for submission of building plans	Uniform tariff structures implemented	100% Achieved
	To educate community regarding building control issues - Once per year per ward.	Wards educated once a year regarding building control	30% Achieved due to unavailability of ward councillors
	Advertising signs applications considered.	80% of advertising signs applications considered within 28 days.	100% Achieved
	Advertising signs to be inspected per month	10% of advertising signs to be inspected per month	100% Achieved
	Implement a Tourism Signs Policy	Policy fully implemented	70% Achieved –Policy not totally finalised
	To provide maintenance to municipal buildings	* 80% to be reacted within 2 hours * 100% to be safeguarded on same day * 80% to be completed within two week	100% Achieved
	Develop a Building Maintenance	Maintenance program developed	Not achieved, budget shifted to buy generator

IDP Objective	Key performance indicator	Target	Actual performance
	program/budget - By end of calendar year for budget process		
	To update a Uniform LUMS	LUMS updated and approved	100% Achieved
	Land Use Effectively controlled:	* No. & nature of contraventions based on complaints received & surveys - 80% resolved within 6 months * Monitoring the implementation of approved land use rights - 100% inspected within specified time as per type of application	100% Achieved
	To provide Development Advice:	* Planning info available (within 1 day)	100% Achieved
	Nelspoort: 213 houses - PAWK	Projects completed successfully	25% Achieved — only application completed – Extended EIA process approved
	Hillside: 598 houses - PAWK	Projects completed successfully	70% Achieved -Civil services completed their part
	Merweville: 90 houses - PAWK	Projects completed successfully	25% Achieved
	Cut of grass at parks	Grass cut monthly	100% Achieved
	Upkeep of Parks and Sport Facilities	Parks and sport facilities properly maintained	100% Achieved
	Keep Municipal Swimming Pools in an acceptable condition at all times	Swimming pools well maintained	100% Achieved
	Current parks upgraded and supply equipment: * Replace old equipment * Replace damaged Playing Equipment and sprinkler system	Parks well maintained	100% Achieved
	Maintain all sports facilities	Sport facilities well maintained	100% Achieved
	Improve standards of grass and other surfaces	Sport facilities well maintained	100% Achieved
	Upgrade Refuse plot: Merweville, Nelspoort - BFF	Refuse plot upgraded	50% Achieved - Problems experienced with EIA and Arcus Gibb
	To operate the purification works in such a manner that the permit conditions are satisfied.	Purification works upgraded	100% Achieved
	To operate the oxidation ponds at Merweville and Nelspoort in such a way that permit conditions are satisfied.	Oxidation ponds upgraded	100% Achieved
	To remove blockages the same day as reported.	Daily removal of blockages	78% Achieved – Foreman post vacant for 7 months
	To clean sewerage system	System cleaned on	100% Achieved

IDP Objective	Key performance indicator	Target	Actual performance
	on a continuous basis.	monthly basis	
	Upgrade Sewage Pump station- Prince Valley	Sewage Pump station-Prince Valley upgraded	100% Achieved
	Operating Bureau	Bureau fully operated	0% GLS responsible - GLS will do it during October 2008 for free
	Upgrade Sewage Works- Merweville	Sewage Works- Merweville Upgraded	50% Achieved - Awaiting installation of high mast
	Fencing- Sewage Works	Fencing completed	100% Achieved
	Attend to major wash always of roads.	Attend within 24h of notification.	100% Achieved
	Finalisation of all Expanded Public Works Program Projects as per Business Plans and thereby creating employment opportunities.	EPWP completed	100% Achieved
	Undertake study to quantify storm water 'backlog' and prioritise - Developed assessment of backlog document with action plans	Study completed and actions approved	0% Achieved – insufficient funds
	10 % reduction of backlogs in roads and storm water infrastructure per annum - Depending on the availability of Funds.	Reduce backlogs by 10%	100% Achieved
	Compilation of uniform tender documents for the roads department.	Tender advertised	100% Achieved
	The efficient and effective management and maintenance of Storm-water infrastructure and assets	7 days reaction to complaint * 14 days reaction to letters and correspondence	75% Achieved -Theft of manhole covers made it impossible
	Grading of gravel roads	To grade all gravel road twice a year.	100% Achieved
	To pave/tar 1km dirt road each year. - Depending on the availability of Funds.	1km dirt road paved tarred	100% Achieved
	Servicing of plots in Ext 15	14 plots services	100% Achieved
	Calming Traffic - PTIP		100% Achieved
	Drafting and control of water projects – inspection of activities and follow-up thereof.	Water projects properly controlled	100% Achieved
	Water control and management – breaks and losses –	Daily, weekly and monthly.	100% Achieved
	Water breaks must be repaired within five (5) hours after break has been reported.	Repair water breaks within 5 hours	100% Achieved - Availability of material made it impossible
	Managing total water supply system to ensure sufficient water provision.	Water supply properly managed	100% Achieved
	Limit water losses to	Water losses limited to	75% Achieved

IDP Objective	Key performance indicator	Target	Actual performance
	maximum 15% and annual reporting to Municipal Manager thereon.	15%	
	Inspection of town to identify faults for entry onto waterworks programmes – on-going	On-going waterworks inspections	100% Achieved
	Draw up work programmes for maintenance to water networks and submit to Municipal Manager.	Maintenance program submitted and approved	100% Achieved
	Report on progress of work set out on waterworks programmes	Monthly progress reports submitted	100% Achieved
	Submit an Audit Report of the previous year WSDP.	Report submitted annually	100% Achieved
	Review and submit a Water Services Development Plan	WSP submitted and approved	100% Achieved
	Upgrading of internal water network.	Internal water network upgraded within budget limitations	100% Achieved
	Try to reduce consumer water consumption through educating consumers.	One education program completed	100% Achieved
	To manage the water purification works efficiently	WPW efficiently managed	100% Achieved
	Maintain the telemetry system on the bore holes and Development of Aquifers the reservoirs	Telemetry system 1005 maintained	90% Achieved - Weather(lightning) a problem to keep it in working order all the time
	Upgrade Waterworks-Filter system	WFS upgraded	100% Achieved
	Development of Aquifers	Aquifers developed	100% Achieved
	Development of Borehole - Nelspoort	Borehole in full operation	25% Achieved - Bore hole was drilled and tested. Water to be further purified. Insufficient funds
	Waterline: Ext 15	14 plots services	100% Achieved
	High availability figure for key equipment	Equipment available- 80%-90%	80% Achieved – Fleet too old
	Attend Council, Provincial roads and Public Transport meetings and also monthly Departmental meetings to improve communication.	Meetings attended on monthly basis	100% Achieved
	Site inspections and meetings to communicate technical specifications.	Site inspections done monthly	100% Achieved
	Complete projects within specifications and budget. Monthly progress vs expenditure.	Progress reports submitted monthly	100% Achieved
	Daily managing of personnel - Training in capacity building and legislation.	Staff trained on on-going basis	100% Achieved

IDP Objective	Key performance indicator	Target	Actual performance
	The maintenance of the municipal vehicles fleet and equipment in a cost effective manner.	Vehicles maintained and roadworthy	100% Achieved

Table 41: Performance against KPA's: Technical Services

### Main Delivery Agenda 2008/09

Key performance indicator	Target
Review and implementation of the Spatial Development Framework	Items implemented within required timeframe
80% of advertising signs applications considered within 28 days.	Within 28 days.
Implement a Tourism Signs Policy	Items implemented within required timeframe
To provide a cost effective and affordable sewerage service to the clients.	cost effective service
Upgrade Merweville Sewage Works	Upgraded sewerage works
Undertake study to quantify storm water 'backlog' and prioritise - Developed assessment of backlog document with action plans	Completed study
The efficient and effective management and maintenance of Storm-water infrastructure and assets	* 7 days reaction to complaint * 14 days reaction to letters and correspondence
Managing total water supply system to ensure sufficient water provision. (Bulk)	Sufficient water provision
Review and submit a Water Services Development Plan	Updated WSDP
Development of vehicle replacement programme	Development of plan

Table 42: Main delivery agenda 2008/09: Technical Services

## 4.7 ELECTRO TECHNICAL SERVICES



### Introduction

The department is responsible for all electrical services and electrical infrastructure development

### Performance against KPA's

IDP Objective	Key performance indicator	Target	Actual performance
Extend basic infrastructure and services to all	Drafting and control of electricity projects – inspection of activities and	Electricity projects finalised	Achieved

IDP Objective	Key performance indicator	Target	Actual performance
	follow-up thereof.		
	Up keeping of statistics	Statistics updated and submitted	Achieved/ Ongoing
	Training of personnel	Staff training done-ongoing	Achieved/ Ongoing
	Application of relevant legislation	All applications processed-on-going	Achieved/ Ongoing
	Provide quotations for new electricity connections within ten (10) days where existing network is being used, and within thirty (30) days where extensions must be done.	Processed within the agreed timeframes	Achieved
	Provide supply within thirty (30) days where existing network can be used and sixty (60) days for low tension and ninety (90) days for medium tension where extensions must be made to the network. (Depending on availability)	Supplied within the agreed timeframes	Achieved
	Repair power failures within the agreed timeframes:	50% within 1,5 hours 60% within 3,5 hours 90% within 7,5 hours 98% within 24 hours	Achieved
	Comprehensive electricity maintenance programmes for Beaufort-Wes	Maintenance program approved	Completed
	Ensure that all correspondence marked out to the Electricity Service Segment receives attention	Correspondence addressed within three (3) working days after receipt from the Registration office.	Achieved
	Maintain a 24 hour electricity emergency service.	Emergency service available 24 hours / day	Achieved
	Disconnect electricity meters according to Credit Control Policy.	All disconnections done monthly	Achieved
	Reconnect electricity meters according to Credit Control Policy.	Reconnections done within 12 hours	Achieved
	Provide electricity technical support - Account queries	90% of queries successfully addressed	Achieved
	Test electricity meters - All meter accuracy queries	Monthly tests done	Achieved/ Ongoing
	Planned electricity interruptions on overhead networks.	Minimum	Achieved/ Ongoing
	Planned electricity interruptions on underground networks.	Minimum	Achieved/ Ongoing
	Notice of planned electricity interruptions to consumers	Notices issued 12 hours in advance	Achieved/ Ongoing
	Customer complaints handled.	Complaints addressed within 24 hours	Achieved

IDP Objective	Key performance indicator	Target	Actual performance
	Maintain all electrical distribution machinery and mechanical equipment in optimal condition.	Maintenance plan adhered to within budget limitations	Achieved
	Monitor and record performance of electrical machinery and equipment and mechanical equipment. Reduce number of incident reports - Distribution system.	Monitoring done on monthly basis	Achieved/ Ongoing
	To maintain assets at maximum value and efficiency.	Asset maintenance plan adhered to	Achieved/ Ongoing
	Monitor expenditure/revenue and compare accumulated totals with approved budget amounts.	Monitoring on monthly basis	Achieved/ Ongoing
	Ensure true reflection of actual expenditure on all votes.	Monthly review of expenditure reports	Achieved/ Ongoing
	Ensure all expenditure complies with the Council's Procurement Policy.	Monitoring on monthly basis	Achieved/ Ongoing
	Maintain and monitor metering equipment in such a manner that energy losses are minimised.	Energy losses below 6%	18% - very difficult
	Ensure that all transactions are in compliance with MFMA	MFMA compliance = 95%	Achieved/ Ongoing
	Report any expected over expenditure to the Municipal Manager	Monthly reports submitted within 10 days after month-end	Achieved/ Ongoing
	Report any expected loss of revenue to the Municipal Manager	Monthly reports submitted within 10 days after month-end	Achieved/ Ongoing
	Manage leave roster in such a way that service delivery is not affected.	Service delivery levels maintained at 95%	Achieved/ Ongoing
	Ensure that personnel are properly trained and empowered to adequately perform their allotted tasks safely. (Availability of Funds)	Training plan implemented	Training completed as per agreed programme
	Standard practices and manuals to guide and assist personnel.	Staff trained and reference guides issued	30% completed – in process
	Maintain discipline in terms of the Council Grievance and Disciplinary Policy.	Performance = 90%	Achieved/ Ongoing
	Issue appropriate safety equipment to personnel and ensure that best safety practices are applied.	Safety equipment and checked	Achieved/ Ongoing

IDP Objective	Key performance indicator	Target	Actual performance
	Proactively provide adequate business plans, drawings, specifications and tender documents to facilitate project successes.	All project documentation issued	Achieved/ Ongoing
	Submit applications for finance, invite tenders, adjudicate tenders, appoint contractors, monitor progress and take remedial action if necessary.	Business plan approved	Achieved/ Ongoing
	Progress in Windpark - 4.5MW, 30MW, 50MW	Windpark project	In process – negotiations ongoing
	Progress in electrification of the Central Karoo.	Electrification projects finalised	Achieved/ Ongoing
	Wiring houses: Hillside - D.M.E.Funds	Houses in Hillside wired	30% wired – not all houses completed by building contractor - contractor to completed rest of house in November 2008

Table 43: Performance against KPA's: Electro Technical Services

### Main Delivery Agenda 2008/09

Key performance indicator	Target
Drafting and control of electricity projects – inspection of activities and follow-up thereof.	Controlled electricity projects
Provide supply	within thirty (30) days where existing network can be used and sixty (60) days for low tension and ninety (90) days for medium tension where extensions must be made to the network. (Depending on availability)
Compile comprehensive electricity maintenance programmes for Beaufort-Wes	Completed maintenance programme
Provide electricity technical support - Account queries	Sufficient support
To maintain assets at maximum value and efficiency.	Ongoing
Enhance and monitor progress with Windpark - 4.5MW, 100MW	Ongoing
Progress in electrification of the Central Karoo.	

Table 44: Main delivery agenda 2008/09: Electro Technical Services

## CHAPTER 5: FINANCIAL PERFORMANCE

### 5.1 FINANCIAL OVERVIEW

The municipality has a very limited revenue base due to a 39% unemployment rate and very low economic potential and we are therefore more reliant on grants to finance our expenditure than other municipalities with the same nature. We are especially reliant on capital grants to fund most of our capital expenditure, due to our limited revenue raising capacity. Due to the fact that we are part of the rural development node in the Western Cape Province, we are fortunate to benefit from additional funding flowing our way in the past few years, but it is not sustainable on the longer term and we are, with assistance from our partners in the provincial and national spheres of government and other key role-players are on an ongoing basis investigating, developing and implementing economic initiatives to improve our position in line with our Local Economic Development Plan.

For the year under review we've ended with a net surplus of R6,9 million which will be carried over for expenditure to the 2008/09 financial year. The municipality also received an unqualified report from the Auditor-General for the second year in a row that indicates that the municipality maintains a high standard of financial administration.

### 5.2 FINANCIAL STATUS

#### Summary of performance against budgets

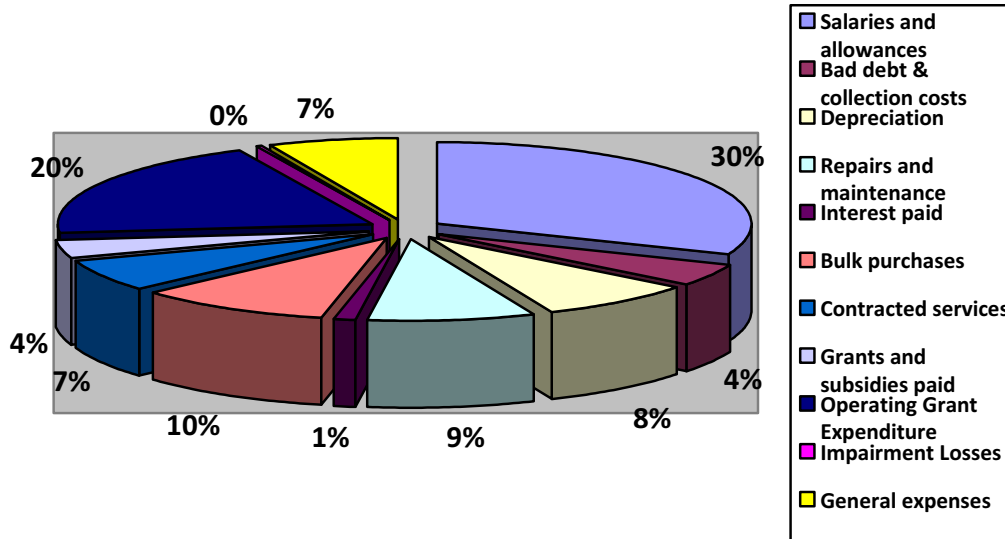
Financial Year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	R'000	R'000	R'000		R'000	R'000	R'000	
05/06	57 713	80 899	23 186	40.0	56 214	89 794	(33 580)	59.7
06/07	82 536	88 139	5 603	6.7	82 067	73 540	8 527	10.3
07/08	113 745	119 032	5 287	4.6	100 622	112 098	(11 476)	11.4

Table 45: Performance against budgets

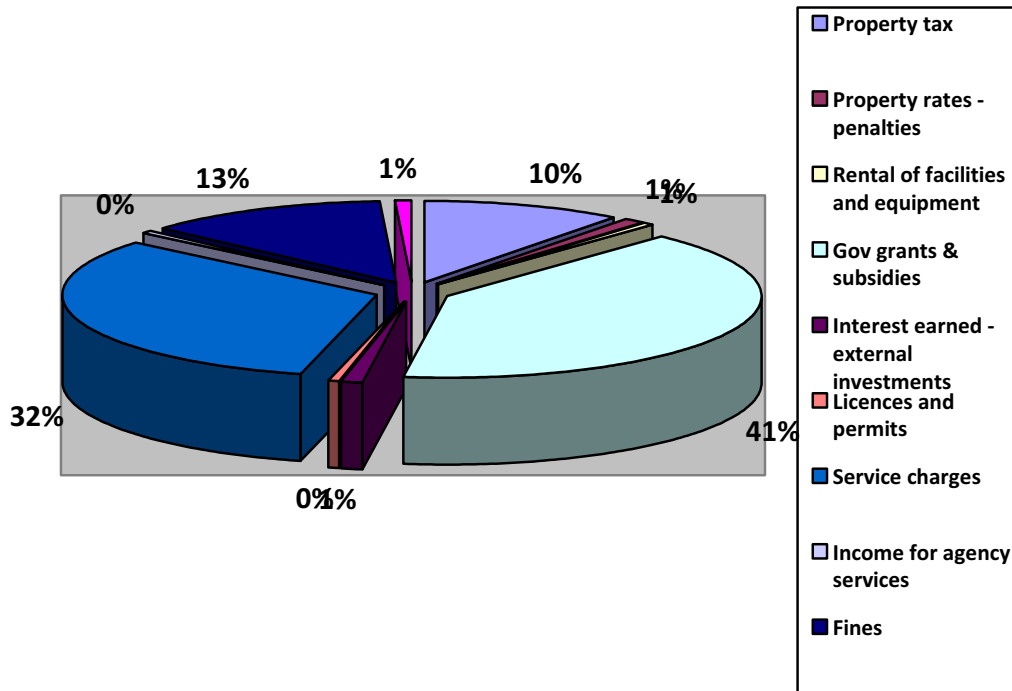
The municipality received R119 million revenue for the year of which R112 million was utilized for operating expenditure. Salaries and councilor allowances were 31% of the operating expenditure for the year under review and the percentage is well within the national norm of between 35-40%. Bulk purchases of water and electricity and expenditure with regards to grants and subsidies that were received from other spheres of government along with salaries and allowances makes up most of the total operating expenditure of the

municipality. Grant and subsidies received, property tax and service charges account for most of the revenue for the year under review.

### Total operating expenditure 2007/08



### Total revenue 2007/08



### Gross outstanding debtors per service and total debtor age analysis as at 30 June 2008

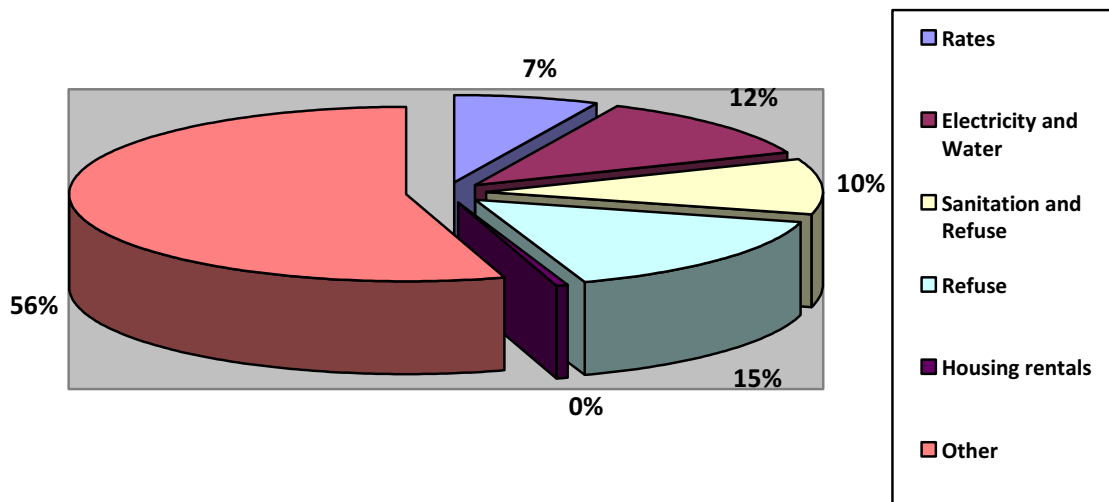
Financial year	Rates	Trading services (Electricity and Water)	Economic services (Sanitation and Refuse)	Housing rentals	Other	Total
	R'000	R'000	R'000	R'000	R'000	R'000
2006/07	4 632	6 651	8 628	459	13 426	33 796
2007/08	2 120	3 789	4 804	136	17 044	27 893
Difference	(2 512)	(2 862)	(3 824)	(323)	3 618	(5 903)
% growth year on year	(54)	(43)	(44)	(70)	27	(17)

Table 46: Gross outstanding debtors per service

Note: Figures exclude provision for bad debt

Outstanding debtors have decreased with 17% in the year under review due to various initiatives to improve our recovery rate with more efficient collection practices and procedures and the skilling of our personnel. As mentioned before, the municipality has a very limited revenue base due to a 39% unemployment rate and very low economic potential. We, with assistance from our partners in the provincial and national spheres of government and other key role-players are on an ongoing basis investigating, developing and implementing economic initiatives to improve our position in line with our Local Economic Development Plan.

### Gross outstanding debtors (Excluding provision for bad debt)



### Total debtors age analysis

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	R'000	R'000	R'000	R'000	R'000
2006/07	3 415	1 362	878	28 141	33 796
2007/08	4 782	1 298	884	20 929	27 893
Difference	1 367	(64)	6	(7 212)	(5 903)
% growth year on year	40	(5)	1	(26)	(17)

Table 47: Total debtor age analysis

### Level of reliance on grants and subsidies

Financial year	Total grants and subsidies received (R'000)	Total Operating Revenue (R'000)	Percentage (%)
2005/06	26 059	80 899	32
2006/07	23 904	85 214	28
2007/08	47 594	119 032	40

Table 48: Reliance on grants

The municipality is more reliant on grants to finance expenditure than other municipalities with the same nature, due to our limited revenue raising capacity. We are especially reliant on capital grants to fund most of our capital expenditure. Due to the fact that we are part of the rural development node in the Western Cape Province, we are fortunate to benefit from additional funding flowing our way, but it is not sustainable on the longer term and we are constantly developing and implementing various revenue raising initiatives to generate much needed own funding for capital expenditure.

### Liquidity ratio

Financial year	Net current assets (R'000)	Net current liabilities (R'000)	Ratio
2004/05	48 513	19 548	2.5:1
2005/06	35 167	26 617	1.32:1
2006/07	41 488	27 109	1.53:1
2007/08	34 806	21 425	1.62:1

Table 49: Liquidity ratio

This ratio indicates that the municipality is in a favorable position to meet our short term liabilities. Although the ratio is healthy, almost 50% of our current assets it is made up of outstanding debtors as mentioned above we must develop and implement more vigorous revenue raising initiatives, especially with regard to outstanding debtors to improve our cash-flow generation for much needed own funding.

### 5.3 ACCOUNTING POLICY

#### Summary of significant accounting policies for the year ended 30 June 2008

##### 1. Summary of significant accounting policies for the year ended 30 June 2008

The principal accounting policies applied in the preparation of these financial statements are set out below and are consistent with those applied in the previous year unless otherwise stated.

##### 1.1 Basis of preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GAMAP 4	The Effects of Changes in Foreign Exchange Rates
GAMAP 6	Consolidated financial statements and accounting for controlled entities
GAMAP 7	Accounting for Investments in Associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Asset
GAMAP 6, 7 and 8 have been complied with to the extent that the requirements in these standards relate to the municipality's separate financial statements.	

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

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with certain of the above mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual financial statements.

The municipality has elected to early adopt AC 135 which is exempt in terms of General Notice 522 dealing with investment property except to the extent that disclosure of the fair value of investment property and additional disclosure regarding the fair value of investment property [Paragraph 79(e)(i) – (iii)] are required.

The municipality has elected to early adopt AC 116 dealing with Employee Benefits.

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

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 3 (Accounting Policies, Changes of Accounting Estimates and Errors):*

- *Identification and impact of GRAP standards that have been issued but are not yet effective and changes to accounting policies. [Paragraphs 14, 19 and 30-31]*

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 142 (Non-current Assets held for Sale and Discontinued Operations):*

- *Classification, measurement and disclosure of non-current assets held for sale. [paragraphs 6-14, 15-29 (in so far as it relates to non-current assets held for sale), 38-42]*

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 109 (Construction Contracts) in its entirety.*

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 140 (Business Combinations) in its entirety.*

## **1.2 Presentation currency**

These annual financial statements are presented in South African Rand.

## **1.3 Going concern assumption**

These annual financial statements are prepared on the basis that the municipality will remain a going concern for the foreseeable future.

## **1.4 Segmental reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 115 (Segment Reporting) and AC 146 (Operating Segments).*

## **1.5 Foreign currency transactions**

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

## **1.6 Housing Development Fund**

The Housing Development Fund was established in terms of Section 15(5) and 16 of the Housing Act, (Act 107 of 1997), which came into operation on 1 April 1998, requires that the municipality maintain a separate housing operating account. Loans from National and Provincial Government used to finance housing developments undertaken by the Municipality were extinguished on 1 April 1998 and transferred to the Housing Development Fund.

The Housing Act also requires in terms of Section 14(4)(d)(ii)(aa) read with, *inter alia*, Section 16(2) that the net proceeds of any rental, sale of property or alienation, financed previously from government housing funds, be paid into a separate operating account and be utilised by the Municipality for housing development subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the Housing Fund:

- The proceeds in this fund are utilised for housing developments in accordance with the National Housing Policy and also for housing development projects approved by the MEC.
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.
- Any surplus / (deficit) on the Housing Statement of Financial Performance must be transferred to the Housing Development Fund.

## **1.7 Reserves**

### **1.7.1 Capital Replacement Reserve ( CRR)**

In order to finance the future provision of infrastructure and other items of property, plant and equipment from internal sources amounts are transferred out of the accumulated surplus/(deficit) into the Capital Replacement Reserve (CRR) in terms of a Council resolution. The cash allocated to the CRR can only be utilised to finance items of property, plant and equipment. The following provisions are set for the creation and utilisation of the CRR:

- The cash, which backs up the CRR, is invested until it is utilised. The cash may only be invested in accordance with the investment policy of the municipality.
- Interest earned on the CRR investment is recorded as part of total interest earned in the Statement of Financial Performance. The total interest earned on all the CRR investments of the municipality is transferred to the CRR.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for the maintenance of these items.
- The proceeds from the disposal of property, plant and equipment must be transferred to the CRR.
- The CRR is reduced and the accumulated surplus/(deficit) credited with corresponding amounts when the funds are utilised.
- The amounts transferred to the CRR are based on the Municipality's need to finance future capital projects.
- The Council determines the annual contribution to the CRR.

### **1.7.2 Capitalisation Reserve**

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/(deficit) in terms of a directive (budget circular) issued by National Treasury.

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

### **1.7.3 Government Grant Reserve**

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from Government Grants.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

### **1.7.4 Public Contributions and Donations Reserve**

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Public Contributions and Donations Reserve equal to the Public Contributions and Donations Reserve recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Public Contributions and Donations Reserve to the accumulated surplus/(deficit). The purpose of this policy is to

promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from Public Contributions and Donations.

When an item of property, plant and equipment financed from Public Contributions is disposed, the balance in the Public Contributions and Donations Reserve relating to such item is transferred to the accumulated surplus/(deficit).

#### **1.7.5 Revaluation Reserve**

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. Land and buildings will be revalued in the 2008/09 financial year and revalued every four years thereafter. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/(deficit). On disposal the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on current values, are credited or charged to the Statement of Financial Performance.

#### **1.7.6 Self Insurance Reserve**

A Self Insurance Reserve has been established and, subject to external insurance where deemed necessary, covers claims that may occur. Premiums are charged to the respective services taking into account claims history and replacement value of the insured assets.

- Contributions to the fund by Business Units are transferred via the Statement of Changes in Net Assets to the reserve in line with amounts budgeted for in the operating budget. The contributions to the reserve are charged to the Business Units based on the previous year's insured value of the assets under their control.
- The Council determines annually to contribute to the Self Insurance Reserve..
- The total amount of insurance premiums paid to external insurers are regarded as expenses and must be shown as such in the Statement of Financial Performance. These premiums do not affect the Self Insurance Reserve.
- Claims received from external insurers are recognised as revenue in the Statement of Financial Performance.
- Claims received to meet repairs of damages on assets are reflected as income in the statement of financial performance.
- Repair and replacement costs not fully covered by external insurance are financed from the insurance reserve. The repair and replacement cost is regarded as an expense and is reflected

in the Statement of financial performance. An amount equal to the expense is transferred from the Insurance Reserve to the Unappropriated Surplus via the Statement of changes in net assets.

- Amounts paid on behalf of employees in respect of medical costs for injuries sustained whilst on duty are regarded as expenses and are recorded in the Statement of Financial Performance when incurred. An amount equal to these expenses is transferred from the Insurance Reserve to the Inappropriated Surplus account via the Statement of Changes in Net Assets.

## **1.8 Financial Instruments**

Financial instruments carried in the Statement of Financial Position include cash and cash equivalents, investments, accounts receivable, accounts payable and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire or have been transferred and the Municipality has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when it is extinguished, i.e. when the contractual right is discharged, cancelled or expires.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 144 (Financial Instruments: Disclosure). For AC 133 (Financial Instruments: Recognition and Measurement) the initial measurement of financial assets and liabilities at fair value is exempted. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]*

## **1.9 Leases**

### **1.9.1 Lessee Accounting**

Amounts held under finance leases are initially recognised as assets of the Municipality at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Municipality's policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 105 (Leases) with regards to the recognition of operating lease payments / receipts on a straight line basis if the amount is recognised on the basis of the cash flows in the lease agreement. [SAICA Circular 12/06 paragraphs 8-11 and paragraphs 33, 34, 50, 51 of AC 105]*

### **1.9.2 Lessor Accounting**

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return to the Municipality's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

### **1.10 Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for the intended use or sale, added to the costs of these assets, until such time as the assets are substantially ready for their intended use of sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of financial performance in the period in which they are incurred.

### **1.11 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and

the redemption value is recognised in the Statement of Financial Performance over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Municipality has the unconditional right to defer settlement of the liability for at least 12 months after the date of the Statement of Financial Position.

## **1.12 Provisions**

A provision is recognised when the municipality has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

## **1.13 Employee Benefits**

### **(a) Pension obligations**

The Municipality operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated bi-annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**(b) Post Retirement Medical obligations**

The Municipality provides post-retirement healthcare benefits to its retirees. 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 expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation, are charged or credited to the Statement of Financial Performance over the expected average remaining working lives of the related employees. These obligations are valued every third year by independent qualified actuaries.

**1.14 Trade Payables (Creditors)**

Trade payables and other receivables are originally carried at fair value and subsequently remeasured at amortised cost using the effective interest method

**1.15 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 basic salary of the employee.

**1.16 Unutilised Conditional Grants**

Unutilised conditional grants are reflected on the Statement of Financial Position as a creditor – Unutilised conditional grants. They represent unspent government grants, subsidies and contributions from the public. This creditor always has to be backed by cash. The following provisions are set for the creation and utilisation of this creditor:

- The cash, which backs up the creditor, is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.
- Whenever an asset is purchased out of the unutilised conditional grant an amount equal to the cost price of the asset purchased is transferred from the Unutilised Conditional Grant into the statement of financial performance as revenue. Thereafter an equal amount is transferred on the Statement of changes in net assets to a Government Grant Reserve. This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the Unutilised Conditional Grants. The Government Grant Reserve is used to offset depreciation charged on assets purchased out of the Unutilised Conditional Grants.

#### **1.17 Value Added Tax**

The Council accounts for Value Added Tax on the payments basis.

#### **1.18 Property Plant and Equipment**

Land and buildings held for use in the production or supply of goods and services, or for administrative purposes, are stated in the Statement of Financial Position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluation will be performed in the 2008/09 financial year and then every four years thereafter when the municipal valuation roll is updated.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a Revaluation Reserve in the Statement of Changes in Net Assets. Decreases that offset previous increases of the same asset are charged against the Revaluation Reserve directly in the Statement of Changes in Net Assets; all other decreases are charged to the Statement of Financial Performance. Each year the difference between depreciation based on the revalued carrying amount of the asset is charged to the Statement of Financial Performance and depreciation based on the asset's original cost is transferred from the Revaluation Reserve to the Accumulated Surplus/ (Deficit).

Depreciation on revalued land and buildings is charged to the Statement of Financial Performance. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the Revaluation Reserve is transferred directly to the accumulated surplus / deficit.

Incomplete construction work is stated at historic cost. Depreciation only commences when the asset is commissioned into use.

All other property, plant and equipment are stated at historical cost less depreciation and any accumulated impairment losses. Historical cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Municipality's accounting policy.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the municipality and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Financial Performance during the financial period in which they are incurred.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and buildings under construction over their estimated useful lives, using the straight-line method. 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 depreciation rates are based on the following estimated useful lives:

	<i>Years</i>		<i>Years</i>
<b>Infrastructure</b>		<b>Other</b>	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
<b><u>Community</u></b>		Specialised plant and	
Improvements	30	Equipment	10-15
Recreational Facilities	20-30	Other plant and	

Security	5	Equipment	2-5
		Landfill sites	15

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised (net) in the Statement of Financial Performance. When revalued assets are sold, the amounts included in the Revaluation Reserve are transferred to the Accumulated Surplus/(Deficit) directly in the Statement of Changes in Net Assets.

Heritage assets, which are defined as culturally significant resources are not depreciated as they are regarded as having an infinite life. Land is also not depreciated for the same reason.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 17 (Property, Plant and Equipment):*

- *Review of useful life of item of PPE recognised in the annual financial statements. [Paragraphs 59-61 and 77]*
- *Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 77]*
- *Impairment of non-cash generating assets. [Paragraphs 64-69 and 75(e)(v) – (vi)]*
- *Impairment of cash generating assets. [Paragraphs 63 and 75(e)(v) – (vi)]*

### **1.19 Investment Property**

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost. Subsequent to initial recognition investment properties are shown at cost less accumulated depreciation. Investment property is depreciated on a straight line basis over the estimated useful life of investment property. The estimated useful life of the investment property is 30 years.

*The Minister of Finance has, in terms of General Notice 522 of 2007 exempted compliance with the following requirements of AC 135 (Investment Property):*

- *Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised investment property in terms of this standard. [Paragraphs 79(e)(i) – (iii)].*

## 1.20 Intangible Assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 129 (Intangible Assets):*

- *The entire standards except for the recognition, measurement and disclosure of the computer software and website costs (AC 432) and all other costs were expensed.*

## 1.21 Impairment of Tangible and Intangible Assets

At each Statement of Financial Position date the municipality reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the municipality estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Financial

Performance, unless the asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a Revaluation Reserve increase.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 128 (Impairment of Assets) in its entirety.*

## **1.22 Financial Assets**

The Municipality classifies its financial assets in the following categories: loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

### **(a) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the date of the Statement of Financial Position. They arise when the Municipality provides money for goods or services directly to a debtor with no intention of trading the receivable and are initially recognized at fair value and subsequently carried at amortised cost using the effective interest method, less provision for impairment.

## **1.23 Inventories**

Inventories consist of consumables and are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values. Consumables are written down with regard to their age, condition and utility.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 12 (Inventories):*

- *The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17.*

#### **1.24 Trade and other Receivables**

Trade receivables are recognised initially at originating cost and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (50% of more than 90 days overdue) are considered indicators that the trade receivable is impaired. 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. When a trade receivable is uncollectible, it is written off in terms of the municipality's Credit Control and Debt Collection Bylaw. Subsequent recoveries of amounts previously written off are credited against to the Statement of Financial Performance.

#### **1.25 Cash and Cash Equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

#### **1.26 Revenue Recognition**

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been done. 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 are recognised at the point of sale.

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

Service charges from sewerage and sanitation for residential and business properties are levied monthly based on a fixed tariff.

Interest and rentals are recognised on a time proportion basis.

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.

Interest earned on investments is recognised in the Statement of Financial Performance on a time proportionate basis that takes into account the effective yield on the investment. Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on unutilised conditional grants is allocated directly to the unutilised conditional grant creditor, if the grant conditions indicate that interest is payable to the funder.
- Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
  - The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
  - The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
  - The amount of revenue can be measured reliably.
  - It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
  - The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

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

### **Revenue from non-exchange transactions**

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

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

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

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 9 (Revenue):*

- *Initial measurement of fair value discounting all future receipts using an imputed rate of interest. [SIACA Circular 09/06 and paragraph 12]*

### **Conditional Grants and Receipts**

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

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 134 (Accounting for Government Grants):*

- *Entire standard excluding paragraphs 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9.*

### **1.27 Related parties**

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

### **1.28 Unauthorised Expenditure**

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

### **1.29 Irregular Expenditure**

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

### **1.30 Fruitless and Wasteful Expenditure**

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

### **1.31 Rounding**

The amounts reflected in the financial statements of the Municipality are all in Rand, and all amounts are rounded off to the nearest Rand.

## 5.4 FINANCIAL STATEMENTS

Attached as Annexure 1

## 5.5 REPORT OF THE AG

### **REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE BEAUFORT WEST MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2008**

#### **REPORT ON THE FINANCIAL STATEMENTS**

##### **Introduction**

1. I have audited the accompanying financial statements of the Beaufort West Municipality (municipality) which comprise the statement of financial position as at 30 June 2008, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, **as set out on pages xx to xx.**

##### **Responsibility of the accounting officer for the financial statements**

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 and in the manner required by the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2007 (Act No. 1 of 2007) (DoRA). This responsibility includes:
  - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
  - selecting and applying appropriate accounting policies
  - making accounting estimates that are reasonable in the circumstances.

##### **Responsibility of the Auditor-General**

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 126(3)(a) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing and *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those

standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
6. An audit also includes evaluating the:
  - appropriateness of accounting policies used
  - reasonableness of accounting estimates made by management
  - overall presentation of the financial statements.
7. Paragraph 11 *et seq.* of the Statement of Generally Recognised Accounting Practice, GRAP 1 *Presentation of Financial Statements* requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is not effective for this financial year, I have determined that my audit of any disclosures made by the municipality in this respect will be limited to reporting on non-compliance with this disclosure requirement.
8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Basis of accounting**

9. The municipality's policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1.

### **Opinion**

10. In my opinion the financial statements present fairly, in all material respects, the financial position of the Beaufort West Municipality as at 30 June 2008 and its financial performance and cash flows for the year then ended, in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 and in the manner required by the MFMA and DoRA.

### **Emphasis of matter**

Without qualifying my audit opinion, I draw attention to the following matter:

### Amendments to the applicable basis of accounting

11. As set out in accounting policy note 1.1, the National Treasury approved a deviation from the basis of accounting applicable to the municipality in terms of *General Notice 522 of 2007*, issued in *Government Gazette 30013 of 29 June 2007*.

### Unauthorised expenditure

12. As disclosed in note 36.1 to the financial statements, unauthorised expenditure to the amount of R22 687 402 was incurred, as the total budget and expenditure of certain votes were overspent.

### Restatement of corresponding figures

13. As disclosed in note 32 to the financial statements, the corresponding figures for 2006-07 have been restated as result of an error discovered during 2007-08 in the financial statements of the municipality at, and for the year ended 30 June 2007.

### OTHER MATTERS

Without qualifying my audit opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

### Matters of governance

14. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

Matter of governance	Yes	No
<b>Audit committee</b>		
• The municipality had an audit committee in operation throughout the financial year.	■	
• The audit committee operates in accordance with approved, written terms of reference.	■	
• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA.	■	
<b>Internal audit</b>		
• The municipality had an internal audit function in operation throughout the financial year.	■	
• The internal audit function operates in terms of an approved internal audit plan.	■	
• The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA.		■
<b>Other matters of governance</b>		
• The annual financial statements were submitted for audit as per the legislated deadlines, section 126 of the MFMA.	■	

<b>Matter of governance</b>	<b>Yes</b>	<b>No</b>
• The annual report was submitted to the auditor for consideration prior to the date of the auditor's report.	■	
• The financial statements submitted for audit were not subject to any material amendments resulting from the audit.		■
• No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.	■	
• The prior year's external audit recommendations have been substantially implemented.	■	
<b>Implementation of Standards of Generally Recognised Accounting Practice (GRAP)</b>		
• The municipality submitted an implementation plan, detailing progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 30 October 2007.	■	
• The municipality substantially complied with the implementation plan it submitted to the National Treasury and the relevant provincial treasury before 30 October 2007, detailing its progress towards full compliance with GRAP.	■	
• The municipality submitted an implementation plan, detailing further progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 31 March 2008.	■	

#### **Unaudited supplementary schedules**

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

#### **OTHER REPORTING RESPONSIBILITIES**

##### **REPORT ON PERFORMANCE INFORMATION**

16. I have reviewed the performance information as set out on pages xx to xx.

##### **Responsibility of the accounting officer for the performance information**

17. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

### **Responsibility of the Auditor-General**

18. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.
19. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
20. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

### **Audit findings (performance information)**

#### **Non-compliance with regulatory requirements**

Content of integrated development plan

21. No outcome performance indicators in respect of each of the development priorities and objectives referred to in section 26(c) of the Local Government Municipal Systems Act, 2000 (Act no. 32 of 2000) were set.

Existence and functioning of a performance audit committee

22. The municipality did not appoint and budget for a performance audit committee, neither was another audit committee utilised as the performance audit committee.

#### **Measurable objectives not consistent**

23. The development priorities and objectives reported in the annual report of the municipality are materially inconsistent when compared with the predetermined development priorities and objectives as per the budget and integrated development plan. The following table reflects the material differences:

<b>Development priorities and objectives per IDP</b>	<b>Development priorities and objectives per IDP</b>	<b>Development priorities and objectives per IDP</b>
2 253 houses in 07/08 budget year.	Housing	Extend basic infrastructure and services to all residents in Beaufort West – Hillside 598 houses, Nelspoort 213 houses and Merweville 90 houses.
Building of 104km ht lines with low voltage networks.	-	Progress in electrification of the Central Karoo
Valuation roll and rates policy.	Valuation roll and rates policy.	Implement rates policy and ensure maximum income from rates through

Development priorities and objectives per IDP	Development priorities and objectives per IDP	Development priorities and objectives per IDP
		valuation

**APPRECIATION**

24. The assistance rendered by the staff of the municipality during the audit is sincerely appreciated.

*Auditor - General*

Cape Town

30 November 2008



AUDITOR - GENERAL

## **5.6 REPORT OF THE AUDIT COMMITTEE**

### **REPORT OF THE BEAUFORT WEST AUDIT COMMITTEE ON THE FINANCIAL STATEMENTS, ANNUAL REPORT AND RESPONSE TO THE REPORT OF THE AUDITOR-GENERAL:**

#### **2007/2008 FINANCIAL YEAR:**

##### **1. Opening en welcome:**

The meeting started at 17:05 and the chairperson welcomed of the members of the Audit Committee.

##### **2. Apologies:**

Mr D Louw is excused from attending the meeting.

##### **3. Present:**

Mr. L Smit (Acting Municipal Manager)

Mr . A Hooker (Chairperson)

Mr. KE Mckay

Mr. R Julyan

Mr. A Strümpher

Mr. C Paulse

##### **4. Minutes of the previous meeting:**

The minutes of the previous meeting is presented as a true reflection of the meeting by Mr KE Mckay and was seconded by Mr R Julyan.

##### **5. External Audit report:**

The external auditors went through the report with the committee and explain all the important issues mentioned in the report. They mentioned that, in their opinion, the municipality is managed well, but that a few challenges still exist for the management team. They request that their management letter be distributed to the members of the committee.

Mr. A Hooker enquires if the response from the Municipal Manager with regard to the unauthorized expenditure was satisfactory. The external auditor replied that the response was acceptable, seeing that it was approved by the Council, but that they must still report on it. They thanked the personnel of the municipality for all their support during the audit.

## **6. Annual Report**

Mr R Julyan enquires to which extend the National Treasury can assist with the problem of unemployment and the fact that many houses are built without the tax base growing accordingly. The external auditor mentioned that the Department of Provincial and Local Government has developed a five year strategic plan to address these types of socio-economic issues. He also mentioned that the performance information and key performance indicators of the municipality play a very important role in this regard.

Mr KE Mckay also enquires which controls are in place to prevent that people sell their RDP houses when they receive them. Mr Louw Smit mentioned that these houses may only be sold after 5 years of receipt.

Mr. Julyan enquires as to which extend boreholes are the solution for the water shortages experienced by the town. Mr Louw answered that boreholes is not the only solution, and that the Council is currently also looking at the cleansing of sewerage water for human consumption and that this project will cost approximately R20 million.

Mr R Julyan enquires as to which extend controls are in place for debtors, due to the fact that some councilors are in arrears with their accounts. The external auditor mentioned that they have picked this up, but that arrear amounts are being deducted from the salaries of these persons and that control are in place. Mr A Strümpher mentioned that a service provider was appointed for debt cleansing and also that additional personnel were appointed to improve debtor collection.

Mr A Hooker enquires how free basic water and electricity are financed. Mr. A Strümpher answered that it is financed form the equitable share grant that the municipality receives from the National Government.

Mr R Julyan enquires to which extend public participation exists with regard to municipal activities. Mr Louw Smit mentioned that numerous public meetings are held and that the public is invited via municipal pamphlets and the local press to attend these meetings, but that the attendance is poor.

Mr R Julyan thanked the personnel for their hard work during the previous year.

**Audit Committee recommendation**

The Committee agrees that the annual report for 2007/08 be approved.

**7. Closure**

At 19:00

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**BEAUFORT WEST MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended  
30 June 2008

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 99, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 24 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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**J BOOYSEN**  
**Municipal Manager**

24 November 2008  
**Date**

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**BEAUFORT WEST MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

**OTHER INFORMATION**

<b>Nature of Business</b>	Beaufort West Municipality is a local municipality performing the functions as set out in the Constitution.(Act no 105 of 1996)
<b>Country of Origin and Legal Form</b>	South African local municipality as defined by the Municipal Structures Act (Act no 117 of 1998)
<b>Management</b>	J Booysen - Municipal Manager D Louw - Chief Financial Officer J C L Smit- Directot Engineering Services A C Makhendiana- Director Community Service R E Van Staden - Director Electrical Service PDe V Strumpher- Directot Corporate Service (Acting)
<b>Principal Bankers</b>	Absa Bank, Beaufort West
<b>Auditors</b>	Auditor-General
<b>Attorneys</b>	Crawford Attorneys, Beaufort West
<b>Registered Office</b>	112 Donkin Street Beaufort West 6970
<b>Relevant Legislation</b>	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 Collective Agreement

**BEAUFORT WEST MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2008**

	Note	2008 R	2007 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net assets</b>		114,512,423	107,577,872
Housing Development Fund	2	3,256,012	3,683,532
Capital replacement reserve	3	2,132,031	1,904,961
Capitalisation reserve	3	2,323,035	2,586,059
Government grant reserve	3	91,368,015	85,148,021
Donations and Public Contribution Reserve	3	1,648,707	-
Self Insurance Reserve	3	325,478	279,721
Accumulated Surplus/(Deficit)		13,459,144	13,975,578
<b>Non-current liabilities</b>		11,592,807	10,068,391
Long-term liabilities	4	8,769,879	9,029,347
Non-current provisions	5	2,822,928	1,039,044
<b>Current liabilities</b>		21,424,668	27,109,448
Consumer deposits	6	733,576	786,896
Provisions	7	1,303,442	792,660
Trade payables	8	6,616,442	3,294,146
Unspent conditional grants and receipts	9	8,395,693	15,174,902
Taxes	10	2,714,236	2,831,460
Cash and cash equivalents	11	-	3,137,375
Current portion of long-term liabilities	4	1,661,280	1,092,009
<b>Total Net Assets and Liabilities</b>		<b>147,529,898</b>	<b>144,755,711</b>
<b>ASSETS</b>			
<b>Non-current assets</b>		112,723,607	103,267,491
Property, plant and equipment	12	110,663,806	101,479,515
Investment property	13	1,653,943	1,713,310
Intangible Assets	14	358,026	6,832
Long-term receivables	15	47,832	67,834
<b>Current assets</b>		34,806,292	41,488,220
Inventory	16	1,384,745	1,284,988
Trade receivables from exchange transactions	17	16,025,456	16,632,814
Other receivables from non-exchange transactions	18	2,442,484	3,340,415
Unpaid conditional grants and receipts	9	-	89,681
Taxes	10	-	-
Current portion of long-term receivables	15	10,242	49,691
Cash and cash equivalents	11	14,943,365	20,090,631
<b>Total Assets</b>		<b>147,529,898</b>	<b>144,755,711</b>

**BEAUFORT WEST MUNICIPALITY  
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008**

	Note	Actual	
		2008 R	2007 R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>		<b>74,443,008</b>	<b>42,404,632</b>
<b>Taxation revenue</b>		<b>11,969,210</b>	<b>11,125,881</b>
Property rates	19	11,969,210	11,125,881
<b>Transfer revenue</b>		<b>47,594,401</b>	<b>23,903,527</b>
Government grants and subsidies	20	47,594,401	23,903,527
<b>Other revenue</b>		<b>14,879,396</b>	<b>7,375,224</b>
Fines	App "E (1)"	14,879,396	7,375,224
<b>Revenue from Exchange Transactions</b>		<b>43,582,146</b>	<b>42,809,165</b>
Property rates - penalties imposed and collection charges	App "E (1)"	1,478,625	1,068,666
Service charges	21	38,281,020	38,091,024
Rental of facilities and equipment	App "E (1)"	635,535	650,506
Interest earned - external investments	App "E (1)"	1,295,203	448,427
Interest earned - outstanding debtors	App "E (1)"	-	-
Licences and permits	App "E (1)"	531,861	529,061
Income for agency services	App "E (1)"	435,873	444,001
Other income	22	924,027	1,577,482
<b>Total Revenue</b>		<b>118,025,154</b>	<b>85,213,798</b>
<b>EXPENDITURE</b>			
Employee related costs	23	32,524,540	28,152,999
Remuneration of Councillors	24	2,429,294	2,824,441
Bad debts	25	4,648,823	1,650,000
Collection costs		241,692	214,446
Depreciation	12	8,946,604	7,466,082
Amortisation - Intangible Assets	14	-	129,803
Repairs and maintenance		9,638,850	6,113,216
Interest paid	26	1,309,776	1,208,574
Bulk purchases	27	11,169,532	10,378,648
Contracted services		7,330,435	390,724
Grants and subsidies paid	28	3,960,014	3,946,135
Operating Grant Expenditure		22,218,293	1,784,004
Impairment Losses		332,469	-
General expenses	29	7,347,377	9,115,496
<b>Total Expenditure</b>		<b>112,097,701</b>	<b>73,374,567</b>
<b>Surplus for the year</b>		<b>5,927,453</b>	<b>11,839,230</b>
Loss on disposal of property, plant and equipment	33	-	(165,918)
Gain on disposal of property, plant and equipment	33	1,007,098	2,174,223
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>6,934,551</b>	<b>13,847,535</b>
<b>Refer to Appendix E(1) for explanation of variances</b>			

**BEAUFORT WEST MUNICIPALITY  
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 R	2007 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other	33	112,335,830	87,722,952
Cash paid to suppliers and employees	33	(97,231,457)	(69,125,773)
Cash generated from/(utilised in) operations	33	15,104,373	18,597,179
Interest received	33	1,295,203	448,427
Interest paid	33	(1,309,776)	(1,208,574)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>15,089,800</b>	<b>17,837,031</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	12	(18,129,851)	(12,068,739)
Proceeds on disposal of fixed assets	12,33	1,065,420	2,174,223
(Increase)/Decrease in Intangible Assets	14	(351,194)	(6,832)
(Increase)/Decrease in long-term receivables	15	59,450	255,311
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(17,356,175)</b>	<b>(9,646,036)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New loans raised/(repaid)	4	309,803	(689,376)
Increase/(Decrease) in consumer deposits	6	(53,320)	13,211
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>256,483</b>	<b>(676,165)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(2,009,891)</b>	<b>7,514,830</b>
Cash and cash equivalents at the beginning of the year	34	16,953,256	9,438,427
Cash and cash equivalents at the end of the year	34	14,943,365	16,953,256
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(2,009,891)</b>	<b>7,514,830</b>

**BEAUFORT WEST MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2008**

	<u>Pre-GAMAP Reserves and Funds</u> R	<u>Housing Development Fund</u> R	<u>Capital Replacement Reserve</u> R	<u>Capitalisation Reserve</u> R	<u>Government Grant Reserve</u> R	<u>Donations and Public Contributions Reserve</u> R	<u>Self Insurance Reserve</u> R	<u>Revaluation Reserve</u> R	<u>Accumulated Surplus/ (Deficit)</u> R	<u>Total</u> R
<b>2007</b>										
Balance at 30 June 2006	-	3,962,423	-	2,644,108	77,238,678	-	251,322	-	7,416,013	91,512,544
Change in accounting policy - See Note 31.3	-	-	-	-	-	-	-	-	3,872,934	3,872,934
<b>Restated balance</b>	-	<b>3,962,423</b>	-	<b>2,644,108</b>	<b>77,238,678</b>	-	<b>251,322</b>	-	<b>11,288,947</b>	<b>95,385,478</b>
Net surplus/(deficit) for the year	-	-	-	-	-	-	-	-	13,847,535	13,847,535
Transfer to/from CRR	-	-	2,172,512	-	-	-	-	-	(2,172,512)	-
Property, plant and equipment purchased	-	-	(267,550)	-	-	-	-	-	267,550	-
Capital grants used to purchase PPE	-	-	-	-	11,533,372	-	-	-	(11,533,372)	-
Contribution to Insurance Reserve	-	-	-	-	-	-	37,285	-	(37,285)	-
Insurance claims processed	-	-	-	-	-	-	(8,885)	-	8,885	-
Transfer to Housing Development Fund	-	(278,891)	-	-	-	-	-	-	278,891	-
Asset disposals	-	-	-	-	(156,485)	-	-	-	156,485	-
Offsetting of depreciation	-	-	-	(64,540)	(3,648,967)	-	-	-	3,713,507	-
<b>Balance at 30 June 2007</b>	-	<b>3,683,532</b>	<b>1,904,961</b>	<b>2,579,568</b>	<b>84,966,598</b>	-	<b>279,721</b>	-	<b>15,818,632</b>	<b>109,233,013</b>
<b>2008</b>										
Correction of error - Note 32.4	-	-	-	6,491	181,423	-	-	-	-1,843,055	-1,655,142
<b>Restated balance</b>	-	<b>3,683,532</b>	<b>1,904,961</b>	<b>2,586,059</b>	<b>85,148,021</b>	-	<b>279,721</b>	-	<b>13,975,578</b>	<b>107,577,872</b>
Net surplus/(deficit) for the year	-	-	-	-	-	-	-	-	6,934,551	6,934,551
Transfer to/from CRR	-	-	2,520,728	-	-	-	-	-	(2,520,728)	-
Property, plant and equipment purchased	-	-	(2,293,658)	-	-	-	-	-	2,293,658	-
Capital grants used to purchase PPE	-	-	-	-	12,722,643	1,648,707	-	-	(14,371,350)	-
Contribution to Insurance Reserve	-	-	-	-	-	-	322,301	-	(322,301)	-
Insurance claims processed	-	-	-	-	-	-	(276,544)	-	276,544	-
Transfer to Housing Development Fund	-	-427,520	-	-	-	-	-	-	427,520	-
Asset disposals	-	-	-	-	(7,504)	-	-	-	7,504	-
Offsetting of depreciation	-	-	-	(263,024)	(6,495,144)	-	-	-	6,758,168	-
<b>Balance at 30 June 2008</b>	-	<b>3,256,012</b>	<b>2,132,031</b>	<b>2,323,035</b>	<b>91,368,015</b>	<b>1,648,707</b>	<b>325,478</b>	-	<b>13,459,144</b>	<b>114,512,423</b>

	2008 R	2007 R
<b>2 HOUSING DEVELOPMENT FUND</b>		
Housing Development Fund	3,256,012	3,683,532
Loans extinguished by Government on 1 April 1998	<u>3,256,012</u>	<u>3,683,532</u>
<b>Total Housing Development Fund Assets and Liabilities</b>	<b><u>3,256,012</u></b>	<b><u>3,683,532</u></b>

The above balances are represented by cash of R53 501 and is invested together with the other investments of the municipality (See Notes 11)

	2008 R	2007 R
<b>3 NETT ASSET RESERVES</b>		
<b>RESERVES</b>	97,797,266	89,918,762
Capital Replacement Reserve	2,132,031	1,904,961
Capitalisation Reserve	2,323,035	2,586,059
Government Grant Reserve	91,368,015	85,148,021
Donations and Public Contribution Reserve	1,648,707	-
Self Insurance Reserve	325,478	279,721
Sub-total	<u>97,797,266</u>	<u>89,918,762</u>
<b>Total Nett Asset Reserve Assets and Liabilities</b>	<b><u>97,797,266</u></b>	<b><u>89,918,762</u></b>

	2008 R	2007 R
<b>4 LONG-TERM LIABILITIES</b>		
Annuity Loans - At amortised cost	9,009,843	9,231,646
Correction on Assets funded out of Long-term Liabilities (VAT was included) - Note 32.1		(7,000)
	<u>9,009,843</u>	<u>9,224,646</u>
Capitalised Lease Liability - At amortised cost	1,421,316	896,710
Total Long-term Liabilities - At amortised cost (excluding Short-term)	10,431,159	10,121,356
Less : Current portion transferred to current liabilities	(1,661,280)	(1,092,009)
Annuity Loans	(979,826)	(772,129)
Lease Liabilities	<u>(681,454)</u>	<u>(319,880)</u>
<b>Total Long-term Liabilities - At amortised cost</b>	<b><u>8,769,879</u></b>	<b><u>9,029,347</u></b>

*Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the above-mentioned notice*

- Financial Instruments: Recognition and Measurement (AC133) Initially measuring financial assets and liabilities at fair value. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]
- Financial Instruments: Disclosure (AC144) Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998.
- Leases (AC 105) Recognising operating lease payments / receipts on a straight line basis if the amount is recognised on the basis of the cash flows in the lease agreement. [SAICA Circular 12/06 paragraphs 8-11 and paragraphs 33, 34, 50, 51 of AC 105]

The obligations under finance leases are scheduled below:

	Minimum lease payments	
	2008	2007
Amounts payable under finance leases:		
Payable within one year	814,577	410,351
Payable within two to five years	791,064	641,083
	<u>1,605,641</u>	<u>1,051,433</u>
Less: Future finance obligations	(184,326)	(154,724)
<b>Present value of lease obligations</b>	<u>1,421,316</u>	<u>896,710</u>
Less: Amounts due for settlement within 12 months	(681,454)	319,880
<b>Amount due for settlement after 12 months</b>	<u>739,862</u>	<u>576,830</u>

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

Assets with a net book value of R1 341 453 (2007: R872 906) serves as security for the leases.

	2008 R	2007 R
<b>5 NON-CURRENT PROVISIONS</b>		
Medical/Retirement Fund	2,742,898	996,560
Long-service	80,030	42,484
<b>Total Non-Current Provisions</b>	<b><u>2,822,928</u></b>	<b><u>1,039,044</u></b>

The movement in the non-current provisions are reconciled as follows: -

	Medical/ Retirement fund	Long-service
<b>30 June 2008</b>		
Balance at beginning of year	996,560	42,484
Transfer to current provision	-	-
Expenditure incurred	-	-
Contributions to provision	1,746,338	37,546
Transfer from current provisions	-	-
<b>Balance at end of year</b>	<b><u>2,742,898</u></b>	<b><u>80,030</u></b>
<b>30 June 2007</b>		
Balance at beginning of year	1,000,000	65,783
Transfer to current provision	-536,000	-44,660
Expenditure incurred	-	-
Contributions to provision	-	-
Transfer from current provisions	532,560	21,361
<b>Balance at end of year</b>	<b><u>996,560</u></b>	<b><u>42,484</u></b>

**Provision for Post Employment Health Care Benefits**

The Municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the Municipality. According to the rules of the medical aid funds, with which the Municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continuation member of such medical aid fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.

Contributions over 3 years (2008, 2009, 2010) will be made by Beaufort West Municipality to the Post Employment Health Care Benefit plan, to recognise the full accrued liability. The contributions will be an expenditure under Statement of Financial Performance.

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

In-service (employee) members	55	55
Continuation members (e.g. retirees, widows, orphans)	28	28
<b>Total Members</b>	<b>83</b>	<b>83</b>

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

	<b>2008</b>	<b>2007</b>
In-service members	2,589,761	2,579,761
Continuation members	7,206,934	7,196,934
<b>Total Liability</b>	<b>9,796,695</b>	<b>9,776,695</b>

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

- Bonitas;
- Hosmed
- LA Health
- Munimed, and
- Pro Sano
- SAMWU Medical Aid

The Future-service Cost for the ensuing year is estimated to be R216 000, whereas the Interest- Cost for the next year is estimated to be R761 000.

Key actuarial assumptions used:

	%	%
<b>i) Rate of interest</b>		
Discount rate	8.00%	8.00%
Health Care Cost Inflation Rate	5.75%	5.75%
Net Effective Discount Rate	2.13%	2.13%

**Reconciliation of present value of fund obligation:**

Present value of fund obligation at the beginning of the year	<b>9,776,695</b>
Current service cost	761,000
Interest Cost	200,000
Benefits Paid	(536,000)
Total expenses	425,000
Actuarial (gains) / losses	(405,000)
Present value of fund obligation at the end of the year	<b>9,796,695</b>

**Provision for Long Service Bonuses**

The Long Service Bonus plans are defined benefit plans. As at year end, 7 employees were eligible for Long Service Bonuses.

The Future-service Cost for the ensuing year is estimated to be R3 000, whereas the Interest- Cost for the next year is estimated to be R6 000.

**Reconciliation of present value of fund obligation:**

Past Service Contractual Liability - 30 June 2007	71,030
Service Cost	3,000
Interest Cost	6,000
Contribution payments	-
Subtotal - 30 June 2008	<b>80,030</b>

**6 CONSUMER DEPOSITS**

Electricity, Water & Cleansing	733,576	786,896
<b>Total Consumer Deposits</b>	<b>733,576</b>	<b>786,896</b>

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

Guarantees held in lieu of Electricity and Water Deposits	<b>22,615</b>	<b>26,655</b>
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**7 PROVISIONS**

Performance Bonuses	267,442	212,000
Current portion of rehabilitation of landfill sites provision - Note 4	500,000	-
Current portion of Medical/ Retirement Fund provision - Note 4	536,000	536,000
Current portion of long-service bonus provision - Note 4	-	44,660
<b>Total Provisions</b>	<b>1,303,442</b>	<b>792,660</b>

Performance bonuses accrue to employees on an annually basis, subject to certain conditions. The provision is an estimate of the amount due to staff at the reporting date.

The movement in current provisions are reconciled as follows: -

PROVISIONS - Continued

	<u>Current portion Medical Retirement Fund</u>	<u>Current portion Landfill Site</u>	<u>Current portion Long-service</u>
<b>30 June 2008</b>			
Balance at beginning of year	536,000	-	44,660
Contributions to provision	-	500,000	-
Expenditure incurred	-	-	-44,660
<b>Balance at end of year</b>	<b><u>536,000</u></b>	<b><u>500,000</u></b>	<b><u>-</u></b>
<b>30 June 2007</b>			
Balance at beginning of year	532,560	-	21,361
Transfer from non-current	-532,560	-	-21,361
Contributions to provision	536,000	-	44,660
Expenditure incurred	-	-	-
<b>Balance at end of year</b>	<b><u>536,000</u></b>	<b><u>-</u></b>	<b><u>44,660</u></b>
		<u>Performance Bonuses</u>	<u>Total Provisions</u>
<b>30 June 2008</b>			
Balance at beginning of year		212,000	792,660
Contributions to provision		262,640	762,640
Expenditure incurred		-207,199	-251,859
<b>Balance at end of year</b>		<b><u>267,442</u></b>	<b><u>1,303,442</u></b>
<b>30 June 2007</b>			
Balance at beginning of year		190,762	744,683
Transfer from non-current		-	-553,921
Contributions to provision		212,000	792,660
Expenditure incurred		-190,762	-190,762
<b>Balance at end of year</b>		<b><u>212,000</u></b>	<b><u>792,660</u></b>

**8 TRADE PAYABLES**

**Sundry Payables**

Other Creditors	4,489,996	1,540,939
Payments received in advance	140,636	213,893
Sundry deposits	-	-
	<u>4,630,633</u>	<u>1,754,832</u>
Trade Payables transferred to Unspent Conditional Grants & Receipts (Incorrectly disclosed previous year 2007) - Note 9		(73,516)

**Employee Benefit Liabilities**

Staff Leave	1,985,809	1,612,830
<b>Total Trade Payables</b>	<b><u>6,616,442</u></b>	<b><u>3,294,146</u></b>

Payables being paid within 30 days are being recognised net of discounts.

**9 CONDITIONAL GRANTS AND RECEIPTS**

**Conditional Grants from other spheres of Government**

	<b>R</b>	<b>R</b>
Unspent Conditional Grants and Receipts	7,839,140	15,090,751
Unspent Conditional Public Contributions	556,553	10,634
Trade Payables transferred to Unspent Conditional Grants & Receipts (Incorrectly disclosed previous year 2007) - Note 8		73,516
<b>Total Unspent Conditional Grants and Receipts</b>	<b><u>8,395,693</u></b>	<b><u>15,174,902</u></b>
Unpaid conditional grants and subsidies transferred from Other receivables from non-exchange transactions - Note 18	-	89,681
<b>Total Unpaid Conditional Grants and Receipts</b>	<b><u>-</u></b>	<b><u>89,681</u></b>
<b>Total Conditional Grants and Receipts</b>	<b><u>8,395,693</u></b>	<b><u>15,085,220</u></b>

See appendix "F" for reconciliation of grants from other spheres of government. These amounts are invested in a ring-fenced investment until utilised and approximate its carrying value. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised (Note 21). No grants were

**10 TAXES**

VAT payable	-	-
VAT payable transferred from Trade Payables - Note 8	-	-
<b>VAT payable</b>	<b><u>2,714,236</u></b>	<b><u>2,831,460</u></b>
<b>VAT receivable - Note 17</b>	<b><u>-</u></b>	<b><u>-</u></b>

VAT is payable on the payments basis. Only once payment is received from debtors is VAT paid over to

**11 CASH AND CASH EQUIVALENTS**

**Assets**

Call Investment Deposits	12,991,238	20,080,681
Primary Bank Account (Cashbook balance)	1,941,777	-
Cash Floats	10,350	9,950
<b>Total Cash and Cash Equivalents - Assets</b>	<b><u>14,943,365</u></b>	<b><u>20,090,631</u></b>

**Liabilities**

Primary Bank Account (Overdraft cashbook balance)	-	3,137,375
<b>Total Cash and Cash Equivalents - Liabilities</b>	<b><u>-</u></b>	<b><u>3,137,375</u></b>

The deposits are ring fenced in order to finance the Capital Replacement Reserve, the Housing Development Fund and Unspent Conditional Grants and Receipts

(See note 2, 3 and 9) The effective interest rate for call investment deposits were 10.2% (2007: 6.5%).  
 (See note 2, 3 and 9) The effective interest rate for the primary bank account was 0.3% (2007: 0.3%).

The Municipality has the following bank accounts: -

**CASH AND CASH EQUIVALENTS - Continued**

**Current Account (Primary Bank Account)**

ABSA - Account Number 40 5053 8936 (Primary Account)  
 ABSA - Account Number 4050684777  
 ABSA - Account Number 1540150288

**2008**  
**R**

**2007**  
**R**

		-
	-	-

**Current Account (Primary Bank Account)**

Cashbook balance at beginning of year  
 Cashbook balance at end of year

-3,137,375	-5,987,351
1,941,777	-3,137,375

Bank statement balance at beginning of year  
 Bank statement balance at end of year

1,165,556	788,313
3,033,715	1,165,556

**SBR Housing Account (Absa Bank Beaufort West - Account Number: 40 5068 4777)**

Cash book balance at beginning of year  
 Cash book balance at end of year

-426,449	-838,411
2,266	-426,449

Bank statement balance at beginning of year  
 Bank statement balance at end of year

-376,456	-802,731
2,591	-376,456

**IDT Housing Account (Absa Bank Beaufort West - Account Number: 15 4015 0288)**

Cash book balance at beginning of year  
 Cash book balance at end of year

-34,601	-35,224
7,985	-34,601

Bank statement balance at beginning of year  
 Bank statement balance at end of year

15,399	18,808
7,481	15,399





	2008 R	2007 R
<b>13 INVESTMENT PROPERTY</b>		
<b>Net Carrying amount at 1 July</b>	<b>1,713,310</b>	<b>1,713,310</b>
Cost	1,869,615	1,869,615
Accumulated Depreciation	(156,305)	(156,305)
Acquisitions	-	-
Depreciation	(59,367)	-
Cost	1,653,943	1,713,310
Accumulated Depreciation	(215,671)	(156,305)
<b>Net Carrying amount at 30 June</b>	<b>1,653,943</b>	<b>1,713,310</b>

**Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the notice.**

- Investment Property (AC 135) Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised investment property in terms of this standard. [Paragraphs 79(e)(i) -

Revenue to the amount of R 241 921 was earned from the Investment Properties.

<b>14 INTANGIBLE ASSETS</b>		
<b>Cost</b>	<b>487,828</b>	<b>136,634</b>
<b>Balance 1 July 2007</b>	136,634	-
Transferred from Property, Plant and Equipment - At cost - Note 32.6	-	136,634
Acquisitions for the year - At cost	351,194	-
<b>Less: Accumulated Amortisation</b>	<b>(129,803)</b>	<b>(129,803)</b>
<b>Balance 1 July 2007</b>	(129,803)	-
Transferred from Accumulated Depreciation - At cost - Note 32.9	-	(129,803)
Accumulated Amortisation for the year	-	-
<b>Total Intangible Assets</b>	<b>358,026</b>	<b>6,832</b>

The Municipality transferred Intangible Assets (Computer Software) from Property, Plant and Equipment. The cost and accumulated amortisation were restated for the 2007 financial year.- Note 32.9

**Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) h of the notice**

- Intangible Assets (AC 129) The entire standards except for the recognition, measurement and disclosure of the computer software and website costs (AC 432) and all other costs were expensed.

<b>15 LONG-TERM RECEIVABLES</b>		
Staff Car Loans - At amortised cost	-	49,953
Cripple Care Loans - At amortised cost	16,158	17,181
Agriculture Association loans - At amortised cost	41,916	50,390
	<b>58,074</b>	<b>117,524</b>
<b>Less : Current portion transferred to current receivables</b>	<b>10,242</b>	<b>49,691</b>
Staff Car Loans	-	40,194
Cripple Care Loans	1,033	1,023
Agriculture Association loans	9,209	8,474
<b>Less: Provision for Bad Debts</b>	-	-
<b>Total Long-term receivables</b>	<b>47,832</b>	<b>67,834</b>

**VEHICLE LOANS**  
Vehicle loans are not granted to officials of the municipality. The outstanding amount relates to prior years and is still collectable. Senior staff were entitled to car loans which attract interest at 8% per annum and which are repayable over a maximum period of 6 years. These loans are repayable in the year 2008.

**CRIPPLE CARE**  
Association loans are not granted to officials of the municipality. The outstanding amount relates to prior years and is still collectable. Association were entitled to loans which attract interest at 1% per annum and which are repayable over a maximum period of 30 years. These loans are repayable in the year 2026.

**AGRICULTURE ASSOCIATION**  
Association loans are not granted to officials of the municipality. The outstanding amount relates to prior years and is still collectable. Association were entitled to loans which attract interest at 8,5% per annum and which are repayable over a maximum period of 20 years. These loans are repayable in the year 2012.

**Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the above-mentioned notice**

- Financial Instruments: Recognition and Measurement (AC133) Initially measuring financial assets and liabilities at fair value. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]
- Financial Instruments: Disclosure (AC144) Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998.

<b>16 INVENTORY</b>		
Consumable stores – at cost	1,328,504	1,242,309
Water – at cost	56,241	42,679
<b>Total Inventory</b>	<b>1,384,745</b>	<b>1,284,988</b>

**Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2)b of the notice**

- Inventories: The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17.

	2008 R	2007 R
<b>TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
Rates	-	4,631,714
Water	2,431,303	4,602,183
Electricity	1,358,098	2,048,778
Housing Rentals	135,889	459,206
Refuse	1,613,238	2,880,966
Sanitation	3,191,218	5,746,835
Other Arrears	17,043,728	13,426,419
	25,773,473	33,796,100
Rates transferred to Other Receivables from non-exchange transactions - Note 18	-	(4,631,714)
<b>Total : Trade receivables from exchange transactions</b>	<b>25,773,473</b>	<b>29,164,386</b>
Less : Provision for bad debts	(9,748,017)	(14,520,940)
Provision for bad debts on Rates transferred to Other Receivables from non-exchange transactions -	-	1,989,368
<b>Total</b>	<b>16,025,456</b>	<b>16,632,814</b>
Trade receivables accounts from exchange transactions accounts written off during the year:	<b>6,855,303</b>	<b>138,933</b>
<b>Electricity Debtors: Ageing</b>		
Current (0 – 30 days)	1,225,329	1,404,553
31 - 60 Days	46,778	64,877
61 - 90 Days	28,165	41,372
+ 90 Days	57,826	537,976
<b>Total</b>	<b>1,358,098</b>	<b>2,048,778</b>
<b>Water Debtors: Ageing</b>		
Current (0 – 30 days)	612,354	371,587
31 - 60 Days	207,007	202,998
61 - 90 Days	96,591	173,281
+ 90 Days	1,515,351	3,854,317
<b>Total</b>	<b>2,431,303</b>	<b>4,602,183</b>
<b>Refuse Debtors: Ageing</b>		
Current (0 – 30 days)	250,798	222,190
31 - 60 Days	78,255	134,734
61 - 90 Days	51,089	121,891
+ 90 Days	1,233,096	2,402,151
<b>Total</b>	<b>1,613,238</b>	<b>2,880,966</b>
<b>Sewerage Debtors: Ageing</b>		
Current (0 – 30 days)	515,905	451,963
31 - 60 Days	146,575	214,359
61 - 90 Days	95,796	198,484
+ 90 Days	2,432,942	4,882,029
<b>Total</b>	<b>3,191,218</b>	<b>5,746,835</b>
<b>Housing Rentals Debtors: Ageing</b>		
Current (0 – 30 days)	12,055	9,332
31 - 60 Days	4,525	11,447
61 - 90 Days	2,311	10,655
+ 90 Days	116,998	427,772
<b>Total</b>	<b>135,889</b>	<b>459,206</b>
<b>Other Debtors: Ageing</b>		
Current (0 – 30 days)	1,468,545	86,353
31 - 60 Days	608,937	540,408
61 - 90 Days	529,425	164,063
+ 90 Days	14,436,821	12,635,594
<b>Total</b>	<b>17,043,728</b>	<b>13,426,418</b>

<b>Summary of Trade Receivables from exchange transactions by Customer Classification (including rates)</b>	<b>Residential</b>		<b>Industrial/ Commercial</b>		<b>National and Provincial Government</b>	
	R	R	R	R	R	R
<b>30 June 2008</b>						
Current (0 – 30 days)	4,413,365		312,420		55,779	
31 - 60 Days	1,053,505		197,790		46,573	
61 - 90 Days	838,939		33,005		12,588	
+ 90 Days	19,755,520		543,851		629,737	
Sub-total	26,061,329		1,087,066		744,677	
Less: Provision for bad debts	(10,395,173)		-		-	
<b>Total Trade Receivables from exchange transactions by Customer Classification (including rates)</b>	<b>15,666,157</b>		<b>1,087,066</b>		<b>744,677</b>	

<b>Summary of Trade Receivables from exchange transactions by Customer Classification (including rates)</b>	<b>Residential</b>		<b>Industrial/ Commercial</b>		<b>National and Provincial Government</b>	
	R	R	R	R	R	R
<b>30 June 2007</b>						
Current (0 – 30 days)	2,927,275		442,117		45,237	
31 - 60 Days	1,213,358		130,452		17,847	
61 - 90 Days	842,398		25,447		10,705	
+ 90 Days	27,071,932		300,052		769,280	
Sub-total	32,054,963		898,068		843,069	
Less: Provision for bad debts	(14,520,940)		-		-	
<b>Total Trade Receivables from exchange transactions by Customer Classification (including rates)</b>	<b>17,534,023</b>		<b>898,068</b>		<b>843,069</b>	

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

18 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	2008 R	2007 R
Other Debtors	970,041	698,070
Unpaid conditional grants and subsidies	-	89,682
	<u>970,041</u>	<u>787,752</u>
Unpaid conditional grants and subsidies transferred to Conditional Grants and Receipts - Note 9	-	(89,682)
	<u>970,041</u>	<u>698,070</u>
Rates transferred from Trade Receivables from exchange transactions - Note 17	-	4,631,714
Taxes - Rates	2,119,599	-
<b>Other Receivables from non-exchange transactions</b>	<b><u>3,089,639</u></b>	<b><u>5,329,783</u></b>
Provision for bad debts on Rates transferred from Trade Receivables from exchange transactions -		(1,989,368)
Less : Provision for bad debts	(647,156)	
<b>Total</b>	<b><u>2,442,484</u></b>	<b><u>3,340,415</u></b>
Other receivables accounts from non-exchange transactions accounts written off during the year:	<u>1,988,178</u>	-
<b>Rates: Ageing</b>		
Current (0 – 30 days)	696,578	868,651
31 - 60 Days	205,791	192,834
61 - 90 Days	81,155	168,804
+ 90 Days	1,136,075	3,401,425
<b>Total</b>	<b><u>2,119,599</u></b>	<b><u>4,631,714</u></b>
<b>Other Debtors: Ageing (Sundry Debtors)</b>		
Current (0 – 30 days)	762,248	81,250
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	207,792	616,820
<b>Total</b>	<b><u>970,040</u></b>	<b><u>698,070</u></b>

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

The fair value of other receivables from non-exchange transactions approximate their carrying value.

The provision for doubtful debts on other receivables from non-exchange transactions exists due to the possibility that not all debts will be recovered. Receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

19 PROPERTY RATES	2008 R	2007 R
<b>Actual</b>		
Residential, Commercial, State	14,545,473	13,555,442
Less: Rebates	(2,576,263)	(2,429,560)
<b>Total Assessment Rates</b>	<b><u>11,969,210</u></b>	<b><u>11,125,881</u></b>
<b>Valuations</b>	<b><u>July 2007</u></b>	<b><u>July 2006</u></b>
Land	340,405,626	334,342,926
Buildings	437,153,438	426,665,967
	<u>777,559,064</u>	<u>761,008,893</u>

Valuations on land and buildings are performed every three to five years. The last valuation came into effect on 1 July 2003. Interim valuations are processed on a yearly basis to take into account changes in individual property values due to alterations and subdivisions. A general rate of R0.02932 for Beaufort West, R0.02464 for Merweville, R 0.01947 for Nelspoort and R0.00589 for the Rural properties is applied to property valuations to determine assessment rates. Rebates as set out here below are granted to some residential and state property owners. Rates are levied on an annual basis with the final date of payment being 30 September 2007. Interest at 1% per annum is levied on outstanding rates. Rates are 14%.

Rebates on Income  
R 0 - R950 pm = 35 %  
R 951 - R1180 pm = 25 %  
R 1181 - R 1700 = 15 %

Rates are levied monthly and payable by the 12th of the following month. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

20 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable Share	11,162,283	9,433,967
MIG Grant	2,181,305	775,835
Contribution FMG	357,413	596,175
Contribution D W A F	378,562	285,604
Contribution DME	9,190,011	584,246
Contribution ESKOM	424,420	253,473
Contribution Nelspoort	-	629,634
Contribution MSIG	756,946	649,951
Contribution Project Preparation	11,134	33,402
Contribution PA W C ;	20,845,217	10,369,642
Government Grants	158,578	60,559
MSIG Project Cons.	-	26,533
Nasional Lottery	78,928	204,506
Contribution LED	19,243	-
Contribution DBSA	710,860	-
District Municipality	1,500	-
Donations and Public Contributions	1,145,359	-
Subsidies	48,000	-
Contribution CDW's	124,644	-
<b>Total Government Grant and Subsidies</b>	<b><u>47,594,401</u></b>	<b><u>23,903,527</u></b>

#### 20.1 Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive 6kl free water and 50kwh free electricity per month, which is funded from this grant. All registered indigents receive a monthly subsidy as per approved budget, funded from this grant. Indigent subsidies is based on the cost of free basic services for the geographical area concerned and range from R103 per month to R208 per month.(2007: R97 per month to R174 per month)  
(See Appendix "F" for a reconciliation of all grants).

21 SERVICE CHARGES	2008 R	2007 R
<b>Electricity</b>	19,533,556	20,290,923
Service charges	19,533,556	20,290,923
Less: Rebates	-	-
<b>Water</b>	8,513,920	8,520,107
Service charges	8,513,920	8,520,107
Less: Rebates	-	-
<b>Refuse removal</b>	3,113,366	2,790,446
Service charges	3,113,366	2,790,446
Less: Rebates	-	-
<b>Sewerage and Sanitation Charges</b>	7,120,179	6,489,549
Service charges	7,120,179	6,489,549
Less: Rebates	-	-
<b>Total Service Charges</b>	<b>38,281,020</b>	<b>38,091,024</b>

**Electricity**

Units bought/generated	55,648,507	0
Units sold	45,477,168	0
Units lost in distribution	10,171,339	0
Units lost in distribution (%)	18.278%	0.000%
Cost per unit bought/generated (cents)	R 0.198	R 0.000
Loss in Distribution (at cost)	R 2,009,942	R 0

**Water**

Units bought/generated	2,750,066	0
Units sold	1,827,239	0
Units lost in distribution	922,827	-
Units lost in distribution (%)	33.557%	0.000%
Cost per unit sold (cents)	R 0.109	R 0.000
Loss in Distribution (at selling price)	R 101,008	R 0

Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the notice

- Revenue (GAMAP 9) Initial measurement of fair value discounting all future receipts using an imputed rate of interest. [SIACA Circular 09/06 and paragraph 12]

22 OTHER INCOME	2008 R	2007 R
Other income	924,027	1,577,482
<b>Total Other Income</b>	<b>924,027</b>	<b>1,577,482</b>

Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the above-mentioned notice

- Revenue (GAMAP 9) Initial measurement of fair value discounting all future receipts using an imputed rate of interest. [SIACA Circular 09/06 and paragraph 12]

23 EMPLOYEE RELATED COSTS	2008 R	2007 R
Employee related costs - Salaries and Wages	25,990,185	24,118,677
Standby Allowances	708,857	925,931
Housing Subsidy	258,320	197,042
Bonus	1,733,420	1,619,887
Essential Users	501,514	612,436
Overtime	1,199,830	1,058,990
Long Service Awards	4,000	10,500
Salaries	20,625,523	18,525,615
Uniform Allowance	13,982	10,500
Leave	-	4,677
Leave Reserve Fund	508,684	744,676
Transport Allowance	436,054	408,423
Employee related costs - Social contributions	6,534,355	4,034,321
Group Insurance	26,367	22,502
Post Retirement Medical Plan	1,746,338	-
Long Service Bonuses	37,546	-
Medical Aid Contribution	1,206,976	1,048,518
Provident Fund SAMWU	247,228	236,090
Pension Fund Contribution	3,079,292	2,555,530
Unemployment Fund	190,607	171,681
Less: Employee Costs Capitalised	-	-
<b>Total Employee Related Costs</b>	<b>32,524,540</b>	<b>28,152,999</b>

Contributions over 3 years (2008, 2009, 2010) will be made by Beaufort West Municipality to the Post Employment Health Care Benefit plan, to recognise the full accrued liability. The contributions will be a expenditure under Statement of Financial Performance.

**KEY MANAGEMENT PERSONNEL**

Municipal Manger is appointed on a 6-year fixed contract and the Director Community Services on a 5-year fixed contrc. There are no post-employment or termination benefits payable to him at the end of the contract

		2008	2007
		R	R
<b>EMPLOYEE RELATED COSTS - Continued</b>			
<b>REMUNERATION OF KEY MANAGEMENT PERSONNEL</b>			
<i>Remuneration of the Municipal Manager</i>			
Annual Remuneration		449,590	494,325
Performance Bonuses		42,820	37,908
Car Allowance		120,743	77,598
Medical and pension funds		89,453	65,120
<b>Total</b>		<u>702,606</u>	<u>674,950</u>
<i>Remuneration of Chief Financial Officer</i>			
Annual Remuneration		285,062	285,561
Performance Bonuses		43,207	39,962
Car Allowance		106,677	108,000
Medical and pension funds		68,716	41,708
<b>Total</b>		<u>503,662</u>	<u>475,231</u>
<i>Remuneration of Individual Executive Directors</i>			
<b>30 June 2008</b>			
	<b>Engineering Services</b>	<b>Community Services</b>	<b>Electrical Services</b>
	R	R	R
Annual Remuneration	354,785	254,516	325,200
Performance Bonuses	45,712	32,640	58,536
Car Allowance	71,911	60,000	71,993
Medical and pension funds, group life & UIF	63,245	4,389	42,819
<b>Total</b>	<u>535,653</u>	<u>351,544</u>	<u>498,548</u>
<b>30 June 2007</b>			
	<b>Engineering Services</b>	<b>Community Services</b>	<b>Electrical Services</b>
	R	R	R
Annual Remuneration	346,765	230,591	298,008
Performance Bonuses	40,435	-	39,504
Car Allowance	70,784	55,000	71,971
Medical and pension funds, group life & UIF	62,555	22,885	54,019
<b>Total</b>	<u>520,539</u>	<u>308,476</u>	<u>463,502</u>
<b>24</b>	<b>REMUNERATION OF COUNCILLORS</b>		
Executive Mayor		237,856	306,995
Deputy Executive Mayor		258,131	207,097
Speaker		243,315	243,968
Mayoral Committee Members		213,250	199,003
Councillors		656,240	950,398
Councillors' pension contribution		125,793	109,819
Councillors' medical aid		23,747	45,900
Councillors' car allowance		501,845	604,469
Councillors' housing subsidy		-	25,497
Office Accommodation		-	4,680
Telephone Allowance		169,119	126,614
<b>Total Councillors' Remuneration</b>		<u>2,429,294</u>	<u>2,824,441</u>
<i>In-kind Benefits</i>			
The Executive Mayor, Deputy Executive Mayor, Speaker and one other councillor are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Executive Mayor has the use of a Council owned vehicle for official duties.			
<b>25</b>	<b>BAD DEBT PROVISION</b>		
<b>Reconciliation of Provision for Bad Debts</b>			
Contribution / (Reversal) to provision		4,648,823	1,650,000
<b>Balance at end of year</b>		<u>4,648,823</u>	<u>1,650,000</u>
Trade Receivables form exchange transactions - Note 17		9,748,017	12,531,572
Other Receivables form non-exchange transactions - Note 18		647,156	1,989,368
<b>Total Bad Debt Provision</b>		<u>10,395,173</u>	<u>14,520,940</u>
<b>26</b>	<b>INTEREST PAID</b>		
Long-term liabilities		1,123,376	1,185,386
Overdraft Facilities		415	23,188
Finance leases		185,985	-
<b>Total Interest on External Borrowings</b>		<u>1,309,776</u>	<u>1,208,574</u>
<b>27</b>	<b>BULK PURCHASES</b>		
Electricity		10,996,615	9,851,802
Water		172,917	526,845
<b>Total Bulk Purchases</b>		<u>11,169,532</u>	<u>10,378,648</u>
<b>28</b>	<b>GRANTS AND SUBSIDIES PAID</b>		
Equitable share		3,935,314	3,936,885
Donations		24,700	9,250
<b>Total Grants and Subsidies</b>		<u>3,960,014</u>	<u>3,946,135</u>
<b>29</b>	<b>GENERAL EXPENSES</b>		
General Expenses		<u>7,347,377</u>	<u>9,115,496</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 and auditing fees.			
<b>30</b>	<b>SURPLUS OF ASSOCIATE</b>		
The municipality has got no shares in associates		-	-

31	CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3 - IMPLEMENTATION OF GAMAP/GRAP	2008 R	2007 R
	The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP: -		
<b>31.1</b>	<b>Property, plant and equipment - GAMAP 17</b>		
	Balance previously reported	-	158,023,531
	Implementation of GAMAP		
	Property, Plant and Equipment previously not recognised credited to Accumulated Surplus - Note Total	-	1,465,349
		<u>-</u>	<u>159,488,880</u>
<b>31.2</b>	<b>Accumulated Depreciation - GAMAP 17</b>		
	Balance previously reported	-	64,771,235
	Implementation of GAMAP		
	Backlog depreciation: Infrastructure	-	-1,956,349
	Backlog depreciation: Community	-	-201,232
	Backlog depreciation: Heritage	-	-5,511
	Backlog depreciation: Housing	-	-352,253
	Backlog depreciation: Other	-	107,759
	Transfer to Accumulated Surplus/deficit - See Note below	-	-2,407,585
		<u>-</u>	<u>-2,407,585</u>
<b>31.3</b>	<b>Accumulated Surplus/(Deficit)</b>		
	Implementation of GAMAP		
	Property, Plant and Equipment previously not recognised credited to Accumulated Surplus - Note	-	1,465,349
	Backlog depreciation - Note 31.2	-	2,407,585
	Total	-	3,872,934
		<u>-</u>	<u>3,872,934</u>
<b>32</b>	<b>CORRECTION OF ERROR IN TERMS OF GRAP 3</b>		
<b>32.1</b>	<b>Trade Receivables from exchange transaction - GRAP 1</b>		
	Balance previously reported	-	19,275,160
	Rates transferred to Other Receivables from non-exchange transactions - Note 32.2	-	(4,631,714)
	General Debtors debited with accumulated surplus to correct previous incorrect disclosure - Note 32.16 & 32.4	-	49,557
	Provision for bad debts on Rates transferred to Other Receivables from non-exchange transactions -	-	1,989,368
	Total	-	16,682,371
		<u>-</u>	<u>16,682,371</u>
<b>32.2</b>	<b>Other Receivables from non-exchange transactions - GRAP 1</b>		
	Balance previously reported	-	787,752
	Rates transferred from Trade Receivables from exchange transactions - Note 32.1	-	4,631,714
	Note 32.1	-	(1,989,368)
	Unpaid Conditional Grants and Receipts transferred to Conditional Grants and Receipts - Note 32.3	-	(89,681)
	Total	-	3,340,416
		<u>-</u>	<u>3,340,416</u>
<b>32.3</b>	<b>Conditional Grants and Receipts</b>		
	Balance previously reported	-	(15,090,751)
	Unpaid Conditional Grants and Receipts transferred from Other Receivables from non-exchange transactions - Note 32.2	-	89,681
	Total	-	(15,001,070)
		<u>-</u>	<u>(15,001,070)</u>
<b>32.4</b>	<b>Accumulated Surplus</b>		
	Balance previously reported	-	(15,818,632)
	Adjustment in Accumulated Depreciation account debited to Accumulated Surplus (no threshold) - Note 32.8	-	1,499,151
	Adjustment in Property, Plant & Equipment account credited to Accumulated Surplus (No threshold) - Note 32.5	-	(2,550,210)
	Leased assets not previously disclosed transferred to PPE - Note 32.5	-	(1,117,800)
	Adjustment in Government Grant Reserve account credited to Accumulated Surplus (No threshold in 2007) - Note 32.12	-	181,423
	VAT & Trade Debtors debited with accumulated surplus to correct previous incorrect disclosure - Note & 32.6	-	169,603
	Pre paid income overstated and VAT output calculated from 2001 debited with accumulated surplus to correct previous incorrect disclosure - Note &	-	2,356,489
	Adjustment in Capitalisation Reserve account credited to Accumulated Surplus (No threshold in 2007) - Note 32.13	-	6,491
	Leased liability not previously disclosed transferred to Long-term Liabilities - Note 32.1	-	896,710
	Accumulated Depreciation previously not recorded on cost of Investment Properties transferred from Surplus - Note 32.11	-	156,305
	Leased accumulated depreciation not previously disclosed transferred to PPE - Note 32.8	-	244,894
	Total	-	(13,975,578)
		<u>-</u>	<u>(13,975,578)</u>
<b>32.5</b>	<b>Property, Plant &amp; Equipment</b>		
	Balance previously reported	-	171,044,763
	Correction on Assets funded out of Long-term Liabilities (VAT was included) - Note 32.1	-	(7,000)
	Property, Plant and Equipment transferred to Intangible Assets - Note 32.6	-	-136,634
	Adjustment credited to Accumulated Surplus due to no threshold - Note 32.4	-	2,550,210
	Property, Plant and Equipment transferred to Investment Properties - Note 32.7	-	(1,869,615)
	Leased assets not previously disclosed transferred from Accumulated Surplus - Note 32.4	-	1,117,800
	Total	-	172,699,524
		<u>-</u>	<u>172,699,524</u>
<b>32.6</b>	<b>Intangible Assets</b>		
	Balance previously reported	-	-
	Intangible Assets transferred from Property, Plant & Equipment - Note 32.5	-	136,634
	Total	-	136,634
		<u>-</u>	<u>136,634</u>
<b>32.7</b>	<b>Investment Properties</b>		
	Balance previously reported	-	-
	Investment Properties transferred from Property, Plant & Equipment - Note 32.5	-	1,869,615
	Total	-	1,869,615
		<u>-</u>	<u>1,869,615</u>
<b>32.8</b>	<b>Accumulated Depreciation</b>		
	Balance previously reported	-	(69,605,767)
	Accumulated Depreciation of PPE transferred to Accumulated Amortisation for Intangible assets - Note 32.9	-	129,803
	Leased accumulated depreciation not previously disclosed transferred from Accumulated Surplus - Note 32.4	-	(244,894)
	Adjustment debited to Accumulated Surplus due to no threshold - Note 32.4	-	(1,499,151)
	Total	-	(71,220,010)
		<u>-</u>	<u>(71,220,010)</u>
<b>32.9</b>	<b>Intangible Assets - Accumulated Amortisation</b>		
	Balance previously reported	-	-
	Accumulated Depreciation of PPE transferred to Accumulated Amortisation for Intangible assets - Note 32.8	-	(129,803)
	Total	-	(129,803)
		<u>-</u>	<u>(129,803)</u>
<b>32.10</b>	<b>Long-term Liabilities</b>		
	Balance previously reported	-	(9,231,646)
	Correction on Assets funded out of Long-term Liabilities (VAT was included) - Note 32.5	-	7,000
	Leased liability not previously disclosed transferred from Accumulated Surplus - Note 32.4	-	(896,710)
	Total	-	(10,121,356)
		<u>-</u>	<u>(10,121,356)</u>

**CORRECTION OF ERROR IN TERMS OF GRAP 3 - Continued**

	2008 R	2007 R
<b>32.11 Investment Properties - Accumulated Depreciation</b>		
<b>Balance previously reported</b>	-	-
Accumulated Depreciation previously not recorded on cost of Investment Properties transferred from Surplus - Note 32.4	-	(156,305)
<b>Total</b>	-	(156,305)
<b>32.12 Government Grant Reserve</b>		
<b>Balance previously reported</b>	-	84,966,598
Adjustment credited to Accumulated Surplus due to no threshold in 2007 - Note 32.4	-	181,423
<b>Total</b>	-	85,148,021
<b>32.13 Capitalisation Reserve</b>		
<b>Balance previously reported</b>	-	2,579,568
Adjustment credited to Accumulated Surplus due to no threshold in 2007 - Note 32.4	-	6,491
<b>Total</b>	-	2,586,059
<b>32.14 Unspent Conditional Grants &amp; Receipts</b>		
<b>Balance previously reported</b>	-	15,101,385
Trade Payables transferred to Unspent Conditional Grants & Receipts (Incorrectly disclosed previous year 2007) - Note 32.15	-	73,516
<b>Total</b>	-	15,174,902
<b>32.15 Trade Payables</b>		
<b>Balance previously reported</b>	-	3,367,663
Trade Payables transferred to Unspent Conditional Grants & Receipts (Incorrectly disclosed previous year 2007) - Note 32.14	-	(73,516)
<b>Total</b>	-	3,294,146
<b>32.16 VAT</b>		
<b>Balance previously reported</b>	-	495,182
VAT credited with accumulated surplus to correct previous incorrect disclosure - Note 32.1 & 32.4	-	(219,160)
VAT credited with accumulated surplus to correct previous incorrect disclosure - Note &	-	(3,107,483)
<b>Total</b>	-	(2,831,460)
<b>33 CASH GENERATED BY OPERATIONS</b>		
Surplus for the year	6,934,551	13,847,535
Adjustment for:-		
Depreciation	8,946,604	7,595,885
Amortisation of Intangible Assets	-	-
Loss/(Gain) on disposal of property, plant and equipment	(1,007,098)	(2,008,305)
Investment income	(1,295,203)	(448,427)
Interest paid	1,309,776	1,208,574
<b>Operating surplus before working capital changes:</b>	<b>14,888,630</b>	<b>20,195,263</b>
(Increase)/decrease in inventories	(99,757)	(460,496)
(Increase)/decrease in trade receivables from exchange transactions	607,358	(4,949,715)
(Increase)/decrease in other receivables from non-exchange transactions	897,931	1,621,706
(Decrease)/increase in unspent conditional grants and receipts	(6,779,209)	4,332,621
Decrease/(increase) in unpaid conditional grants and receipts	89,681	-
(Decrease)/Increase in trade payables	3,322,295	(2,568,599)
Increase/(decrease) in provisions	2,294,667	21,239
Decrease/(Increase) in taxes	(117,224)	405,159
<b>Cash generated by/(utilised in) operations</b>	<b>15,104,373</b>	<b>18,597,179</b>
<b>34 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following :		
Call Investments Deposits	12,991,238	20,080,681
Cash Floats	10,350	9,950
Primary Bank Account (Overdraft cashbook balance)	1,941,777	(3,137,375)
<b>Total cash and cash equivalents</b>	<b>14,943,365</b>	<b>16,953,256</b>
<b>35 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
Long-term liabilities - Note 4	10,431,159	10,121,356
Used to finance property, plant and equipment – at cost	10,431,159	10,121,356
Sub- total	-	-
Cash set aside for the repayment of long-term liabilities	-	-
<b>Cash invested for repayment of long-term liabilities</b>	<b>-</b>	<b>-</b>

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. The Annuity Loans carry interest of between 9.75 % and 16.20 % and will be repaid by 2020

**Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the above-mentioned notice**

• Financial Instruments: Recognition and Measurement (AC133) Initially measuring financial assets and liabilities at fair value. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]

• Financial Instruments: Disclosure (AC144) Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998.

36	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED	2008 R	2007 R
	There were no fruitless- or wasteful expenditure during the year.		
<b>36.1</b>	<b>Unauthorised expenditure</b>		
	Reconciliation of unauthorised expenditure		
	Opening balance	-	-
	Unauthorised expenditure current year	22,687,402	-
	Approved by Council or condoned	-22,687,402	-
	Transfer to receivables for recovery	-	-
	Unauthorised expenditure awaiting authorisation	-	-
		<u>-</u>	<u>-</u>
	<b>Incident</b>	<b>Disciplinary steps/criminal proceedings</b>	
	<i>None</i>	<i>None</i>	
<b>36.2</b>	<b>Fruitless and wasteful expenditure</b>		
	Reconciliation of fruitless and wasteful expenditure		
	Opening balance	-	-
	Fruitless and wasteful expenditure current year	-	-
	Condoned or written off by Council	-	-
	To be recovered – contingent asset	-	-
	Fruitless and wasteful expenditure awaiting condonement	-	-
		<u>-</u>	<u>-</u>
	<b>Incident</b>	<b>Disciplinary steps/criminal proceedings</b>	
	<i>None</i>	<i>None</i>	
<b>36.3</b>	<b>Irregular expenditure</b>		
	Reconciliation of irregular expenditure		
	Opening balance	-	-
	Fruitless and wasteful expenditure current year	-	-
	Condoned or written off by Council	-	-
	Transfer to receivables for recovery – not condoned	-	-
	Irregular expenditure awaiting condonement	-	-
		<u>-</u>	<u>-</u>
	<b>Incident</b>	<b>Disciplinary steps/criminal proceedings</b>	
	<i>None</i>	<i>None</i>	
<b>37</b>	<b>ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>37.1</b>	<b>Contributions to organized local government - [MFMA 125 (1)(b)]</b>		
	Opening balance	-	-
	Council subscriptions	-	106,239
	Amount paid - current year	-	(106,239)
	Amount paid - previous years	-	-
	<b>Balance unpaid (included in trade payables)</b>	<u>-</u>	<u>-</u>
<b>37.2</b>	<b>Audit fees - [MFMA 125 (1)(b)]</b>		
	Opening balance	-	-
	Current year audit fee	550,974	475,263
	Amount paid - current year	(448,340)	(475,263)
	Amount paid - previous years	-	-
	<b>Balance unpaid (included in trade payables)</b>	<u>102,634</u>	<u>-</u>
<b>37.3</b>	<b>VAT - [MFMA 125 (1)(b)]</b>		
	Vat inputs receivables and Vat outputs payables are shown in Note 10	<u>-2,714,236</u>	<u>-2,831,460</u>
	All VAT returns have been submitted by the due date throughout the year.		
<b>37.4</b>	<b>PAYE, SDL and UIF - [MFMA 125 (1)(b)]</b>		
	Opening balance	1,160	3,467
	Current year payroll deductions and Council Contributions	3,331,453	3,018,617
	Amount paid - current year	(3,331,453)	(3,018,617)
	Amount paid - previous years	(1,160)	(2,307)
	<b>Balance unpaid (included in trade payables)</b>	<u>-</u>	<u>1,160</u>
<b>37.5</b>	<b>Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</b>		
	Opening balance	3,061	3,356
	Current year payroll deductions and Council Contributions	6,384,341	5,448,683
	Amount paid - current year	(6,384,341)	(5,448,683)
	Amount paid - previous years	(3,061)	(295)
	<b>Balance unpaid (included in trade payables)</b>	<u>-</u>	<u>3,061</u>

37 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT - Continued

2008 R 2007 R

37.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

The following Councillors had arrear accounts outstanding for more than 90 days as at: -

30 June 2008

Councillor Prince  
 Councillor Njadu  
**Total Councillor Arrear Consumer Accounts**

Total	Outstanding less than 90 days	Outstanding more than 90 days
24,898	-	24,898
1,028	1,028	-
<b>25,926</b>	<b>1,028</b>	<b>24,898</b>

30 June 2007

Councillor Damen  
 Councillor Njadu  
**Total Councillor Arrear Consumer Accounts**

Total	Outstanding less than 90 days	Outstanding more than 90 days
5,120	13	5,107
12,532	726	11,806
<b>17,652</b>	<b>739</b>	<b>16,913</b>

During the year the following Councillors' had arrear accounts outstanding for more than 90 days

30 June 2008

Councillor Prince  
 Councillor Njadu

Highest Amount Outstanding	Ageing
25,898	days 150
6,842	days 150

30 June 2007

Councillor Damen  
 Councillor Toto  
 Councillor Motsokane  
 Councillor Njadu

5,754	150 days
5,756	150 days
11,054	150 days
14,772	150 days

37.7 Award quotation - Section 45 - Supply Chain Management

Refer to Supply Chain Management Implementation Report for the year ended 30 June 2008. Appendix I

37.8 Withdrawals from municipal bank accounts - Section 11(4) of the MFMA

The quarterly report for the quarter January 2008 to March 2008 as required by section 11(4) of the MFMA was not submitted within 30 days after the end of that quarter. The report was submitted on 27 May 2008.

37.9 Section 52(d) of the MFMA - Report on the implementation of the budget

The report for the third quarter (ending 31 March 2008) was not submitted within 30 days of the end of the quarter. The report was submitted on 27 May 2008.

37.10 Section 54(1) - Budgetary control and early identification of financial problems

The report for the third quarter (ending 31 March 2008) was not submitted within 30 days of the end of the quarter. The report was submitted on 27 May 2008.

37.11 Annual Report - Section 121 of the MFMA

The annual report was submitted to Council within 7 months after the end of the 2006/07 financial year as required by section 127(2) of the MFMA. However, the annual report and oversight report was only adopted on 22 April 2008 and not within 9 months as stipulated in section 121.

37.12 Non Compliance to Section 64(3) of the MFMA

Payments due by an Organ of State which exceeded 30 days or more have not been reported to National Treasury.

38 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

- Approved and contracted for

Land and Buildings

Infrastructure

Community

Heritage

Other

Leased Assets

18,124,633	12,075,571
120,040	
14,514,203	9,879,300
602,428	1,590,980
	3,950
1,784,462	601,341
1,103,500	

- Approved but not yet contracted for

Infrastructure

Community

Other

4,672,753	4,816,591
3,087,955	3,979,839
947,855	836,752
636,943	-

**Total**

<b>22,797,386</b>	<b>16,892,162</b>
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This expenditure will be financed from:

- External Loans  
 - Capital Replacement Reserve  
 - Government Grants  
 - Own resources  
 - District Council Grants

713,609	274,648
2,134,095	267,550
17,197,475	16,349,963
1,103,500	-
1,648,707	-
<b>22,797,386</b>	<b>16,892,162</b>

**Financial Risk Management**

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising Currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

**(a) Foreign exchange currency risk**

The municipality does not engage in foreign currency transactions.

**(b) Interest rate Risk**

The Municipality is mainly exposed to interest rate risk due to the movements in long-term and short term interest rates. This risk is managed on an ongoing basis.

**(c) Credit Risk**

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors.

For banks and financial institutions, only independently rated parties with a minimum rating of B+ are accepted. Grants are receivable from higher order levels of government. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. This increases the credit risk in respect of consumer debtors. The risk of non-payment is managed on an ongoing basis and where practical, services are terminated and procedures applied to recover outstanding amounts owing and an appropriate level of impairment provision for default is maintained.

**(d) Liquidity Risk**

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market

The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. The Council monitors the cash projections and by ensuring that borrowing facilities are available to meet its cash requirements.

**(d) Other risks**

Potential concentrations of credit risk and interest rate risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the CFO and authorised by the Municipal Council.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt.

In the case of debtors whose accounts become in arrears, it is endeavoured 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

Long-term Receivables and Other Debtors are individually evaluated annually at balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

**40 EVENTS AFTER THE REPORTING DATE**

The municipality has no events after reporting date during the financial year ended 2007/2008.

**41 IN-KIND DONATIONS AND ASSISTANCE**

The Municipality did not receive any in-kind donations and assistance during the financial year ended

**42 PRIVATE PUBLIC PARTNERSHIPS**

Council has not entered into any private public partnerships during the financial year 2007/2008.

**43 COMPARISON WITH THE BUDGET**

The comparison of the municipality's actual financial performance with the budget, is set out in Annexures "E (1) and E (2)".

**44 CONTINGENT LIABILITY**

An investigation is envisaged to be undertaken in respect of a claim amounting to R 1 071 000 received from a company that has been appointed by Council to supply, install and maintain the red robot phase and speed violation systems. The outcome of the investigation will confirm whether any amounts is in fact due to the company and it is anticipated that the investigation will be completed before the end of September 2008. There is no possibility of claiming this amount from a third party resulting in reimbursement.

The following guarantees also qualify as contingent liabilities:

Name	Register no	Guarantee issued to	Amount R
Maria Aletta van Niekerk	139	Allied Bank	Not indicated
Daniel Ngondo	141	Allied Bank	9,800
M. Gerber (Vlok)	148	Volkskas Bank	16,000
Frank J. Pieters	159	SA Perm	65,000
Malcolm Edwards Lawrence	213	ABSA Bank	14,000
Barend Frans Knecht	214	FNB	10,000
Amos Collin Makendiana	215	ABSA Bank	15,000
<b>Total</b>			<b>129,800</b>

**45 Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2)(b) of the notice**

- Financial Instruments: Recognition and Measurement (AC133) Initially measuring financial assets and liabilities at fair value. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]
- Financial Instruments: Disclosure (AC144) Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998.
- Segment Reporting (AC115) Entire Standard
- Operating Segments (AC146) Entire Standard
- Construction Contracts (AC109) Entire Standard
- Business Combinations (AC140) Entire Standard
  
- Accounting for Government Grants and Disclosure of Government Assistance (AC134) Entire standard excluding paragraphs 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9.

**46 Related Party Transactions**

**Hydroponics - the following council members are directors of the company:**

Juliet Jonas  
 Pieter Long  
 Maria Matunzi

An amount of R 15 000 that was invested by the municipality for and on behalf of the Hydroponics was paid out to the Hydroponics during the year.

**Central Karoo Leather Products - the following council member is one of the company directors:**

Maria Matunzi

The municipality has entered purchased a leather magazine for the amount of R 350.00 from the Central Karoo Leather.

**47 Contingent Assets**

Description:

Nedbank/ Farad Engineering - Installation of a low control system.	R 59,218
Standard Bank/Conlog - Supply and installation of water meters	R 22,502
Transformer and Associated Control Equipment - Supply and installation of 8MVA Transformer and 2 tape brokers.	R 722,577
<b>Total</b>	<b><u>R 804,297</u></b>

**48 Process to comply fully with the implementation of General Recognised Accounting Practices (GRAP).**

The municipality adopted a phased-in approach in order to comply fully with the implementation of GRAP. The municipality is classified by the National Treasury as a medium capacity municipality and must comply with GRAP by 30 June 2009. The municipality, however, took advantage of transitional provisions and implement GRAP at an earlier date in order to ensure more reliant financial reporting. The implementation plan for full compliance with the requirements of GRAP is listed in Appendix "G".

12 PROPERTY, PLANT AND EQUIPMENT

30 June 2008

Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Community	Heritage	Other	Housing Develop.	Leased infrastru	Investment Properties	Total
	Buildings	structure				Fund	re		
	R	R	R		R		R	R	R
<b>Carrying values at 1 July 2007</b>	-	60,690,134	29,552,229	605,421	3,333,220	6,425,604	872,906	-	101,479,515
Cost	-	101,782,603	35,571,255	698,308	12,043,918	12,906,554	1,117,800	-	#####
Residual Value	-	5,356,979	1,872,171	36,753	633,890	679,292	-	-	8,579,086
Accumulated depreciation	-	-46,449,447	-7,891,197	-129,641	-9,344,588	-7,160,242	-244,894	-	-71,220,010
- Cost	-	-46,449,447	-7,891,197	-129,641	-9,344,588	-7,160,242	-244,894	-	-71,220,010
Acquisitions	114,038	13,795,424	572,307	-	1,693,264	-	1,103,500	-	17,278,533
Residual Value	6,002	726,075	30,121	-	89,119	-	-	-	851,318
Capital under Construction	-	-	-	-	-	-	-	-	-
Depreciation	-471	-5,058,495	-1,560,454	-23,341	-1,178,127	-431,397	-634,953	-	-8,887,238
- based on cost	-471	-5,058,495	-1,560,454	-23,341	-1,178,127	-431,397	-634,953	-	-8,887,238
Carrying value of disposals	-	-	-	-	-58,322	-	-	-	-58,322
Cost/revaluation	-	-	-	-	-635,359	-	-	-	-635,359
Residual Value	-	-	-	-	-33,440	-	-	-	-33,440
Accumulated depreciation	-	-	-	-	610,478	-	-	-	610,478
Transfer of Cost	-	-	-	-	-	-	-	-	-
Transfer of Accumulated Depreciation	-	-	-	-	-	-	-	-	-
	119,569	70,153,139	28,594,204	582,080	3,879,154	5,994,207	1,341,453	-	110,663,806
<b>Carrying values at 30 June 2008</b>	119,569	70,153,139	28,594,204	582,080	3,879,154	5,994,207	1,341,453	-	110,663,806
Cost	114,038	115,578,027	36,143,562	698,308	13,101,822	12,906,554	2,221,300	-	#####
Residual Value	6,002	6,083,054	1,902,293	36,753	689,570	679,292	-	-	9,396,964
Accumulated depreciation	-471	-51,507,942	-9,451,651	-152,981	-9,912,238	-7,591,639	-879,847	-	-79,496,770
- Cost	-471	-51,507,942	-9,451,651	-152,981	-9,912,238	-7,591,639	-879,847	-	-79,496,770

BEAUFORT WEST MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

12 PROPERTY, PLANT AND EQUIPMENT (continued)

30 June 2007

Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Community	Heritage	Other	Housing Develop.	Leased infrastru	Investment Properties	Total
	Buildings	structure				Fund	re		
	R	R	R		R		R	R	R
<b>Carrying values at 1 July 2006</b>	-	<b>55,405,448</b>	<b>29,556,872</b>	<b>624,623</b>	<b>3,895,003</b>	<b>6,861,344</b>	-	<b>1,869,615</b>	<b>98,212,906</b>
Cost	-	92,136,334	33,883,634	691,219	8,736,009	12,899,025	-	1,776,134	#####
Residual Value	-	4,849,281	1,783,349	36,380	459,790	678,896	-	93,481	7,901,177
Small Asset Listings transferred Cost	-	342,486	249,546	-	793,912	7,027	-	-	1,392,971
Small Asset Listings transferred Residual	-	18,026	13,134	-	41,785	370	-	-	73,314
Small Asset Listings transferred out of Asset Register	-	-	-	-	-890	-	-	-	-890
Small Asset Listings transferred out of Asset Register	-	-	-	-	-47	-	-	-	-47
Small Asset Listings transferred back to Asset Register on 30 June 2007- Cost	-	153,048	132,678	3,337	1,912,631	7,529	-	-	2,209,223
Small Asset Listings transferred back to Asset Register on 30 June 2007- Residual	-	8,055	6,983	176	100,665	396	-	-	116,275
Accumulated depreciation	-	-42,101,781	-6,512,452	-106,489	-8,148,852	-6,731,899	-	-	-63,601,472
- Cost	-	-43,947,274	-6,645,724	-110,219	-6,985,460	-7,082,558	-	-	-64,771,235
Small Asset Listings transferred R5000-R10000	-	-253,700	-137,952	-	-481,970	-1,974	-	-	-875,596
Correction with Residual Value	-	2,210,049	339,184	5,511	373,372	354,227	-	-	3,282,342
Small Asset Listings transferred out of Asset Register	-	-	-	-	839	-	-	-	839
Small Asset Listings transferred back to Asset Register on 30 June 2007- Accumulated Depreciation	-	-110,856	-67,960	-1,781	-1,055,632	-1,593	-	-	-1,237,822
Acquisitions	-	9,385,335	1,511,431	3,753	571,274	-	-	-	11,471,792
Residual Value of Acquisition	-	493,965	79,549	198	30,067	-	-	-	603,779
Small Asset Listings transferred back to Asset Register on 30 June 2007- Cost	-	-	-	-	213,476	-	-	-	213,476
Small Asset Listings transferred back to Asset Register on 30 June 2007- Residual	-	-	-	-	11,236	-	-	-	11,236
Capital under Construction	-	-	-	-	-	-	-	-	-
Depreciation	-	-4,538,272	-1,499,708	-23,152	-1,365,630	-430,453	-	-	-7,857,215
- based on cost	-	-4,531,407	-1,494,784	-23,041	-1,116,452	-430,202	-	-	-7,595,885
Small Asset Listings transferred back to Asset Register on 30 June 2007- Depreciation	-	-6,865	-4,924	-111	-249,178	-251	-	-	-261,330
Carrying value of disposals	-	-56,342	-95,915	-	-8,375	-5,287	-	-	-165,918
Cost/reevaluation	-	-234,600	-206,034	-	-46,042	-7,027	-	-	-493,703
Residual Value	-	-12,347	-10,844	-	-2,423	-370	-	-	-25,984
Accumulated depreciation	-	190,606	120,963	-	40,090	2,109	-	-	353,769
Correction of error - Cost - Note 32.5	-	-	-	-	-143,634	-	1,117,800	-1,869,615	-895,449
Correction of error - Accumulated Depreciation - Note 32.8	-	-	-	-	129,803	-	-244,894	-	-115,092
	-	<b>60,690,134</b>	<b>29,552,229</b>	<b>605,421</b>	<b>3,333,220</b>	<b>6,425,604</b>	<b>872,906</b>	-	<b>101,479,515</b>
<b>Carrying values at 30 June 2007</b>	-	<b>60,690,134</b>	<b>29,552,229</b>	<b>605,421</b>	<b>3,333,220</b>	<b>6,425,604</b>	<b>872,906</b>	-	<b>101,479,515</b>
Cost	-	101,782,603	35,571,255	698,308	12,043,918	12,906,554	1,117,800	-	#####
Revaluation	-	5,356,979	1,872,171	36,753	633,890	679,292	-	-	8,579,086
Accumulated depreciation	-	-46,449,447	-7,891,197	-129,641	-9,344,588	-7,160,242	-244,894	-	-71,220,010
- Cost	-	-46,449,447	-7,891,197	-129,641	-9,344,588	-7,160,242	-244,894	-	-71,220,010

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the above-mentioned notice.

- Property, Plant and Equipment (GAMAP 17) Review of useful life of item of PPE recognised in the annual financial statements. [Paragraphs 59-61 and 77]
- Property, Plant and Equipment (GAMAP 17) Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 77]
- Property, Plant and Equipment (GAMAP 17) Impairment of non-cash generating assets. [Paragraphs 64-69 and 75(e)(v) – (vi)]
- Property, Plant and Equipment (GAMAP 17) Impairment of cash generating assets. [Paragraphs 63 and 75(e)(v) – (vi)]
- Impairments of Assets (AC 128) Entire Standard
- Investment Property (AC 135) Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised investment property in terms of this standard. [Paragraphs 79(e)(i) – (iii)]
- Intangible Assets (AC 129) The entire standards except for the recognition, measurement and disclosure of the computer software and website costs (AC 432) and all other costs were expensed.
- Non-current Assets Held for Sale and Discontinued Operations (AC142) Classification, measurement and disclosure of non-current assets held for sale. [paragraphs 6-14, 15-29 (in so far as it relates to non-current assets held for sale), 38-42]

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2009. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records.

**APPENDIX A  
BEAUFORT WEST MUNICIPALITY  
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008**

EXTERNAL LOANS	Rate	Loan Number	Redeemable or term	Balance at 2007/06/30	Received during the period	Redeemed written off during the period	Balance at 2008/06/30	Cost Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
				R	R	R	R	R	R
<b>LONG-TERM LOANS</b>									
Total long-term loans				0	0	0	0	0	0
<b>ANNUITY LOAN</b>									
- Sewerage Extension 14 - AA 10/12/4	11.25%	11289/101	30	12,303		4,519	7,784		
- Sewerage Purification Works - AA10/12/16	16.24%	11291/101	20	349,311		67,753	281,558		
- Sewerage Network Merweville - SKDM Project no. 10950	15.00%		10	101,471		47,025	54,446		
DBSA SANLAM Building - General RB 21.10.03 It 5.44	10.46%	101257/1	15	1,470,758		60,917	1,409,841		
DBSA - Electrification Housing Scheme - AA10/12/4	12.00%	9055	15	4,527,334		492,857	4,034,478		
DBSA - Load Control System - RB 12.5.98 It 2	15.00%	10619	15	2,188,426		77,280	2,111,146		
ABSA - Mercedes Benz Refuse Truck - CZ 4118	14.50%	67801453	5	313,904		88,501	225,403		
ABSA - Colt LWB - CZ 5307	14.50%	66631368	3	55,307		18,430	36,876		
ABSA - Trailer CZ 2854	14.50%	71832908	3	36,801		10,045	26,756		
ABSA - Multi-Functional Office Machines	14.50%	73129104	3	47,167		15,207	31,959		
ABSA - Tractor CZ 2482	14.50%	71831421	3	121,865		33,264	88,601		
ABSA - Tractor CZ 10625	14.50%	75588777	3		133,456	12,613	120,843		
ABSA - Tata Truck CZ 16014	14.50%	77186994	3		172,553		172,553		
ABSA - Cherry Picker CZ 15919	14.50%	76879287	3		203,800		203,800		
ABSA - Cherry Picker CZ 15919	14.50%	76879163	3		203,800		203,800		
Total annuity loans				9,224,646	713,609	928,412	9,009,843	0	0
<b>LEASE LIABILITY</b>									
CZ 4132 - Isuzu	12.01%	Recreation Sites	31/03/2010	94,640	-	30,878	63,762	101,800	0
CZ 4669 - Isuzu	12.01%	Reticulation - High Voltage	31/03/2010	94,640	-	30,878	63,762	101,800	0
CZ 4849 - Isuzu	12.01%	Streets	31/03/2010	94,640	-	30,878	63,762	101,800	0
CZ 5929 - Isuzu	12.01%	Reticulation - High Voltage	31/03/2010	94,640	-	30,878	63,762	101,800	0
CZ 5938 - Isuzu	12.01%	Water Distribution	31/03/2010	94,640	-	30,878	63,762	101,800	0
CZ 5941 - Isuzu	12.01%	Water Distribution	31/03/2010	94,640	-	30,878	63,762	101,800	0
CZ 5946 - Isuzu	12.01%	Water Purification	31/03/2010	94,640	-	30,878	63,762	101,800	0
CZ 5947 - Opel Corsa	12.04%	Building Control	31/03/2010	64,614	-	21,076	43,538	69,500	0
CZ 5984 - Nissan	12.04%	Finance	31/03/2010	70,657	-	23,046	47,612	76,000	0
Digital Copier Konica Minolta	12.04%	Electricity	31/08/2009	21,506	-	9,235	12,271	28,400	0
Gestetner 1502	11.99%	Engineering	31/08/2008	6,450	-	5,473	977	22,300	0
Gestetner DSM 415	12.06%	Mimosa Library	30/11/2010	15,059	-	3,788	11,271	20,200	0
Nashua AF 1060	11.96%	Corporate Services	31/08/2008	55,945	-	41,116	14,829	171,000	0
CZ 10589 - Opel Corsa	12.15%	Refuse Removal	31/08/2010	-	68,500	16,609	51,891	68,500	0
CZ 10586 - Isuzu	12.23%	Refuse Removal	31/08/2010	-	100,000	24,222	75,778	100,000	0
CZ 10587 - Isuzu	12.23%	Traffic	31/08/2010	-	100,000	24,222	75,778	100,000	0
CZ 10585 - Isuzu	12.23%	Streets	31/08/2010	-	100,000	24,222	75,778	100,000	0
CZ 10629 - Nissan	11.98%	Traffic	31/08/2010	-	116,000	28,181	87,819	116,000	0
CZ 10627 - Nissan	11.98%	Traffic	31/08/2010	-	116,000	28,181	87,819	116,000	0
CZ 10628 - Nissan	11.98%	Traffic	31/08/2010	-	116,000	28,181	87,819	116,000	0
CZ 10626 - Nissan	11.98%	Traffic	31/08/2010	-	116,000	28,181	87,819	116,000	0
CZ 10724 - Opel Corsa	12.14%	Water Purification	31/10/2010	-	102,000	19,585	82,415	102,000	0
CZ 10725 - Isuzu	12.40%	Housing Office	31/10/2010	-	69,000	13,207	55,793	69,000	0
CZ 10588 - Isuzu	12.23%	Housing Office	31/08/2010	-	100,000	24,222	75,778	100,000	0
Total Lease Liabilities				896,710	1,103,500	578,894	1,421,316	2,203,500	0
<b>TOTAL EXTERNAL LOANS</b>				<b>10,121,356</b>	<b>1,817,109</b>	<b>1,507,306</b>	<b>10,431,159</b>	<b>2,203,500</b>	<b>0</b>

APPENDIX B  
BEAUFORT WEST MUNICIPALITY  
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	Cost/Revaluation							Accumulated Depreciation				Carrying Value
	Opening Balance		Additions		Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals income	Closing Balance	
<b>Land and Buildings</b>												
Land	-	-	-	-	-	-	0	-	-	-	0	0
Buildings	-	-	114,038	6,002	-	-	120,040	-	471	-	471	119,569
	<b>0</b>	<b>0</b>	<b>114,038</b>	<b>6,002</b>	<b>0</b>	<b>0</b>	<b>120,040</b>	<b>0</b>	<b>471</b>	<b>0</b>	<b>471</b>	<b>119,569</b>
<b>Infrastructure</b>												
Transformer	787,745	41,460	1,096,566	57,714	-	-	1,983,485	100,734	26,330	-	127,064	1,856,421
Electricity reticulation	26,182,091	1,378,005	2,458,102	129,374	-	-	30,147,572	15,967,553	854,629	-	16,822,182	13,325,390
Main roads	26,121	1,375	-	-	-	-	27,496	26,121	-	-	26,121	1,375
Other roads	26,219,371	1,379,967	3,547,098	186,689	-	-	31,333,125	10,221,189	1,911,900	-	12,133,088	19,200,037
Traffic lights	11,215	590	-	-	-	-	11,805	10,660	555	-	11,215	590
Street lighting	5,845,858	297,150	356,662	18,772	-	-	6,318,442	1,117,985	226,453	-	1,344,438	4,974,004
Main bridges	45,532	2,396	-	-	-	-	47,929	25,818	1,522	-	27,340	20,588
Storm water drainage	7,550,788	397,410	876,930	46,154	-	-	8,871,281	2,269,387	358,635	-	2,628,021	6,243,260
Bridges and subways.	-	-	-	-	-	-	0	-	-	-	0	0
Parking facilities	900,314	47,385	-	-	-	-	947,699	320,696	45,133	-	365,829	581,870
Bus terminal	46,146	2,429	-	-	-	-	48,575	4,310	2,314	-	6,624	41,951
Water meters	2,141,885	112,731	429,328	22,596	-	-	2,706,540	247,830	143,184	-	391,014	2,315,526
Main water supply	522,813	27,516	-	-	-	-	550,330	26,373	26,212	-	52,585	497,745
Water reticulation	12,048,713	634,143	1,910,181	100,536	-	-	14,693,573	6,831,985	587,910	-	7,419,894	7,273,679
Reservoirs & tanks.	2,150,524	113,185	-	-	-	-	2,263,709	901,876	107,821	-	1,009,697	1,254,012
Sewerage system	9,473,027	498,580	2,725,546	143,450	-	-	12,840,603	5,095,087	330,984	-	5,426,071	7,414,533
Sewerage works	3,366,467	177,182	-	-	-	-	3,543,650	1,686,471	168,785	-	1,855,256	1,688,394
Purification works	1,829,306	96,279	17,685	931	-	-	1,944,201	1,119,460	12,396	-	1,211,856	732,344
Foot paths	2,520,574	132,662	-	-	-	-	2,653,236	254,926	126,374	-	381,300	2,271,935
Paving	-	-	-	-	-	-	0	-	-	-	0	0
Landing strip	-	-	-	-	-	-	0	-	-	-	0	0
Airport & radio beacons	-	-	-	-	-	-	0	-	-	-	0	0
Fencing	271,641	14,297	347,318	18,280	-	-	651,536	189,720	43,451	-	233,172	418,365
Security system	19,941	1,050	30,009	1,579	-	-	52,578	18,867	2,780	-	21,647	30,931
Spot lights	22,530	1,186	-	-	-	-	23,716	12,398	1,130	-	13,528	10,189
	<b>101,782,603</b>	<b>5,356,979</b>	<b>13,795,424</b>	<b>726,075</b>	<b>0</b>	<b>0</b>	<b>121,661,081</b>	<b>46,449,447</b>	<b>5,058,495</b>	<b>0</b>	<b>51,507,942</b>	<b>70,153,139</b>
<b>Community Assets</b>												
Netball fields	27,128	1,428	-	-	-	-	28,556	21,053	1,360	-	22,414	6,142
Tennis courts	293,020	15,422	-	-	-	-	308,442	217,171	14,691	-	231,862	76,580
Swimming pools	736,305	38,753	-	-	-	-	775,058	591,067	36,916	-	627,983	147,075
Golf fields	103,968	5,472	-	-	-	-	109,440	65,940	5,213	-	71,153	38,287
Yoke-skey fields	171,110	9,006	-	-	-	-	180,115	66,449	8,579	-	75,028	105,088
Sport fields	22,103,110	1,163,322	160,880	8,467	-	-	23,435,780	4,539,140	1,109,992	-	5,649,132	17,786,648
Buildings	77,773	4,093	-	-	-	-	81,867	979	1,451	-	2,430	79,437
Plots	307,228	16,170	-	-	-	-	323,398	-	-	-	0	323,398
Ambulance and Fire Station	98,625	5,191	-	-	-	-	103,816	26,318	3,297	-	29,615	74,201
Cemeteries	391,919	20,627	-	-	-	-	412,546	47,029	13,100	-	60,129	352,417
Theatre and community centres	5,024,038	264,423	411,427	21,654	-	-	5,721,542	524,582	167,934	-	692,516	5,029,026
Clinics and hospitals	374,647	19,718	-	-	-	-	394,365	150,156	12,522	-	162,678	231,686
Parks and public conveniences	1,542,430	81,181	-	-	-	-	1,623,610	196,269	51,555	-	247,824	1,375,786
Recreation sites and logical gardens	37,398	1,968	-	-	-	-	39,367	14,970	1,250	-	16,220	23,147
Structure plans	315,600	16,611	-	-	-	-	332,210	315,600	-	-	315,600	16,611
Abattoirs	719	38	-	-	-	-	757	408	24	-	432	325
Caravan parks	54,315	2,859	-	-	-	-	57,173	31,603	1,815	-	33,419	23,755
Hostels & tourism	226,909	11,943	-	-	-	-	238,852	83,242	7,584	-	90,826	148,026
Office buildings	2,864,308	150,753	-	-	-	-	3,015,061	893,127	95,739	-	988,865	2,026,196
Markets	195,830	10,307	-	-	-	-	206,137	13,408	6,546	-	19,953	186,184
Libraries	624,875	32,888	-	-	-	-	657,764	92,687	20,886	-	113,573	544,191
	<b>35,571,255</b>	<b>1,872,171</b>	<b>572,307</b>	<b>30,121</b>	<b>0</b>	<b>0</b>	<b>38,045,855</b>	<b>7,891,197</b>	<b>1,560,454</b>	<b>0</b>	<b>9,451,651</b>	<b>28,594,204</b>
<b>Heritage Assets</b>												
Historical Buildings	0	0	0	0	0	0	0	0	0	0	0	0
Museums / Art Galleries	698,308	36,753	0	0	0	0	735,062	129,641	23,341	0	152,981	582,080
	<b>698,308</b>	<b>36,753</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>735,062</b>	<b>129,641</b>	<b>23,341</b>	<b>0</b>	<b>152,981</b>	<b>582,080</b>
<b>Total carried forward</b>	<b>138,052,166</b>	<b>7,265,903</b>	<b>14,481,770</b>	<b>762,198</b>	<b>0</b>	<b>0</b>	<b>160,562,037</b>	<b>54,470,285</b>	<b>6,642,760</b>	<b>0</b>	<b>61,113,045</b>	<b>99,448,992</b>

\* Includes correction of error referred to in Note 30.

APPENDIX B  
BEAUFORT WEST MUNICIPALITY  
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	Cost							Accumulated Depreciation				Carrying Value	
	Opening Balance		Additions		Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance		
<b>Total brought forward</b>	138,052,166	7,265,903	14,481,770	762,198	0	0	0	160,562,037	54,470,285	6,642,760	0	61,113,045	99,448,992
<b>Housing Rental Stock</b>													
Housing Rentals	0	0	0	0	0	0	0	0	0	0	0	-	-
Housing Schemes	12,906,554	679,292	0	0	0	0	0	13,585,846	7,160,242	431,397	0	7,591,639	5,994,207
	<b>12,906,554</b>	<b>679,292</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,585,846</b>	<b>7,160,242</b>	<b>431,397</b>	<b>0</b>	<b>7,591,639</b>	<b>5,994,207</b>
<b>Leased Assets</b>													
Office Equipment (Lease)	259,700	-	-	-	-	-	-	259,700	174,366	52,310	-	226,675	33,025
Vehicles (Lease)	858,100	-	1,103,500	-	-	-	-	1,961,600	70,529	582,643	-	653,172	1,308,428
	<b>1,117,800</b>	<b>0</b>	<b>1,103,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,221,300</b>	<b>244,894</b>	<b>634,953</b>	<b>0</b>	<b>879,847</b>	<b>1,341,453</b>
<b>Other Assets</b>													
Computer hardware	2,021,783	106,410	355,219	18,696	-	221,941	11,681	2,268,484	1,454,751	247,786	211,684	1,490,853	777,631
Computer software	-	-	-	-	-	-	-	0	-	-	-	-	-
Office machines	101,170	5,325	102,688	5,405	-	5,863	309	208,415	54,112	38,033	5,858	86,287	122,127
Air conditioners	139,858	7,361	14,732	775	-	-	-	162,726	58,257	40,364	-	98,621	64,105
Chairs	217,152	11,429	25,180	1,325	-	12,457	656	241,973	114,391	29,186	9,263	134,314	107,659
Tables and desks	264,756	13,935	64,728	3,407	-	17,182	904	328,739	122,220	39,301	12,542	148,980	179,759
Cabinets and closets	208,680	10,983	100,801	5,305	-	17,128	901	307,741	132,771	30,466	12,711	150,525	157,216
Sundry	4,874,554	256,555	-	-	-	119,157	6,271	5,005,681	4,137,984	406,425	118,072	4,426,336	579,345
Household trash cans	11,016	580	-	-	-	-	-	11,596	11,016	-	-	11,016	580
Entrance control	162	9	-	-	-	-	-	171	162	-	-	162	9
Fire hoses	12,535	660	-	-	-	-	-	13,195	12,535	-	-	12,535	660
Fire department	8,337	439	-	-	-	-	-	8,776	8,337	-	-	8,337	439
Motor vehicles	457,200	24,063	113,581	5,978	-	100,670	5,298	494,854	417,468	52,510	100,670	369,308	125,546
Trucks	2,310,328	121,596	163,925	8,628	-	124,854	6,571	2,473,051	1,977,585	123,221	124,854	1,975,952	497,099
Road scraper	30,217	1,590	-	-	-	-	-	31,807	30,217	-	-	30,217	1,590
Tractor	466,203	24,537	526,458	27,708	-	1,181	62	1,043,663	250,362	35,267	1,181	284,447	759,215
Lawn mower	47,763	2,514	84,462	4,445	-	79	4	139,101	44,525	28,927	79	73,373	65,728
Compressor	20,236	1,065	-	-	-	-	-	21,301	17,458	712	-	18,169	3,132
Radio Equipment	137,742	7,250	29,383	1,546	-	5,931	312	169,678	124,650	9,103	5,931	127,823	41,856
Telecommunication equipment	28,405	1,495	8,916	469	-	-	-	39,285	28,405	1,212	-	29,616	9,668
General	483,175	25,430	-	-	-	8,917	469	499,220	273,336	79,064	7,632	344,768	154,452
Machine Equipment	202,648	10,666	103,192	5,431	-	-	-	321,936	74,046	16,551	-	90,597	231,339
	<b>12,043,918</b>	<b>633,890</b>	<b>1,693,264</b>	<b>89,119</b>	<b>0</b>	<b>635,359</b>	<b>33,440</b>	<b>13,791,392</b>	<b>9,344,588</b>	<b>1,178,127</b>	<b>610,478</b>	<b>9,912,238</b>	<b>3,879,154</b>
<b>Total</b>	<b>164,120,438</b>	<b>8,579,086</b>	<b>17,278,533</b>	<b>851,318</b>	<b>-</b>	<b>635,359</b>	<b>33,440</b>	<b>190,160,576</b>	<b>71,220,010</b>	<b>8,887,238</b>	<b>610,478</b>	<b>79,496,770</b>	<b>110,663,806</b>

**APPENDIX C**  
**BEAUFORT WEST MUNICIPALITY**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2008**

	Cost								Accumulated Depreciation				Carrying Value
	Opening Balance	Residual Value Opening Bal	Additions	Residual Value Additions	Under Construction	Disposals	Residual Value Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Executive & Council	1,320,095	60,479	44,311	2,332	-	12,604	663	1,413,949	880,179	168,722	12,172	1,036,729	377,220
Finance & Admin	24,117,821	1,265,359	797,198	41,958	-	130,820	6,885	26,084,630	13,079,929	721,730	119,956	13,681,703	12,402,927
Planning & Development	614,829	27,528	40,896	2,152	-	68,067	3,582	613,757	380,496	86,242	67,524	399,213	214,543
Health	100,267	5,277	-	-	-	100,267	5,277	-	75,946	13,677	89,623	-	-
Community & Social Services	1,482,806	76,042	325,753	17,145	-	82,546	4,345	1,814,855	839,469	110,227	82,059	867,637	947,218
Housing	7,965,914	419,259	184,703	826	-	43,189	2,273	8,525,239	5,853,388	314,469	43,189	6,124,668	2,400,571
Public Safety	526,415	27,706	618,290	2,857	-	74,628	3,928	1,096,713	440,805	214,109	74,214	580,701	516,012
Sport & Recreation	16,877,131	882,912	453,749	23,882	-	1,473	78	18,236,123	5,313,494	1,077,567	1,473	6,389,587	11,846,535
Environmental Protection	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	14,915,894	785,047	3,258,933	162,654	-	-	-	19,122,528	8,221,912	719,746	-	8,941,658	10,180,870
Road Transport	43,971,958	2,308,956	4,550,195	234,221	-	4,492	236	51,060,602	14,133,311	2,858,735	4,492	16,987,554	34,073,048
Water	18,403,695	952,542	2,492,642	125,823	-	87,497	4,605	21,882,601	10,867,164	973,351	86,306	11,754,210	10,128,391
Electricity	33,739,579	1,763,557	4,446,205	234,011	-	28,302	1,490	40,153,559	11,085,420	1,601,875	27,996	12,659,299	27,494,261
Other	84,033	4,423	65,658	3,456	-	1,473	78	156,019	48,496	26,787	1,473	73,810	82,209
<b>TOTAL</b>	<b>164,120,438</b>	<b>8,579,086</b>	<b>17,278,533</b>	<b>851,318</b>	<b>-</b>	<b>635,359</b>	<b>33,440</b>	<b>190,160,576</b>	<b>71,220,010</b>	<b>8,887,238</b>	<b>610,478</b>	<b>79,496,770</b>	<b>110,663,806</b>

**APPENDIX D**  
**BEAUFORT WEST MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008**

2007 Actual Income R	2007 Actual Expenditure R	2007 Surplus/ (Deficit) R		2008 Actual Income R	2008 Actual Expenditure R	2008 Surplus/ (Deficit) R
14,486,196	13,316,688	1,169,508	Executive & Council	16,191,721	15,789,821	401,900
12,936,424	8,776,703	4,159,722	Finance & Admin	13,580,492	8,010,676	5,569,816
608,335	2,336,986	(1,728,651)	Planning & Development	310,589	2,380,320	(2,069,731)
13,491	557,290	(543,798)	Health	-	-	-
215,908	1,389,447	(1,173,539)	Community & Social Services	377,915	2,599,743	(2,221,828)
2,831,174	1,915,986	915,188	Housing	13,323,776	14,647,602	(1,323,826)
7,706,639	2,491,885	5,214,754	Public Safety	15,137,383	9,881,837	5,255,545
973,137	3,935,417	(2,962,281)	Sport & Recreation	277,908	4,650,489	(4,372,582)
-	-	-	Environmental Protection	-	-	-
9,343,324	6,161,116	3,182,207	Waste Management	13,137,078	7,245,887	5,891,191
5,401,742	7,082,945	(1,681,203)	Road Transport	5,335,599	9,964,139	(4,628,540)
11,400,705	7,223,558	4,177,147	Water	10,562,183	9,490,378	1,071,805
21,386,520	19,271,827	2,114,692	Electricity	30,646,046	30,379,843	266,203
84,425	907,410	(822,986)	Other	151,563	1,182,706	(1,031,143)
<b>87,388,021</b>	<b>75,367,259</b>	<b>12,020,762</b>	Sub Total	<b>119,032,252</b>	<b>116,223,440</b>	<b>2,808,812</b>
-	(1,826,773)	1,826,773	Less Inter-Dep Charges	-	(4,125,739)	4,125,739
<b>87,388,021</b>	<b>73,540,486</b>	<b>13,847,535</b>	<b>Total</b>	<b>119,032,252</b>	<b>112,097,701</b>	<b>6,934,551</b>
		-	Add: Share of Associate			-
		<b>13,847,535</b>				<b>6,934,551</b>

**APPENDIX E(1)**  
**BEAUFORT WEST MUNICIPALITY**  
**ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008**

<b>REVENUE</b>	<b>2008 Actual (R)</b>	<b>2008 Budget (R)</b>	<b>2008 Variance (R)</b>	<b>2008 Variance (%)</b>	<b>Explanation of Significant Variances greater than 10% versus Budget</b>
Property rates	11,969,210	11,957,170	12,040	0.10%	
Property rates - penalties imposed and collection charges	1,478,625	1,500,000	(21,375)	-1.42%	
Service charges	38,281,020	41,455,887	(3,174,867)	-7.66%	
Rental of facilities and equipment	635,535	553,124	82,411	14.90%	Increased rental : Sanlam and Municipal buildings
Interest earned - external investments	1,295,203	405,471	889,732	219.43%	More funds available for external investments
Interest earned - outstanding debtors	-	-	-	0.00%	
Fines	14,879,396	13,029,834	1,849,562	14.19%	Commission on fines (See Public Safety)
Licences and permits	531,861	524,288	7,573	1.44%	
Income for agency services	435,873	440,000	(4,127)	-0.94%	
Government grants and subsidies	47,594,401	43,494,934	4,099,467	9.43%	
Other income	924,027	381,739	542,288	142.06%	Fines Pre-Paid Elec Meters, Learner Licence, Royalties
Gain on the disposal of assets	1,007,098	2,393	1,004,705	41985.19%	Sale of Land
<b>Total Revenue</b>	<b>119,032,252</b>	<b>113,744,840</b>	<b>5,287,412</b>	<b>4.65%</b>	
<b>EXPENDITURE</b>					
Executive & Council	15,789,821	13,794,793	1,995,027	14.46%	
Finance & Admin	8,010,676	7,795,783	214,892	2.76%	
Planning & Development	2,380,320	2,738,130	(357,810)	-13.07%	Saving on salaries: Admin.Engineering and Building Control
Health	-	-	-	0.00%	
Community & Social Services	2,599,743	2,523,668	76,075	3.01%	
Housing	14,647,602	10,400,355	4,247,246	40.84%	Increase in Top Structure of Housing Scheme
Public Safety	9,881,837	9,855,876	25,962	0.26%	Commission on fines (See fines)
Sport & Recreation	4,650,489	4,766,955	(116,466)	-2.44%	
Environmental Protection	-	-	-	0.00%	
Waste Management	7,245,887	6,849,996	395,891	5.78%	
Road Transport	9,964,139	10,156,327	(192,188)	-1.89%	
Water	9,490,378	8,394,541	1,095,836	13.05%	
Electricity	30,379,843	24,162,777	6,217,065	25.73%	Bulk purchases, Bad debt and Leave Reserve Funds
Other	1,182,706	1,059,295	123,411	11.65%	Government Grant
Less : Interdepartmental Charges	(4,125,739)	(1,876,811)	(2,248,928)	119.83%	Transfer of service charges to inter departmental charges
<b>Total Expenditure</b>	<b>112,097,701</b>	<b>100,621,687</b>	<b>11,476,013</b>	<b>11.41%</b>	
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>6,934,551</b>	<b>13,123,153</b>	<b>(6,188,601)</b>	<b>-47.16%</b>	

**APPENDIX E(2)**  
**BEAUFORT WEST MUNICIPALITY**  
**ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2008**  
**Acquisition of Property, Plant and Equipment & Intangible assets**

	<b>2008 Actual</b>	<b>2008 Under Construction</b>	<b>2008 Total Additions</b>	<b>2008 Budget</b>	<b>2008 Variance</b>	<b>2008 Variance</b>	<b>Explanation of Significant Variances greater than 5% versus Budget</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>%</b>	
Executive & Council	46,643	-	46,643	68,300	(21,657)	-31.71%	Saving on Aircons and furniture
Finance & Admin	839,156	-	839,156	728,500	110,656	15.19%	New Paypoint Hillside
Planning & Development	43,049	-	43,049	15,000	28,049	186.99%	Expantion of Strongroom and PA System
Health	-	-	-	-	-	0.00%	
Community & Social Services	342,898	-	342,898	249,910	92,988	37.21%	Vechile CDW's
Housing	185,529	-	185,529	12,648,500	(12,462,971)	-98.53%	Housing Project
Public Safety	621,148	-	621,148	166,500	454,648	273.06%	Leases agreements
Sport & Recreation	477,630	-	477,630	356,950	120,680	33.81%	Rustdene Sportgrounds
Environmental Protection	-	-	-	-	-	0.00%	
Waste Management	3,421,587	-	3,421,587	1,146,800	2,274,787	198.36%	Infrastructure Housing Project
Road Transport	4,784,416	-	4,784,416	3,780,797	1,003,619	26.55%	Infrastructure Housing and Leases Agreements
Water	2,618,465	-	2,618,465	2,136,615	481,850	22.55%	Infrastructure and Leases agreement
Electricity	4,680,216	-	4,680,216	951,500	3,728,716	391.88%	Electrification Housing Project
Other	69,114	-	69,114	92,000	(22,886)	-24.88%	Steamcleaner over budgeted
<b>Total</b>	<b>18,129,851</b>	<b>-</b>	<b>18,129,851</b>	<b>22,341,372</b>	<b>(4,211,521)</b>	<b>-18.85%</b>	

**APPENDIX F**  
**BEAUFORT WEST MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance at	Contributions	Interest on	Other	Operating	Capital	Transfers	Balance at
	30 June 2007	during year	Investments	Income	expenditure	expenditure		30 June 2008
	R	R	R	R	Transferred to Revenue R	Transferred to Revenue R	R	R
<b>NATIONAL</b>								
Nelspoort Electricity Project	4,119	0	379	0	0	0	0	4,497
Upgrading Houses Electricity DME	1,959	0	0	0	0	1,959	0	0
Elec Rustd/Hillside II DME	140,630	2,220,000	64,334	0	0	2,424,964	0	2,024
Elec Klawervlei	3,105,805	659,476	97,867	0	3,472,822	0	0	390,327
MSIP Grant	2,670	0	193	0	0	839	0	2,024
Land Rezoning Airport	18,540	0	896	0	10,197	0	0	9,149
MSIG Project Consolidate	146,553	0	16,761	0	6,783	6,763	0	149,769
Finance Management Restruc.	254,960	250,000	38,561	0	357,413	0	0	286,262
Transformation	25,262	0	1,816	0	0	0	0	27,079
MSIG 2006/2007	425,038	0	31,869	0	234,898	19,016	0	202,992
Investigation Aquefers	189,736	0	10,673	0	0	200,408	0	-
WSDP	31,387	0	0	0	31,387	0	0	-
Skills Training	4,758	57,530	5,789	0	49,763	0	0	18,314
Water Master Plan	57,341	0	5,696	0	0	0	0	63,038
Meter, oudit management & maintenance strategy	56,376	0	4,643	0	0	0	0	61,019
Electrification KOUP	4,364,030	0	254,221	0	3,919,222	0	0	695,028
MSIG 2007/08	0	734,000	41,749	0	292,301	197,185	0	286,262
Fencing Pig Stables	0	119,623	1,272	0	86,982	0	0	33,912
Water Asset Register Survey	0	273,600	1,257	0	97,004	0	0	177,853
Water & Sanitation Survey	0	15,000	727	0	0	0	0	15,727
<b>PROVINCIAL</b>								
Amor Green Ablution Facility	41,361	0	2,876	0	0	31,870	0	12,367
Bypass Economic Viability	87,310	0	0	0	87,310	0	0	0
CDW's	0	180,000	11,673	0	0	119,559	0	72,114
Central Business Area	74,953	0	4,644	0	16,887	0	0	62,710
Central Business District	105,024	0	6,479	0	0	0	0	111,503
Consumer Housing Education Program	0	150,000	3,586	0	75,591	8,735	0	69,259
Environment Management Plan	27,080	0	0	0	27,080	0	27,080	-
Hillside Housing ASLA	220,553	17,451,215	117,210	0	12,853,447	3,946,407	34,139	989,124
Human Rights, Youth & Gender	75,494	0	4,559	0	13,206	0	0	66,848
Hydroponics	27,244	0	2,057	0	15,000	0	0	14,301
Management Support Programme	119,558	0	14,732	0	0	0	0	134,290
Mini Market	3,919	0	537	0	0	0	0	4,456
Nelspoort Library	1,172	0	0	0	1,172	0	1,172	-
Nelspoort Project Base Subsidy	20,355	0	2,158	0	4,135	0	0	18,378
Project Provincial Funds	31,712	0	2,066	0	11,134	0	0	22,644
Project Preparation Grant Planning	0	277,080	15,663	0	0	0	0	292,743
Public Transport Infrastructure	3,495,840	0	170,627	0	0	3,060,489	0	605,979
Refuse Recycling Project	93,430	274,813	8,490	0	301,234	0	0	75,499
Spatial Development Framework	96,892	0	8,575	0	0	0	0	105,467
Rezoning Scheme Regulations	9,344	0	634	0	0	0	0	9,977
Sanitation Master Plan	7,066	0	479	0	0	0	0	7,545
Springfontein Dam Management Plan	41,998	0	2,847	0	0	0	0	44,845
Tourisme Potential Nelspoort	52,512	0	3,213	0	0	0	0	55,725
Tourisme Tokens	26,944	0	1,827	0	0	0	0	28,771
Upgrading electricity network Nelspoort	424,845	81,892	38,465	0	122,651	0	0	422,551
Public Library Services	0	150,872	4,557	0	150,129	0	0	5,301
Upgrading Nelspoort Civil Services	133,479	207,293	12,280	0	8,224	308,108	0	36,719
Water Masterplan	8,907	0	604	0	0	0	0	9,511
Multi Purpose Centre	0	140,000	6,054	0	69,707	0	0	76,347
Soup Kitchens	0	261,000	7,297	0	30,000	0	0	238,297
<b>MIG</b>								
Rustdene upgrading electricity network	15,138	0	168	0	0	13,279	0	2,027
Lejiesbos electricity line (22KV Auto recloses)	13,037	0	329	0	4,445	8,921	0	-
Nelspoort Park	405	0	0	0	405	0	405	-
Investigation Aquefers	0	50,000	0	0	0	15,316	0	34,684
Development Aquefers	0	621,442	5,937	0	0	614,316	0	13,062
Hillside Highmass Lights	61,541	750,000	47,189	0	0	271,933	0	586,797
Grass Planting Nelspoort	844	0	0	0	844	0	844	-
Upgrading Sterlitzia Avenue	1,076	0	0	0	1,076	0	1,076	-
Sturmwater N1	0	366,657	2,376	0	0	238,543	0	130,489
Electricity Masterplan	0	63,000	85	0	55,263	0	0	7,822
Public Transport Infrastructure	0	163,708	0	0	0	0	0	163,708
Water Filter System	0	76,980	0	0	0	76,980	0	-
<b>LED</b>								
Arts & Crafts	332,667	0	35,987	0	82,086	8,661	0	277,907
Lether Craft Project	25,349	0	0	0	25,349	0	0	-
Tourisme Development	1,964	0	0	0	1,964	0	0	-
<b>ESKOM</b>								
Electricity Layton Primary School	4,659	0	373	0	5,031	0	0	(0)
Multi Purpose Centre	74,327	646,527	32,134	0	0	424,420	0	328,568
<b>LOTTERY</b>								
Upgrading Rustdene Sport Grounds	356,062	0	37,578	0	0	78,928	0	314,712
<b>CKDM</b>								
Asset Register	9,593	0	0	0	9,593	0	0	-
Computer Centre Plaza	5,665	0	0	0	5,665	0	4,165	-
Website	5,451	0	681	0	0	0	0	6,132
CDW's	126,820	0	0	0	95,310	29,334	0	2,176
Website	73,516	0	4,781	0	16,349	11,260	0	50,689
<b>Unspent conditional grants and receipts - End of year</b>	<b>15,164,267</b>	<b>26,241,706</b>	<b>1,200,418</b>	<b>-</b>	<b>22,649,058</b>	<b>12,118,194</b>	<b>68,880</b>	<b>7,839,140</b>
<b>PRIVAAT</b>								
ASLA Toekomsrus	10,634	0	0	0	10,634	0	0	-
Mng Sup Pre-Paid Water meters ASLA	0	38,076	0	0	0	0	0	38,076
Electricity Installation Beaufort West Mall	0	1,144,194	1,165	0	0	1,145,359	0	-
Credit Control - DBSA	0	494,773	0	0	494,773	0	0	-
Electrification KOUP	0	70,000	88	0	0	0	0	70,088
Electrification Rustdene/Hillside 2	0	469,432	0	0	0	21,044	0	448,388
<b>Unspent conditional Public Contributions - End of year</b>	<b>10,634</b>	<b>2,216,476</b>	<b>1,253</b>	<b>-</b>	<b>505,407</b>	<b>1,166,403</b>	<b>-</b>	<b>556,553</b>
<b>UNPAID</b>								
ASLA Toekomsrus	-89,682	89,682	0	0	0	0	0	-
<b>Unpaid conditional grants and receipts - End of year</b>	<b>(89,682)</b>	<b>89,682</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Unspent conditional grants and receipts - beginning of year</b>	<b>15,164,267</b>	<b>26,241,706</b>	<b>1,200,418</b>	<b>-</b>	<b>22,649,058</b>	<b>12,118,194</b>	<b>68,880</b>	<b>7,839,140</b>
<b>Unspent conditional Public Contributions - beginning of year</b>	<b>10,634</b>	<b>2,216,476</b>	<b>1,253</b>	<b>-</b>	<b>505,407</b>	<b>1,166,403</b>	<b>-</b>	<b>556,553</b>
<b>Unpaid conditional grants and receipts - beginning of year</b>	<b>(89,682)</b>	<b>89,682</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>15,264,584</b>	<b>28,368,500</b>	<b>1,201,671</b>	<b>-</b>	<b>23,154,465</b>	<b>13,284,597</b>	<b>68,880</b>	<b>8,395,693</b>

Assets received during the year from Government :

CKDM 684,541  
CKDM 202,212  
886,753

**APPENDIX G: GRAP IMPLEMENTATION PLAN FOR BEAUFORT WEST MUNICIPALITY**

**APPENDIX H**

**AUDIT REPORT OF BEAUFORT WEST MUNICIPALITY FOR THE  
YEAR ENDED 30 JUNE 2008**

**APPENDIX I: SUPPLY CHAIN MANAGEMENT POLICY IMPLEMENTATION REPORT 2007/08**



**F3 - OPERATING INCOME & EXPENDITURE BY FUNCTIONAL CLASSIFICATION (Summary Report)**  
**Budget 2007/2008**

	DETAIL	Executive and Council	Finance & Admin	Planning & Development	Health	Community & Social Services	Housing	Public Safety	Sport & Recreation	Environmental Health	Waste Management	Road Transport	Water	Electricity	Other	Total
		-1-	-2-	-3-	-4-	-5-	-6-	-7-	-8-	-9-	-10-	-11-	-12-	-13-	-14-	
<b>1</b>	<b>INCOME</b>															
2	PROPERTY RATES	0	14,161,500	0	0	0	0	0	0	0	0	0	0	0	0	14,161,500
3	PLUS PENALTIES IMPOSED	1,500,000	0	0	0	0	0	0	0	0	0	0	0	0	0	1,500,000
4	USER CHARGES FOR SERVICES	0	0	0	0	150,000	66,962	0	0	0	10,327,632	0	8,781,666	22,129,627	0	41,455,887
5	REGIONAL SERVICE LEVIES - Turnover	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	REGIONAL SERVICE LEVIES - Remuneration	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	RENT OF FACILITIES AND EQUIPMENT	0	362,735	0	0	37,120	0	10,617	67,056	0	526	32,000	0	16,468	26,602	553,124
8	INTEREST EARNED - EXTERNAL INVESTMENTS	355,000	0	0	0	0	50,471	0	0	0	0	0	0	0	0	405,471
9	INTEREST EARNED - OUTSTANDING DEBTORS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	DIVIDENDS RECEIVED - EXTERNAL ENTITIES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	FINES	0	0	0	0	7,834	0	13,000,000	0	0	0	0	0	22,000	0	13,029,834
12	LICENSES & PERMITS	0	0	0	0	138	0	334,450	0	0	0	189,700	0	0	0	524,288
13	INCOME FOR AGENCY SERVICES	0	0	0	0	0	0	0	0	0	440,000	0	0	0	0	440,000
14	OPERATING GRANTS & SUBSIDIES (agrees to line 18 of F4.1)	12,480,257	750,000	366,653	0	151,000	21,930,000	0	0	0	0	3,794,810	1,802,214	2,220,000	0	43,494,934
15	OTHER INCOME	67,812	5,253	136,973	0	14,132	0	29,193	70,467	0	0	0	30,017	27,260	632	381,739
	PROPERTY, PLANT AND EQUIPMENT ADJUSTMENTS															0
	CHANGES IN FAIR VALUE															0
15.5	SURPLUS ON SALE OF ASSETS (GAMAP to add)	1,500	0	0	0	0	0	0	0	0	0	0	893	0	0	2,393
17	<b>OPERATING INCOME GENERATED</b>	<b>14,404,569</b>	<b>15,279,488</b>	<b>503,626</b>	<b>0</b>	<b>360,224</b>	<b>22,047,433</b>	<b>13,374,260</b>	<b>137,523</b>	<b>0</b>	<b>10,328,158</b>	<b>4,456,510</b>	<b>10,614,790</b>	<b>24,415,355</b>	<b>27,234</b>	<b>115,949,170</b>
18	LESS INCOME FOREGONE (agrees to line 81 on F8)	0	-2,204,330	0	0	0	0	0	0	0	0	0	0	0	0	-2,204,330
19	<b>DIRECT OPERATING INCOME</b>	<b>14,404,569</b>	<b>13,075,158</b>	<b>503,626</b>	<b>0</b>	<b>360,224</b>	<b>22,047,433</b>	<b>13,374,260</b>	<b>137,523</b>	<b>0</b>	<b>10,328,158</b>	<b>4,456,510</b>	<b>10,614,790</b>	<b>24,415,355</b>	<b>27,234</b>	<b>113,744,840</b>
20	INTERNAL TRANSFERS - (the items below must net out with the c	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	INTEREST RECEIVED - INTERNAL LOANS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22	REDEMPTION RECEIVED - INTERNAL LOANS (GAMAP to	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23	INTERNAL RECOVERIES (Activity Based Costing etc)	71,676	1,082,351	474,409	0	59,702	0	25,233	0	0	0	0	0	123,440	40,000	1,876,811
24	DIVIDENDS RECEIVED - INTERNAL (from Municipal Ent	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25	<b>TOTAL OPERATING INCOME</b>	<b>14,476,245</b>	<b>14,157,509</b>	<b>978,035</b>	<b>0</b>	<b>419,926</b>	<b>22,047,433</b>	<b>13,399,493</b>	<b>137,523</b>	<b>0</b>	<b>10,328,158</b>	<b>4,456,510</b>	<b>10,614,790</b>	<b>24,538,795</b>	<b>67,234</b>	<b>115,621,651</b>
26	<b>EXPENDITURE</b>															
27	EMPLOYEE RELATED COSTS - WAGES & SALARIES	-2,961,116	-4,348,332	-1,456,146	0	-1,704,175	-495,209	-1,801,025	#####	0	-3,418,351	-2,755,575	#####	-2,812,201	-669,322	-26,682,217
28	EMPLOYEE RELATED COSTS - SOCIAL CONTRIBUTIONS	-960,218	-807,458	-244,008	0	-257,918	-95,201	-270,733	-270,729	0	-544,871	-512,344	-294,337	-405,311	-108,500	-4,771,628
29	LESS EMPLOYEE COSTS CAPITALISED	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30	LESS EMPLOYEE COSTS ALLOCATED TO OTHER OPE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31	REMUNERATION OF COUNCILLORS	-1,746,557	0	0	0	0	0	0	0	0	0	0	0	0	0	-1,746,557
32	WORKING CAPITAL RESERVE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
33	COLLECTION COSTS	0	0	0	0	0	0	0	0	0	0	0	#####	-1,189,557	0	-2,379,114
34	DEPRECIATION (GAMAP to add)	-136,933	-721,070	-60,217	0	-93,250	-305,789	-65,745	#####	0	-693,298	-2,801,373	-875,577	-1,566,719	-32,087	-8,389,611
35	AMORTISATION - INTANGIBLE ASSETS	-405,000	-393,900	-266,100	0	-101,850	-9,180,000	-274,680	-893,265	0	-936,000	-3,245,519	#####	-3,346,300	-79,600	-20,646,414
36	REPAIRS AND MAINTENANCE - MUNICIPAL ASSETS (agrees	-10,000	-167,957	0	0	0	0	0	0	0	-164,153	-29,500	0	-951,672	0	-1,323,282
37	INTEREST EXPENSE - EXTERNAL BORROWINGS	0	0	0	0	0	-2,744	0	0	0	0	0	0	0	0	-2,744
38	REDEMPTION PAYMENTS (GRAP REMOVED TO BOTTOM)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
39	BULK PURCHASES	0	0	0	0	0	0	0	0	0	0	0	-200,000	-11,052,000	0	-11,252,000
40	CONTRACTED SERVICES	0	0	0	0	0	0	-7,000,000	0	0	-264,000	0	0	0	0	-7,264,000
41	GRANTS & SUBSIDIES PAID (F4.2)	-3,885,000	0	0	0	0	0	0	0	0	0	0	-375,000	0	0	-4,260,000
42	OPERATING GRANT EXPENDITURE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
42	GENERAL EXPENSES - OTHER	-3,689,969	-1,287,250	-701,199	0	-324,823	-292,770	-425,218	-433,326	0	-689,403	-562,805	#####	-1,757,873	-146,045	-11,659,120
43	DEFICIT ON SALE OF ASSETS (GAMAP to add)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
44	<b>DIRECT OPERATING EXPENDITURE</b>	<b>-13,794,793</b>	<b>-7,725,967</b>	<b>-2,727,670</b>	<b>0</b>	<b>-2,482,016</b>	<b>-10,371,713</b>	<b>-9,837,401</b>	<b>-4,674,563</b>	<b>0</b>	<b>-6,710,076</b>	<b>-9,907,116</b>	<b>-8,028,183</b>	<b>-23,306,633</b>	<b>-1,035,554</b>	<b>-100,601,687</b>
45	INTERNAL TRANSFERS - (the items below must net out with the c	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
46	INTEREST - INTERNAL BORROWINGS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
47	REDEMPTION - INTERNAL BORROWINGS (GAMAP to ren	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
48	INTERNAL CHARGES (Activity Based Costing etc)	-	-69,816	-10,460	-	-41,652	-28,642	-18,475	-92,392	-	-139,920	-249,211	-366,358	-856,144	-23,741	-1,896,811
49	<b>TOTAL OPERATING EXPENDITURE</b>	<b>-13,794,793</b>	<b>-7,795,783</b>	<b>-2,738,130</b>	<b>0</b>	<b>-2,523,668</b>	<b>-10,400,355</b>	<b>-9,855,876</b>	<b>-4,766,955</b>	<b>0</b>	<b>-6,849,996</b>	<b>-10,156,327</b>	<b>-8,394,541</b>	<b>-24,162,777</b>	<b>-1,059,295</b>	<b>-102,498,498</b>
50	<b>OPERATING SURPLUS / (DEFICIT) - Total Income less Total Expenditur</b>	<b>681,452</b>	<b>6,361,726</b>	<b>-1,760,095</b>	<b>0</b>	<b>-2,103,742</b>	<b>11,647,078</b>	<b>3,543,617</b>	<b>-4,629,432</b>	<b>0</b>	<b>3,478,162</b>	<b>-5,699,817</b>	<b>2,220,249</b>	<b>376,018</b>	<b>-992,061</b>	<b>13,123,153</b>
51	LESS TAX	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
52	<b>OPERATING SURPLUS / (DEFICIT) - AFTER TAX</b>	<b>681,452</b>	<b>6,361,726</b>	<b>-1,760,095</b>	<b>0</b>	<b>-2,103,742</b>	<b>11,647,078</b>	<b>3,543,617</b>	<b>-4,629,432</b>	<b>0</b>	<b>3,478,162</b>	<b>-5,699,817</b>	<b>2,220,249</b>	<b>376,018</b>	<b>-992,061</b>	<b>13,123,153</b>
53	INTEREST - INTERNAL BORROWINGS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
54	REDEMPTION PAYMENTS - EXTERNAL BORROWINGS (GAMAP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
55	<b>SURPLUS / (DEFICIT) AFTER TAX, DIVIDENDS and CROSS SUB</b>	<b>681,452</b>	<b>6,361,726</b>	<b>-1,760,095</b>	<b>0</b>	<b>-2,103,742</b>	<b>11,647,078</b>	<b>3,543,617</b>	<b>-4,629,432</b>	<b>0</b>	<b>3,478,162</b>	<b>-5,699,817</b>	<b>2,220,249</b>	<b>376,018</b>	<b>-992,061</b>	<b>13,123,153</b>
56	PLUS OPENING UNAPPROPRIATED SURPLUS / (ACCUMULA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
57	<b>AVAILABLE UNAPPROPRIATED SURPLUS / (ACCUMULATED D</b>	<b>681,452</b>	<b>6,361,726</b>	<b>-1,760,095</b>	<b>0</b>	<b>-2,103,742</b>	<b>11,647,078</b>	<b>3,543,617</b>	<b>-4,629,432</b>	<b>0</b>	<b>3,478,162</b>	<b>-5,699,817</b>	<b>2,220,249</b>	<b>376,018</b>	<b>-992,061</b>	<b>13,123,153</b>
58	OTHER ADJUSTMENTS AND TRANSFERS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
59	CONTRIBUTIONS FROM OPERATING (TO) CAPITAL	-8,300	-158,500	-435,558	0	-159,110	-33,500	-6,500	-131,900	0	-286,800	-21,250	-286,615	-314,000	-12,000	-1,854,033
60	TRANSFERS FROM / (TO) OTHER RESERVES	39,014	293,548	10,990	0	19,714	-12,401,650	0	939,981	0	404,376	-1,003,082	-649,804	1,102,989	1,448	-11,242,475
61	PRIOR YEAR ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
62	<b>CLOSING UNAPPROPRIATED SURPLUS / (ACCUMULATED DEF</b>	<b>712,165</b>	<b>6,496,774</b>	<b>-2,184,663</b>	<b>0</b>	<b>-2,243,138</b>	<b>-788,072</b>	<b>3,537,117</b>	<b>-3,821,351</b>	<b>0</b>	<b>3,595,738</b>	<b>-6,724,149</b>	<b>1,283,829</b>	<b>1,165,007</b>	<b>-1,002,613</b>	<b>26,644</b>
63	PLUS INTERESTS IN ENTITIES NOT WHOLLY OWNED	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<b>UNAPPROPRIATED SURPLUS / (ACCUMULATED DEFICIT) C/F TO B</b>	<b>712,165</b>	<b>6,496,774</b>	<b>-2,184,663</b>	<b>0</b>	<b>-2,243,138</b>	<b>-788,072</b>	<b>3,537,117</b>	<b>-3,821,351</b>	<b>0</b>	<b>3,595,738</b>	<b>-6,724,149</b>	<b>1,283,829</b>	<b>1,165,007</b>	<b>-1,002,613</b>	<b>26,644</b>

2007      2008

FOR THE YEAR ENDED 30th JUNE 2008

30-Jun-07 #####

**BEAUFORT WEST MUNICIPALITY**

30 June 2007  
30 June 2006  
30 JUNE 2007

30 June 2008  
30 JUNE 2008

**F3 - OPERATING INCOME & EXPENDITURE BY FUNCTIONAL CLASSIFICATION (Summary Report)**  
 Actual 2005/2006

	DETAIL	Executive & Council	Finance & Admin	Planning & Development	Health	Community & Social Services	Housing	Public Safety	Sport & Recreation	Environmental Health	Waste Management	Road Transport	Water	Electricity	Other	Total
		-1-	-2-	-3-	-4-	-5-	-6-	-7-	-8-	-9-	-10-	-11-	-12-	-13-	-14-	
<b>1</b>	<b>INCOME</b>															
2	PROPERTY RATES	-	#####	-	-	-	-	-	-	-	-	-	-	-	-	14,545,473
3	PLUS PENALTIES IMPOSED	1,478,625.30	-	-	-	-	-	-	-	-	-	-	-	-	-	1,478,625
4	USER CHARGES FOR SERVICES	-	-	-	-	-	-	-	-	-	#####	-	8,513,919.52	19,533,555.52	-	38,281,020
5	REGIONAL SERVICE LEVIES - Turnover	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	REGIONAL SERVICE LEVIES - Remuneration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	RENT OF FACILITIES AND EQUIPMENT	-	364,388.44	-	-	41,227.71	18,898.23	10,822.69	96,464.27	-	526.32	32,987.73	-	16,468.48	53,751.50	635,535
8	INTEREST EARNED - EXTERNAL INVESTMENTS	919,646.87	-	-	-	-	375,556.59	-	-	-	-	-	-	-	-	1,295,203
9	INTEREST EARNED - OUTSTANDING DEBTORS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	DIVIDENDS RECEIVED - EXTERNAL ENTITIES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	FINES	-	-	-	-	8,571.86	-	#####	-	-	-	-	-	128,575.40	-	14,879,396
12	LICENSES & PERMITS	-	-	-	-	135.54	-	341,067.11	-	-	-	-	190,658.56	-	-	531,861
13	INCOME FOR AGENCY SERVICES	-	-	-	-	-	-	-	-	-	-	-	435,872.98	-	-	435,873
14	OPERATING GRANTS & SUBSIDIES (agrees to line 18 of F4.1)	#####	1,199,687.44	160,158.41	-	160,710.56	12,915,993.68	-	110,797.48	-	2,900,867.25	4,676,068.77	2,016,970.36	10,938,526.20	97,179.82	47,594,401
15	OTHER INCOME	369,049.13	47,205.88	150,430.76	-	167,268.92	13,327.56	43,243.98	70,645.76	-	2,139.48	11.00	31,152.67	28,920.34	631.86	924,027
	<b>PROPERTY, PLANT AND EQUIPMENT ADJUSTMENTS</b>															
15.5	CHANGES IN FAIR VALUE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	<i>SURPLUS ON SALE OF ASSETS (GAMAP to add)</i>	1,006,958.14	-	-	-	-	-	-	-	-	-	-	140.35	-	-	1,007,098
17	<b>OPERATING INCOME GENERATED</b>	<b>16,191,721</b>	<b>16,156,755</b>	<b>310,589</b>	-	<b>377,915</b>	<b>13,323,776</b>	<b>15,137,383</b>	<b>277,908</b>	-	<b>13,137,078</b>	<b>5,335,599</b>	<b>10,562,183</b>	<b>30,646,046</b>	<b>151,563</b>	<b>121,608,515</b>
18	LESS INCOME FORGONE (agrees to line 81 on F8)	-	-2,576,262.74	-	-	-	-	-	-	-	-	-	-	-	-	-2,576,263
19	<b>DIRECT OPERATING INCOME</b>	<b>16,191,721</b>	<b>13,580,492</b>	<b>310,589</b>	-	<b>377,915</b>	<b>13,323,776</b>	<b>15,137,383</b>	<b>277,908</b>	-	<b>13,137,078</b>	<b>5,335,599</b>	<b>10,562,183</b>	<b>30,646,046</b>	<b>151,563</b>	<b>119,032,252</b>
20	INTERNAL TRANSFERS - (the items below must net out with the corresponding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	INTEREST RECEIVED - INTERNAL LOANS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	<i>REDEMPTION RECEIVED - INTERNAL LOANS (GAMAP to remove)</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	INTERNAL RECOVERIES (Activity Based Costing etc)	76,137.00	1,146,157.00	455,063.00	-	69,346.00	-	18,859.00	-	-	142,340.69	-	173,376.36	2,030,829.86	13,630.00	4,125,739
24	DIVIDENDS RECEIVED - INTERNAL (from Municipal Entities)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	<b>TOTAL OPERATING INCOME</b>	<b>16,267,858</b>	<b>14,726,649</b>	<b>765,652</b>	-	<b>447,261</b>	<b>13,323,776</b>	<b>15,156,242</b>	<b>277,908</b>	-	<b>13,279,419</b>	<b>5,335,599</b>	<b>10,735,559</b>	<b>32,676,876</b>	<b>165,193</b>	<b>123,157,991</b>
<b>26</b>	<b>EXPENDITURE</b>															
27	EMPLOYEE RELATED COSTS - WAGES & SALARIES	-2,461,163.74	-4,342,646.81	#####	-	#####	-343,751.36	#####	#####	-	-3,421,232.18	#####	#####	-2,821,069.03	#####	-25,990,185
28	EMPLOYEE RELATED COSTS - SOCIAL CONTRIBUTIONS	-2,742,604.56	-801,206.50	-241,738.14	-	-257,765.06	-49,782.65	-268,431.57	-305,817.26	-	-544,747.64	-512,082.60	-295,450.78	-405,579.80	#####	-6,534,355
29	LESS EMPLOYEE COSTS CAPITALISED	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	LESS EMPLOYEE COSTS ALLOCATED TO OTHER OPERATING IT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	REMUNERATION OF COUNCILLORS	-2,429,294.25	-	-	-	-	-	-	-	-	-	-	-	-	-	-2,429,294
32	WORKING CAPITAL RESERVE	-	-	-	-	-	-	-	-	-	-	-	#####	-2,324,411.63	-	-4,648,823
33	COLLECTION COSTS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-241,692
34	<i>DEPRECIATION (GAMAP to add)</i>	-167,954.00	-779,329.67	-87,009.41	-	-125,671.08	-314,468.98	-214,109.43	#####	-	-719,746.21	#####	-973,351.39	-1,601,874.95	-26,786.54	-8,946,604
	<b>AMORTISATION - INTANGIBLE ASSETS</b>															
35	REPAIRS AND MAINTENANCE - MUNICIPAL ASSETS (agrees to line 41 for	-283,316.08	-455,798.05	-109,558.77	-	-94,554.58	-49,409.55	-244,455.04	-890,061.66	-	-942,638.43	#####	#####	-1,293,220.36	-76,909.19	-9,638,850
36	INTEREST EXPENSE - EXTERNAL BORROWINGS	-4,898.75	-165,357.11	-7,118.68	-	-1,611.92	-14,336.63	-49,207.91	-21,667.15	-	-120,432.17	-29,416.94	-50,524.97	-845,204.04	-	-1,309,776
37	<i>REDEMPTION PAYMENTS - EXTERNAL BORROWINGS (GAMAP to remove)</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
38	BULK PURCHASES	-	-	-	-	-	-	-	-	-	-	-	-172,917.35	#####	-	-11,169,532
39	CONTRACTED SERVICES	-	-141,427.10	-	-	-	-	#####	-3,657.89	-	-40,526.28	-	-13,358.78	-14,016.68	-17,200.20	-7,330,435
40	GRANTS & SUBSIDIES PAID (F4.2)	-3,960,013.80	-	-	-	-	-	-	-	-	-	-	-	-	-	-3,960,014
	<b>OPERATING GRANT EXPENDITURE</b>	<b>-1,167,039.76</b>	<b>-564,968.28</b>	<b>-58,230.69</b>	-	-	#####	-	-	-	-400,000.00	-87,309.58	-	-6,936,306.46	-97,179.82	-22,218,293
	<b>IMPAIRMENT LOSSES</b>	<b>-1,330.69</b>	<b>-7,301.84</b>	<b>-2,897.40</b>	-	<b>-20,545.50</b>	-	<b>-4,360.15</b>	-	-	-	-	<b>-1,843.69</b>	<b>-294,189.58</b>	-	<b>-332,469</b>
41	GENERAL EXPENSES - OTHER	-2,531,014.53	-503,289.14	-391,631.75	-	-291,673.76	-934,896.72	-178,354.43	-66,618.33	-	-525,824.13	-362,954.24	-724,286.74	-766,596.31	-70,237.31	-7,347,377
42	<i>DEFICIT ON SALE OF ASSETS (GAMAP to add)</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43	<b>DIRECT OPERATING EXPENDITURE</b>	<b>-15,748,630</b>	<b>-7,761,325</b>	<b>-2,344,718</b>	-	<b>-2,502,511</b>	<b>-14,613,905</b>	<b>-9,848,480</b>	<b>-4,315,147</b>	-	<b>-6,715,147</b>	<b>-9,767,195</b>	<b>-8,857,278</b>	<b>-28,540,776</b>	<b>-1,082,589</b>	<b>-112,097,701</b>
44	INTERNAL TRANSFERS - (the items below must net out with the corresponding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
45	INTEREST - INTERNAL BORROWINGS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
46	<i>REDEMPTION - INTERNAL BORROWINGS (GAMAP to remove)</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47	INTERNAL CHARGES (Activity Based Costing etc)	-41,190.64	-249,351.34	-35,602.21	-	-97,231.35	-33,697.00	-33,357.19	-335,342.34	-	-530,739.88	-196,943.50	-633,099.83	-1,839,066.58	#####	-4,125,739
48	<b>TOTAL OPERATING EXPENDITURE</b>	<b>-15,789,821</b>	<b>-8,010,676</b>	<b>-2,380,320</b>	-	<b>-2,599,743</b>	<b>-14,647,602</b>	<b>-9,881,837</b>	<b>-4,650,489</b>	-	<b>-7,245,887</b>	<b>-9,964,139</b>	<b>-9,490,378</b>	<b>-30,379,843</b>	<b>-1,182,706</b>	<b>-116,223,440</b>
49	<b>OPERATING SURPLUS / (DEFICIT) - Total Income less Total Expenditure</b>	<b>478,037</b>	<b>6,715,973</b>	<b>-1,614,668</b>	-	<b>-2,152,482</b>	<b>-1,323,826</b>	<b>5,274,404</b>	<b>-4,372,582</b>	-	<b>6,033,532</b>	<b>-4,628,540</b>	<b>1,245,181</b>	<b>2,297,033</b>	<b>-1,017,513</b>	<b>6,934,551</b>
50	LESS TAX	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
51	<b>OPERATING SURPLUS / (DEFICIT) - AFTER TAX</b>	<b>478,037</b>	<b>6,715,973</b>	<b>-1,614,668</b>	-	<b>-2,152,482</b>	<b>-1,323,826</b>	<b>5,274,404</b>	<b>-4,372,582</b>	-	<b>6,033,532</b>	<b>-4,628,540</b>	<b>1,245,181</b>	<b>2,297,033</b>	<b>-1,017,513</b>	<b>6,934,551</b>
52	DIVIDENDS PAID (Municipal Entities Only)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
53	CROSS SUBSIDISATION	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
54	<b>SURPLUS / (DEFICIT) AFTER TAX, DIVIDENDS and CROSS SUBSIDIES</b>	<b>478,037</b>	<b>6,715,973</b>	<b>-1,614,668</b>	-	<b>-2,152,482</b>	<b>-1,323,826</b>	<b>5,274,404</b>	<b>-4,372,582</b>	-	<b>6,033,532</b>	<b>-4,628,540</b>	<b>1,245,181</b>	<b>2,297,033</b>	<b>-1,017,513</b>	<b>6,934,551</b>
55	PLUS OPENING UNAPPROPRIATED SURPLUS / (ACCUMULATED DEFICI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
56	<b>AVAILABLE UNAPPROPRIATED SURPLUS / (ACCUMULATED DEFICIT)</b>	<b>478,037</b>	<b>6,715,973</b>	<b>-1,614,668</b>	-	<b>-2,152,482</b>	<b>-1,323,826</b>	<b>5,274,404</b>	<b>-4,372,582</b>	-	<b>6,033,532</b>	<b>-4,628,540</b>	<b>1,245,181</b>	<b>2,297,033</b>	<b>-1,017,513</b>	<b>6,934,551</b>
57	OTHER ADJUSTMENTS AND TRANSFERS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
58	CONTRIBUTIONS FROM OPERATING (TO) CAPITAL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
59	TRANSFERS FROM / (TO) OTHER RESERVES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60	PRIOR YEAR ADJUSTMENTS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
61	<b>CLOSING UNAPPROPRIATED SURPLUS / (ACCUMULATED DEFICIT)</b>	<b>478,037</b>	<b>6,715,973</b>	<b>-1,614,668</b>	-	<b>-2,152,482</b>	<b>-1,323,826</b>	<b>5,274,404</b>	<b>-4,372,582</b>	-	<b>6,033,532</b>	<b>-4,628,540</b>	<b>1,245,181</b>	<b>2,297,033</b>	<b>-1,017,513</b>	<b>6,934,551</b>
62	PLUS INTERESTS IN ENTITIES NOT WHOLLY OWNED	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
63	<b>UNAPPROPRIATED SURPLUS / (ACCUMULATED DEFICIT) CF TO BALANCE SH</b>	<b>478,037</b>	<b>6,715,973</b>	<b>-1,614,668</b>	-	<b>-2,152,482</b>	<b>-1,323,826</b>	<b>5,274,404</b>	<b>-4,372,582</b>	-	<b>6,033,532</b>	<b>-4,628,540</b>	<b>1,245,181</b>	<b>2,297,033</b>	<b>-1,017,513</b>	<b>6,934,551.37</b>

No.	Vote No.	1	1 Desc	NT Dept	2	3
1899	8630/1010/0000	8630	Taxes		1010	0
1900	8630/1020/0000	8630	Taxes		1020	0
1901	8630/1030/0000	8630	Taxes		1030	0
1969	8730/1640/0000	8730	Taxes		1640	0

## **NET ASSETS AND LIABILITIES**

### **Net assets**

Housing Development Fund  
Capital replacement reserve  
Capitalisation reserve  
Government grant reserve  
Donations and Public Contribution Reserve  
Self Insurance Reserve  
Accumulated Surplus/(Deficit)

### **Non-current liabilities**

Long-term liabilities  
Non-current provisions

### **Current liabilities**

Consumer deposits  
Provisions  
Trade payables  
Unspent conditional grants and receipts  
Taxes  
Cash and cash equivalents  
Current portion of long-term liabilities

### ***Total Net Assets and Liabilities***

## **ASSETS**

### **Non-current assets**

Property, plant and equipment  
Investment property  
Intangible Assets  
Long-term receivables

### **Current assets**

Inventory  
Trade receivables from exchange transactions  
Other receivables from non-exchange transactions  
Unpaid conditional grants and receipts  
Taxes  
Current portion of long-term receivables  
Cash and cash equivalents

### ***Total Assets***



Descr  
VAT INPUT;  
VAT OUTPUT;  
VAT CLAIMABLE FROM SARS;  
VAT;

NT Line

O/B  
-2,145,038.65  
1,679,069.19  
30,859.89  
732,579.51

297,469.94

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DT	KT	C DT	C KT	Balance
1,193,456.97	-1,359,137.68	-	-2,310,719.36	-2,310,719.36
8,089,022.79	-6,551,492.71	3,216,599.27	-	3,216,599.27
5,828,726.96	-5,594,388.97	265,197.88	-	265,197.88
1,165,843.97	-1,455,846.26	442,577.22	-	442,577.22

<b>16,277,050.69</b>	<b>-14,960,865.62</b>	<b>3,924,374.37</b>	<b>-2,310,719.36</b>	<b>1,613,655.01</b>
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1,316,185.07

1,613,655.01





3,657,465.65

1912994 C  
1939607.89 R  
26613.89 C

114512423	3,664,761.89	
3256012.49	-0.20	
2132030.58	-0.10	
2323034.76	0.63	
91368015.4	211.11	
1648707.13	-	
325478.33	-	
13459144.4	3,664,550.45	-3,270,000.92
0	-	
11592807.1	1,161,647.71	
8769878.71	-1,661,280.66	
2822928.37	2,822,928.37	
0	-	
21424668.2	1,552,587.03	
733576.35	-	
1303441.5	-2,822,928.83	
6616441.57	-	
8395692.56	-0.33	
2714236.25	2,714,236.25	
0	-	
1661279.94	1,661,279.94	
0	-	
147529898	6,378,996.63	
0		
0		
0		
112723607	2,946	
110663806	-7,296	
1653942.58	1	
358025.79	-	
47832.37	10,242	
0	-	
34806291.6	-2,724,477	
1384744.89	-	
16025455.6	-647,155	
2442483.83	647,156	
0	-	
0	-2,714,236	
10242	-10,242	
-1415504	14943365.3	
147529898	-2,721,531	

A **Regstelling van beginsaldo van bates en opgehoopte waardevermindering met Small Asset Listing**

Vote nommer			Beskrywing	DT	KT
9001	5001	0000	Executive & Council	360,974.09	
9001	5002	0000	Finance & Admin	644,439.07	
9001	5003	0000	Planning & Development	279,853.07	
9001	5005	0000	Community & Social Services	314,238.98	
9001	5006	0000	Housing	26,459.77	
9001	5007	0000	Public Safety	104,552.48	
9001	5008	0000	Sport & Recreation	153,037.09	
9001	5009	0000	Waste Management	109,060.78	
9001	5011	0000	Road Transport	164,025.73	
9001	5021	0000	Water	116,744.37	
9001	5026	0000	Electricity	222,901.44	
9001	5031	0000	Other	53,922.95	
9101	5101	0000	Executive & Council		178,738.07
9101	5102	0000	Finance & Admin		382,295.76
9101	5103	0000	Planning & Development		177,475.43
9101	5105	1070	Health	13,676.98	-
9101	5105	0000	Community & Social Services		206,676.98
9101	5106	0000	Housing		17,764.50
9101	5107	0000	Public Safety		68,298.90
9101	5108	0000	Sport & Recreation		72,819.98
9101	5109	0000	Waste Management		61,808.99
9101	5111	0000	Road Transport		118,709.51
9101	5121	0000	Water		73,057.92
9101	5126	0000	Electricity		123,935.14
9101	5131	0000	Other		31,246.86
9750	7500	0000	Surplus		1,051,058.76
				<u>2,563,886.80</u>	<u>2,563,886.80</u>

**Regstelling van BTW transaksie na beginsaldo**

9001	5001	0000	Executive & Council		1,750.00
9001	5001	1070	Executive & Council	1,750.00	
9001	5002	0000	Finance & Admin		5,250.00
9001	5002	1070	Finance & Admin	5,250.00	
				<u>7,000.00</u>	<u>7,000.00</u>

**CR & GGR regstel met small asset listing**

8100	0221	0000	CR		6,490.47
8450	0813	0000	GGR Opening		181,422.66
9750	7500	0000	Surplus	187,913.13	
8450	0813	0230	GGR Expenditure	8,561.19	
9750	7500	0000	Surplus		8,561.19
8450	0813	0000	GGR Opening	3,648,967.00	
8450	0813	0230	GGR Expenditure		3,648,967.00
				<u>3,845,441.32</u>	<u>3,845,441.32</u>
<b>GROOT SALDO</b>				<u>6,416,328.12</u>	<u>6,416,328.12</u>

# **BEAUFORT WEST MUNICIPALITY**

## **ACCOUNTING POLICY**

**PREPARED**

**30 June 2008**

**1. Summary of significant accounting policies for the year ended 30 June 2008**

The principal accounting policies applied in the preparation of these financial statements are set out below and are consistent with those applied in the previous year unless otherwise stated.

**1.1 Basis of preparation**

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GAMAP 4	The Effects of Changes in Foreign Exchange Rates
GAMAP 6	Consolidated financial statements and accounting for controlled entities
GAMAP 7	Accounting for Investments in Associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Asset
GAMAP 6, 7 and 8 have been complied with to the extent that the requirements in these standards relate to the municipality's separate financial statements. <sup>1</sup>	

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

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with certain of the above mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual financial statements.

The municipality has elected to early adopt AC 135 which is exempt in terms of General Notice 522 dealing with investment property except to the extent that disclosure of the fair value of investment property and additional disclosure regarding the fair value of investment property [Paragraph 79(e)(i) – (iii)] are required.

The municipality has elected to early adopt AC 116 dealing with Employee Benefits.

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

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 3 (Accounting Policies, Changes of Accounting Estimates and Errors):*

- *Identification and impact of GRAP standards that have been issued but are not yet effective and changes to accounting policies. [Paragraphs 14, 19 and 30-31]*

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 142 (Non-current Assets held for Sale and Discontinued Operations):*

- *Classification, measurement and disclosure of non-current assets held for sale. [paragraphs 6-14, 15-29 (in so far as it relates to non-current assets held for sale), 38-42]*

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 109 (Construction Contracts) in its entirety.*

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 140 (Business Combinations) in its entirety.*

## **1.2 Presentation currency**

These annual financial statements are presented in South African Rand.

## **1.3 Going concern assumption**

These annual financial statements are prepared on the basis that the municipality will remain a going concern for the foreseeable future.

## **1.4 Segmental reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 115 (Segment Reporting) and AC 146 (Operating Segements).*

## **1.5 Foreign currency transactions**

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

## **1.6 Housing Development Fund**

The Housing Development Fund was established in terms of Section 15(5) and 16 of the Housing Act, (Act 107 of 1997), which came into operation on 1 April 1998, requires that the municipality maintain a separate housing operating account. Loans from National and Provincial Government used to finance housing developments undertaken by the Municipality were extinguished on 1 April 1998 and transferred to the Housing Development Fund.

The Housing Act also requires in terms of Section 14(4)(d)(ii)(aa) read with, *inter alia*, Section 16(2) that the net proceeds of any rental, sale of property or alienation, financed previously from government housing funds, be paid into a separate operating account and be utilised by the Municipality for housing development subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the Housing Fund:

- The proceeds in this fund are utilised for housing developments in accordance with the National Housing Policy and also for housing development projects approved by the MEC.
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.
- Any surplus / (deficit) on the Housing Statement of Financial Performance must be transferred to the Housing Development Fund.

## **1.7 Reserves**

### **1.7.1 Capital Replacement Reserve ( CRR)**

In order to finance the future provision of infrastructure and other items of property, plant and equipment from internal sources amounts are transferred out of the accumulated surplus/(deficit) into the Capital Replacement Reserve (CRR) in terms of a Council resolution. The cash allocated to the CRR can only be utilised to finance items of property, plant and equipment. The following provisions are set for the creation and utilisation of the CRR:

- The cash, which backs up the CRR, is invested until it is utilised. The cash may only be invested in accordance with the investment policy of the municipality.
- Interest earned on the CRR investment is recorded as part of total interest earned in the Statement of Financial Performance. The total interest earned on all the CRR investments of the municipality is transferred to the CRR.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for the maintenance of these items.
- The proceeds from the disposal of property, plant and equipment must be transferred to the CRR.
- The CRR is reduced and the accumulated surplus/(deficit) credited with corresponding amounts when the funds are utilised.
- The amounts transferred to the CRR are based on the Municipality's need to finance future capital projects.

- The Council determines the annual contribution to the CRR.

### **1.7.2 Capitalisation Reserve**

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/(deficit) in terms of a directive (budget circular) issued by National Treasury.

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

### **1.7.3 Government Grant Reserve**

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from Government Grants.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

### **1.7.4 Public Contributions and Donations Reserve**

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Public Contributions and Donations Reserve equal to the Public Contributions and Donations Reserve recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Public Contributions and Donations Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges

that will be incurred over the estimated useful life of the item of property, plant and equipment financed from Public Contributions and Donations.

When an item of property, plant and equipment financed from Public Contributions is disposed, the balance in the Public Contributions and Donations Reserve relating to such item is transferred to the accumulated surplus/(deficit).

#### **1.7.5 Revaluation Reserve**

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. Land and buildings will be revalued in the 2008/09 financial year and revalued every four years thereafter. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/(deficit). On disposal the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on current values, are credited or charged to the Statement of Financial Performance.

#### **1.7.6 Self Insurance Reserve**

A Self Insurance Reserve has been established and, subject to external insurance where deemed necessary, covers claims that may occur. Premiums are charged to the respective services taking into account claims history and replacement value of the insured assets.

- *Contributions to the fund by Business Units are transferred via the Statement of Changes in Net Assets to the reserve in line with amounts budgeted for in the operating budget. The contributions to the reserve are charged to the Business Units based on the previous year's insured value of the assets under their control.*
- *The Council determines annually to contribute to the Self Insurance Reserve..*
- *The total amount of insurance premiums paid to external insurers are regarded as expenses and must be shown as such in the Statement of Financial Performance. These premiums do not affect the Self Insurance Reserve.*
- *Claims received from external insurers are recognised as revenue in the Statement of Financial Performance.*
- *Claims received to meet repairs of damages on assets are reflected as income in the statement of financial performance.*
- *Repair and replacement costs not fully covered by external insurance are financed from the insurance reserve. The repair and replacement cost is regarded as an expense and is reflected in the Statement of financial performance. An amount equal to the expense is transferred from the Insurance Reserve to the Unappropriated Surplus via the Statement of changes in net assets.*
- *Amounts paid on behalf of employees in respect of medical costs for injuries sustained whilst on duty are regarded as expenses and are recorded in the Statement of Financial Performance when incurred. An amount equal to these expenses is transferred from the Insurance*

*Reserve to the Unappropriated Surplus account via the Statement of Changes in Net Assets.*

## **1.8 Financial Instruments**

Financial instruments carried in the Statement of Financial Position include cash and cash equivalents, investments, accounts receivable, accounts payable and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire or have been transferred and the Municipality has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when it is extinguished, i.e. when the contractual right is discharged, cancelled or expires.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 144 (Financial Instruments: Disclosure). For AC 133 (Financial Instruments: Recognition and Measurement) the initial measurement of financial assets and liabilities at fair value is exempted. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]*

## **1.9 Leases**

### **1.9.1 Lessee Accounting**

Amounts held under finance leases are initially recognised as assets of the Municipality at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Municipality's policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 105 (Leases) with regards to the recognition of operating lease payments / receipts on a straight line basis if the amount is recognised on the basis of the cash flows in the lease agreement. [SAICA Circular 12/06 paragraphs 8-11 and paragraphs 33, 34, 50, 51 of AC 105]*

### **1.9.2 Lessor Accounting**

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return to the Municipality's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

### **1.10 Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for the intended use or sale, added to the costs of these assets, until such time as the assets are substantially ready for their intended use of sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of financial performance in the period in which they are incurred.

### **1.11 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Financial Performance over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Municipality has the unconditional right to defer settlement of the liability for at least 12 months after the date of the Statement of Financial Position.

### **1.12 Provisions**

A provision is recognised when the municipality has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

### **1.13 Employee Benefits**

#### **(a) Pension obligations**

The Municipality operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension

plan under which the Municipality pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated bi-annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**(b) *Post Retirement Medical obligations***

The Municipality provides post-retirement healthcare benefits to its retirees. 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 expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation, are charged or credited to the Statement of Financial Performance over the expected average remaining working lives of the related employees. These obligations are valued every third year by independent qualified actuaries.

#### **1.14 Trade Payables (Creditors)**

Trade payables and other receivables are originally carried at fair value and subsequently remeasured at amortised cost using the effective interest method

#### **1.15 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 basic salary of the employee.

#### **1.16 Unutilised Conditional Grants**

Unutilised conditional grants are reflected on the Statement of Financial Position as a creditor – Unutilised conditional grants. They represent unspent government grants, subsidies and contributions from the public. This creditor always has to be backed by cash. The following provisions are set for the creation and utilisation of this creditor:

- The cash, which backs up the creditor, is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.
- Whenever an asset is purchased out of the unutilised conditional grant an amount equal to the cost price of the asset purchased is transferred from the Unutilised Conditional Grant into the statement of financial performance as revenue. Thereafter an equal amount is transferred on the Statement of changes in net assets to a Government Grant Reserve. This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the Unutilised Conditional Grants. The Government Grant Reserve is used to offset depreciation charged on assets purchased out of the Unutilised Conditional Grants.

#### **1.17 Value Added Tax**

The Council accounts for Value Added Tax on the payments basis.

#### **1.18 Property Plant and Equipment**

Land and buildings held for use in the production or supply of goods and services, or for administrative purposes, are stated in the Statement of Financial Position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluation will be performed in the 2008/09 financial year and then every four years thereafter when the municipal valuation roll is updated.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a Revaluation Reserve in the Statement of Changes in Net Assets. Decreases that offset previous increases of the same asset are charged against the Revaluation Reserve directly in the Statement of Changes in Net Assets; all other decreases are charged to the Statement of Financial Performance. Each year the difference between depreciation based on the revalued carrying amount of the asset is

charged to the Statement of Financial Performance and depreciation based on the asset's original cost is transferred from the Revaluation Reserve to the Accumulated Surplus/ (Deficit).

Depreciation on revalued land and buildings is charged to the Statement of Financial Performance. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the Revaluation Reserve is transferred directly to the accumulated surplus / deficit.

Incomplete construction work is stated at historic cost. Depreciation only commences when the asset is commissioned into use.

All other property, plant and equipment are stated at historical cost less depreciation and any accumulated impairment losses. Historical cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Municipality's accounting policy.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the municipality and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Financial Performance during the financial period in which they are incurred.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and buildings under construction over their estimated useful lives, using the straight-line method. 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 depreciation rates are based on the following estimated useful lives:

	<b>Years</b>		<b>Years</b>
<b>1 Infrastructure</b>		<b>2 Other</b>	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
<b><u>Community</u></b>		Specialised plant and	
Improvements	30	Equipment	10-15
Recreational Facilities	20-30	Other plant and	
Security	5	Equipment	2-5
		Landfill sites	15

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised (net) in the Statement of Financial Performance. When revalued assets are sold, the amounts included in the Revaluation Reserve are transferred to the Accumulated Surplus/(Deficit) directly in the Statement of Changes in Net Assets.

Heritage assets, which are defined as culturally significant resources are not depreciated as they are regarded as having an infinite life. Land is also not depreciated for the same reason.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 17 (Property, Plant and Equipment):*

- *Review of useful life of item of PPE recognised in the annual financial statements. [Paragraphs 59-61 and 77]*
- *Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 77]*
- *Impairment of non-cash generating assets. [Paragraphs 64-69 and 75(e)(v) – (vi)]*
- *Impairment of cash generating assets. [Paragraphs 63 and 75(e)(v) – (vi)]*

### **1.19 Investment Property**

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost. Subsequent to initial recognition investment properties are shown at cost less accumulated depreciation. Investment property is depreciated on a straight line basis over the estimated useful life of investment property. The estimated useful life of the investment property is 30 years.

*The Minister of Finance has, in terms of General Notice 522 of 2007 exempted compliance with the following requirements of AC 135 (Investment Property):*

- *Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised investment property in terms of this standard. [Paragraphs 79(e)(i) – (iii)].*

### **1.20 Intangible Assets**

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 129 (Intangible Assets):*

- *The entire standards except for the recognition, measurement and disclosure of the computer software and website costs (AC 432) and all other costs were expensed.*

### **1.21 Impairment of Tangible and Intangible Assets**

At each Statement of Financial Position date the municipality reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the municipality estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Financial Performance, unless the asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a Revaluation Reserve increase.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 128 (Impairment of Assets) in its entirety.*

### **1.22 Financial Assets**

The Municipality classifies its financial assets in the following categories: loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### **(a) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the date of the Statement of Financial Position. They arise when the Municipality provides money for goods or services directly to a debtor with no intention of trading the receivable and are initially recognized at fair value and subsequently carried at amortised cost using the effective interest method, less provision for impairment.

### **1.23 Inventories**

Inventories consist of consumables and are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values. Consumables are written down with regard to their age, condition and utility.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 12 (Inventories):*

- *The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17.*

### **1.24 Trade and other Receivables**

Trade receivables are recognised initially at originating cost and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (50% of more than 90 days overdue) are considered indicators that the trade receivable is impaired. 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. When a trade receivable is uncollectible, it is written off in terms of the municipality's Credit Control and Debt Collection Bylaw. Subsequent recoveries of amounts previously written off are credited against to the Statement of Financial Performance.

### **1.25 Cash and Cash Equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

### **1.26 Revenue Recognition**

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been done. 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 are recognised at the point of sale.

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

Service charges from sewerage and sanitation for residential and business properties are levied monthly based on a fixed tariff.

Interest and rentals are recognised on a time proportion basis.

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.

Interest earned on investments is recognised in the Statement of Financial Performance on a time proportionate basis that takes into account the effective yield on the investment. Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on unutilised conditional grants is allocated directly to the unutilised conditional grant creditor, if the grant conditions indicate that interest is payable to the funder.

Revenue from the sale of goods is recognised when **all** the following conditions have been satisfied:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

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

### **Revenue from non-exchange transactions**

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

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

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

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 9 (Revenue):*

- *Initial measurement of fair value discounting all future receipts using an imputed rate of interest. [SIACA Circular 09/06 and paragraph 12]*

### **Conditional Grants and Receipts**

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

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 134 (Accounting for Government Grants):*

- *Entire standard excluding paragraphs 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9.*

## **1.27 Related parties**

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

### **1.28 Unauthorised Expenditure**

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

### **1.29 Irregular Expenditure**

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

### **1.30 Fruitless and Wasteful Expenditure**

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

### **1.31 Rounding**

The amounts reflected in the financial statements of the Municipality are all in Rand, and all amounts are rounded off to the nearest Rand.



**BEAUFORT WEST MUNICIPALITY**

**SUPPLY CHAIN MANAGEMENT**

**IMPLEMENTATION REPORT**

for the

**2007/2008 FINANCIAL YEAR**

**INDEX**

**The scope of the implementation review will include the following:**

**Introduction**

1. The Delegations
2. Organizational Structure
3. Competency Levels of the Supply Chain Management Unit
4. Demand and Acquisition Management
5. The Bid Committee System
6. Minor Breaches and Deviations
7. Awards to Close Family Members of Persons in the Service of the State
8. Awards to Persons in the Service of the State
9. Logistic, Disposal and Risk Management
10. Recommendations
11. Conclusion

### **Supply Chain Management Implementation Report**

The Local Government: Municipal Finance Management Act, No 56 of 2003, (the 'MFMA') requires the municipality to have and implement a Supply Chain Management Policy which gives effect to the provisions of Part 1 of Chapter 11 of the Act that deals with 'Supply Chain Management'.

On the 30<sup>th</sup> May 2005 the Municipal Supply Chain Management Regulations were issued. As a Medium Capacity Municipality the Beaufort West Municipality had to comply with the provisions of the Regulations from 01 January 2006. The SCM Policy, together with the applicable set of delegations was approved by Council on February 22, 2006 at a legally constituted Council meeting.

Although the MFMA prohibits a Councillor from being a member of a bid committee or any other committee evaluating or approving quotations, bids or tenders the council has an oversight role to ensure that the accounting officer implements all supply chain management activities in accordance with this policy. For the purposes of such oversight the Regulations require that the accounting officer must -

**(a) Within 30 days of the end of each financial year, submit a report on the implementation of the policy to the Council.**

Following please find said Supply Chain Management Implementation Policy for the 2007/8 financial year:

## **1. The Delegations**

The Accounting Officer is responsible for implementing the policy and taking all reasonable steps to ensure that proper mechanisms and separation of duties in the supply chain management system are in place to minimise the likelihood of fraud, corruption, favouritism and unfair and irregular practices.

In terms of this responsibility Council has adopted a full set of delegations which assist in maximising the administrative and operational efficiency. The delegations also provide adequate checks and balances in the municipalities Supply Chain Management function. According to Section 79 and 106 of the MFMA delegations and sub-delegations in terms of sub-section 1 must be in writing.

Currently the Accounting Officer has delegated powers and duties to directors as prescribed by the SCM Policy, but these delegations have not been conferred in writing between the individuals. There are also minor sub-delegations in place in terms of individual officials' job description but has these sub-delegations not been conferred in writing between the parties as is prescribed by the policy. The municipality has duly implemented the Bid Committee system, but also without the proper written delegations.

The undertaking by the Supply Chain Management Unit to exercise a thorough identification of the powers and the duties of officials to determine the relevant levels for sub-delegations to the incumbents and compile written delegations and have implemented this system of written delegations in terms of the legislation by the 1<sup>st</sup> of October 2007 has not been reached. This project will be re-launched with a completion date of 31 October 2008. Progress on the implementation will be provided on an ongoing basis through the quarterly reports.

## 1. Organizational Structure

In terms of Paragraph 7 of the Municipal Supply Chain Management Regulations (MSCMR) the municipality must establish a Supply Chain Management Unit (SCMU) to implement its supply chain management policy. The SCMU must operate under the direct supervision of the Chief Financial Officer or may be delegated to an official in terms of Section 82 of the MFMA.

During the reporting period the staff complement that performed the duties and functions in terms of the SCM policy were as follows:

- |                                  |   |  |
|----------------------------------|---|--|
| Manager: Expenditure             | - | Supply Chain Management Practitioner<br>Co-ordinates and controls the implementation of the Policy   |
| Manager: Supply Chain Management | - | Supply Chain Management Practitioner,<br>- Implementation of the Policy<br>- Supervise the implementing staff at the stores<br>- Processing of procedures for procurement above R 30 000 |
| Stores Master                    | - | Supply Chain Management Practitioner<br>- Processing of procedures for procurement up to R 30 000<br>- Processing of Invoices<br>- Supervise staff in Stores                             |
| Stores Clerk                     | - | Processing of Orders   |
| Stores Clerk                     | - | Processing of Stock Issues<br>Receipt of Goods   |

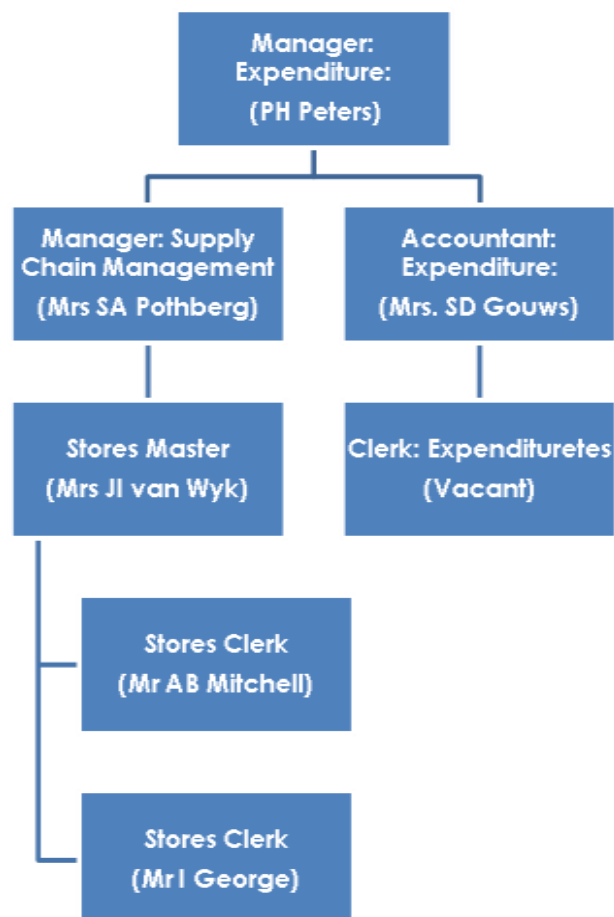
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Monitoring of Stock Levels

Accountant Expenditure - Payment of Vendors / General Payments

Clerk Expenditure - Position is vacant but is occupied by a temporary Clerk  
Payment of Vendors / General Payments

Council has appointed Mrs SA Pothberg as the Manager: Supply Chain Management as from 2 July 2007. This effectively meant that Council could now operate with a fully fledged SCM Unit, sub-delegated to the Manager: Expenditure. The organizational structure within the unit is set out as follows:



This structure ensures that proper mechanisms and separation of duties in the supply chain management system are in place to minimise the likelihood of fraud, corruption,

## APPENDIX I: SUPPLY CHAIN MANAGEMENT IMPLEMENTATION REPORT 2007/08

favouritism and unfair and irregular practices. The Supply Chain Management Practitioner being responsible for the administration and the implementation of the SCM policy, whilst the Manager: Expenditure will fulfil the role of control and strategic guidance and the two officials interchangeably taking part in the Bid Committee system.

A Risk Assessment has been performed during the past year and Supply Chain Management was recognized as a field with capacity constraints to adequately deal with SCM compliance and the resulting recommendation was to remedy this situation with additional staff. We propose an amendment to the organogram to mitigate this concern with the introduction of a Supply Chain Management Officer focussing on responsiveness evaluations, compliance verifications and administrative duties.

This option should however be further investigated as our objectivity might be clouded by the absence of a thorough analysis of the responsibilities and duties of the Manager: Supply Chain Management and might be rectified with an overview of the current systems. The absence of the SCM Manager has however made the need for additional SCM expertise within the municipality a matter of urgency.

## 2. Competency Levels of the Supply Chain Management Unit

During the week of 10 to 14 March 2008 an Intervention Week was hosted by the SCM Units of the Beaufort West Municipality, The Central Karoo District Municipality and staff from Provincial Treasury.

Four days was allocated to compliance audits and workshops with municipal officials whilst the week culminated in an open day for small businesses on Friday the 14 March. Representatives from Plek Plan, Red Door and SARS provided inputs on this highly successful day with more than 50 participants.

Supply Chain Management Practitioners in the Municipality were also exposed to further training by SAMDI via the Bid Committee training and the workshop on Contract Management.

There is also regular engagement on a district level with the Central Karoo District Municipality and this engagement will be formalised in the future within the framework of the District Area Financial Forum. The absence of the Manager: Supply Chain Management due to an extended sick leave has also brought the SCM Practitioner from the CKDM into the fold with much of the workload being handled by her.

The following officials have been exposed to SCM training and workshops:

Official	Designation	Training
Louw D	Director: Financial Services	<ul style="list-style-type: none"> <li>• Introduction to SCM</li> <li>• SCM for Senior Managers</li> <li>• Bid Committee Training</li> <li>• SCM Forum</li> <li>• Contract Management</li> <li>• CPMD</li> </ul>
Peters PH	Manager: Expenditure	<ul style="list-style-type: none"> <li>• Introduction to SCM</li> <li>• SCM for Senior Managers</li> <li>• Bid Committee Training</li> </ul>

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		<ul style="list-style-type: none"> <li>• SCM Forum</li> <li>• Contract Management</li> <li>• SCM Intervention Week with PGWC</li> </ul>
Pothberg SA	Manager: Supply Chain Management	<ul style="list-style-type: none"> <li>• Introduction to SCM</li> <li>• Workshop SCM Policy</li> <li>• Bid Committee Training</li> <li>• Contract Management</li> <li>• SCM Intervention Week with PGWC</li> <li>• Application of BBBEEA</li> </ul>
Van Wyk JI	Stores Master	<ul style="list-style-type: none"> <li>• Introduction to SCM</li> <li>• SCM Intervention Week with PGWC</li> </ul>
Gouws SD	Accountant: Expenditure	<ul style="list-style-type: none"> <li>• Introduction to SCM</li> <li>• Workshop SCM Policy</li> </ul>
George I	Clerk: Stores	<ul style="list-style-type: none"> <li>• Introduction to SCM</li> <li>• Workshop SCM Policy</li> <li>• SCM Intervention Week with PGWC</li> </ul>
Mitchell BA	Clerk: Stores	<ul style="list-style-type: none"> <li>• SCM Intervention Week with PGWC</li> </ul>

As members of the Western Cape Supply Chain Management Forum we are privy to regular engagement with other SCM officials and information sessions on a quarterly basis.

### 3. Demand Management

#### Preferred Suppliers Database

In terms of the Municipal Financial Management Act (MFMA) (Act 56 of 2003) the Beaufort West Municipality is required to have a Preferred Suppliers Database.

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Purchases for goods and services for the Municipality shall be made through the Preferred Suppliers Database. The Beaufort West Municipality has a Preferred Suppliers Database and requested all current as well as interested suppliers to register on our database during August 2007. The current database application form has been proven to be a cumbersome document to complete and will the document be reviewed in order to make it more accessible and will a third round of invitations to register and update the current database be advertised during August 2008.

Council's Financial Management System has been upgraded during April 2008 and now includes information fields which comply with the SCM policy. A project is planned during October 2008 to populate the vendor data on the Sebata FMS in order to attain full functionality and control within the system.

### **Supply Chain Management processes**

The following thresholds are currently being adhered to in order to support the strategic and operational commitments of the municipality:

**(a) Petty cash purchases**

Goods are purchased by way of petty cash purchases, up to a transaction value of R2 000 (VAT included).

**(b) Written or verbal quotations**

Goods and services are procured by way of written or verbal quotations for a transaction value over R2 000 up to R10 000 (VAT included).

**(c) Formal written price quotations**

Goods and services must be procured by way of formal written price quotations for procurements of a transaction value over R10 000 up to R200 000 (VAT included).

**(d) A competitive bidding process**

Goods and services are procured by way of a competitive bidding process for-

- procurement above a transaction value of R200 000 (VAT included); and
- the procurement of long term contracts.

The development of Procurement Procedures was set as a prime objective for the 2007/8 financial year. This goal, although in progress and with few tangible results has not been reached. However the lack of progress has been addressed by the provision of technical support by the DBSA and an expert seconded by the bank has already visited us in order to ascertain the scope of the problem. No deadline has been set but we foresee the final result as well as implementation by the end of the 2008/9 financial year.

#### **4. The Bid Committee System**

The Bid Committee system for competitive bids has been actively applied within the municipality over the past financial year. Officials are still being invited on an ad-hoc basis to participate in the committees as and when required, but with written delegations in order to participate in the committees.

##### **(a) The bid specification committee**

The bid specification committee compiles the specifications for the procurement of goods or services by the municipality.

The committee is appointed by the Accounting Officer and must be composed of one or more officials of the municipality, preferably a Supply Chain Management Practitioner and the manager responsible for the function involved, and may when regarded appropriate by the Accounting Officer, include external specialist advisors. The proceedings are being formalised via the arrangement of meetings by the Corporate Services Directorate.

##### **(b) The bid evaluation committee**

The bid evaluation committee is appointed by the Accounting Officer and must as far as possible be composed of-

- officials from departments requiring the goods or services; and
- at least one supply chain management practitioner of the municipality.

The proceedings have been formalised by taking minutes of the proceedings of the Bid Evaluation Committee meetings by administrative personnel from the Directorate: Corporate Services.

**(c) The bid adjudication committee**

The bid adjudication committee must consist of at least four senior managers of the municipality which must include-

- the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer;
- at least one senior supply chain management practitioner who is an official of the municipality; and
- a technical expert in the relevant field who is an official of the municipality, if
- the municipality has such an expert.

The Bid Adjudication Committee has been fully functional and has been involved in all bids exceeding R 200 000 and due to a conservative approach even awards to a lesser value.

**Bids awarded by the Bid Adjudication Committee**

The following bids were awarded by the Bid Adjudication Committee in terms of the SCM Policy and the Preferential Procurement Policy for the 2007/2008 financial year:



**BIDS AWARDED BY BID ADJUDICATION COMMITTEE**

<b>PROJECT DESCRIPTION</b>	<b>Project No.:</b>	<b>BIDDERS</b>	<b>Awarded to</b>	<b>Director(s) of Successful Local Bidder</b>	<b>Amount of Responsive Tenders (Successful Highlighted)</b>	<b>Points awarded into Preferential Procurement Policy</b>
Supply and delivery one new 55HP two wheel drive Tractor	55/2007	<ul style="list-style-type: none"> <li>• Business Behind Empowerment (Pty)Ltd</li> </ul>	<ul style="list-style-type: none"> <li>• Business Behind Empowerment (Pty)Ltd</li> </ul>	No local tenders received	<ul style="list-style-type: none"> <li>• R 151 000.00</li> </ul>	12.6/20
Supply and delivery of one new petrol driven multi-purpose vehicle	05/2007	<ul style="list-style-type: none"> <li>• Beaufort West Toyota</li> </ul>	Beaufort West Toyota	C De Villiers	<ul style="list-style-type: none"> <li>• R 119 559.00</li> </ul>	0/20
Bulk supply of electricity to Beaufort West Mall	48/2007	<ul style="list-style-type: none"> <li>• Kontrei Elektries</li> <li>• CB Elektries</li> </ul>	Kontrei Elektries	No local tenders received	<ul style="list-style-type: none"> <li>• R 996 794.70</li> <li>• R 1 196 323.27</li> </ul>	3.6/20
Electrical Reticulation of Hillside II & IV	53/2007	<ul style="list-style-type: none"> <li>• Kontrei Elektries</li> <li>• CB Elektries</li> <li>• VE Reticulation</li> </ul>	<ul style="list-style-type: none"> <li>• Kontrei Elektries</li> </ul>	No local tenders received	<ul style="list-style-type: none"> <li>• R 4 406 855.93</li> <li>• R 4 521 100.33</li> <li>• R 6 645 115.29</li> </ul>	1.48/10

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Profesional Services:Credit control and Debt Collection	40/2007	<ul style="list-style-type: none"> <li>• Geodebt Solutions</li> <li>• Ignite Advisory Services(Pty)Ltd</li> <li>• Revco Revenue Consulting (Pty)Ltd</li> <li>• Debtmanager (Pty)Ltd</li> </ul>	Geodebt Solutions	No local tenders received	<ul style="list-style-type: none"> <li>• R1 174 740.00</li> <li>• R 654 180.00</li> <li>• R 183 288.00</li> <li>• R 2 910 762.00</li> </ul>	10/20
Risk Management Systems		<ul style="list-style-type: none"> <li>• Price Waterhouse Coopers</li> <li>• Bridging Concepts Financial Services (Pty)Ltd</li> </ul>	Bridging Concepts Financial Services (Pty)Ltd	No local tenders received	<ul style="list-style-type: none"> <li>• R 225 150.00</li> <li>• <b>R 68 480.94</b></li> </ul>	
Audit - Telkom Accounts		<ul style="list-style-type: none"> <li>• TelRecon CC</li> <li>• NUS Consulting Group</li> <li>• C.A.S Communications Consultants</li> </ul>	NUS Consul-ting Group	No local tenders received	<ul style="list-style-type: none"> <li>• Agreement with Company percentage claiming depending on savings</li> </ul>	
Supply and Installation of a Sever for the Sebata Financial Management System	71/2007	<ul style="list-style-type: none"> <li>• Welcomp Computers</li> <li>• Juvinon Systems</li> <li>• Procon IT Solutions</li> </ul>	Welcomp Computers	No local tenders received	<ul style="list-style-type: none"> <li>• <b>R 120 793.20</b></li> <li>• R 152 151.00</li> <li>• R 152 760.00</li> </ul>	4/20
Disposal of Rock from channel Excavation		<ol style="list-style-type: none"> <li>1. Trucon</li> <li>2. G Pietersen</li> <li>3. Karoo Frame Traders</li> <li>4. Sincede</li> </ol>	Trucon	A Truter	<ul style="list-style-type: none"> <li>• <b>R 128 250.00</b></li> </ul>	.05/20

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Huur van 20ton Uitgrawingsmasjien	96/2007	<ul style="list-style-type: none"> <li>• Trucon</li> <li>• Blazecor</li> </ul>	Blazecor	<ul style="list-style-type: none"> <li>• M Verveen</li> <li>• C Green</li> <li>• T Green</li> </ul>	<ul style="list-style-type: none"> <li>• R 170 752.40</li> <li>• R 152 580.00</li> </ul>	17.8/20
Extention of bicycle lane next to Mandlenkosi Road	ICE/B/579	<ul style="list-style-type: none"> <li>• Greystone Trading</li> <li>• Trucon</li> <li>• Enstha Henra cc</li> </ul>	Trucon	A Truter	<ul style="list-style-type: none"> <li>• R 920 438.87</li> <li>• R 962 875.12</li> <li>• R 1 611 176.19</li> </ul>	0.5/20
Reseal of Roads	08/2007	<ul style="list-style-type: none"> <li>• Zebra Bituminous Surfacing cc</li> <li>• TOR Construction cc</li> </ul>	Zebra Bituminous Surfacing cc	No local tenders received	<ul style="list-style-type: none"> <li>• R 1 741 663.04</li> <li>• R 2 273 116.40</li> </ul>	1/10
Vat Investigation		<ul style="list-style-type: none"> <li>• Deloitte &amp; Touch</li> </ul>	Deloitte & Touch	No local tenders received	<ul style="list-style-type: none"> <li>• Agreement of 50% of savings</li> </ul>	
Exploratory Drilling	11/2007	<ul style="list-style-type: none"> <li>• JJ du Plessis</li> <li>• RPM Drilling</li> </ul>	JJ du Plessis for the amount of R 144 000	JJ du Plessis	<ul style="list-style-type: none"> <li>• R 144 000.00</li> <li>• R 355 385.88</li> </ul>	0/20 0/20
Water Meter Audit, Maintenance and Management Strategy	12/2007	<ul style="list-style-type: none"> <li>• Kwezi V3 Engineers</li> <li>• Element Consulting Engineers</li> <li>• CSM Consulting Engineers</li> <li>• Ninham Shand</li> <li>• Uhambiso Consult</li> </ul>	Kwezi V3 for the amount of R 235 422.54	No local tenders received	<ul style="list-style-type: none"> <li>• R 235 422.54</li> <li>• R 460 172.40</li> <li>• R 579 462.00</li> <li>• R 494 988.00</li> <li>• R 436 848.00</li> </ul>	9.72/20

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Supply and Delivery of Two Trailer-Mounted Personnel Platforms		<ul style="list-style-type: none"> <li>Nifty Lift SA cc</li> </ul>	Nifty Lift SA cc for R 461 244	No local tenders received	<ul style="list-style-type: none"> <li><b>R 461 244</b></li> </ul>	1/20
Professional Services: Occupational Health and Safety	04/2007	<ul style="list-style-type: none"> <li>Integrated Health and Safety Systems</li> </ul>	Integrated Health & Safety Systems for R 172 772	No local tenders received	<ul style="list-style-type: none"> <li><b>R 172 772</b></li> </ul>	
Sale of Erven in Extension 14, Essopville	03/2007	<ul style="list-style-type: none"> <li>I Kaptein</li> <li>RS Smith</li> <li>R Maans</li> <li>M Dassie</li> <li>PN Nyuka</li> <li>J Julies</li> </ul>	I Kaptein for R 6 840.00		<ul style="list-style-type: none"> <li><b>R 6 840.00</b></li> </ul>	
<ul style="list-style-type: none"> <li>Erf 5295</li> </ul> <ul style="list-style-type: none"> <li>Erf 5299</li> </ul>		<ul style="list-style-type: none"> <li>I Kaptein</li> <li>RS Smith</li> <li>R Maans</li> <li>M Dassie</li> <li>PN Nyuka</li> <li>J Julies</li> </ul>	RS Smith for R 25 000.00		<ul style="list-style-type: none"> <li><b>R 25 000.00</b></li> </ul>	
Sale of Erven in Nelspoort	04/2007	<ul style="list-style-type: none"> <li>B Keyster</li> <li>K Alexander</li> <li>EG Booysen</li> <li>E Hendricks</li> </ul>	EG Booysen for R 6 860.00		<ul style="list-style-type: none"> <li><b>R 6 860.00</b></li> </ul>	12/20

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		<ul style="list-style-type: none"> <li>• V Jonas</li> </ul>				
Professional Services: Water Supply System	10/2007	<ul style="list-style-type: none"> <li>• Kwezi V3 Engineers (Pty)Ltd</li> <li>• Element Consulting Engineers</li> <li>• CSM Consulting Services</li> <li>• Ninham Shand (Pty)Ltd</li> <li>• Uhambiso Consult (Pty)Ltd</li> </ul>	Kwezi V3 Engineering Services for R 398 589.60	No local tenders received	<ul style="list-style-type: none"> <li>• R 398 589.60</li> <li>• R 460 172.40</li> <li>• R 579 462.00</li> <li>• R 494 988.00</li> <li>• R 436 848.00</li> </ul>	6.20/10
Supply and Delivery of One New Diesel Driven 4Ton Tip Truck	04/2008	<ul style="list-style-type: none"> <li>• TATA Worcester</li> <li>• Short's: Option A</li> <li>• Short's: Option B</li> <li>• Meyers Motors</li> <li>• AAD Truck and Bus</li> </ul>	TATA Worcester for R 195 000.00	No local tenders received	<ul style="list-style-type: none"> <li>• R 195 000.00</li> <li>• R 238 733.10</li> <li>• R 266 891.10</li> <li>• R 270 008.25</li> <li>• R 266 445.00</li> </ul>	13/20
Supply and Delivery of Fencing Material	15/2008	<ul style="list-style-type: none"> <li>• Penta Draad</li> <li>• All About Fencing</li> <li>• AE Tyulu</li> <li>• Boyisile Services CC</li> <li>• Penny Pinchers</li> <li>• Masande Trading CC</li> <li>• Beaufort Wes Verspreiders CC</li> </ul>	Penta Draad		<ul style="list-style-type: none"> <li>• R 269 685.99</li> <li>• -</li> <li>• -</li> <li>• R 489 381.92</li> <li>• -</li> <li>• R 359 379.30</li> <li>• R 317 001.60</li> </ul>	0/20
Provision of Comprehensive Banking Services	122/2007	<ul style="list-style-type: none"> <li>• ABSA Bank</li> <li>• First National Bank</li> <li>• Standard Bank</li> </ul>	ABSA Bank	<ul style="list-style-type: none"> <li>• ABSA Bank</li> </ul>	<ul style="list-style-type: none"> <li>• R 2 071 716.00</li> <li>• R 2 664 300.00</li> <li>• R 2 230 279.90</li> </ul>	N/A

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Development of Service Delivery and Budget Implementation Plan	32/2008	<ul style="list-style-type: none"> <li>• Mubesko Africa</li> <li>• Ignite Advisory Services</li> </ul>	Mubesko Africa	No local tenders received	<ul style="list-style-type: none"> <li>• R 38 122.00</li> <li>• -</li> </ul>	0/20
Supply and Delivery of Electrical Cables	31/2008	<ul style="list-style-type: none"> <li>• Aberdare Cables (Pty)Ltd</li> <li>• Siyaphambili Electrical &amp; Industrial Supplies CC</li> <li>• Alstom Electrical SA (Pty)Ltd</li> <li>• G&amp;C Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Aberdare Cables (Pty)Ltd</li> </ul>	No local tenders received	<ul style="list-style-type: none"> <li>• R 428 561.00</li> <li>• -</li> <li>• R 517 418.00</li> <li>• R 581 286.00</li> </ul>	7.68/20
Compilation of GRAP Annual Financial Statements for 2007/8	49/2008	<ul style="list-style-type: none"> <li>• Mubesko Africa</li> <li>• Price Waterhouse Coopers</li> <li>• Sebata</li> </ul>	Mubesko Africa	No local tenders received	<ul style="list-style-type: none"> <li>• R 193 344.00</li> <li>• R 242 671.80</li> <li>• R 480 422.90</li> </ul>	0/20
Disposal of Erven in Extension 14: Erf 5297	02/2008	<ul style="list-style-type: none"> <li>• EM Riegers</li> </ul>	EM Riegers	<ul style="list-style-type: none"> <li>• EM Riegers</li> </ul>	<ul style="list-style-type: none"> <li>• R 12 000</li> </ul>	
Service Provider to Provide Potable Water from Treated Sewage Effluent	09/2007	<ul style="list-style-type: none"> <li>• Waste &amp; Waste Water Engineering CC</li> </ul>		No local tenders received	<ul style="list-style-type: none"> <li>•</li> </ul>	
Professional Services: Occupational Health and Safety	04/2007	<ul style="list-style-type: none"> <li>• ISHS</li> </ul>	ISHS	No local tenders received	<ul style="list-style-type: none"> <li>• R 184 433.76</li> </ul>	5.20/20



## **5. Minor Breaches and Deviations**

### **6.1 Minor breaches of procurement processes**

The Supply Chain Management Policy states in Paragraph 10.3.2 that: “The accounting officer may ratify minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature”.

During the 2007/2008 financial year the following minor breaches were ratified by the Accounting Officer:



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BEAUFORT WEST MUNICIPALITY					
Minor Breaches in terms of Council's Supply Chain Management Policy					
Date	Amount	Service Provider / Supplier	Description	Deviation	Paragraph
2008/04/08	R 3,000.00	LENA JULY	PHP Project- Catering in Nelspoort	No public invitation to quote in terms of policy	Paragraph 10.3.2
2008/05/30	R 2,250.00	MAGRET QUKWANA	PHP Project- Catering	No public invitation to quote in terms of policy	
2008/05/27	R 3,950.00	MASIQHAME TRADING 402	PHP Project- Catering	No public invitation to quote in terms of policy	
2008/05/22	R 2,250.00	INYAMEKO 445 CC	PHP Project- Catering	No public invitation to quote in terms of policy	
2008/04/14	R 4,617.00	C A VAN WYK	Digging of Holes	No public invitation to quote in terms of policy	
2008/04/30	R 21,000.00	N COLYN	Labour quotation- Vibrucrete Wall	No public invitation to quote in terms of policy	
2008/06/20	R 3,872.72	NIFTYLIFT SA CC	Spare wheels for new Cherry Pickers from supplier of vehicles	No public invitation to quote in terms of policy	
2008/06/26	R 12,500.00	D FORTUIN	Carpentry at Hillside Office	No public invitation to quote in terms of policy	
2008/06/30	R 4,430.00	D FORTUIN	Carpentry at Hillside Office	No public invitation to quote in terms of policy	
2008/04/22	R 2,600.00	GC CONCRETE PRODUCTS	Manufacturing of Concrete Bollards	No public invitation to quote in terms of policy	
2008/04/21	R 3,150.00	KAROO BETONWERKE	Sole Supplier	No public invitation to quote in terms of policy	



**6.2 Deviations from Procurement Processes**

The Supply Chain Management Policy states in Paragraph 10.3.1: “The accounting officer may dispense with the official procurement processes established by this policy and may procure any required goods or services through any convenient process, which may include direct negotiations, but only –

(b) if such goods or services are produced or available from a single provider only;

(d) in any other exceptional case where it is impractical or impossible to follow the official procurement processes”

Accordingly please find a schedule of the deviations approved by the Accounting Officer during the 2007/8 financial year:



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BEAUFORT WEST MUNICIPALITY				
DEVIATIONS in terms of Council's Supply Chain Management Policy				
Supplier	Date	Cheque number	Amount R	Reason for deviating
Engen Truckstop	27/07/07	55715	3 259.87	Only reliable supplier in town that was willing to deliver diesel on account. Diesel supplier, but from 1 August 2007 we are using the petrol cards for procurement of fuel.
	14/08/07	55785	2 977.46	
	27/07/07	55716	2 363.08	
	14/08/07	55786	2 814.11	
	27/07/07	55717	23 374.33	
	14/08/07	55787	23 686.59	
	24/08/07	55837	11 534.73	
Karoo Motors Workshop	31/08/07	55957	5 006.88	Sole supplier willing to render services to the municipality.
	28/09/07	56210	15 628.26	
	31/08/07	55956	7 998.24	
	28/09/07	56211	5 937.12	
	31/08/07	55956	10 236.06	
Actebis 268 cc	19/07/07	55687	6 247.20	Sole supplier for disposal of globes.
JJ du Plessis	23/07/07	55693	10 260.00	Only contractor that could render services locally.
	21/09/07	56131	30 960.00	
Waltons Stationery	05/09/07	55999	2 024.46	The only supplier that responded to request for quote.
Die Courier				The only locally distributed newspaper in town.
Die Burger	26/09/07	56197	6 900.87	Daily published newspaper circulated in the Western Cape including Beaufort West.
	28/08/07	55867	2 179.22	
Beaufort - Wes Stene	27/08/07	55846	3 990.00	The only available supplier to transport 180/50 bags from George to Beaufort West.

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Ideal Lighting & Electrical	31/08/07	55966	11 985.60	Only supplier that could supply SF Curve 1 breakers 60 Amp. Products are not manufactured any more.
Erideo enterprises	20/08/07	55802	13 668.60	Specialized electrical repair service delivered by supplier.
Beaufort West Verspreiders	31/08/07	56229	4 709.13	Invoice-13704 The only supplier that responded to request for quote. Inv 13821- Only 2 suppliers responded to request for quote.
Beaufort West Security	26/09/07	56199	7 660.80	Emergency requirement after precast wall was damaged by windstorm and vandalism took place.
Beaufort Alarms BK	12/09/07	56045	8 317.78	Only local supplier that can install an alarm system immediately because of vandalism that took place on the rugby stadium.
Combined Systems	11/09/07	56019 56020 56021	29 097.54	Current service provider of the Asset Register software for the Beaufort West Municipality.
Duneco	06/09/07 28/09/07	56002 56206	12 335.94 14 376.08	Only available TBL machine that the municipality could hire. Only two suppliers who can deliver materials on site provided quotes.
Karoo Beton Werke	26/09/07 28/08/07	56168 55864	11 307.85 6 314.81	The only supplier locally that manufacture precast concrete paving products.
Penny Pinchers	31/08/07	55986	2 595.16	Only two local suppliers that can supply the products.
Nampak Tissue	31/08/07	55988	2 529.89	Only two suppliers who can deliver materials on site provided quotes.
The Card Production Facility	07/09/07	56014	7 114.50	Transversal contract with Government supplier issues driving licence cards.
Mega Roller Shutter Doors	17/09/07	56103	16 797.90	Impractical to obtain quotes for service and maintenance of roller shutter doors

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Bernini Craft	26/09/07	56198	18 696.00	The only local supplier.
Elster Kent Metering	28/08/07	55871	8 800.80	Sole supplier, manufacturers of existing prepaid water metering service.
	28/08/07	55872	3 567.50	
	28/09/07	56223	4 467.38	
De Aar stone Crushers	27/09/07	56202	22 344.00	Nearest supplier that could deliver crusher dust. Only supplier that could deliver crushed stones, our other suppliers - Greater Karoo Crushers are closed and Volmoed are sold.
	28/08/07	55863	21 705.60	
Canon	27/09/07	56194	7 899.93	The only two suppliers that responded to request for quote.
	28/08/07	55882	15 718.92	
WG Job Stene	02/08/07	21741	2 200.00	Only supplier that have bricks available.
	03/08/07	55750	3 300.00	
Karoo Fire	27/08/07	55842	2 140.00	Agent. Only supplier locally that could service and supply fire extinguishers.
Litterman	02/08/07	55743	2 300.00	Sole supplier that manufacture litter pickers.
N Molewitz	16/07/07	21630	2 000.00	Only available transport service provider for the transport of CDW's from Nelspoort to Beaufort West.
Probou	31/08/07	56156	2 450.00	Inv2825, inv2819, 4779 & inv2829-The only two suppliers that responded to request for quote. Inv-2809-Only available transporter that was available to transport drums tar from Cape Town.
	31/08/07	56154	5 940.50	
	31/08/07	56154	4 200.00	
	31/08/07	56154	5 950.00	
	31/08/07	55817	2 336.40	
T Botha	24/07/07	55700	2 635.90	Supplied medals for Marathon
SV Vervoer	31/07/07	55733	3 960.13	Only available local supplier that could provide roller for hire.
CZ Electrical	27/09/07	56193	2 390.00	Inv-9882 - Only supplier that could deliver services at that time.
Jay Clebert &	27/09/07	56179	2 280.00	Official service provider for broadcasting insert on KYK NET.

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Associates	31/08/07	55972	30 210.00	
Newborn Fashions	31/08/07	55976	4 400.00	Repair stitch and packing of medals for Marathon.
Huber Technology	31/08/07	55965	6 213.00	Sole supplier that installed system for sewerage works and are the only one that can do the repairs and maintenance of hardware.
Ceramco	28/08/07	55884	6 154.97	Only two suppliers that can supply sewerage rods and tools.
Coca Cola Beaufort West	29/08/07	55892	3 372.52	Main wholesaler distributor for cool drinks for the Marathon.
Syntell	27/09/07	56177	27 512.76	Repairs to traffic light system. Not practical to ask multiple suppliers to quote.
Nuweveld Pharmacy	04/10/07	56298	4 774.14	Only supplier willing to render services to the municipality.
	04/10/07	56299	4 092.12	
Perfecto Builders	27/11/07	57243	8 924.84	Only available supplier.
	04/10/07	56285	2 039.96	
Spectrum Communications	09/10/07	56332	6 061.27	Sole Supplier of telemetry equipment
Momar Sales	15/08/07		15 675.00	Sole Manufacturer of Descalers for swimming pools.
	23/10/07	56461	3 180.60	
	23/10/07	56460	1 026.00	
	27/11/07	57239	1 860.48	
Elite Labels	20/12/07	57404	6 156.00	Supplier of tickets for swimming pool
Ace Mowers Sales	18/12/07	57393	4 508.73	Agent- for supply of specific spares for vehicles.
Trans Atlantic Equipment	28/12/07	57476	2 850.00	Product maintenance and service. Service of speed guard calibration
M.A Nkanyezi	19/12/07	23810	6 000.00	Sole supplier in crafting locally-Art & Crafts Centre.

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Ububele Alfa Chemicals	28/11/07	57259	2 192.31	Specialized electrical repair service delivered by supplier.
Outback Promotions	23/10/07	56450	7 660.80	Specialized bags with municipal logo.
Much Asphalt	26/10/07	57043	16 598.90	Only supplier that supply tar loose.
C & C Fitters	02/10/07	56249	10 496.92	Only supplier locally that supply blinds and carpets.
Karoo Beton Werke	18/10/07	56412	2 394.00	The only supplier locally that manufacture precast concrete paving products.
Penny Pinchers	13/08/07 30/07/07	56282 56282	10 624.80 2 896.59	Agreement with supplier to deliver cement. Sole supplier of pine in town.
Ingersoll Rand	04/12/07 03/10/07	57327 56276	4 147.08 2 062.88	Agent - for special engine parts for vehicles
Southern Cape Bolt	21/08/07	56318	4 656.00	Specially designed padlocks
J Scholtz	05/10/07	56302	33 544.50	Sole available supplier to deliver service in town.
Elster Kent Metering	11/12/07 20/12/07 20/12/07 22/11/07	Orderno.8961 57403 57402 57169	46 170.00 8 800.80 4 078.91 446 310.00	Sole supplier, manufacturers of existing prepaid water metering service.
Karoo Fire	31/10/07 20/12/07	57059 57435	2 589.50 2 943.00	Agent. Only supplier locally that could service and supply fire extinguishers.

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Rocla	15/11/07	Orderno.8650	25 571.94	Sole Manufacturer of RP culverts
Ubertech	27/09/07 27/09/07 21/08/07	56178 56187 55819	4503.00 14298.45 28596.90	In terms of the delegated authority of the Municipal Manager on 27 November 2006 that procurement and repairs of hard& software of computers with a maximum amount of R30 000.00 may be procured from council's current contracted suppliers.
Welcomp Computers	31/08/07 31/08/07	55985 55987	9213.22 26538.30	In terms of the delegated authority of the Municipal Manager on 27 November 2006 that procurement and repairs of hard& software of computers with a maximum amount of R30 000.00 may be procured from council's current contracted suppliers.
Karoo Fire	31/10/07 20/12/07	57059 57435	2 589.50 2 943.00	Agent. Only supplier locally that could service and supply fire extinguishers.
Ubertech	17/10/07 27/11/07 21/08/07	56386 57236 55819	29 755.14 18 867.00 28596.90	In terms of the delegated authority of the Municipal Manager on 27 November 2006 that procurement and repairs of hard& software of computers with a maximum amount of R30 000.00 may be procured from council's current contracted suppliers.
Bru-Pumps & Services	06/12/07	Orderno.8927	R 58550.40	No public advertisement for quotes was done. Quotes requested from Council's suppliers database. In terms of Council's Preferential Procurement Policy Preferential Points should be allocated to all procurement above R 30 000. The invitation to quote did not include these sections.
Penta Draad	27/12/07	Orderno.9055	R 67 515.17	No public advertisement for quotes was done. Quotes requested from Council's suppliers database. In terms of Council's Preferential Procurement Policy Preferential Points should be allocated to all procurement above R 30 000. The invitation to quote did not include these sections.
Welcomp Computers	21/12/07 25/10/07	Orderno.9048 57009	R 11 330.00 R 4 780.99	In terms of the delegated authority of the Municipal Manager on 27 November 2006 that procurement and repairs of hard&

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	13/11/07 28/12/07 05/10/07 05/10/07	57117 57467 56305 56296	R 3 201.73 R 5 549.29 R 3 175.77 R 7 417.36	software of computers with a maximum amount of R30 000.00 may be procured from council's current contracted suppliers.
Trucon G Pietersen Karoo Frame Traders Sincede		Disposal of Rock from channel Excavation	R 128 250.00 R 58 723.50 R 95 205.00 R 54 150.00	In terms of Council's Preferential Procurement Policy Preferential Points should be allocated to all procurement above R 30 000. The invitation to quote did not include these sections.
Price Waterhouse Coopers Bridging Concepts Financial Services (Pty)Ltd		Risk Management Systems	R 225 150.00 R 68 480.94	In terms of Council's Preferential Procurement Policy Preferential Points should be allocated to all procurement above R 30 000. The invitation to quote did not include these sections.
TelRecon CC NUS Consulting Group C.A.S Communications Consultants		Audit – Telkom Accounts		In terms of Council's Preferential Procurement Policy Preferential Points should be allocated to all procurement above R 30 000. The invitation to quote did not include these sections.

Document #	Date	Amount	Service Provider / Supplier	Description	Deviation	Paragraph
58145	2008/04/18	R 10 000.00	MULLER HANDELAARS	Construction and reinforcing of Wind pump Tower- Merweville	Sole service provider	P10.3.1.(b)
15004560	2008/06/25	R 11 585.82	SPECTRUM COMMUNICATION	Maintenance on the Telemetry System	Sole service provider	
15002618	2008/05/27	R 10 140.30	SPECTRUM COMMUNICATION	Maintenance on the Telemetry System	Sole service provider	
15002617	2008/05/27	R 15,669.30	SPECTRUM COMMUNICATION	Maintenance on the Telemetry System		
58425	2008/06/18	R 2 964.00	BEAUFORT ALARMS	Installation of Alarm System- Fountain Borehole Pump	Sole service provider	

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15001897	2008/04/29	R150 792.91	ELSTER KENT METERING	Sole Supplier of Prepaid Water meter System	Sole service provider	
15002152	2008/05/26	R 4 181.89	ELSTER KENT METERING	Sole Supplier of Prepaid Water meter System	Sole service provider	
15001898	2008/04/29	R 5 400.00	ELSTER KENT METERING	Sole Supplier of Prepaid Water meter System	Sole service provider	
15002646	2008/06/02	R 34 068.90	UBERTECH	Information Technology Service Provider	In terms of the delegated authority of the Municipal Manager on 27 November 2006. Procurement and repairs of hard& software of computers with a maximum amount of R 30 000.00 may be procured from council's current contracted suppliers.	P10.3.1.(d)
15001997	2008/05/06	R 17 034.45	UBERTECH	Information Technology Service Provider		
15002638	2008/05/30	R 27 320.10	UBERTECH	Information Technology Service Provider		
15002022	2008/05/07	R 2 931.85	WELCOMP COMPUTERS CC	Information Technology Service Provider		
15001483	2008/04/03	R 17 692.20	WELCOMP COMPUTERS CC	Information Technology Service Provider		
15002647	2008/06/02	R 8 846.10	WELCOMP COMPUTERS CC	Information Technology Service Provider		
15004605	2008/06/30	R 8 846.10	WELCOMP COMPUTERS CC	Information Technology Service Provider		
58111	2008/04/14	R 18 015.01	WELCOMP COMPUTERS CC	Information Technology Service Provider		
15001876	2008/04/23	R 23 440.85	WELCOMP COMPUTERS CC	Information Technology Service Provider		
15002159	2008/05/26	R 19 101.27	WELCOMP COMPUTERS CC	Information Technology Service Provider		
15001474	2008/04/01	R 3,400.00	B&B SWEISWERKE	GENERAL REPAIRS & MAINTENANCE	Ad-Hoc repairs to plant & equipment where it is not possible to ascertain the nature of the work required or in terms of a guarantee	Paragraph 10.3.1 (d)(vi)
15002066	2008/05/21	R 21,758.75	B&B SWEISWERKE			
15004138	2008/06/18	R 8,365.65	B&B SWEISWERKE			
15002062	2008/05/21	R 53,612.93	BARLOW'S EQUIPMENT			
15004141	2008/06/18	R 5,338.62	BW PRECISIE MOTOR ING			
15001882	2008/04/23	R 13,072.39	BW PRECISIE MOTOR ING			

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15002064	2008/05/21	R 3,433.68	BW PREISIE MOTOR ING
11026428	2008/04/16	R 2,879.14	CAPE MOWERS
15002050	2008/05/20	R 10,889.44	CP NEL DELTA
15004513	2008/06/23	R 2,513.29	CZ MECHANICAL REPAIRS.
15002052	2008/05/20	R 2,423.38	CZ MECHANICAL REPAIRS.
11026982	2008/05/23	R 2,916.00	DD & PJ AUTO ELECTRICAL
15004532	2008/06/24	R 50,502.00	POWER ECONOMY DISTRIBUTION
15004535	2008/06/24	R 2,526.18	F & R PHAKISA OPERATIONS
15001990	2008/04/30	R 3,394.19	GEORGE LAWNMOWERS & CHAINSAWS
15004537	2008/06/24	R 6,655.40	HYDRABERG HYDRAULICS
15001899	2008/04/29	R 9,045.90	KAROO MOTORS WERKSWINKEL
15002162	2008/05/26	R 27,538.99	KAROO MOTORS WERKSWINKEL
15004541	2008/06/24	R 18,844.20	KAROO MOTORS WERKSWINKEL
15002161	2008/05/26	R 4,127.25	KRIESS HYDRAULICS CC
15002160	2008/05/26	R 4,191.78	KRUIPER SPARES (PTY)LTD
15001502	2008/04/22	R 2,259.54	MOTOLEK
15004555	2008/06/25	R 18,523.12	NEL'S TRUCK & CAR REPAIRS
15002613	2008/05/27	R 20,503.74	PIENAAR BROS
15002015	2008/05/06	R 2,373.59	PIENAAR BROS
11027424	2008/06/12	R 3,000.00	PRESSURE SEALERS SERVICE
19000704	2008/04/04	R 2,850.00	PROCON
15001882	2008/04/23	R 13,072.39	BW PREISIE MOTOR ING
15002064	2008/05/21	R 3,433.68	BW PREISIE MOTOR ING
11026428	2008/04/16	R 2,879.14	CAPE MOWERS
15002050	2008/05/20	R 10,889.44	CP NEL DELTA
15004513	2008/06/23	R 2,513.29	CZ MECHANICAL REPAIRS.
15002052	2008/05/20	R 2,423.38	CZ MECHANICAL REPAIRS.

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11026982	2008/05/23	R 2,916.00	DD & PJ AUTO ELECTRICAL			
15004555	2008/06/25	R 18,523.12	NEL'S TRUCK & CAR REPAIRS			
	2008/06/09	R13 844.90	DIE COURIER	Advertising Service Provider	Any contract relating to the publication of notices & advertisements by the municipality	Paragraph 10.3.1 (d) (i)
	2008/06/23	R15 632.30	DIE COURIER	Advertising Service Provider		
	2008/05/21	R 30 271.50	DIE COURIER	Advertising Service Provider		
	2008/04/23	R 8,573.35	AYANDA MBANGA COMMUNICATIONS	Recruitment Advertising Service Provider		
	2008/06/24	R 7,014.55	AYANDA MBANGA COMMUNICATIONS	Recruitment Advertising Service Provider		
	2008/05/26	R 38,100.00	SM CONSULTANTS CC	Collection of Traffic Fines with Warrants of Arrest	The appointment of a person or a service provider to render professional services for less than R 200 000	Paragraph 10.3.1 (d)(v)
	2008/04/02	R 22,572.00	SM CONSULTANTS CC	Collection of Traffic Fines with Warrants of Arrest		
	2008/05/14	R 8,407.50	CRAWFORDS	Chairperson: Disciplinary Hearings		
	2008/04/30	R 7,881.90	CRAWFORDS	Chairperson: Disciplinary Hearings		
	2008/06/17	R 3,240.00	CRAWFORDS	Chairperson: Disciplinary Hearings		
	2008/05/22	R 17,100.00	QUIDITY CC	Professional Service- Draft of Policies- Records Management & Control		
	2008/04/10	R 63,000.00	CVW MEGANIES & ELEKTRIES	Draft of Electricity Master Plan		
	2008/05/06	R 6,821.76	IMQS SOFTWARE (PTY) LTD	Electricity Monitoring Software		
	2008/05/23	R31,142.00	WM VAN DEN HEEVER	Surveying Services- Greenfields Housing Project		
	2008/06/13	R 5,000.00	LC JONAS	Professional Service: Submission of NDPG application to NT- No quotes		
	2008/06/05	R 23,940.00	CHRIS SWARTZ	Technical Evaluation- Potable Water	Deviation approved on 04-01-08	Paragraph 10.3.1 (d)(v)

**7. AWARDS TO CLOSE FAMILY MEMBERS OF PERSONS  
IN THE SERVICE OF THE STATE**

In terms of Regulation 45 of the Supply Chain Management Regulation, awards to close family members of persons in the service of the state must disclose particulars of awards of more than R 2000 in the Annual Financial Statements.

The following bids were awarded to a person who is a family member of a person in the service of the state:

<b>Business</b>	<b>Date</b>	<b>Cheque</b>	<b>Amount</b>	<b>Interest</b>
B Chalmers- Catering for Women's Parliament hosted in Beaufort West		21904	R10 000.00	Husband, Mr. M Chalmers employed with the Department of Correctional Services.
B Chalmers- Catering for Council's year-end event	19/12/07	23841	R 4 410.00	Husband, Mr. M Chalmers employed with the Department of Correctional Services as Corrections Officer.

**8. Awards to persons in the service of the state**

In terms of Council's Supply Chain Management Policy, Paragraph 1.15.2.1, the municipality is prohibited from doing business with any person in the service of the state.

The following deviations from this paragraph were approved by the Accounting Officer:

<b>Supplier</b>	<b>Date</b>	<b>Cheque #</b>	<b>Amount R</b>	<b>Reason for deviating</b>
PJ Sound & Vision (Owner – PJ Julies: Vehicle Inspections Officer)	07.10.02 07.11.07 07.12.13 07.12.13 07.12.27	23192 23357 23715 23778 23887	750.00 1 200.00 1 000.00 2 500.00 500.00	Only supplier available to render comprehensive sound provision service, which includes supply, delivery, set-up as well as staff to operate the equipment.

## **9. Logistic, Disposal and Risk Management**

The SCM unit must provide an effective system to ensure the setting of inventory levels, placing of orders, receiving and distribution of goods, stores and warehouse management, expediting orders, vendor performance, maintenance and contract administration as well as provide for an effective method of disposal and letting of assets which is inclusive of redundant and obsolete stock. Such systems must also have in place mechanisms to identify, consider and avoid potential risk in the SCM system.

### **9.1 Setting of Inventory levels**

The inventory levels are constantly being monitored and updated with the assistance of the relevant user departments. The appointment of a Stores: Clerk has alleviated much of the capacity problems experienced in the past, but have we achieved a vat improvement.

### **9.2 Inventory Control**

The stock take for the 2007/8 financial year took place on the 28 June 2008. This stock take was however not pre-empted with regular quarterly checks or ad hoc spot-checks and is a review of vital importance in order to reduce the risks of theft, pilferage and erroneous allocation of transactions. In order to address these risks the Supply Chain Management Practitioner will be conducting regular ad hoc inspections and scheduled quarterly stock-takes with the assistance of the Internal Auditor.

### **9.3 Placing of orders**

Copies of all orders are kept onsite and outstanding orders are followed up on a regular basis. The appointment of the Stores: Clerk alleviated the pressure experienced by the vacancy during the previous reporting period and has the improved ability to follow up on outstanding orders led to an improvement in our aged creditor's book.

#### **9.4 Receiving and distribution of goods**

The receipt and distribution of goods are recorded online. This enables us to regularly do spot checks on stock as well as a full formal stock take at the end of the financial year. The only major shortcoming experienced was with the issuance of electrical cable as access to the commodity was controlled by the office of the Director: ElectroTechnical Services. A full stock count was however performed with the cables being measured accurately and has our records being adjusted accordingly. Access to the cable store has been restored to that of the Stores personnel with the accompanying accountability.

#### **9.5 Vendor performance, maintenance and contract administration**

Vendor performance is monitored continuously and problems are promptly addressed. Vendor records are also updated on a regular basis and contract administration are performed regularly to ensure service delivery.

#### **9.6 Effective method of disposal and letting of assets**

The procedures include public invitation when Council assets come up for letting or selling.

#### **9.7 Redundant and obsolete stock**

Redundant and obsolete stock are written off in terms of Council's Asset Management Policy and disposed of at public auction. A successful public auction was conducted on 23 May 2008 to alienate redundant stock, obsolete equipment and scrap metal. Bids were also invited via public advertisement for the disposal of scrap metal for a period of six months in order to ensure the regular disposal and to limit the loss of this valuable commodity.

#### **9.8 Mechanisms to identify consider and avoid potential risk in the SCM system**

The potential of risks are identified on a case by case basis when the specifications of a particular requirement are drawn up. Individual transactions are scrutinized by the heads of department with the relevant delegation of authority to ensure compliance

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with the SCM policy and further scrutiny is placed on the transactions before the payment is made by the office of the CFO.

Further measurements of risk management are also included in the policy via the section dealing with ethical standards and the ethical conduct of officials dealing with SCM. These documents incorporated National Treasury's Ethical Code of Conduct.

A thorough analysis of the risk appetite of the municipality has been undertaken during the 2007/8 financial year and will due cognisance be taken to the risk management model that was recommended.

### 10. Recommendations

**That the following timeframe be implemented to address the outstanding issues as addressed in the report and hat progress in terms of implementation of these issues be reported as part of the quarterly reports to the Executive Mayor:**

<b>Action</b>	<b>Date of Implementation</b>	<b>Responsible Official</b>
1. Implementation of written sub-delegations	01 October 2008	Manager: SCM
2. Preferred Suppliers Database	31 August 2008	Manager: SCM
3. Introduction of Procurement Procedures	01 April 2009	Manager: Expenditure
4. Auction	30 April 2009	Manager: SCM
5. Amendment of the Organogram	31 March 2009	Director: Financial Services

## **11. Summary**

The implementation of Supply Chain Management in the municipality has become an accepted reality in the municipality.

Projects and procurement is being planned with cognisance of the requirements of the Supply Chain Management legislative framework. However more work should be done in order to improve strategic sourcing to enhance the value the municipality can derive in improved sourcing and supplier development.

The current shortcomings in the implementation of the Supply Chain Management Policy are constantly addressed. Council's SCM policy fully complies with the requirements of the SCM Regulations, and is ideally set to ensure that procurement processes of the municipality is fair, equitable, transparent, competitive and cost-effective and comply with the prescriptions of the Municipal Finance Management Act.

**J Booysen**

**Municipal Manager**