



Annual Report

Sedibeng District Municipality

2011

2012



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CHAPTER 1 - EXECUTIVE MAYOR'S FOREWORD AND MUNICIPAL MANAGER'S EXECUTIVE SUMMARY

COMPONENT A: EXECUTIVE MAYOR'S FOREWORD

Tasked with the imperative to comply and satisfy the legislative prescription for the completion of the Annual Report as legislated in Section 46 of the Local Government Municipal Systems Act (No: 32 of 2000) read in conjunction with and Sections 121 and 127 (2) of the Local Government Municipal Finance Management Act (No: 56 of 2003). Find herein set out the Sedibeng District Municipality's Executive Mayor's foreword to the Annual Report. This serves as a political overview into the Annual Report which seeks to account for the activities of the Municipality in pursuit of its legislative mandate.

The above pieces of legislation compel the Municipality to prepare an Annual Report for each financial year and the Executive Mayor to table such a report in Council within seven months after the end of each financial year. To that end, this Executive Mayor's Foreword forms part of this Annual Report for the Sedibeng District Municipality for the financial year 2011-12, being the year under review.



VISION AND MISSION

The Sedibeng District Municipality is committed to being an innovative, dynamic, developmental government that consistently meets and exceeds the expectations of the communities and various stakeholders it serves. In pursuit of this commitment, we have undertaken the road less travelled, namely to provide a framework of developmental and incremental investment in the infrastructure within the entire region which seeks to improve the quality of life to the communities of Sedibeng.

In this manner, Sedibeng District Municipality continues to be the number one Municipality in the Gauteng province which is providing low cost housing to its people. To continue in this trend, the release of land for residential purposes coupled with the envisaged multi-year Sedibeng Regional Sewer Works remains the central theme which will drive Sedibeng District Municipality to greater heights.

KEY POLICY DEVELOPMENTS

In pursuit of the mandate to provide seamless service delivery for the entire communities of the Region, the Second Generation Sedibeng Growth and Development Strategy was developed and adopted. This led the charge of vision to create a single tier local government system for the entire Region. This translated into the vision for the Vaal Metropolitan River City. In this regards flowing various summits and engagements with constituent local Municipalities, this vision will enjoy the attention of Sedibeng District Municipalities for the foreseeable future.

The electronic Performance Management System has been adopted with a view to enhance the monitoring and evaluation of the Municipality in its execution of the Integrated Development Plan and the Service Delivery Budget Implementation Plans geared towards improving the political oversight of all activities of the Sedibeng District Municipality. The Sedibeng Mayoral Policy was adopted to give expression to the IOP Strategy to releasing the Human Potential with a view to acknowledge and encourage ordinary citizens of Sedibeng to go the extra mile in the service of their fellow citizens.

KEY SERVICE DELIVERY IMPROVEMENTS

The HIV&AIDS Strategy and its application through a robust Sedibeng AIDS Council, continues to reduce the rate of new HIV infection and that of mother to child transmission This is illustrated by the fact that 122 300 people know their HIV status since the launch of HCT in 2011; 107 322 people are on Antiretroviral drugs; thereby increasing the life expectancy in the region, resulting in the reduction in HIV- related mortality and subsequent amelioration of the quality of life.

Encouraging is the fact that 84% of young people between 15 and 25 years of age are free from HIV. HIV incidence rates (the measure of how many new HIV infections there are over a period of time), has declined from 18% to 15% in 2008, while HIV prevalence (the proportion of the population that is living with HIV at a given point in time) has increased, the latter being a sign that many people are now living longer due to antiretroviral drugs. The figures are a testimony of concerted efforts by all stakeholders within the region, including NGOs, CBOs, Traditional Health Practitioners, private and business sector and other civil society structures.

The period under review has seen the execution and completion of key service delivery improvements in the Sedibeng District Municipality. Notable amongst these though not restricted thereto was the completion of the Constitution Walk, thereby creating a vibrant atmosphere which captured and enhanced the rich history and heritage of the entire Region.

The investments in the infrastructure projects were undertaken on the following projects; Exhibition Centre which amounts to R12.1 million and was completed on the 20th of June 2012 and handed over to the Department of Sports, Recreation, Arts, Culture and heritage. The project created 85 temporary employment, 60 employed were Youth, 14 women and 1 person with a disability. 8 SMME'S that are HDE were granted sub-contracting to the value of R 2340 679.80. The Constitution Walk was built at R21 million, an SMME from Sharpeville has been appointed to do maintenance work for a period of 6 months. This project has already, on average 67 temporarily employed, 56 youths and 24 women. 11 local SMMEs were granted sub-contracting.

The last investments by SDM in the infrastructure projects were on Sharpeville Hall, R16.9 million was spent and the Department of Infrastructure Development contributed R 10.8 m. The project was completed on the 10th of December 2011 but only made available for public use from 01 March 2012 due to public safety compliance issues. The project created on average 46 temporary employment, 34 Youth, 41 women and 1 person with a disability. 40 people from Sharpeville trained in various trades and were issued with certificates after successful completion of their training programme. 12 SMME'S that were HDE were granted sub-contracting to the value of R4 147 950,81.

The Boipatong Memorial and Youth Centre remains under construction with various phases at different stages of completion. Nine local contractors were appointed to create beneficiation, resulting in sixty community members being employed and trained.

In preparation for making Sedibeng ready for its part and pivotal role in the competitive Gauteng Global City Region, the lay-out of Fibre Optic Cabling is continuing in earnest to improve the connectivity of the Region, thereby forming the basis for a Smart City in which the cost of conducting business will be greatly reduced, improving service delivery and making the future Vaal Metropolitan River City the destination for economic investment.

Housing of our communities remains in the forefront of our commitment to service delivery, thus more than 1100 in Tshepiso North Extension 3 were completed during the period under review, with over 50 allocated. The challenge of illegal invasion of 108 incomplete houses, has since been resolved through the intervention of the Provincial Housing Department. The construction of 143 houses in Lakeside is proceeding well with 26 already completed during the period under review.

A total of 459 houses were completed in Tshepong Proper and allocated, with another 511 houses built and completed in Sebokeng Extension 24. The New Village project is complete with 145 houses built and the foundation for the Phase 2 firmly in place for the financial year 2012/13. Johandeo leads the stakes with 1540 completed houses during the period under review, with 350 outstanding houses, awaiting the appointment of a new contractor.

Land for the development of Sicelo housing has been identified and geo-technical study has been completed. By the same token, the Boipatong Back-yard Upgrading is progressing well during the period under review and will be extended to other areas in the Region. As if this was not enough, the Bophelong(Chris Hani) Informal Settlement Project is at a planning phase, while the Mamello project to build 600 houses is on track with approval for township establishment in place.

The Rustervaal Phase Two project's feasibility report is complete and still awaits revision by the Professional Regional Team. The Environment Impact Assessment is complete for the establishment of Savannah City with over 18000 houses which will create 5 200 permanent and sustainable employment in the Region.

PUBLIC PARTICIPATION

The annual State of the District Address, which presents an annual report, the future plans and the annual budget is beamed into as many households in the Region through satellite link ups. The regular LOP Stakeholder engagements and review of the LOP is characterised by two cycles of engagements which includes youth, women, people living with disabilities, designated groupings such as the ex-combatants, the religious fraternity, emerging business, organised business fraternity and professional groupings and institutions of higher learning.

All of these accounting platforms are greatly enhanced through the other various stakeholder corps such as the Sedibeng AIDS Council, the Sedibeng District Municipality Community Safety Forum, the Farmers Forum. The widespread consultations on the Sedibeng First Generation Growth and Development Strategy review led to the successful completion and adoption of the second generation Sedibeng Growth and Development Strategy which enjoys mass appeal and community ownership.

It is this widespread Public Participation and an accountable system in Sedibeng which has contributed to the massive decline in the number of service delivery protests in the Region. Furthermore, the Municipality is proud to confirm

and announce that we have attained another unqualified audit report from the Auditor General. This makes it the 7th consecutive unqualified audit the Sedibeng District Municipality has achieved. This clearly illustrates that the financial management of the Municipality is on the right track to attract investors. It is on these bases that we look forward and are committed to working harder to achieve Clean Audits in the near future.

FUTURE ACTIONS

Sedibeng District Municipality together with its constituent local Municipalities are committed to a single tier Municipality with the envisaged realisation of the Vaal Metropolitan River City in the near future. Submission to the Municipality Demarcation Board has been made.

SPECIAL AGREEMENTS AND PARTNERSHIPS

Taxido Taxi Rank Refurbishment is geared towards the creation of a multi-nodal transport facility which will respond to the current and future transport needs for the region, linking it to the existing transport facilities in the entire Gauteng Province. The envisaged Logistical Hub seeks to harness the potential for freight handling flowing from the congestion at the OR Tambo Airport, thereby creating long term, sustainable employment opportunities in Sedibeng.

The Smart City Concept, based on the District-wide fibre optic cabling as the basis, aims to create the foundation for a future Vaal Metropolitan City. The implementation of the concept shall yield smart environmental practices, e-government, smart mobility and smart economy.

In order to improve the mobility of the community of Sedibeng in line with our quest for a Smart City, a partnership with PRASA has been concluded for the refurbishment and overhaul of the Taxido Junction Taxi Rank into a world class transport Precinct.

With a view to improve the water treatment and sewer reticulation, a partnership has been concluded for the capacity increase of the Sebokeng Water Treatment Centre with both the National and Provincial government. The Sedibeng District Municipality, mandated by our overwhelming vote of confidence from all the people of this Region in the 2011 Local Government elections; who in their multitude, black and white, rich and poor, made their aspiration known, for the next five years, as they entrusted their hard won right to vote to us to serve them once more for the next five years.

This vote of confidence was based on the solid foundation of our achievements which we discharged in the course of paving the path towards a modern and growing Smart City, the Vaal Metropolitan River City, whose future lies in giant steps taken to create a legacy for generations to come.

In order to arrive at this lofty ideal, through developmental growth of our key drivers, aimed at taking our rightful place in the competitive Gauteng Global City Region; Sedibeng seeks to give expression to the National and Provincial Outcomes in a manner which enhances the stature of the District.

In this mandate, the people of this Region have given us responsibility to press forward with the solid efforts and foundation based on the collective commitments developed through intensive public consultations and public consultations and public participation to develop a future for Sedibeng and its people.

This future is best captured in our heartfelt declaration that "Sedibeng, the Cradle of Human Rights, the beautiful place we all call our home" A place in which to live, play, work and raise our families in peace, as an expression of a better quality of life. As the Sedibeng District Municipality, we are committed to working much harder and faster to meet their aspirations in our work to change their lives for the better.

The mandate to serve the Region prudently, for the next five years, finds expression in both our Second Generation Sedibeng Growth and Development Strategy and the five year integrated development plan which will guide our path to the next Local Government Elections in 2016. This firm foundation and building blocks, makes up a clear vision to take Sedibeng on a trajectory of seamless and integrated growth and governance which seeks to optimize development which is geared to give expression to the following priorities:

Reinventing our economy through SMME development, strengthening Cooperatives through Extended Public Works Programmes to respond to the needs of a Green Economy which will enhance job creation and skills development.

Promote more active community participation in local government by enhancing our IDP Stakeholder engagements through Izimbizo. These engagements will form the basis for the engagements for the second generation Sedibeng Growth and Development Strategy going forward.

It is with this in mind that our best interest will be served through consolidation of governance as we launch ahead in our plan to become the Vaal Metropolitan River City by 2016.

Signed by :  _____

Councillor Mahole Simon Mofokeng

T 1.0.1

1.1. MUNICIPAL MANAGER'S OVERVIEW

This Annual Report is presented within the template provided by the MFMA Implementation Unit of the National Treasury issued in July 2012. This standardises the format of Annual Reports across the country, and will ensure that all key issues are reported on without omission. It also ensures that over time, the uniformity across all Annual Reports, will make the public more familiar with how to navigate for information within an Annual Report.

The period of this Annual Report (2011/2012) was marked by the earnest commencement of work by a newly elected Council, which had been in office for a 2 month period when the financial year started. The primary task at the beginning of their term was to allow the new political leadership to assess, align and define the broad framework for the term of office that lay ahead.

The District Wide Lekgotla that was held between 19-21 September 2011, vigorously interrogated the major strategic thrusts for the term ahead. In this regard, the Sedibeng Growth and Development Strategy (GDS-01) came under review and the key focus areas, commonly referred to as the '5R's plus 2' were reconfirmed as appropriate key focus areas to be affirmed at a GDS Summit to be held later in the year. IGR and Corporate Governance also came under review as did the place of Sedibeng in the Global City Region.

The GDS Summit was convened on 31 November 2011, and through a strong stakeholder turnout and some very positive engagements, GDS-02 emerged as the blueprint for the long-term strategy. While GDS-01 sketched the broad concept of choices for long-term development, GDS-02 defined the flagship projects that would drive the development of the Sedibeng District. The translation of GDS-02 into the next IDP proved to be a fertile process that has spawned a range of exciting and challenging projects to be driven by the administration of the District Municipality.

Each of the ten flagship GDS-02 projects, places significant administrative and technical challenges to the institution and the shape and form of the organisational structure would be reviewed to align itself to meet this challenge. This structural review will be undertaken early in the next financial year. The emergence of the 'Smart City' as the focus of flagship project 9 (Expanding and Enhancing Connectivity) became a dominant feature of our allocations of both financial and human resources. While this project challenged the technical skills base of the institution, the project on a Single Authority (Flagship Project 8) occupied the minds of many staff members as the Municipal Demarcation Process moved closer to considering the various options for any possible changes. Institutionally the District remains flexible and responsive enough to accommodate any eventuality that may emerge out of the MDB review.

What did become much clearer as the financial year moved towards its end was that our Emergency Medical Services function was much closer to its migration back to the Gauteng Province than ever before. While the financial year closed without an actual transfer, the move was imminent and would greatly alter the institutional profile of the municipality.

Financially the Municipality continues to keep its head above water, but only just. The accumulated arrears of the underfunding of the EMS function had depleted most of the invested reserves, and this has demanded that a tight rein be kept on the size of the structure and its accompanying staff cost. The austerity measures that were introduced in 2010/2011 were kept in place and would remain in place for some time to come. The growth in equitable share is well below the inflation rate and well below the average rise in salary increases. As a result, the capital budget continues to be squeezed as does the maintenance budget.

Together with the Gauteng Provincial Department of Transport and the Department of Safety and Security, a strong campaign has been launched to root out fraud and corruption at the Licensing Centres across Sedibeng.

The Municipality has continued to sustain its unqualified audit status and has made good progress in minimising the number of matters of emphasis. We remain on track to meet the Operation Clean Audit of 2014 targets, and must keep a firm hold on the internal controls and compliance requirements. The good work of our Audit Committee and Municipal Public Accounts Committee (MPAC) has contributed significantly to the progress that was noted.

The administration continues to work with good oversight and under clear leadership of the political office bearers. On behalf of the administration I wish to thank all our Councillors led by the Members of the Mayoral Committee, the Speaker, Chief Whip and especially our Executive Mayor for the trust shown and for the cooperation with the administration. We trust that this collective effort will have notable impacts on the lives of the people of Sedibeng.



Yunus Chamda
Municipal Manager



1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND

T 1.2.1

In order to plan properly for the development of the Sedibeng District Municipality, it is critical to analyse and understand the key development parameters, challenges and opportunities prevalent in the District. These include, amongst others, the demographic profile of the region, level of development, socio-economic and economic profile, natural landscape, the anticipated trends of these aspects in the overall District context in the next five years. This chapter explores the above mentioned aspects and will enable all role players in the planning process to respond accordingly to developmental challenges and opportunities within the District.

GEOGRAPHICAL CONTEXT OF SEDIBENG

The Sedibeng District Municipality (SDM) is a Category C municipality found in the south of Gauteng Province. It is the only area of the Gauteng Province that is situated on the banks of Vaal River and Vaal Dam in the Southern-most part of the Province. It covers the area formerly known as the Vaal Triangle. It includes the towns of Vereeniging, Vanderbijlpark, Meyerton and Heidelberg as well as the historic townships of Evaton, Sebokeng, Boipatong, Bophelong, Sharpeville, and Ratanda, which have a rich political history and heritage.

TOTAL SIZE OF GEOGRAPHICAL AREA (KM²)

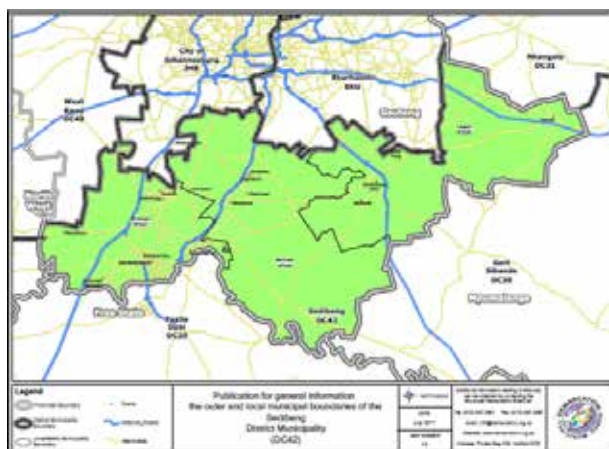
Sedibeng District Municipality	Emfuleni Local Municipality	Midvaal Local Municipality	Lesedi Local Municipality
4,185 km ²	968 km ²	1,728 km ²	1,489 km ²

(Source: Global Insight, 2010)

The SDM covers the entire southern area of Gauteng Province. It is the second largest municipality in Gauteng with a total geographical area of 4,185 square kilometres. The SDM consists of three Category B municipalities, namely; Emfuleni, Lesedi and Midvaal Local Municipalities and is surrounded by the following municipalities:

- City of Johannesburg (Johannesburg) to the North;
- Ekurhuleni (East Rand) to the North-East;
- Nkangala (Mpumalanga) to the North-East;
- Gert-Sibande (Mpumalanga) to the East;
- Northern Free State (Free State) to the South;
- Southern District (North-West) to the West ; and
- West Rand to the North-West

The map below represents the Sedibeng District municipal boundary and its geographical extent with its three locals and other surrounding municipalities.



Source: Municipal demarcation board 2011

DEMOGRAPHY OF SEDIBENG

POPULATION

Sedibeng District Municipality is moderately populated and has experienced an exceptional growth in population as well as fairly young people migrating into the area. It seems that the young population is attracted by the two Universities within the area namely; Vaal University of Technology and North West University Campus, and Sedibeng College as well as other independent institution. According to *Statistic SA Community Survey 2007*, the total population for Sedibeng is **800 819** indicating an increase of 0.5% as compared to the Census 2001 population of **796 754**.

According to the Gauteng Province Socio Economic Review of 2009, the Sedibeng District has a population of 805 168 which constitute 8% and the fourth largest in the Province. Sedibeng also has the second smallest population density of 192 people per hectare.

The above graph presents the age breakdown of the Sedibeng population. It illustrates a typical developing region population pyramid with the dominance of people under the working age. Furthermore, it shows that there is a higher population between the age group 10–14 followed by 05–09. The smallest population is between the ages 70 – 74 followed by 75+. The population between ages 10 – 14 share a significantly equal distribution of males and females. This may indicate that the population in the Sedibeng District may have an equal distribution of males and females in the future. It is also encouraging that there is a fair proportion of population in the working age groups 20 to 59, which have the potential to engage in economic activities.

POPULATION DISTRIBUTION

		Sedibeng District Municipality	Emfuleni Local Municipality	Midvaal Local Municipality	Lesedi Local Municipality
African	Male	336,118	276,709	26,520	32,890
	Female	331,255	273,743	26,040	31,473
White	Male	59,603	42,934	11,642	5,027
	Female	60,302	44,102	11,073	5,126
Coloured	Male	5,007	3,713	652	641
	Female	5,176	3,924	673	578
Asian	Male	3,892	3,325	188	379
	Female	3,818	3,264	168	385
Total		805,168	651,713	76,957	76,498

Source; Global Insight 2010

Emfuleni has the largest population in the District. It represents 80.94% of the total population in Sedibeng, which indicates a decrease as compared to Community Survey 2007 figures of 81.2% in 2007. The population figures for Midvaal and Lesedi shows a slight difference as they almost share the same population figures.

In terms of Race, the black population accounts for the highest number in the region followed by the whites at 14.89% showing a decrease as compared to 15.2% in 2009. Coloured and Asians are sitting at 1.26% compared to 1.2% in 2009 with an increase of 0.96% compared to 0.9% figure in 2009 respectively. The trends of proportional population representation of the different race groups are forecasted to continue into the future.

ECONOMIC ANALYSIS OF SEDIBENG

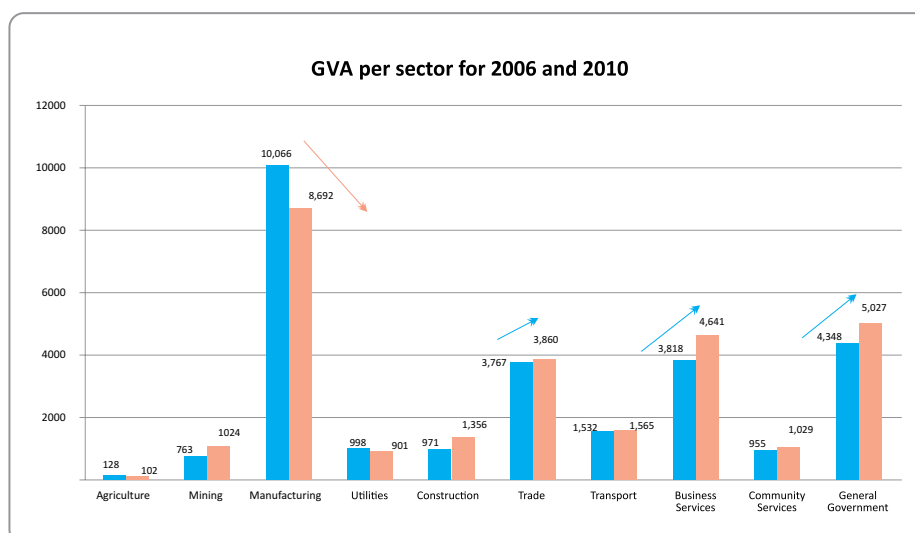
ECONOMIC GROWTH

Sedibeng is the fourth largest contributor to the Gauteng economy. The municipal economy reached a high of 7.2% in 2006. In 2009, Sedibeng economic growth recorded a negative 5.2%. This was 3.4% worse than the 2009 provincial growth rate of negative 1.8%. The Regional Gross Domestic Product slowed down from R23.66 billion in 2008 to R22.43 billion in 2009 and is expected to record R25.93 billion in 2014. However, over the period from 2006 to 2011, the Sedibeng economy increased by 3.1%. This means the average annual growth rate was 0.8% against a targeted annual growth rate of 8% in the first generation Growth & Development Strategy.

SECTORAL STRUCTURE OF THE SEDIBENG ECONOMY

More than half of the economy is in the services sector (57.2% in 2010). The biggest contributors are: manufacturing (30.8%), Government (17.8%), Business Services (17.8%), and trade (13.7%). The largest sector, manufacturing shrunk by R1.374 million (6%). The following sectors experienced the greatest growth respectively; Government, business services, construction and mining. The figure below shows the change in GVA per sector for 2006 and 2010.

GVA per sector for 2006 and 2010



The overall exports declined over the period. In the 2000s, the trade surplus increased to R16.38 billion in 2005 before declining to R9.7 billion in 2006, and reaching a low of R1.34 billion in 2009. The metal exports were the main export item in 2010.

SEDIBENG EXPORTS

Biggest Export Contributors	2010		Change from 2006 - 2010	Biggest export commodity
	R'ml	% of total		
Base Metals	8,280	74.1%	593	Iron and Steel
Machinery	928	8.3%	369	Machinery
Precious metals, stones	885	7.9%	568	Precious metals and stones
Transport equipment	349	3.1%	176	Vehicles
Mineral products	151	1.4%	-7,624	Ores, slag and ash
Other*	582	5.2%	183	Iron/steel articles

The table above shows the biggest export contributors and the changes from 2006 to 2010. These are the sectors that need to be revived.

ANALYSIS OF KEY SECTORS IN SEDIBENG

MANUFACTURING

The regional Economy of Sedibeng has always been driven by the Manufacturing sector for which over years it has assumed that the status quo has remained to be the biggest employer in the region until a change in the structure of the regional economy and global exposure of the Manufacturing sector especially steel to International competitiveness. It is envisaged that the manufacturing sector will remain the dominant economic sector in the District for the foreseeable future.

There are two main sub-sector of manufacturing, namely (1) fabricated metal and (2) chemicals. In the metal sector, the Arcelor-Mittal (formerly ISCOR) steel plant, the Cape Gate Davsteel wire and steel plant and the ferromanganese plant of Samancor, are the three main large baseline plants in the District, while DCD-Dorbyl Heavy Engineering is the biggest manufacturer of massive engineered products in Southern Africa. SASOL, a major player in the chemical industry sector in the District, is actually based in the Metsimaholo Local Municipality in the Free State.

Absolute change in manufacturing GVA from 2006 – 2010

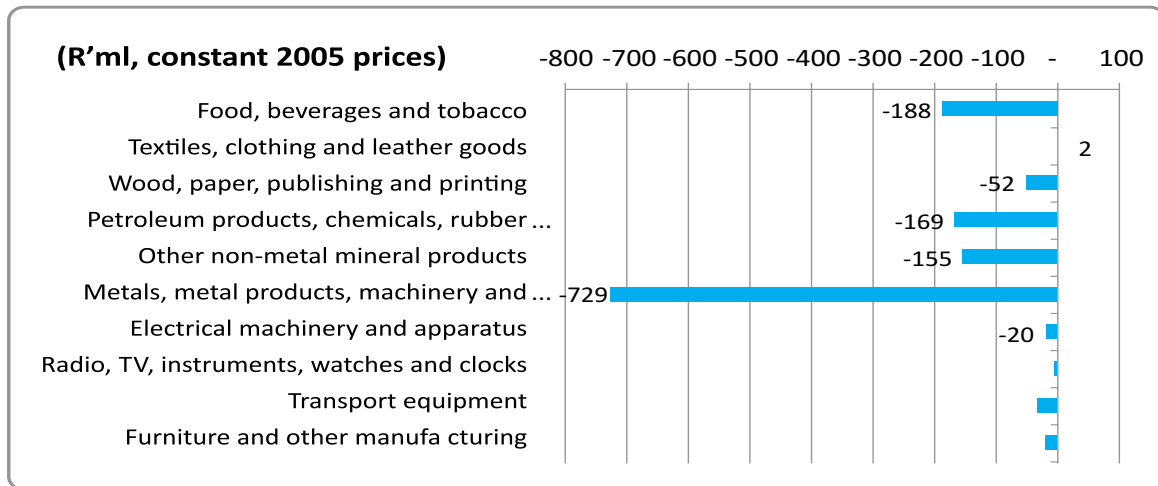


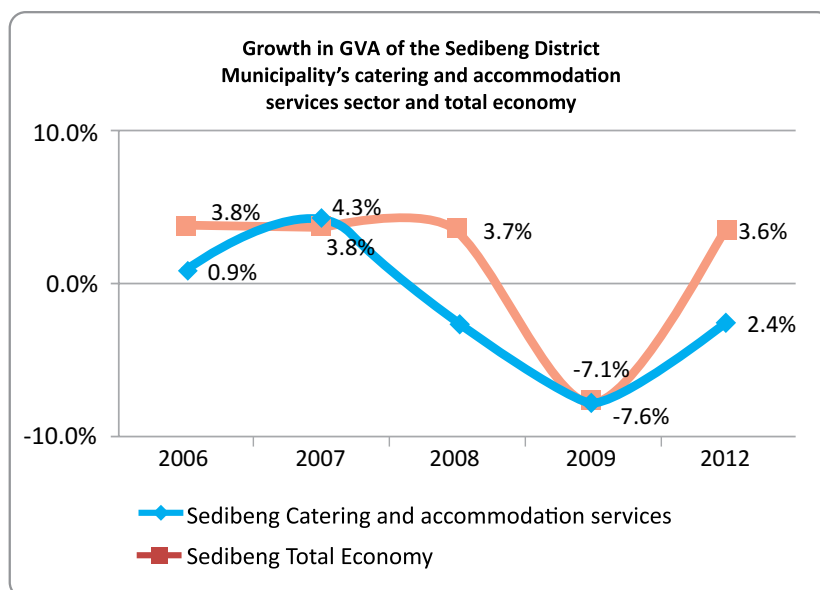
Figure above shows that metal products contributed to 51.4% of manufacturing GVA. All manufacturing and metals declined except for all textiles, including clothing and leather. A positive element is the evidence of some new manufacturing projects to the regions. These include:

- **Heineken:** 1,000 jobs were created during the construction of the Heineken plant and 250 permanent jobs have been created to drive its production process
- **Liquid Fuel Mass Storage Hub:** Site Construction has started as has the installation of a pipeline for liquid petroleum from Durban
- **Coca-Cola South Africa:** 500 jobs were created during construction and investment of R 400 million took place
- **Regional Sewer Scheme:** R 120 million funding was committed by the Department of Water Affairs.

The positive initiatives notwithstanding, overall the manufacturing sector of Sedibeng mirrors that of Gauteng, and as such remains vulnerable to major structural constraints. Without dedicated and speedy attention, the sector may suffer permanent damage.

Tourism

Growth in GVA of SDMs catering and accommodation services on total economy



Although Sedibeng is not at the forefront of tourist destinations, it offers permanent waterways, natural attractions such as the Suikerbosrand Nature Reserve, as well as cultural attractions such as the Sharpeville Memorial that could place the district on the tourism map not only in Gauteng but for domestic tourists from other provinces. The catering and accommodation services experienced negative annual average growth of -2.1% for the period 2006 – 2010. Sedibeng needs to leverage its tourism attraction to bring both Gauteng residents, national, and international visitors into the

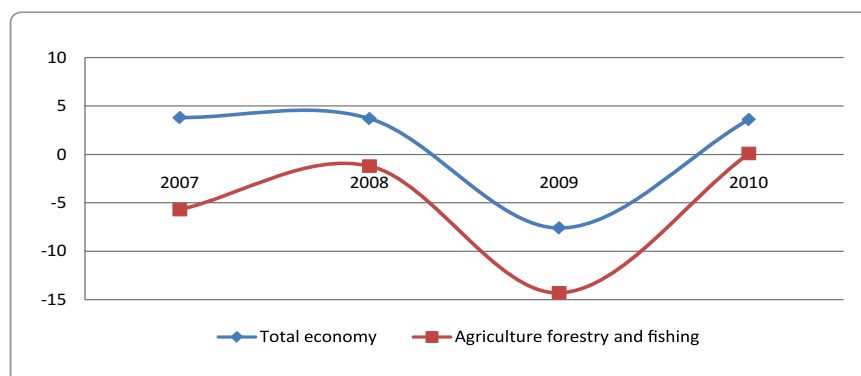
region.

Sedibeng has a total of 72 listed graded accommodations. The SDM has developed 11 Tour routes throughout the District. These include two Struggle Routes through Sharpeville, Boipatong, Evaton and Sebokeng. A birding route is in the process of being developed. A total of 293 Tourism signs have been erected in the District. A Tourism Development Strategy for the area was developed and adopted in 2003 and principles, programmes and projects were encapsulated in the Sedibeng Growth and Development Strategy (2004).

A Generic Tourism Brochure profiling the tourism offerings in the District has been printed and distributed. A promotional tourism DVD was developed in partnership with private sector as a destination marketing tool to promote the District as a collective. A tourism map has been developed with attractions and tourism products according to the 11 tourism routes in the Sedibeng region.

AGRICULTURE

Growth in GVA of the Sedibeng District Municipality's agriculture, forestry and fishing sector and total economy



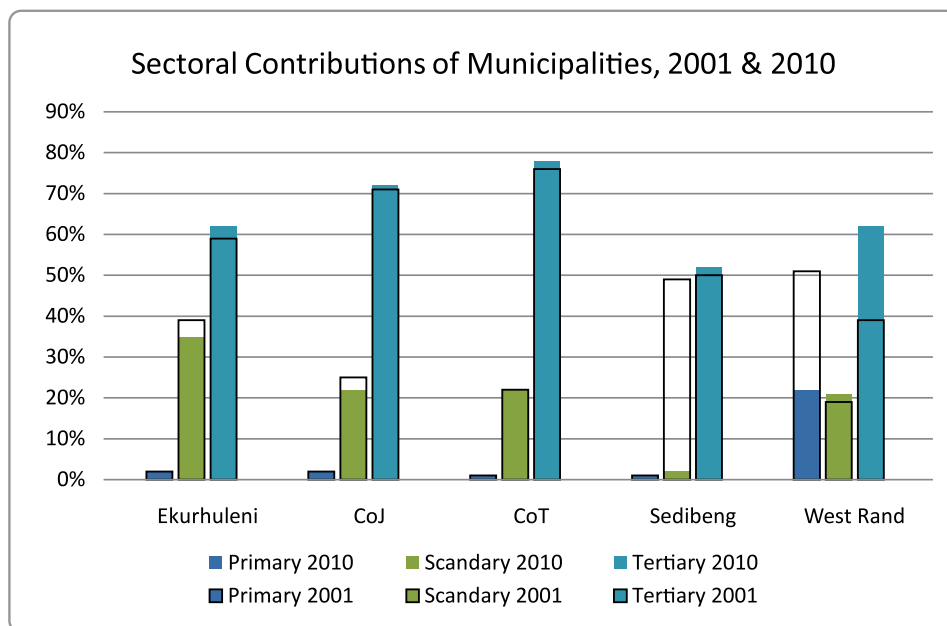
Agriculture had a negative growth over the period 2006 –2010. The annual average growth was -5.4%. It will be necessary to promote new projects to revive the Agricultural sector. An example of such a new initiative is the Maize Triangle. This programme launched on 29 October 2010 by the National Department of Agriculture, aims to:

- provide support and build capacity among farmers
- assist them to become self-sufficient and ensure food security
- develop a successful grain development programme

Other agricultural development programmes include the Bantu Bonke Project that is supported by Rand Water, the Vereeniging Fresh Produce Project, and land restitution.

Economic Contributions by Municipalities in Gauteng

Sectoral Contributions of Municipalities, 2001 & 2010



Source: IHS Global Insight, 2012

In Sedibeng, the secondary sector’s contribution was almost as large as that of the tertiary sector in 2001, with less than a percentage point between them, but the difference had increased to 8 percentage points by 2010. The district’s manufacturing sub-sector lost a portion of its share of GDP-R by 2010, while the construction subsector grew but from a low base. The district’s finance & business services, by contrast, experienced comparatively brisk growth. Its larger base, however, resulted in manufacturing remaining the largest sub-sector in Sedibeng in 2010.

LABOUR FORCE OVERVIEW

EMPLOYMENT TRENDS

Between 2006 and 2011, the economy created 3,976 jobs. This means 1 in three people of the working age population was employed and every fifth person of working age was unemployed. Over the period, unemployment declined by 0.8%. A much more significant intervention around employment creation is needed to address employment in Sedibeng.

The table below shows population of employed different groups in the region.

Race	Male	Female	Total
Black	153,212	131,602	284,814
White	28,695	19,057	47,752
Coloured	2,071	1,822	3,893
Asian	1,939	897	2,836
Total	185,917	153,379	339,296

Source: Global Insight 2010

The total number of the Economic Active Population across all sectors is 325 763. This represents 40.4% of the population of the District. The Blacks account for 83.9% of the economically active, followed by Whites at 14.1%, Coloureds at 1.1% and Asians at 0.8%.

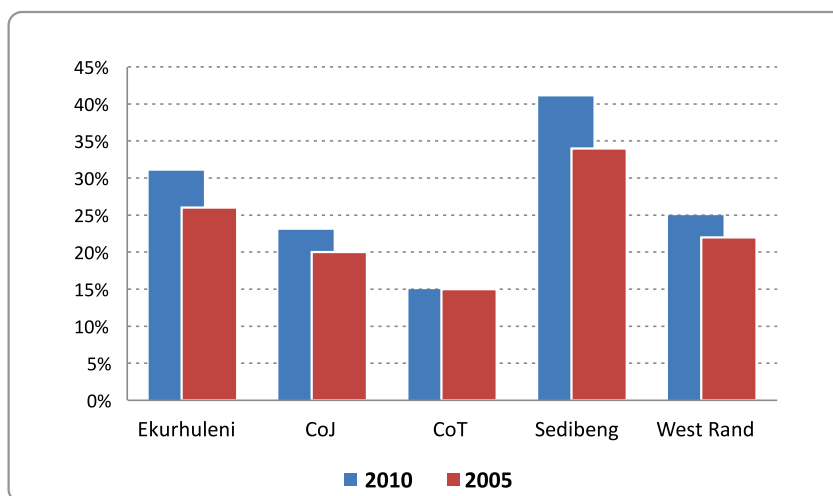
LEVEL OF UNEMPLOYMENT

	Male	Female	Total
Black	50 592	60 090	110 682
White	2 267	2 256	4 524
Coloured	289	267	557
Asian	134	81	215
Total	53 283	62 694	115 977

Source: Global Insight 2011

The above table shows unemployment by race and by gender in the Sedibeng District. The Black population accounts for 95.43% of the unemployed population with Black females recording the highest figures of unemployment in the District at 95.84%. The White population accounts for 3.9% of the unemployed, while Coloureds, Asians are at 0.48% and 0.19% respectively.

Unemployment Rate by Municipality, 2005 & 2010



Source: IHS Global Insight, 2012

The district has one of the highest unemployment rates in Gauteng. The graph indicates a significant increase from 2006 to 2010. Some of the reasons for the high unemployment rate in Sedibeng may include the shedding of jobs by the Arcelor Mittal steel company which is situated in the district.

1.3 SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

T 1.3.1

SUSTAINABLE HUMAN SETTLEMENT AND IMPROVED QUALITY OF HOUSEHOLD LIFE

Sedibeng is the leading District municipality in terms of basic service delivery. Improvements in access to services were exhibited in respect of piped water inside the dwelling, refuse removal by Local authorities, formal housing, sanitation and electricity. Sedibeng District Municipality has high water service levels, with 95.5% of the households having access to RDP water services with a backlog of 1.4%.

Water

NUMBER OF HOUSEHOLDS BY LEVEL OF ACCESS TO WATER						
	Piped water inside dwelling	Piped water in yard	Communal piped water: less than 200m from dwelling (At RDP-level)	Communal piped water: more than 200m from dwelling (Below RDP)	No formal piped water	Total
Sedibeng District Municipality	177,843	59,665	3,871	6,554	4,943	252,876

(Source: Global Insight, 2010)

SANITATION

Sedibeng has high sanitation service levels, with 91.2% of the households having access to sanitation. Sedibeng has a sanitation backlog of 1.5%.

NUMBER OF HOUSEHOLDS BY TYPE OF TOILET						
	Flush toilet	Ventilation Improved Pit (VIP)	Pit toilet	Bucket system	No toilet	Total
Sedibeng District Municipality	225,099	5,641	19,245	731	2,160	252,876

(Source: Global Insight, 2010)

The Statistics SA Community Survey of 2007 also indicates that Sedibeng has high sanitation service levels, with 98.4% of the households having access to sanitation. Emfuleni has the highest sanitation service levels in the District (99.1%), followed by Midvaal (98.3%) and then Lesedi with 91.7% of its households having access to sanitation. Sedibeng has a sanitation backlog of 1.5% of provincial backlog.

Lesedi has the largest backlog in the District, of 8.2% and contributes 44.8% to the District backlog and 1.7% to the provincial backlog. Emfuleni has the smallest backlog (0.8%) and contributes 44.2% to the District backlog and 1.7% to the provincial backlog. According to Global Insight information 225 099 of the households have access to flush toilets, 5641 with Ventilated Improved Pit and the total of 252 876 of Sedibeng District Municipality.

Share of Households with Hygienic Toilets, Municipalities, 2001 & 2010

The largest increase was in Sedibeng, with its proportion rising by 6.3 percentage points from 85.4 percent in 2001 to 91.7 percent in 2010.

There are eight waste treatment plants among Sedibeng's three local municipalities; they had an average Green Drop score of 62.5 percent and none received Green Drop certification. The Premier, mentioned in her State of Province Address that the Sedibeng Regional Sanitation Scheme includes maintenance and repairs of four of the district's treatment plants to date and will concentrate on the expansion of the capacity of two of these plants.

ELECTRICITY

The Community Survey 2007 indicates that 92.1% of the households in Sedibeng have access to electricity. Emfuleni has the highest percentage of households with access to electricity (93.4%) and Lesedi has the lowest percentage of households with access to electricity (81.4%). Sedibeng has an electricity backlog of 7.8%.

Lesedi has the largest electricity backlog in the District (18.5%) and contributes 19.9% to the District backlog and 0.7% to the provincial backlog. Emfuleni has the smallest electricity backlog (6.5%), accounting for 67.1% of the District backlog and 2.4% of the provincial backlog.

NUMBER OF HOUSEHOLDS BY ELECTRICITY USAGE				
	Electricity for lighting only	Electricity for lighting and other purposes	Not using electricity	Total
Sedibeng District Municipality	1,517	222,789	28,570	252,876

(Source: Global Insight, 2010)

The *Global Insight* indicates that 88.7% of the households in Sedibeng have access to electricity, with a backlog of 11.3% of household with no electricity.

REFUSE REMOVAL

In terms of refuse removal, 95.6% of the households in Sedibeng have access to refuse removal, having a backlog of 4.4%.

NUMBER OF HOUSEHOLDS BY ACCESS TO REFUSE REMOVAL						
	Removed weekly by authority	Removed less often than weekly by authority	Removed by community members	Personal removal (own dump)	No refuse removal	Total
Sedibeng DM	241,507	211	666	6,314	4,178	252,876

(Source: Global Insight, 2010)

According to *Community survey 2007*, in terms of refuse removal, 84.8% of the households in Sedibeng have access to refuse removal. Emfuleni has the highest refuse removal levels (85.8%), followed by Lesedi with (82.6%) and then Midvaal with 78.2% of its households having access to refuse removal services. Midvaal has the largest refuse removal backlog (21.7%) and contributes 14.4% to the District backlog and 1.1% to the provincial backlog. Emfuleni has the smallest refuse removal backlog (14.1%) and accounts for 75.8% of the District backlog and 6.2% of the provincial backlog.

HOUSING

According to *Community survey 2007*, approximately 83.9 % of the population has access to formal housing and 16.1% has access to informal housing and other type of dwellings such traditional dwelling. The majority of new low cost housing developments have been located in Emfuleni. Large housing developments which have been implemented within the district primarily focus on subsidized housing to eradicate existing housing backlog. Larger subsidized housing developments are being established on the periphery or as natural extensions to historically disadvantaged areas.

Formal Housing has increased in the last 16 years in the Sedibeng District Municipality, with an increase of 5.9 percent which led to formalisation of Informal settlement.

NUMBER OF HOUSEHOLDS BY TYPE OF DWELLING UNIT						
	Very Formal	Formal	Informal	Traditional	Other dwelling type	Total
SDM	161,131	50,942	38,308	347	2,148	252,876

(Source: Global Insight, 2010)

The extensive development of new formal subsidised housing (formerly known as RDP) in the district has led to increased migration into the region and the backlog remaining constant. The consequently informal settlements have increased.

INFORMAL SETTLEMENT

Informal residential settlements can be defined as settlements that do not conform to any formal town-planning and building control regulations. They tend to have limited access to basic engineering services such as water, sewerage and electricity. These settlements are usually built at the edge of the cities where land is neglected. In 2004, the department of Housing declared to eradicate informal settlement in South Africa by 2014 following the unprecedented housing backlog, the rising number of Informal settlement, social exclusion, and the inability of the municipality to provide basic infrastructure to the urban poor households.

Sedibeng District Municipality currently has a total of 16 812 informal structures located in approximately 50 incidences of informal settlement scattered throughout the Sedibeng District. In addition to this, approximately 54 820 units have been recorded as backyard units. This may partly represent a rental demand for the municipal area. Of the estimated backlog of 16 812 units, approximately 402 units are located in rural areas. The official Housing Demand Database of the Sedibeng District Municipality stands at 55 698 units. It is at this stage not certain what percentage of these units are for informal settlement upgrading, hostels upgrading or comprise current backyard dwellings.

The high increase of informal settlement may be as results of lack of opportunities for foreigner and the rural areas especially of Free State, Eastern Cape and Northern Cape for people who have migrated into the area in search for a better life particularly working as labourers in informal sectors, contributing sectors of the economy in Sedibeng such as Arcelor Mittal, Cape Gate, Samancoret. and even domestic workers. This problem is associated with the housing problems, increasing competition for jobs between local residents and foreigners.

ENVIRONMENTAL ANALYSIS

Environmental quality has been an ongoing concern in the Sedibeng Region for a number of years. The Growth and Development Strategy through the pillar of "Reviving Our Environment" finally gives the region the means to comprehensively address this issue and ensure that its citizens live in an environment that supports a positive quality of life for them, their children and future generations. The Environmental Division developed an **Environmental Programme of Action (EPoA)** as one of the outcomes of the regional environmental retreat that was held in June 2007. The aim of the EPoA is to provide strategic guidance for the environmental revival as envisaged in the Sedibeng Growth and Development Strategy. The aim of the EPoA is to assist in ensuring a consistent approach across the municipalities and other key government stakeholders towards environmental management in the region. The EPoA identified three priority areas for intervention to address major environmental challenges namely: only 3 are mentioned i.e. water, waste and air quality.

1. Water pollution;
2. Waste; and
3. Air quality

WATER POLLUTION

Sedibeng is faced with serious water pollution challenges in river systems and water bodies, notably the Kliprivier and Blesbokspruit which are polluted from runoffs from industrial areas, townships, waste water treatment works, and acid mine drainage.

The Kliprivier is one of the most polluted rivers in the Sedibeng District as a result of mining and industrial activities in the upper catchments, outside the borders of the Sedibeng. (Source: Strategic Environmental Focus 2009).

The state of Sedibeng's surface and ground water quality is influenced by activities within and beyond the boundaries of Sedibeng. External pressures, emanating from mining and industrial activities on the West Rand (Roodepoort and Randfontein) and East Rand (Germiston, Boksburg, Brakpan and Springs), are major contributing factors to the current

state of surface and ground water quality in Sedibeng. The largest internal pressures are limited to the industrialised and urban areas in Emfuleni, including Meyerton, Vanderbijlpark and Vereeniging. Rural areas in Midvaal and Lesedi, where agricultural activities dominate, have a lesser, but nonetheless important, influence on the surface and ground water quality. Heidelberg and Devon, which are the main urban areas of Lesedi, also contribute to surface and groundwater deterioration through urban associated pollution.

The main pressures on the quality of surface and groundwater resources in the Sedibeng District are the following:

- Mining activities, including physical mining practices and mining effluent release from mineral extraction and mine dumps;
- Industrial activities;
- Water treatment works;
- Informal settlements, which usually lack services;
- Poorly serviced high-density residential settlements;
- High-density urban areas;
- Coal combustion on the Mpumalanga Highveld, which results in acid rain in the Sedibeng District;
- Water abstraction for urban and agricultural use;
- Flow reduction in streams and rivers as a result of dams and weirs; and
- Agricultural activities.

WASTE

Sedibeng's history with regards to waste management is not that different to the South African situation in general. The issue of waste as with most Local, provincial and national departments has many facets including economical, physical, social and political. Waste management has traditionally taken place on an ad-hoc basis to meet the current needs, with very little foresight into the future needs of an ever-increasing population. Identification of landfill sites has generally taken the form of unplanned site location with little or no thought of design to reduce potential impacts to the environment, neighbouring communities, etc. With the development of the minimum requirements by the Department of Water Affairs and Forestry (DWAF) for waste disposal by landfill the identification of landfill sites now take a much more pro-active approach in reducing further negative consequences related to an activity such as planning and design.

Local authorities in Sedibeng have indicated that they have neither sufficient funding nor adequate trained staff, to effectively plan and execute their waste management functions in a sustainable manner.

Communities have also not been involved in the identification of the landfills, which has resulted in community resistance and/or limited support. The level of services varied by area and in particular the previously disadvantaged areas have been left without proper waste management services.

In order for Sedibeng to address waste management it needs to address the following:

- Waste prevention;
- Waste minimization;
- Resource recovery;
- Treatment; and
- Safe disposal

AIR QUALITY

Air quality is affected by the climate, the landscape, natural and economic activities that take place in an area. There are different sources of Air pollution: emissions from industrial processes, domestic fuel burning, vehicle exhaust emissions and waste facilities.

Sedibeng District Municipality is regarded as one of the most polluted municipality because of the level of industrialization in the areas within the Emfuleni Local Municipality and Midvaal Local Municipality. The Emfuleni Local Municipality and Midvaal Locals Municipality have been declared because of the elevated atmospheric pollutant concentrations within the area.

These result from the industrial activities, combined with the fuel manufacturing of Sasol. A series of studies undertaken over the years have clearly indicated the negative impact of pollution on the health of people living and working in the area. As a result the Vaal area (including Emfuleni and Midvaal) was declared a Priority Area in terms of the National Environmental Management Air Quality Act in 2006.

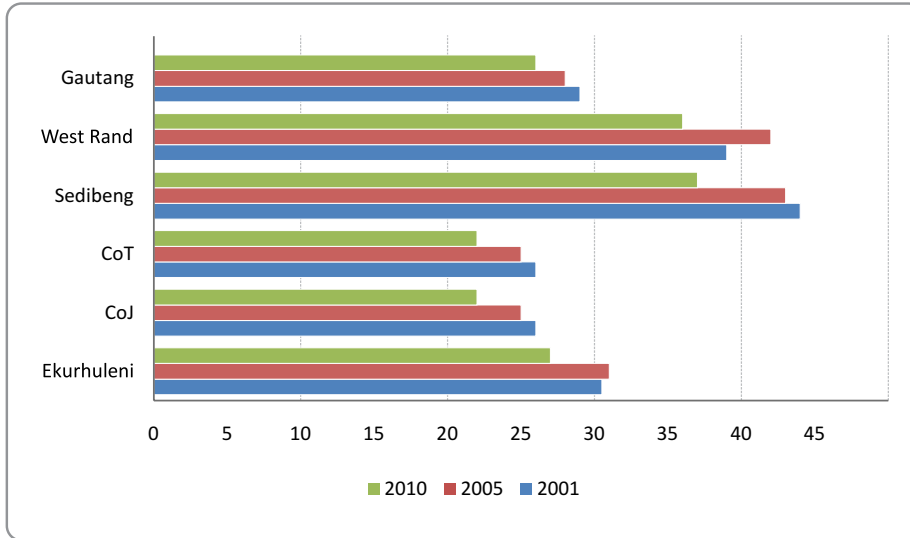
As of the 1st of April 2010 Sedibeng District Municipality has been delegated the function of an Atmospheric Emission licensing authority in terms of the Air Quality Act 39 of 2004. The licensing authority functions involves the licensing

of listed industrial activities. The municipality is currently having a number of challenges both human and financial resource to efficiently execute the function. The lack of these minimum resources results in the district not being able to implement programmes that are directed at reducing air pollution within the region.

Source: Environmental Management: Air Quality Act in 2006 & Gauteng economic outlook 2010.

DEVELOPMENT INDICATORS

Poverty Rate, Gauteng, 2001, 2005 & 2010



(Source: IHS Global Insight, 2012)

The high poverty rate in Sedibeng could be explained by the fact that it is more rural in nature than the other municipalities. The poverty rate declined from 44 percent in 2001 to 38 percent in 2010. At 36 percent, the West Rand’s 2010 poverty rate was slightly lower than that of Sedibeng for the same year. The province’s poverty rate decreased from 30 percent in 2001 to 29 percent in 2005 and to 26 percent in 2010. Sedibeng had the highest poverty rate over the reviewed period, although this also has been declining.

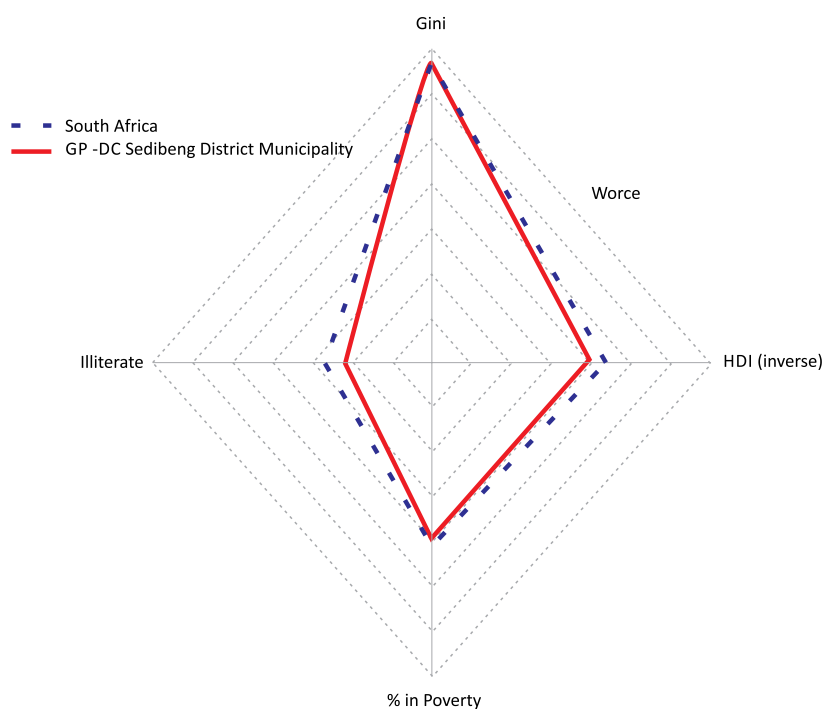
The four main development indicators which the Sedibeng uses to track progress are highlighted. The indicators illustrate where improvements have been made and which areas still need attention. The four main development indicators are Gini coefficient, the Human Development Index (HDI), percentage of people living in poverty and functional literacy rates.

The HDI is made up of three indexes: life expectancy at birth, educational attainment and per capita income. The HDI ranges between 0 and 1, with 0 indicating no human development and 1 indicating a high level of human development.

The poverty rate is made represented by the percentage of people or households living in poverty, where poverty is defined as earning an income less than the poverty income. Poverty income is regarded as the minimum monthly income needed to sustain a household and varies to the size of the household.

The four main development indicators used in the Analysis can be configured are into a shape “Development Diamond”. Each corner of the diamond represents one of the development indicators. The relative size of the diamond illustrates the level of the development for a particular society/ part of the society. In other words the closer to the center the corners are, the higher the level of development for a particular society. The bigger the corners of the diamond protrude from the centre, the worse off a society is in terms of the development.

Sedibeng Development Diamond indicator: 2007 – 11



The above diagram shows that Optimum Gini co-efficient is zero, representing an absolute equality in society and the above illustration point to the fact that in Sedibeng District Municipality, our Gini- coefficient is about 68 %, which is 0.68. The four quadrants represent our variables be greater, extent of illiteracy, poverty, underdevelopment inequality.

The diagram also indicates the SDM level of illiteracy, percentage of poverty, underdevelopment and inequalities are better than the national averages in all variables. Therefore, the larger Development diamond, the less developed the District. The smaller (close to the centre) the more developed the District is considered to be.

EDUCATION

Education is the driving force for economic, social and political development and prosperity. It creates choices and opportunities for people and communities and reduces the burdens of poverty, unemployment, and disease creating a dynamic workforce that is able to participate in the global economy.

Highest Level of Education completed by year				
Education Level	2006	2010	Absolute Change	% Change
Grade 0/ No Schooling	66 411	58 331	-8 080	-12.2%
Some Primary	242 928	256 296	13 368	5.5%
Some Secondary	389 080	407 134	18 054	4.6%
Certificate / Diploma	37 762	46 054	8 292	22.0%
Bachelor's Degree	10 216	12 493	2 277	22.3%
Post Graduate Degree & higher	4 867	5 906	1 039	21.3%
Other/Unspecified/NA	107 832	102 007	-5 825	-5.4%
Total	859 097	888 222	29 126	3.4%

There has been an overall increase in the level of education. The biggest increase was in tertiary qualifications. The biggest decrease was in the 'no schooling and grade 0' educational level.

1.4 FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The financial overview and analysis on the financial health of the municipality is extensively covered in chapter 5 of this report.

1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

The Sedibeng District Municipality during the year under review focused on some areas of concern. The key areas were:

- management of sick leave
- misconduct
- capacitation of employees

It is important to note that on sick leave, the number of days taken by employees in the post levels 5 – 10 was much higher than those taken by employees at the lowest and management levels. The absence of employees from work as a result of sick leave has cost the municipality around R1,5 million for the year under review.

It is also important to note that employees at post levels 13 and 5 – 8 took sick leave without provision of medical certification. This is attributed to the fact that the rules allow for employees to take 1 to 2 days without providing medical certification. Whilst this trend is an undesirable and unintended result, the municipality decided to introduce stringent control measures in the management of time and attendance, for instance by enforcing submission of leave registers signed by both the employee concerned and the supervisor providing reasons for absenteeism.

Another trend that is significant to note is the area around management of deviant behaviour and misconduct by employees. During the year under review only 8 out of more than 850 employees allegedly committed misconduct and charged accordingly. This is a reflection of a high standard of discipline amongst the employees. It also reflects high levels of honesty in employees.

Over the year under review the municipality also paid attention to capacitation of employees. To this end the municipality spent R2 115 000, 00 in training and up-skilling of employees. It is also significant to note that the expenditure in this regard exceeded the budgeted amount of R2 050 000, 00. More female employees were trained than male employees.

1.6. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: YEAR (CURRENT YEAR)

NB: The Auditor General's Report is attached at the end of this report.

T 1.6.1

1.7. STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM. (SDM has no entities).	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	January
T1.7.1		

COMMENT ON THE ANNUAL REPORT PROCESS

The municipality considers planning as paramount in ensuring success in everything it does. The planning relating to IDP and Budgeting is fully covered and reflected in the discussion under Component C paragraph 2.5 of this report.

The process as reflected above is fully aligned to the process proposed by National Treasury.

It has occurred that in certain instances that deadlines are not met due to unforeseen circumstances, such as delayed compilation and submission of reports. When such deviations occurred they were rectified in subsequent activities to ensure compliance. In order to tighten compliance with the Annual Report process the municipality has automated the management and monitoring of performance.

T1.7.1.1

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

The relationship of all structures of government are regulated by, in the first instance the Constitution of the Republic of South Africa and secondly by primary legislation governing local government, namely:

- The Local Government: Municipal Structures Act, 1998.
- The Local Government: Municipal Systems Act, 2000
- The Local Government: Municipal Finance Management Act, 2003
-

The Sedibeng District Municipality as a statutory body is a creature of the above mentioned legislation and therefore is bound by its dictates. Pursuant thereto it comprises of Political and Administration arms. The political arm is made up of politicians whilst the administrative one is of officials. The administration accounts to the political segment of the municipality.

It is important to note that the SDM is mindful of the fact that it does not exist in isolation of the other spheres of government. Pursuant thereto it has adopted an Inter-Governmental Relations Framework and policy. It has further established various IGR structures such as Joint Mayors Forum Joint CFO's Forum, etc. It further participates in structures beyond its borders, such as the Premier's Coordinating Forum and MEC/MMC Fora.

Through these structures alluded to above, SDM embarked on outreach campaigns and programmes to achieve its mandate and objectives. These activities focused on ensuring public accountability and participation in government.

In the ensuing discussion reference will be made to mechanisms that the SDM has employed in this regard.

T2.0.1

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Political segment of the municipality comprises of a Council (made up of 43 Councillors) and a Mayoral Committee (made up of 8 Councillors). The Chairperson of the Council is the Speaker whilst that of the Mayoral Committee is the Executive Mayor. The responsibility for the management of code of conduct of Councillors rests with the Speaker. This ensures harmonious relationships within Council.

All Councillors as politicians provide a bridge through which needs of communities and various stakeholders are channelled into the Council for consideration. The Executive Mayor takes full responsibilities for the execution of all policies and resolutions of the Council.

On the other hand the Administration is headed by the Municipal Manager who is supported by the Chief Operations Officer, Chief Financial Officer and Executive Directors. All other officials report to the afore mentioned top management. The Administration is tasked with the responsibility to render services to communities.

In order to ensure accountability the SDM has established structures that exercise oversight over Council and its Committees, as well as Administration. These structures are:

- Municipal Public Accounts Committee (MPAC)
- Audit Committee (including Performance and Risk Management)
- Elections Committee
- Ethics Committee
- Rules Committee
- Gender Committee
- Municipal Public Accounts Committee
- Petitions Management Committee
- Audit, Performance and Risk Committee

2.1 POLITICAL GOVERNANCE

POLITICAL STRUCTURE

EXECUTIVE MAYOR

Honourable Councillor Mahole Simon Mofokeng

SPEAKER

Councillor Busisiwe Modisakeng

CHIEF WHIP

Councillor Christina Sale

MAYORAL COMMITTEE/ EXECUTIVE COMMITTEE

Councillor S. Maphalla

Councillor Y. Mahomed

Councillor S.A. Mshudulu

Councillor M.E. Tsokolibane

Councillor B. Mncube

Councillor Z. Raikane

Councillor P.B. Tsotetsi

Councillor F. Mnguni

T2.1.1

COUNCILLORS

Sedibeng District Municipality (SDM) being a district municipality consists of 19 directly elected proportional representatives and seconded Councillors from local municipalities comprising the district. In this current term SDM consist of 48 Councillors arranged as follows: 19 proportional representatives and 29 seconded Councillors (23 Emfuleni LM, 3 Midvaal LM and 3 Lesedi LM). Political representation is thus 14 Democratic Alliance, 2 Pan Africanist Congress and 32 African National Congress.

Refer to **Appendix A** where a full list of Councillors can be found (including committee allocations and attendance at council meetings).

Committees of Council established according to Local Government Structures Act of 1998, Section 79 are as follows:

Elections Committee

Ethics Committee

Rules Committee

Gender Committee

Municipal Public Accounts Committee

Petitions Management Committee

Audit, Performance and Risk Committee

NB! A full detail of Councillors is provided in Appendix A and B. T2.1.2

POLITICAL DECISION-TAKING

The Administration develops report based on requests from Councillors, communities, individuals, and various stakeholders. These reports are then submitted firstly to various committees of council such as the committees established under Section 80 of the Local Government: Municipal Structures Act, 1998 (as amended). These Committees after extensive consideration of the reports recommends to Mayoral Committee of full Council for final decision (resolution).

It sometimes happens that Councillors submit motions for consideration by full Council.

T2.1.3

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Administration as headed by the Municipal Manager is run by the Chief Operations Officer, Chief Financial Officer and Executive Directors. All other officials report to the afore-mentioned top management. The Administration is tasked with the responsibility to render services to communities.

The administrative decisions within the Council are taken at different levels depending on their nature and the extent of delegation to the official taking such decisions. The Municipal Manager holds weekly meetings with the top management referred to above. It is at these meetings that decisions relating to operations within Council are taken. Authority to decide on matters is contained in a set of delegations that have been approved by council. Any deviation from the set rules and delegations is considered as misconduct and punishable in terms of the disciplinary procedures as adopted by council.

T2.2.1

TOP ADMINISTRATIVE STRUCTURE

MUNICIPAL MANAGER

Mr Yunus Chamda

CHIEF OPERATIONS OFFICER

Mr T.L. Mkaza

CHIEF FINANCIAL OFFICER

Mr B. Scholtz

EXECUTIVE DIRECTOR: CORPORATE SERVICES

Mrs M. Phiri-Khaole

EXECUTIVE DIRECTOR: COMMUNITY SAFETY AND SPORTS, RECREATION, ARTS, CULTURE & HERITAGE

Mrs M. Mazibuko

EXECUTIVE DIRECTOR: STRATEGIC PLANNING AND ECONOMIC DEVELOPMENT

Mr. H. Sekoto

EXECUTIVE DIRECTOR: TRANSPORT, INFRASTRUCTURE AND ENVIRONMENT

Mr S. Manele

EXECUTIVE DIRECTOR: SOCIAL DEVELOPMENT

Mr. Mosotho Petlane

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

The Sedibeng District Municipality has an organised structure and function to implement successful programmes in Inter-Governmental Relations. The relevant Forums were operational in the year under review: The Joint Municipal Managers Forum and the Joint Mayor's Forum. Other functional-based Forums were also effective, the Chief Financial Officer's Forum, Environmental and Waste Management Forum, Road and Transport Forum, Sedibeng Records Forum, and IDP IGR Forum. The Provincial government conducted a District-wide Lekgotla workshop. The Sedibeng District undertaken two successful study tours in September 2011 to the Buffalo City and Mangaung Metro.

T 2.3.0

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

The Sedibeng District receives correspondences from National IGR Forums and keep communication abreast. For instance, through CFO's Forum our municipality was invited to various sessions by the National Treasury.

T2.3.1

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

Premier's Coordinating Forum, MEC/MMC Forum, Inter-sectoral broad-based Forum, and International Relations Forum. All Forums are found to be benefitting processes in our municipality. The province assists the District through IGR District-wide workshops and with provision of updated information.

T2.3.2

RELATIONSHIPS WITH MUNICIPAL ENTITIES

NB! The Sedibeng District Municipality has no entities.

T2.3.3

DISTRICT INTERGOVERNMENTAL STRUCTURES

The Sedibeng District has functional Joint Committees wherein local municipalities participate. These are the Joint Mayors Forum, Joint Municipal Managers Forum, District IDP Forum, Transport IGR, Infrastructure IGR, Basic Services IGR, Municipal Health Services (MHS) IGR, Air Quality Management (AQM) IGR, Environmental Planning IGR, Sedibeng Regional Sanitation Scheme, Rural Development Forum, Farmers Forum, Business Forum, AIDS Council, etc. These IGR structures help the District to bridge the gap between departments, all spheres of government and its communities.

The Budget & Treasury offices of the three local municipalities and the district municipality conduct formal engagements via vibrant and active dialogue facilitated through the CFOs Forum provided for in the IGR structures.

During this reporting period, pertinent issues discussed were related to the strategic focus of the region and the participation and contribution of financial and procurement management to the realisation of the goals as envisioned within the strategy of the GDS and the IDP of the region. These included the drafting of a long-term financial plan for the region, the development of tariff-structuring models with the aim to make tariffs more cost-reflective whilst not deterring from the pro-poor objectives of the region, a strategy to integrate supply chain databases, to develop a preferential procurement strategy for the region and to implement Project Operation Clean Audit (OPCA) as the region strives towards strengthening confidence in their financial management.

T2.3.4

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The Sedibeng District Municipality embarked on various programmes and projects with full participation of its stakeholders. The whole organisation, led by the Honourable Executive Mayor, Mr Simon MaholeMofokeng, rolled out activities such as Summits, IDP Stakeholder Participation, and Izimbizos to ensure public accountability and participation in government.

T 2.4.0

2.4 PUBLIC MEETINGS

The Sedibeng District Municipality rolled out intensive and extensive public engagement processes, including meetings, events and consultations. These encompassed one on one stakeholder consultations and various community reach out programmes.

All public participation and commemorative events are publicized in various media to maximise attendance, thus used as means of educating and informing stakeholders about their rights, roles and significance of all municipal service delivery programmes and events.

The External Communications Directorate has employed the following participatory initiatives as part of deepening democracy:

- Interactive Radio interviews by the Executive Mayor, MMCs, Municipal Manager and other designated officials;
- Website updates on current service delivery programmes and campaigns;
- Newspaper interviews by the Executive Mayor, MMCs, Municipal Manager and other designated officials;
- Production of booklets and brochures on service delivery programmes and campaigns;
- Television interviews by the Executive Mayor, MMCs, Municipal Manager and other designated officials;
- General local & mainstream media coverage of our service delivery programmes & campaigns throughout the District;
- Interactive updating of the Executive Mayor's Facebook Page on the service delivery and other programmes;
- Placement of user-friendly newspaper & radio adverts in the local media;
- Production and distribution of pamphlets and posters throughout the District

WARD COMMITTEES

NB! The Sedibeng District Municipality has no Ward Committees.

T2.4.2

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	No
* Section 26 Municipal Systems Act 2000	T2.5.1

INTRODUCTION TO IDP

Sedibeng District Municipalities had undertaken preparation and completed a 5 year IDP for the term starting in 2012/13 Financial Year to 2016/17.

The District council, in consultation with its local municipalities adopted a framework for the Integrated Development Planning (5) five year plan. The District and its Local Municipalities prepared a Process Plan within the Framework as agreed to by all the Municipalities in the District at the strategic session that was held in Maccauwei on Thursday, 11 August 2011. The IDP framework outlined procedures for coordination, consultation and alignment between the District and the Local Municipalities and therefore bind them. The **Process Plan** outlined all events detailing all events and activities involved leading to the drafting and completion of the Five year plan/ the Annual review.

In terms of the Municipal Systems Act, the Sedibeng District prepared an Organisational Performance Management system that linked to the IDP and Budget. The IDP, performance management systems (PMS) and budget are all components of one overall development planning and management system.

Since the integrated development planning is an inter-governmental system of planning which requires involvement of all three spheres of government, Sedibeng followed, to the latter, its IDP process plan to put together its final IDP document.

COMPONENT D: CORPORATE GOVERNANCE

For purposes of effective corporate governance the Sedibeng District Municipality established various structures. The performance of these structures is constantly monitored by the Council. The structures and mechanisms as well as institutional arrangements for corporate governance within the district municipality are provided hereunder:

- IGR Framework is implemented and the coordination is functional and effective.
- All MEC/MMC meetings are attended and reports brought back to the Mayoral Committee.
- Fraud and Corruption issues are being addressed in Licensing Centres in particular, and in all other departments.
- Capacity-building programmes undertaken by SDM continuously
- Code of Conduct for Councillors and Officials distributed to all
- Conducted Human Resource Audit and qualification verification to ensure that Council achieves outcome 9 deliverable
- Engaged in capacity building programmes for officials to meet minimum competency requirements
- Adhered to legislative compliance requirements
- Committees of Council are fully functional
- Oversight Committees which are Audit and MPAC are all functional.
- Conducted internal financial procedures training
- Institutionalised internal Financial Controls
- Political Management Team is fully functional
- Established Local Labour Forum to ensure harmonious work place relationships with organised labour

2.6 RISK MANAGEMENT

Introduction

In terms of the requirements of Section 62(1)(c)(i) of the Municipal Finance Management Act 56 of 2003 "the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control"

In terms of the requirements of Section 165(2)(a) and (b) of the Municipal Finance Management Act, 56 of 2003 internal audit is required to develop an annual internal audit plan which is risk based as well as a plan that addresses the review and evaluation of the municipality's risk management system.

The Sedibeng District Municipality conducted an annual risk assessment process to identify, assess and rank the significant risks within Sedibeng. Business Innovations Group facilitated this process.

A Risk Management workshop for the identification of Organisational Strategic Risks was conducted for top management (MANCO) on 01 March 2012. The workshop produced a Strategic Risk Register. This Risk Assessment conducted per Cluster identified the operational risks which were populated in the risk registers. The Final Risk Assessment Report was tabled before the Audit Committee at its meeting held on 10 April 2012.

The Risk Management Policy and Framework were completed and approved by Council. Through discussions with the newly appointed Internal Auditors (Grant Thornton), it was agreed that the Internal Audit Unit will install the electronic system Barn Owl to use as an audit tool and also as a Risk identification and management tool in the 2012/13 financial year. The Business Continuity Plan and Disaster Recovery Plan have been reviewed by the Internal Auditors (Grant Thornton) and will be tabled before Council in the 2012/13 Financial Year for approval.

5 Key Risks and how they are being managed:

1. Capacity to implement programmes in economic development is constrained by unavailability of relevant human capital and skills within existing SDM employee compliment. Response :dedicated training as per PDP's and proposal to delink LED Department from Communications and other functions)
2. Inadequate regional sewer capacity impacts on development of SDM region. Response: accelerate RSS project with National and Provincial government.
3. The vision towards one municipal authority may not be achieved due to lack of political buy-in. Response: Continue to pursue demarcation of a Metro with MDB and consolidate political mandate for a Metro.
- 4 Inadequate management of staff costs due to internal and external factors. Response: Transfer EMS back to the Province, Pre-approval of overtime, Staff Reduction strategy underway.
5. Limited or reduced level of public participation within local government meetings. Response: Encourage active engagement on GDS, IDP, Budget to solicit comments and to respond to inputs beyond compliance.

	T2.6.1
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2.7 ANTI-CORRUPTION AND FRAUD

An Anti-Fraud & Corruption Register has been developed and reported incidents of alleged fraudulent activities are captured therein. The Register is kept in the office of the Municipal Manager (COO) to regulate accessibility, due to its sensitivity.

The Sedibeng DM is providing a full basket of licensing services as an agent to the Gauteng Department of Roads and Transport. The licensing services are characterised by activities of fraud and corruption in the areas of vehicle registration and licensing, and in learner/driver testing areas.

The municipality is continually developing and implementing strategies to prevent fraud and corruption, and the following have been implemented in the under review: i) installation of CCTVs, ii) unannounced site visits by senior officials and politicians, iii) putting contact information of senior officials on the SDM website for direct complains from the public and media, iv) taking actions against those officials that are alleged to have committed fraud and corruption, v) installation of improved cash management systems (credit/debit card payment machines and on-site banking machines - drop safes) to minimise the amount of cash held by cashier at any given point.

For the 2011/12 Financial Year, five officials have been suspended and charges have been laid against them. Their misconducts have some elements of criminality and hence they will formally be reported to the law enforcement agencies.

The key risk areas are fraudulent registration and licensing of vehicles, and testing of learners and drivers. Future processes to be put in place as a deterrent are: i) extension of CCTV cameras to unmonitored areas, ii) installation of improved CCTV equipment that can be monitored off site, iii) establishment of a public relation desk, iv) shortening the turnaround time regarding disciplinary matters, v) establishment of the monitoring and evaluation unit, vi) exposing staff to care and growth development.

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT
NB! Detailed report on Supply Chain Management is in Chapter 5 of this Report.
T2.8.1

2.9 BY-LAWS

Municipal Health Services (MHS) and the Air Quality Management (AQM) - management of Atmospheric Emission Licences, are district functions.

The SDM has started with the development of the MHS and AQM By-laws which are now in their 3rd draft.

Representatives from the Local Municipalities, GDARD and DEA participated actively in the development process.

This process will allow all stakeholders to comment on the draft by-laws upon which the final comments will be incorporated before same is submitted again to Council for final adoption and promulgation.

The Sedibeng District Municipality have other active by-laws guiding the Tariffs in relation to Council facilities.

T2.9.1.1

2.10 WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes/No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	15/10/2012
All current budget-related policies	No	
The previous annual report (Year1)	Yes	30/01/2012
The annual report (Year 0) published/to be published	To be	30/01/2013
All current performance agreements required in terms of section 57(1) (b) of the Municipal Systems Act (year 0) and resulting scorecards	No	06/10/2011
All service delivery agreements	No	
All long-term borrowing contracts	No	
All supply chain management contracts above a prescribed value (give value) for year 0	No	(R30K) Ongoing
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	No	
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	
Public-private partnership agreements referred to in section 120 made in Year 0	No	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	No	
T 2.10.1		

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

The Strategic Planning and Economic Development cluster, through its External Communication Directorate manages the Sedibeng website. The Directorate is responsible for the layout and uploading of all relevant documentation related to the District functions onto the website. The Sedibeng District website is easily accessible to all communities and stakeholders.

T 2.10.1.1

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFACTION LEVELS

Public satisfaction on the services as rendered by the Sedibeng District Municipality and the Local Municipalities within its area of jurisdictions is reflected in the Quality of Life Survey that was conducted by Gauteng City Region Observatory (GCRO) and is available on its website.

<http://gcro1.wits.ac.za/qolviewer/>

T2.11.1

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

INTRODUCTION

The Sedibeng District Municipality renders very few services directly to residents. It only delivers the following direct services to communities:

- Licensing
- Emergency Medical Services
- Facilities e.g. Theatre, Halls

Further information on the above mentioned services is comprehensively captured under the same titles here under.

Over and above these services the municipality plays a coordinating and facilitation role. For instance it developed a Growth and Development Strategy for the entire Region.

T3.0.1

COMPONENT A: BASIC SERVICES

This component includes: water; waste water (sanitation); electricity; waste management; and housing services; and a summary of free basic services.

INTRODUCTION TO BASIC SERVICES

The Sedibeng District Municipality is a District municipality and therefore does not render most of the basic service safe to co-ordinate these services where it covers more than one municipality and is of a regional nature, such as the Regional Sewer Scheme. Detailed information on these services is provided for by Local Municipalities and where the SDM plays a role it is covered in this Annual Report.

The SDM does not have entities that are operated separately from the Council. It however has facilities which are intended to be run as separate entities. These are the Fresh Produce Market, Vereeniging Aerodrome, Vereeniging and Mphatlalatsane Theatres

T3.1.0

3.1. WATER PROVISION

T3.1.1

The function of water provision resides with the local municipalities in the Sedibeng region. The Sedibeng DM can therefore not account on this item.

3.2 WASTE WATER (SANITATION) PROVISION

The function of waste water provision resides with the local municipalities in the Sedibeng region. The Sedibeng DM can therefore not account on this item.

T3.2.10

3.3 ELECTRICITY

The function of electricity resides with the local municipalities in the Sedibeng region. The Sedibeng DM can therefore not account on this item.

T3.3.9

3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

The function of waste management resides with the local municipalities in the Sedibeng region. The Sedibeng DM can therefore not account on this item.

T3.4.10

3.5 HOUSING

HOUSING

The responsibility to deliver housing and to address housing needs in the Sedibeng District Municipality rest with the provincial and local government. The functions of the Provincial Housing Department are to:

- Formulate Provincial Housing Policy;
- Create Provincial Legislation;
- Support and Intervene where Municipalities are unable to deliver housing;
- Coordinate Provincial Initiatives;
- Prepare and maintain a multi-year programme;

While the Sedibeng District Municipality is required, in consultation with the provincial department, to:

- Prepare a Sustainable Human Settlement Plan;
- Promote housing projects by developers;
- Establish structures to execute projects;
- Facilitate and support role player participation in housing.

The Municipal Housing Development Plan was presented to council and incorporated in the IDP.

In Keeping the Housing projects statistics, the detailed housing projects and progress reports has been tabled before the council for noting and the following worth mentioning:

It should be noted that Meyerton Sewer Works is at full capacity and that affects future housing developments in Midvaal Local Municipality. Housing projects have been put on hold up until the sewer works has been upgraded. Vaal Marina sewer works also has to be upgraded as well to be able to service the new development of Mamello. To avert all this problems, the construction of the regional sewer works has to be speeded up to avoid delay in housing development.

To assist in resolving Housing beneficiaries queries, a total of 1385 Housing beneficiaries' queries has been resolved out of 1746 reported.

Four quarterly reports on Evaton Renewal have been submitted to council indicating that Mafatsane Government complex, Temporary Reallocation Village and Show Village has been completed.

Land for development for the Siculo community

The suitable land for housing development has been identified in De Deur and geo-technical study has been conducted. The Gauteng Department of Local Government and Housing is currently negotiating with the private owner to buy the land. The land identified falls outside Midvaal Urban Edge and will have to be incorporated once it is procured. The development is progressive.

Tshepiso North Ext3

The construction is progressing very well. A total of 1107 houses are in different stages of construction in the 2011/12 financial year. Approximately 122 houses have been allocated. The current challenge is the invasion of about 108 incomplete houses. The Province has appointed the service provider to evict the illegal occupants.

Tshepiso North Ext 1

In Tshepiso North Ext 1, 272 houses were completed and allocated. Township register not opened yet –transfer cannot take place

Boipatong (Back Yard Upgrading)

The Backyard Upgrading programme in Boipatong progressed well in 2011/12. The programme is to be rolled out in other areas in the Region. E.g Sharpeville, Sebokeng and Ratanda

Lakeside Ext 4

Construction of 143 houses have been started at Lakeside Ext 4 and 26 houses have been completed the rest will be completed in the financial year.

Mamello

Midvaal Local Municipality has approved township establishment and the Gauteng Department of Local Government and Housing and is in the process of opening a township register. The project is planned to construct 600 houses .

Tshepong Proper

The project is 100% completed. A total of 459 houses have been allocated.

The challenge is that 210 houses which were illegally invaded during December month 2011 and the MEC had intervened by evicting the illegal occupants.

Sebokeng Ext 24

A total number of houses built is 511. However the challenge is that 13 of the houses were occupied illegally. Letters of eviction have been delivered to these occupants.

Bophelong (Chris Hani) Informal Settlement

The project Chris Hani Informal Settlement Project is at planning Stage. It is envisaged that implementation will be in 2012/13 financial year. The current focus is on the relocation of the households to an alternative site. The Professional Regional Team (PRT) has been requested to investigate whether Environment Impact Assessment (EIA) will be required to relocate people to airport area, and also do layouts plan for basic services. The project is intended to accommodate 165 stands. The intention is for Province to purchase a land from private owners in the area in collaboration with Emfuleni Local Municipality (ELM).

Sonderwater

Houses have not been constructed due to the delay caused by the termination of the contractor who was not performing. Tender for the appointment of new contractor has been made and construction will resume in the financial year 2012/2013.

New Village

A total of 145 houses are completed. Phase 2 will follow in the next financial year 2012/2013.

RUSTERVAAL (Phase2)

The feasibility report has been completed for Rustervaal, Phase 2 but needs to be revised by the Professional Regional Team. It is envisaged that construction will commence once the sewer capacity is has been upgrade

Johandeo

Construction of houses 1540 completed except for 350 outstanding houses which need to be built. Another contractor is to be appointed in the year 2012/2013 to complete the project.

Westside Park

The Department, GDLG&H is in a process of purchasing land at Westside Park from the private land owner for the purpose of constructing low cost houses. The purchase agreement signed and stands in process to be transferred to Emfuleni Local Municipality. 193 stands are identified which have approved beneficiaries. Some stands are serviced partially.

Old Vereeniging Hospital

The project will form part of the Urban Development in the Region which will entails developing rental stock at the Old Vereeniging Hospital. However, the development has been halted due to the fact that the buildings are over 65 years old and are regarded as National Heritage. The Department of Housing and Rural Development has engaged the provincial Heritage Resource Agency for the permission to demolish old buildings. GDLG&H has appointed PRT to do feasibility study and identify the land owner. The report is near completion.

Kwama-Siza Hostel Redevelopment

Land has been procured for the Kwama-Siza Hostel Redevelopment, appointment of contractor is complete and the project was launched in January 2012, which will accommodate about 672 families well.

T3.5.7

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

These services reside with the local municipalities in the Sedibeng region.

T3.6.6

COMPONENT B: ROAD TRANSPORT

This component includes: Roads, Transport, and Waste water (storm-water drainage) T3.7

3.7 ROADS

T3.7.1

The Gauteng Department of Roads and Transport finally commenced with the upgrading of the R82 after numerous submissions by the district for the need to upgrade the road. The SDM replaced old tourism signage in the district and put new directional signage on major routes in the Emfuleni area and these gave directions to all major areas and places of significance in our region. It is now easy for people travelling on our roads to recognize and reach areas in our region with ease.

T3.7.10

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

a. Vehicle licensing.

The license department has a strategy in place which addresses the following:

- Upgrading of the Vereeniging LSC,
- Capacity building and training of personnel,
- Proper and secure cash management activities,
- Extension of the driver license testing terrains, and
- The development of a proper document management and filling system.

Major successes achieved thus far in relation to the above include amongst other:

- In excess of thirty personnel has been trained as examiners of driver license,
 - Cash management systems installed includes credit and debit card payment facilities, drop safes and cash counting and authentication equipment.

Despite challenges the department faced, it still managed to:

- Provide a more effective cash management system and reduce risks.
- Build a more than adequate pool of qualified examiners to meet the demand for learner- and driver license testing.
- Achieved an acceptable level of success despite a huge personnel shortage.

Over and above the challenges, the license department met the financial goals in the 2011/2012 financial year.

b. Public bus operation.

None of the municipalities in the Sedibeng region has the function of public bus operation. The Sedibeng DM can therefore not account on this item.

c. Public transport facilities.

The Sedibeng District Municipality in partnership with the Gauteng Department of Roads and Transport has built and completed the Bophelong Public Transport Facility. The facility will also be having formal selling stalls for local community which will help in job creation and poverty alleviation. The cost of the project was R26 million.

The district further mobilized funds for the upgrading of Vereeniging Taxido Junction and the Station. This will be a partnership among the Sedibeng DM, PRASA (Passenger Rail Agency of South Africa) and the Gauteng Department of Roads and Transport. The project will be implemented over a period of three years, from 2012 to 2014. This will help in coping with almost more than 210% over supply of taxis in the Taxido Junction which is a regional public transport facility in the region.

The District together with Local Municipalities helped the National Leadership of SANTACO (South African National Taxi Council) to launch the Operation Hlokomela in the region. We hosted both their President and Secretary. The campaign seeks to improve the image of taxi industry among commuters and forge good relationship with Government to reduce rate of accidents involving the taxi industry.

- **Transport and Infrastructure**

Implement Public Transport Plan.

Consultative and engagement meetings held with the operators, the industry, the registrar, and Province.

The meetings were intended to raise support and possible funding from Province regarding the development of the strategy to integrate all modes of transport. Fortunately Province and PRASA have started upgrading public transport facilities into public intermodal transport facilities that caters for all modes of uses – trains, buses, taxis, cars, and bicycles.

The meetings with the industry and the registrar were for the purposes of continual data collection and capturing, but the challenge has been funding to annually update the data and information of the Integrated Transport Plan – a key support factor in lobbying for funding for the upgrading and construction of public transport facilities in the region.

Consultations ongoing with the LMs and Province on the clear role of local government following the devolution of the public transport authority to local government.

The Department of Transport has invited the SDM to the establishment of the steering committee for the development of the SLA between the DoT and PRASA with regard to commuter rail services. The DoT says that in a long term a regional service level agreement between PRASA and the Metros will be entered into. This is the first step of the devolution process.

The LMs see the transport matters as the district function but the transport authority lies with the GDRT.

PRASA, GDRT and the SDM have all committed funding to upgrade the Vereeniging Station and Taxi Rank to the tune of R100m.

The 1st PSC was held in November 2011 wherein PRASA reported that according to their project programme, the design and supervision consultant was appointed in February 2012. The Consultant has however just been appointed in June 2012.

The TIE Cluster is preparing to convene the 2nd PSC in August 2012 as we are waiting for a formal correspondence from PRASA on the appointment of the consultant.

The TIE Cluster successfully handed over the bicycles to the learners in the Midvaal and Emfuleni areas during the Shovaka-Lula event on the 12 June 2012 at the premises of the Midvaal Engineering Services.

The event was a low profile but successful and well attended by all the stakeholders. However, the GDRT MEC, the EMs of the SDM, the ELM, and the MLM sent their apologies. The SDM and the MLM were represented by their respective MMCs.

Expansion of Meyerton Wastewater Treatment Works (WWTW) - progress has been made with the detail design of the biological reactor and detail drawings have been prepared.

Emfuleni Local Municipality has been engaging with the City of Johannesburg to finalise the Service Level Agreement regarding the Sebokeng Works. The water, sanitation, and electricity authority lies with the LMs.

The ELM road signage project is complete. The MLM and the LLM road signage projects were kept on hold due to lack of funding. Their respective tender documents are ready for advertisement once funding is made available.

The SDM is not a Road Authority, LMs and GDRT are the only owners (authorities) of road infrastructure in the Sedibeng regional road network. Our Infrastructure IGRs are therefore being seen as coordination meetings, as the SDM does not have the funding capacity for road infrastructure development and maintenance nor does it have the authority to enforce road infrastructure norms and standards of development and maintenance.

The list of roads projects for maintenance and upgrading to be done by the GDRT in their 2012/13 year has been submitted to Council.

Document management and filing system at licensing centers poses a serious threat in that i) the files get missing, ii) police work is hampered, iii) incorrect filing and management of licensing documents provides a fertile ground for fraud and corruption activities, iv) the papers that are lying all over the place are a high fire risk, etc.

The Drop Safes and the Credit/Debit Card Machines have been installed in all licensing centers and all are in operations.

The cost of upgrading the Vereeniging Licensing building has been determined as R7.0m at 2010 rates.

T3.8.7

Improve local public services and broaden access (Licensing):

For faster service at licensing centres, the municipality has introduced credit card payment system at licensing centres which were not available previously. users have welcomed the service as cash does not need to be carried.

Integration of the licensing centres into one single Sedibeng licensing code (renewals of car license disc can be done anywhere in the Sedibeng region and not only at the local licensing office).

The training of licensing officials into examiners – more capacity to train members of the public for drivers licenses.

Separate unannounced site visits by the portfolio committee, mayoral committee and MANCO to the licensing centres to interact with members of the public to solicit comments on the quality service delivery.

3.9 WASTE WATER (STORMWATER DRAINAGE)

This service is provided by the local municipality. T3.9.1

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

INTRODUCTION TO PLANNING AND DEVELOPMENT

T3.10

3.10 PLANNING

PLANNING

Spatial Development Framework (SDF)

SDF is a key legislative mechanism to address the numerous developmental challenges of the District. A number of these challenges considered and interpreted by the SDF include:

- a. Integrating the urban spatial form created under apartheid to separate townships from economic areas;
- b. Addressing the services backlogs for the poorest of the poor and the market-related residential development property boom and catering for population growth via densification in major nodes
- c. Providing an effective and affordable district-wide public transportation network that takes into account the reliance of the low-income communities on public transport (at a greater relative monthly cost) and conversely, the dependence of middle income communities on private modes;

In the current year under review the Regional SDF was reviewed and included in the latest approved IDP

In 2007, Sedibeng District Municipality developed the 2010 Strategy. In 2008 Sedibeng District Municipality contracted Arup to investigate the possibility of the kind of Sustainable Development that can be engaged on, in order to develop Sedibeng District. Arup presented an Urban Development Framework which was known as Arup Document. The results identified the following areas for further exploring:

1. Sharpeville Precincts
 - Sports Precincts: George Thabe Stadium and surrounding sports facilities
 - Heritage Precincts: Sharpeville hall, Exhibition Centre, and Constitution walks
 - Recreation Precincts: Dhlomo Dam and its surrounding area
2. Vereeniging Civic Precincts
3. Waterfront Precincts

The results of the investigation necessitated the need to apply for funding with the National Treasury (NDP Grant). The funding was approved but limited to urban renewal in the in the former disadvantaged areas. Below is the progress on Sharpeville Precinct projects and Feasibility studies done around the Sedibeng District Municipality as contained in the 2011/2012 Integrated Development Plans..

Exhibition Centre

The construction of the Sharpeville Exhibition Centre was completed on the 20th of June 2012 and hand over to the Department of Sports, Recreation, Arts, Culture and Heritage. The project created 85 temporally employment were 60% employed was Youth, 14% women and 1% Disable person. Eight SMME'S that are HDE were granted sub-contracting to the value of R 2 340 679.80.

Constitution Walk

The construction part of the Constitution Walk has been completed and the only outstanding part is sculpture and the statues of which funding is a challenge. Local SMME from Sharpeville has been appointed to do maintenance for the next six months. The project has already created on average 67 temporally employment were 56 % employed was Youth, 24% women. Eleven SMME'S that are HDE were granted sub-contracting.

Sharpeville Hall

The construction of Sharpeville Hall has been completed. Handover was done on the 10th of December 2011 but only

made available for public use from the first of March 2012 due to hitches which had to be fixed for public safety. The project created on average 46 temporally employment were 34% employed was Youth, 41% women and 1% Disable person.

Forty people from Sharpeville were trained in various trades were issued with certificates after successful completion of the training programme. Twelve SMME'S that are HDE were granted sub-contracting to the value of R 4 147 950, 81.

Boipatong Memorial and Youth Centre

The construction of Boipatong Memorial and Youth Centre has begun where brick work is at 48%, electricity at 35% and storm water drainage at 80%. Nine local sub-contractors were appointed. Sixty people were trained and employed in the project under EPWP. The project is managed by the Gauteng Department of infrastructure Development

Lesedi and Midvaal Local Municipalities Feasibility Studies

No progress was made in the development of feasibility studies in Lesedi and Midvaal Local Municipalities as the National treasury has changed the terms of reference for technical assistance. The Professional teams are now required to develop precinct plans and projects. The total allocated funding for projects is R 23.7 Million as per council Resolution No. A1039

Emfuleni Feasibility Study

The final Business Plan and projects Plans for Emfuleni Local Municipality has been completed and submitted to National Treasury. The total allocated funding for projects is R 184 Million as per council Resolution No. A1039

Doornkuil

With regards to a local development plan for the Doornkuil area in Walkerville and the area in the around the Vereeniging Fresh Produce Market no development plans were made due of capacity within the Development planning directorate

T3.10.1

3.11 LOCAL ECONOMIC DEVELOPMENT

LOCAL ECONOMIC DEVELOPMENT (LED)

Sedibeng District Municipality Incentive Policy

The Sedibeng District Municipality has developed incentive framework with incentive packages which was aimed at providing enabling environment for growth and development of the Emfuleni, Lesedi, and Midvaal economies. Its main purpose is to eliminate the discrepancies between these economies in terms of provided incentives and formulate a uniform approach to promotion of investment and economic growth in these areas.

The primary purpose of the incentive package, i.e. is the elimination of competition between the Midvaal, Lesedi, and Emfuleni LMs in terms of investment attraction.

The objectives of this goal are as follows:

- Develop an incentive package addressing the needs of all three municipalities and;
- Develop incentives that promote healthy competition between three municipalities.

To date SDM developed an Incentive policy for the Region. The package has been completed at the level of the District; however it has not yet been approved. The approval requires a structured public participation process to obtain comments and feedback from businesses.

The presentation was conducted for the mayoral committee for finalisation and it has been canvassed amongst the business role players and private companies. It was recommended that the locals must implement the policy as soon as it has been adopted by the council.

Industrial Development Zones (IDZ)

The Industrial Development Zones that encourage exports hold "real opportunity", particularly for low or unskilled unemployed people in areas like logistics, light manufacturing and other industries, but this would require "bold and

radical action". The information availed to SDM by Emfuleni shows that the process is very cumbersome and ideally the district must support Emfuleni and other locals' initiatives.

The Lesedi Local Municipality had a number of Zones which were clearly captured in the Lesedi Nodal & Corridor Development Study with the advantage of the N3 connection and other identified flagship projects such as Zone of Opportunity, Heidelberg Showground Industrial Township, Southern Gateway Logistical Hub and Transnet Bulk Liquid Terminal.

These potential IDZ'S also exists in Midvaal especially along the R 59 because of the upcoming industries along and adjacent Heineken.

It was initially thought that SDM must take one IDZ and make a real go of it. This would see the relaxation of labour regulation, package of incentives in place, whatever is required, and experiment what happens. If it were to takes off, well, then the district would know, and build and creates a momentum, The SDM has equally identified the opportunities and advantages that come with the establishment of an IDZ.

But due to some challenges that affected well known IDZ'S COEGA the DTI opted for new approach of promoting Special Economic Zones. LED SDM attended a workshop on Special Economic Zones Framework (SEZ's) for the Gauteng Province and SDM submitted proposals for an IDZ. The SDM has equally identified the opportunities and advantages that come with the establishment of an IDZ. In an effort to work together with the locals SDM supported the submission of the logistical by Emfuleni Local Municipality.

Implement Steel Industry Sector Support Strategy

The metals, energy and construction sectors have been identified as the main manufacturing sub-sectors in the Sedibeng District. The Sedibeng Steel Sector Support Programme has adequately attended to challenges and problems facing the steel industry in the district. 10 SMMEs in the Steel sector benefitting from down and upstream beneficiation in the steel industry. More than 10 SMME'S were presented with DTI Incentives schemes and GEP opportunities, to access both training and financial support.

The consultant has submitted the report indicating opportunities and challenges that needs to be attended to by the province, district, steel forum and other steel sector role players. i.e. there is an opportunity for the revival and development of the foundry industry and one challenge is that, the industry is experiencing difficulties in attracting highly skilled entrants

Construction Sector Economy.

The previous 5 year IDP identified the construction sector as one area of economic growth for the district. In an effort to realise the assumption above the district developed terms of reference and framework to source outside funding to fund the construction sector strategy.

The district further consulted stakeholders and strategic role players in the industry to consolidate support and inputs through public participation. The CIDB has been requested to directly assist and identify other potential partners for the development of Construction Strategy

Agriculture

There is no officially adopted definition of rural areas. Most departments define rural areas as "the sparsely populated areas in which people farm or depend on natural resources, including the villages and small towns that are dispersed through these areas. In addition, they include the large settlements in the former homelands, created by the apartheid removals, which depend for their survival on migratory labour and remittances." (Rural Development Framework of 1997).

LED consulted relevant stakeholders to get more inputs and identify priority areas aligned to amongst others Outcome 7.

Each of the 12 outcomes has a delivery agreement which in most cases involves all spheres of government and a range of partners outside government.

At the end of April 2010, the President signed performance agreements with all 34 Cabinet Ministers. In these performance agreements, Ministers were requested to establish an Implementation Forum for each of the twelve outcomes. In each implementation forum Ministers and all other parties responsible for delivering on an outcome, will develop a Delivery Agreement. All departments, agencies and spheres of government involved in the direct delivery process required to achieve an output, should be party to the agreement.

The unit engaged the Gauteng Division of Rural Development to request for both funding and technical assistance towards developing the strategy.

One of the mostly identified difficulties for the farmers and especially the upcoming ones is the issue of capacity and skills to practice sustainable agriculture. The LED worked organisations such as IDT and AGRISA, to source help for capacity building.

The formal relationship with AGRISA Gauteng in extending their capacity building initiatives for emerging farmers and other related support is being solicited. To date they gave technical support to farmers in Lesedi in pest control, harvesting, marketing and other related agricultural skills.

On the other hand financial support and non financial support remains ongoing challenges for the agricultural sector. The SDM submitted 10 cooperatives to IDT, to source help for capacity building and funding. In terms of the policy of the EPWP non-state sector only one cooperative successfully met the funding criteria. The cooperative concerned was women's cooperative farming herbs next to Sebokeng Hostel.

SDM Projects were submitted to both GDARD and DED for funding consideration. The projects have been captured and confirmed by GDARD and DED for future assistance.

The members of the community continue to submit applications for accessing land from the department of rural development and land reform (DRDLR). Gauteng Rural Development and Land Reform meetings, which screened potential land applicants set for the whole year and some beneficiaries, were allocated farms. The SDM is only awaiting the audited beneficiaries which are confined to borders of the district.

SMME'S & Cooperatives

The development and support of SMME'S and cooperatives remains critical to sustained economic growth and job creation targets. Sedibeng District Municipality in partnership with BHP Billitong graduated 20 SMME'S through an enterprise development programme run by Raizcorp (BHP Billiton Enterprise Development Programme).

This support was also extended to one SMME which was referred to GEP for processing of a loan for a laundry business. The beneficiary of the referral was a military veteran who was based in Sebokeng but unfortunately passed upon approval of his loan. The other SMME' was linked to Raizcorp programme for Bottle Cleaning Machine which was bought by BHP Billiton to establish a small factor in Duncanville.

SDM LED facilitated a number of partnerships aimed at establishing working relations on SMME and Co-operatives Development and SDM supported a process undertaken by ELM to have SEDA operating in the district. These partnerships were arranged with SEDA, IDT, BHP Billiton and business chambers. GEP is one of the regional partners that SDM is soliciting long term partnership with and to date much progress has been done in various aspects.

SDM took part in the PLATO programme which is an SMME'S empowerment programme implemented together with Johannesburg Chamber of Commerce & Industry (JCCI). The programme focuses on training and mentoring SMME'S and cooperatives on business skills and incubation programmes

The BBBEE summit amongst others resolved that the established SMME'S, cooperatives, upcoming businesses must be trained and empowered in understanding the legislative framework government both public and private procurement. In order to achieve the objectives and resolutions as stated DED conducted an empowerment workshop on the alignment of PPPFA and BBBEE and this took place on the 7th December 2011.

The SDM has established partnerships with BBBEE rating agencies to assist mainly SMME'S and cooperatives acquire BEE certificates and in construction CIDB has been also taken on board for ratings purposes.

The meetings and briefing sessions were held with Evaton LED Advisory Centre on 27 September 2011 to share information relating to SDM procurement processes and SMME's/cooperatives development programmes.

Sedibeng United Business Forum

For approximately past 15 years, business and broader private sector role players of Sedibeng District operated and conducted their activities in a more fragmented manner. This has been evident in meetings and engagements the district held in the past 15 years with the business itself. In the light of this reality a number of unfortunate and undesirable situations developed ranging from unfounded perceptions to distortions with regard to government programmes.

It is against this background that the Sedibeng United Business Forum was launched to respond to challenges and problems faced by the business sector. The Sedibeng District municipality initiated a process of facilitating the unity of purpose for different business chambers existing within the district.

The SDM has further involved other spheres of government to give more support to the forum and DTI has welcomed our relationships on programmes that are of national priority. e.g. United Business Forum.

It is therefore important to note that Sedibeng United Business Forum was launched on 15 November 2011 at Stone haven on Vaal and meetings are constantly held. The business chambers which form part of the forum are as follows;

NAFCOC Sedibeng
VanderbijlparkSakekamer
Vereeniging Sakekamer
Heidelberg Sakekamer
MidvaalSakekamer
Roshgold Investment Holdings.

VAAL 21

The Vaal 21 projects and flagship projects have been identified. It was however felt at one stage that due to the magnitude of work and related needs required to implement these projects there must be prioritisation of certain projects.

Second Generation Development Strategy (SGDS)

The Second Generation SGDS Summit was held on the 2nd and 3rd November 2011 at Emerald Casino. In the summit the SGDS was reviewed and new priorities were identified and updated. The flagship projects in the Second Generation SGDS only require implementation.

Skills Forum

The deliverable was moved to HR and Knowledge Management.

LED Major Projects

- **Sedibeng FabLab**

The Sedibeng FabLab initiative was adopted after Gauteng Department of Economic Development (DED) had engagement with Sedibeng District Municipality around establishment and implementation of the project. The Department adopted Sedibeng FabLab project as part of its objectives to develop and promote Urban and Township development. Further, the Department of Economic Development ensured that the conceived project would stimulate and localise economic activity in Sebokeng.

A Project Steering Committee comprising of Sedibeng LED officials, DED officials and CSIR officials will be established to oversee the planning, organizing and providing technical support to the Project Steering Committee. The PSC will be mainly responsible for the overall management of the project, development of implementation plans, appointments of implementing agent, facilitating the process of identifying beneficiaries of the project. The committee will develop schedule of meetings for the accomplishment of the above.

- **Bio-Digester**

Sedibeng District Municipality is aiming to initiate and develop sustainable projects to be sanctioned and implemented. The introduction of a renewable energy and energy efficiency programs in an area being one of the SDM targets. A Bio-fuel Processing and Demonstration Project, as a community based pilot project that reuses organic waste (vegetables; fruits; cow dung; and garden wastes); as biomass feedstock to generate bio-fuel in a bio-digester- is to be introduced in the region.

Bio-fuel technology involves collecting sufficient supply of discard organic matter in the form of decayed vegetables and fruits; cow dung or human waste; as well as garden materials to produce biogas from the digester. The technology re-uses discard organic matter to process and harvest biogas for cooking and lighting.

The end product of the process will result in production of the rich organic fertilizer - which is harvested when the bio-digester tank reaches its intake and carrying capacity. It is environmentally friendly input to soil rehabilitation for gardening and organic food as well as herb production. The project is at the final stage of bid adjudication stage.

The earmarked place for project implementation is two schools in Sharpeville due to the availability of kraal manure for pilot purposes.

TOURISM

Tourism promotion and development progress report

Background and Mandate:

Constitution and Structures Act:

The mandate of the Tourism Sector in Sedibeng is vested in the Constitution, 1996 of the Republic of South Africa. The Constitution requires that national legislation must make provision for an appropriate division of powers and functions between municipalities when an area has both district and local municipalities. The powers and functions are derived from the local government matters in Schedule 4B and 5B of the Constitution. Parliament has provided for further national legislation in Chapter 5 of the Structures Act. Schedule 4B of the Constitution; read with sections 84(1) and 84(2) of the Structures Act, a district municipality has the power and function to *promote local tourism for the area of the area* of the district municipality. Local municipalities have the remaining powers related to tourism in their respective areas.

National Tourism Act:

The National Tourism Act makes provision for the promotion of tourism to and in the RSA. It establishes the SA Tourism Board and regulates the registration of tourist guides.

National Tourism Strategy:

The National Tourism Strategy contributes towards sustainable tourism growth and development for South Africa in line with the Tourism Act, 1993 as amended and the White Paper on the Development and Promotion of tourism in South Africa and specifically addresses institutional arrangements at local level.

Gauteng Tourism Authority Institutional Framework:

This comprehensive strategy serves as a model for the management of tourism within the province of Gauteng. It addresses a wide range of activities and plans to align all stakeholders in the tourism industry. Of particular importance is the establishment of a Regional Tourism Organization as a vehicle between district municipalities, private sector and communities.

National and Provincial Outcomes:

The Tourism Department of the Sedibeng District Municipality responds to Outcome 4 and 10 of the National Growth Plan.

Sedibeng Growth and Development Strategy:

The Tourism Sector responds to the pillar "Reinventing the Economy" in the Sedibeng Growth and Development Strategy, which aims to reinvent the economy from and old to a new by consolidating existing sectors and exploring new sectors to ensure shared and inclusive economic growth, build a local economy and to create more employment and sustainable livelihoods.

- **LONG TERM GOALS:**

- **Promote tourism in the region through the coordination and facilitation of:**

- the establishment of sustainable tourism structures
- tourism transformation
- the development of people and decent work within the sector
- the increase in domestic tourists to contribute to the local economy
- the entrenchment of a tourism culture among Sedibeng residents
- the positioning of Sedibeng as a tourism destination.
- the development and maintenance of tourism infrastructure, cultural and heritage attractions.
- the development of tourism products
- tourism research and information
- tourism quality assurance (ensure world-class visitor experience)
- tourism skills development

- **PROGRESS ON KEY DELIVERABLES AND KEY PERFORMANCE INDICATORS FOR 2011/2012**

In order to achieve the objectives and goals to promote and develop the tourism and leisure sectors in the region, the following projects and programmes were initiated and achieved during the 2011/2012 financial year:

Establish regional tourism structures (RTO)

The Interim Regional Tourism Association was established in 2010 to assist Council to establish a regional tourism

structure. The Interim Regional Tourism Association met 12 times during 2011/2012. A Business plan, inclusive of a marketing plan and budget, was developed and submitted to Council for approval. A Council Resolution was obtained, approving the establishment of a Regional Tourism Organisation (state owned company), representative of all government, private sector and the community, subject to the sourcing of external funding. Applications for funding were made to the Jobs Fund and the British American Tobacco Company.

Conduct Tourism Research

A regional Tourism research study, with specific information on the trends and demands in the area, has not been achieved due to the fact that no budget was allocated for the project. A tourism supply study has been conducted in-house and resulted in the development and maintenance of tourism databases. A request for financial and non-financial assistance with regards to regional specific tourism research was made to the Gauteng Tourism Authority.

Market Sedibeng District Municipality as a Tourism Destination

The Sedibeng region participated in 5 tourism exhibitions, namely the International Tourism Indaba, Meetings Africa, Vaal Wedding Expo, Beeld Outdoor Expo and the Getaway Show. A tourism map "Discover the Vaal" was developed inclusive of 11 tour routes in the region. 3000 Brochures were distributed at OR Tambo International Airport and 2000 tourism maps were distributed during the Easter period at toll gates by the N3 Gateway. A one page advertisement was developed by Sedibeng for inclusion in the local publication of the 2011/2012 Vaal Meander. Packages of Tourism offerings in the region were compiled and regularly posted on the Sedibeng website and submitted to the Gauteng Tourism Authority and the N3 Gateway for inclusion on their respective websites, social media sites and other printed material.

Marketing material for the Vaal Birding Route is in the process of being developed (Website, banners and brochure.)

Facilitate the development of Tourism

Sedibeng has commenced with the development of the Vaal Birding Route in partnership with the Gauteng Tourism Authority and BirdLife SA.

15 Regional Tour Guides were trained and received certificates. Registration on the Provincial Tourist Guide Database is in progress. 7 Women and 8 men were trained and all of these guides were from disadvantaged or previously disadvantaged backgrounds.

2 Tourism Awareness Workshops for SMME's and emerging tourism entrepreneurs were facilitated in partnership with the Tourism Enterprise Partnership.

The Tourism Department identified non-graded establishments and submitted them for grading by the Tourism Grading Council of South Africa to assure the quality of products in the region. These included Harmsula B&B, Ditsaleng B&B, Weavers Nest and Lords Signature Hotel who were all graded.

24 Tourism SMME's were referred to institutions for financial and non-financial support, such as the Tourism Enterprise Programme (TEP) or Gauteng Enterprise Propeller (GEP), who assist tourism stakeholders with access to funding and other services, such as training opportunities and business support.

11 Tourism routes were packaged and marketed through various marketing platforms. These include:

- T1 River Road; T2 Riverfront Route; T3 Three Rivers Route; T4 Sharpeville Struggle Route; T5 Sebokeng Struggle Route; T6 Suikerbos Route; R42 Scenic Route; R23 Heidelberg Ramble; R550 Klip Route; R54 Vaal Marina Route; R557 Walkerville Route

Vaal Nest Boutique Hotel was assisted with their application for funding from the IDC and Jobs Fund.

A grant application for 20 Tourism Internships was submitted to the CATHSETA.

- **Facilitate the development of Tourism Infrastructure**

A Tourism Infrastructure forum was established with representatives from the Gauteng Tourism Authority, relevant departments in the Sedibeng District Municipality and the Local Municipalities. This forum met twice and aims to assist the Gauteng Tourism Authority's newly established Infrastructure Planning and Investment Facilitation Unit (IPIFU) who will be responsible for managing infrastructure projects in the province. The forum also aims to manage infrastructure in the region on a local level.

A total of 13 Tourism Infrastructure projects were submitted to be included in the Provincial Tourism Infrastructure Strategy and Portfolio. These include the Sedibeng Regional Tourism Organisation (as a soft infrastructure project) and

the Precinct Development projects across the region (as a hard infrastructure project), amongst others.

Tourism Signage policies from local municipalities were received and distributed to other municipalities to update and align their policies.

- **Develop Township Tourism strategy**

The development of a Township Tourism strategy was not achieved due to the fact that no budget was allocated for the project. A request for assistance with the project was sent to the Gauteng Tourism Authority.

T3.11.1

COMPONENT D: COMMUNITY& SOCIAL SERVICES

This component includes: libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; child care; aged care; social programmes, theatres.

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

T3.12

3.12 LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

T3.12.1

Heritage Department

The Heritage Department is responsible for three operational museums in the Sedibeng Region as well as several declared and/or identified Heritage Sites in the Sedibeng Region. The three museums are the Vaal Teknorama Museum, Sharpeville Human Rights Precinct and the Heidelberg Museum.

The Heritage Department have been successful in declaring several historically important sites as Provincial Heritage Sites. They are the Old Sharpeville Police Station, Sharpeville Memorial, Sharpeville Exhibition Centre, Sharpeville Community Hall, Roman Catholic Church, Vuka Cemetery, Phelindaba Cemetery and Kwa-Dlomo Dam. The Heritage Department is responsible for museum management at the various facilities mentioned and the identification, preservation and declaration of other Heritage Sites in the region.

According to the National Heritage Resources Act No. 25 of 1999 Heritage is a direct District Function. The Heritage Department has developed a Turn Around Strategy for Museums that captures the way forward for Heritage and Museums to ensure relevance in a modern technology driven world. The Turn Around Strategy will act as a roadmap for Heritage and Museums in the Sedibeng Region to ensure digitized Museums with electronic archives and research capability.

The Heritage Department has the added responsibility of driving GNC (Geographical Name Change) process in conjunction with the Provincial Department SACR, SAGNC and Local Municipalities that includes the regional policy in this regard and the process management of the roll-out strategies for the various Local Municipalities that would include the establishment of GNC committee that would assist in playing an over sight role that would consist of professionals according to the act that would assist in developing the relevant criteria and manage the public participation process in conjunction to the Heritage Division.

The Heritage Department have strong working partnerships with stakeholders in the Heritage Sector. These strategic Institutions are Tertiary Institutions, the National Heritage Council, SAHA, SAHRA and both the Provincial Department SACR and National Department of Arts and Culture and numerous Heritage Museums throughout the Country like Museum Africa, Apartheid Museum, Freedom Park, Luziko Museums, Helen Josephs Memorial centre and the Robben Island Museum to assist in creating strategic partnerships that would assist in best practise around museum management, exchange of exhibitions and assistance in capturing Oral History of local communities in the Vaal and is informed by the following IDP/SDBIP's strategies.

The Heritage Department is also responsible for the promotion of the rich Heritage of the Sedibeng Region through the identification, preservation and declaration of Heritage Sites in the region.

The Heritage Department plays a leading role in the commemoration of identified National, Provincial and Regional Commemorative Days, i.e. Nangalambe Night Vigil Massacre, Human Rights Month, Anglo Boer War – Vereeniging Peace Treaty, Boipatong Massacre, Vaal Uprising, Heritage Month, and the Signing of the South African Constitution.

Libraries and Information Services is a function of Provincial Government and is managed locally by the Local Municipalities.

3.13 CHILDCARE; AGED CARE; SOCIAL PROGRAMMES

This component includes: pollution control; biodiversity and landscape; and costal protection.

INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

T3.13.1

- **Promote social development of our communities**

To perform this function, intergovernmental as well as community structures have been established to facilitate joined planning and integration. The district's main focus is on special groups; namely Youth, People with Disabilities, Ex-combatants, Women and Gender. Policies have been developed to guide implementation of programmes relating to these groups. A total of 36 learners have been awarded bursaries to further studies at higher learning institutions. 90 young people were recruited by Mr Price Store as casual workers on a R2000 stipend as part of job creation. Capacity building programmes on entrepreneur and life skills were implemented. 84 Women cooperatives were capacitated on business skills. Ex-combatants are supported through life skills and support programmes.

To promote social development, the department of Human Settlements allocated 20 houses to women beneficiaries of which 2 were elderly, 89 delegates from women Co-operatives trained in business and financial management by local financial institutions and the Gauteng Enterprise Propeller and Sanitary Towels distributed to Grade 6 to 12 girl learners at Heidelberg Secondary to promote regular schooling, hygienic conditions and human dignity

SDM is working in partnership with the Hollard Foundation to establish integrated Early Childhood development (ECD) programs, this includes training of identified child minders on ECDs.. 600 Elderlies participated in Regional Golden Games held at IsaakSteyn stadium to promote healthy lifestyles. SDM Elderly Peoples Choir won the Provincial Choir Competition in the Traditional music and position 3 in the Choral category. The Executive Mayor's Luncheon for elderlies above 90years of age held successfully, graced by 175 pensioners.

COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape; and costal protection.

INTRODUCTION TO ENVIRONMENTAL PROTECTION

T3.14

3.14 POLLUTION CONTROL

Pollution control is one of the priority programmes of the Department: Environment. Pollution control is one of the 9 programmes situated within Municipal Health Services. The function is rendered by local municipalities on behalf of the Sedibeng DM through a Service Level Agreement. Pollution control and surveillance is done on a routine basis and covers all aspects around illegal dumping, sanitation, noise pollution, industrial pollution, odours, dust, and water and air pollution.

Up until June 2012 (the year of review) a total number of 6 AELs (Atmospheric Emission Licences) have been issued to various industries in the Sedibeng region, and these AELs are in effect tools to manage emissions from industrial activities.

The SDM in collaboration with GDARD had to take strong action on several occasions during 2011/12 to prevent pollution of the environment caused as a result of illegal dumping of medical waste in Lesedi, dumping of industrial and hazardous chemicals in Midvaal, and a number of air pollution related incidences in Emfuleni.

Illegal dumping is currently the biggest single contributor regarding the deterioration of our surrounding environment which affects poor communities directly. This indicates that the waste management system in the District is in adequate and that limited law enforcement is done by local municipalities. Noise pollution related complaints are also on the increase followed by air pollution related issues.

All complaints received by the Department are treated as a priority and are attended to within 24 hours. Complainants are also duly informed on progress and outcome of investigations.

T3.15.1

3.15 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

Environmental protection.

Environmental pollution affects all citizens. The Department can only function within its legislative powers and functions to ensure that the environment is protected. All Environmental Impact applications and Basic Assessment reports are duly evaluated and specialist studies requested (where necessary).

Three officials in the Department and about sixty percent of Environmental Health Officers in the local municipalities have been trained on law enforcement. The designation of some staff as Environmental Management Inspectorate (Green Scorpions) will be concluded with GDACE during 2012/13 which will give the department additional powers to do monitoring and enforcement. All communities are beneficiaries in a safe and healthy environment.

The Department participated in two compliance and enforcement activities with DEA and GDARD during 2011/12.

The Sharpeville dam desktop study.

The South African National Biodiversity Initiative (SANBI) appointed WSP Consulting for the Sharpeville Dam Desktop quick study and the development of an Environmental Management Plan. The implementation of the project was monitored through a Project Steering Committee comprising of Sedibeng DM and Emfuleni LM as well as SANBI. A total project funding from SANBI was R60,000.00.

The project's objectives were, amongst others, to:

- Have a network of protected areas secured and effectively managed that conserves a representative sample of grassland biodiversity,
- Mainstreaming biodiversity and contribute to the ecological integrity of the grasslands biomass,
- Good management practice across the landscape contributes to sustaining the natural and cultural heritage of the grasslands biome, and
- The awareness and understanding of the value of grasslands biodiversity that contributes to sustainable development.

The project commenced in August 2010 and was set to be completed in July 2012. The implementation of the recommendations of the project will translate into job opportunities in terms of Ecological Goods And Services (EGS) and

these have been highlighted to be incorporated into the Sharpeville Precinct Project.

Removal of alien vegetation in the Lesedi Local Municipality

PR Tsapa Consulting was appointed by the Department of Environmental Affairs for the removal of alien invasive plants for two identified sites within the Lesedi LM in Sedaven and KwaZenzele. The implementation of the project is monitored through a Project Advisory Committee comprising of Sedibeng DM and Lesedi LM, as well as DEA. A total project funding is to the tune of R3,000,000.00.

- The project entails the following:
- Eradication of invasive plants.
- Treatment of the plants removed.

The project commenced in February 2012 and it is scheduled to end in November 2012. To date a total of 28 out of 108 hectares of alien vegetation has been removed and treated.

About 25% of the total budget has been spent to date. About 64 beneficiaries have been recruited with temporary job opportunities.

Rehabilitation of the Pelindaba Cemetery

The Department of Environmental Affairs has appointed Basadzi Pele Consulting for the rehabilitation of the Phelindaba Cemetery. The implementation of the project is monitored through a Project Advisory Committee comprising of Sedibeng District Municipality and Emfuleni Local Municipality as well as DEA. A total project funding is to the tune of R10,000,000.00.

- The project's objectives seek to:
- Construction of the guard house,
- Paving of roads and parking areas,
- Planting of trees and flowers, and
- Art work through dump rock and shrubs.

The project commenced in February 2012 and it is scheduled to end in February 2013. To date site clearance, site establishment, a shed for beneficiaries has been done and the perimeter fence around offices for security purpose erected. Currently the project implementer is busy with the land survey and final designs whilst the process of the registration of local SMME's on the database is unfolding.

About 18% of the total budget has been spent to date. About 149 beneficiaries have been recruited and are working on the project.

Buyisela creating Eco-towns: Greening Project.

Mdelo Landscaping was appointed by the Department of Environmental Affairs for the greening component of the Buyisela programme. This involved greening of parks and open spaces. Monitoring of the project was done by Sedibeng DM and Emfuleni LM and DEA.

A Greening component had a total of R14,915,000.00 budget of the total of R53,289,247.70 of the programme.

The greening component objectives sought to:

- Create recreational parks,
- Greening and beautification of open spaces,
- Landscaping, and
- Environmental awareness campaigns to optimise the benefits of the greening initiatives.

Two community parks that included one in Motebang Street, Zone 11, Sebokeng which is 30,000m² in size and the park in Graceland Park, Evaton West which is 19,250m² in sizes were developed. The project was successful and handover was planned to take place on the 2nd July 2012.

The DEA's EPWP criteria of 40% women, 30% youth and 3% disabled was applied. Thus 90% of the people working on the project were employed locally in these wards: Ward 18; 19; 24; 26; 27; 28; 34; 29; and 43. About 2% of the budget was allocated for non-accredited training. Cooperatives are to be established upon exit to provide after-care maintenance

and sustainable job opportunities.

T3.16.1

COMPONENT F: HEALTH

This component includes: clinics; ambulance services; and health inspections.

T3.17

BACKGROUND: HEALTH AND SOCIAL DEVELOPMENT DIRECTORATE

The purpose of the Directorate is to promote the health and social development of our communities focusing mainly on two strategic objectives; namely

Primary Health Care is an Area of Provincial Legislative Competency in terms of the Health Act. Sedibeng District Municipality therefore supports the development of the District Health System within the context of Provincialization. Currently Primary Health Care services are implemented by Local Municipalities on an agency basis which claim back funding from the Province on a quarterly basis while some clinics are managed by Province directly. The view is to have the services under a single authority guided by the Health Act No 61 of 2003. The district therefore coordinates activities and supports implementation of plans on health across the district. District Health Technical Committee involving provincial as well as local municipality managers has been established to facilitate consultative processes and joint planning. The District Health Council which is established in terms of the Health Act and chaired by the District Member of Mayoral Committee responsible for health plays an oversight role to health matters across the district. The Intergovernmental committees and structures are functional. Five reports were handled by the District Health Council. Preventive and promotive as well as curative health programmes are implemented in all clinic facilities. Immunization coverage has increased to reach 115%.

Employees: Health and Social Development					
Job Level	Year -1	Year 0			
Health and Social Development	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Director: Health and Social Development (02)	1	1	0	0	0 %
Coordinator Social Development (05)	1	1	1	0	0 %
Coordinator Health programmes (05)	1	1	1	0	0%
Coordinator Woman & Gender (05)	1	1	1	0	0%
Coordinator Youth Development & External Bursaries(05)	1	1	1	0	0%
Admin support Officer (09)	1	1	1	0	0%
Youth Advisory Centre officers(9)	12	12	7	5	40%
Admin clerk(10)	3	3	3	0	0%

T 3.20.4

INTRODUCTION TO HIV & AIDS

As HIV-infections stabilise, the development and governance impacts of AIDS are becoming increasingly apparent. Although the epidemic threatens human development, the positive aspect is shown by the fact that HIV&AIDS provide opportunities to address socio-economic and cultural perspective, including structures that obliterate good governance, community empowerment and development.

Based on the District AIDS Strategy 2007-2011, the district set to:

- Implement a ward-based approach to reach out to every household with HIV&AIDS education
- Improve on the utilisation of HCT services by community members
- Ensure that all the four AIDS Councils are functional

During the period under review, the district, through ward-based coordinators and volunteers (who are on stipend), reached 33 411 households and 99 071, while 21 012 people were referred to relevant departments and service points and distributed 746 843 during door to door campaigns.

For the period under review, of 172 719 (target), the district reached 228 819 people with HCT services, compared to 150 154 people who utilised HCT services in 2010/2011. The target for 2012/2013 financial year is 331 692.

The District AIDS Council, including those of Local Municipalities, are functional and meet regularly, chaired by the respective Executive Mayors.

T 3.17.1

3.16 AMBULANCE SERVICES

Emergency Medical Services(EMS), commonly known as Ambulance Services, is an area of Exclusive Provincial Legislative Competency in terms of the Constitution of the Republic of South Africa. The Services are currently provided by the Sedibeng District Municipality on an agency basis within the context of Provincialisation of Primary Health Care and EMS.

During 2011/12, only 54.07%(National target=85%) of confirmed Priority 1 incidents were reached within 15 minutes in Urban Areas and 96.08%(National target=85%) of confirmed Priority 1 incidents within 40 minutes in Rural Areas, which indicates an underperformance in terms of Priority 1 incidents mainly due to the underfunding of EMS services resulting in the critical shortages of Human and Capital resources, which undermines service delivery in this regard.

On average less ambulances were operational in a 24hour shift, per shift. Only 0.87 instead of at least 1 advanced life support primary response vehicles was operational per shift on average and only 1 of 20 Advanced Life Support positions is currently filled. Hence, the possible transfer of EMS back to Province was considered as the process of requesting Province to review the funding allocation of EMS to the District proved to be not successful.

The upgraded Tetra Radio System operationalized through the District Disaster Centralised Communication Centre was implemented to improve communications and delays in dispatching of Ambulances.

Seven(7) Basic Life Support Refresher training courses were conducted with twenty-nine (29) paramedics and four(4) Basic Life Support for Health Care Practitioners courses were arranged with thirty(30) personnel trained successfully.

Thirty-nine(39) Courses were conducted to empower communities in basic first aid with 1702 Community members trained. 1057 Community members and 5 schools were reached with public awareness visits.

To improve delivery in rural and outlying areas, as from 22 July 2011 Gauteng Provincial EMS Staff are rendering the service in Devon, in Lesedi Local Municipality. However, Evaton is still a challenge as there are no facilities for EMS currently. Province is busy investigating accommodation possibilities within the area.

Ambulance Service Data									
	Details	Year -2		Year -1		Year 0			
		Actual No.		Estimate No.	Actual No.	Estimate No.			
1	Number of patients taken to medical facilities during the year				6583				
2	Average time from emergency call to arrival at the patient - in urban areas				15.53 min				
3	Average time from emergency call to arrival at the patient - in rural areas				16.40 min				
4	Average time from emergency call to the transportation of patient to a medical facility - in urban areas								
5	Average time from emergency call to the transportation of patient to a medical facility - in rural areas								
6	No. ambulance			18	12.31				
7	No. paramedics			1	0.87				
T 3.18.2									
Ambulances Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1	Year 3		
		Target	Actual	Target	Actual	Target			
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
		(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Ambulance turnaround time (Timeout to patients and back to medical facility)	Average turnaround time in rural areas					67.89 min			
	Average turnaround time in urban areas					67.89 min			
									T 3.18.3
Employees: Ambulances									
Job Level	Year -1		Year 0						
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)				
	No.	No.	No.	No.	%				
0 – 3	0	1	1	0	0%				
4 – 6	0	28	7	21	75%				
7 – 9	0	71	44	27	38%				
10 – 12	0	180	128	52	29%				
13 – 15	0	0	0	0	#DIV/0!				
16 – 18	0	0	0	0	#DIV/0!				
19 – 20	0	0	0	0	#DIV/0!				
Total	0	280	180	100	36%				
T 3.18.4									

Financial Performance Year 0: Ambulances						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	0	35114000	36280000	35138362	0%	
Expenditure:						
Employees	0	51655301	44769162	44768923	-15%	
Repairs and Maintenance	0	8115	0	0	#DIV/0!	
Other	0	1190060	903647	820096	-45%	
Total Operational Expenditure	0	52853476	45672809	45589019	-16%	
Net Operational Expenditure	0	17739476	9392809	10450657	-70%	
					T 3.18.5	

3.17 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

Surveillance of premises and food hygiene are both priority programmes within the Environment Department.

The top delivery priorities during 2011/12 were:

- Issuing of Certificates of Acceptability (CoA) to all food handling premises which are in compliance with minimum health requirements and standards.
- Improve the hygiene quality of milk produced within the Sedibeng region.
- Development of a data base on all medical waste generators within the Sedibeng region.

Sixtypercent(60%) of all food premises within the District comply with minimum health/hygiene standards and have been issued with a Certificate of Acceptability. No cases of food poisoning were reported in the Sedibeng District during 2011/12.

The improvement in the quality of milk is unsatisfactory despite the effort put in by the Department. We intend to intensify the programme during the 2012/13 year.

An updated database on all medical waste generators within the Sedibeng district has been compiled. All such generators are now monitored on a routine basis.

All abattoirs within the Sedibeng region are monitored continuously in collaboration with GDARD who has the mandate to register such facilities.

All inspections are recorded and reported on a monthly basis to the Sedibeng DM in terms of the reporting regime as contained in the service level agreement on Municipal Health Service. The IGR: MHS is the vehicle and platform through which service delivery is gauged and remedial action taken where there is under performance.

The 2012/13 financial year will see a change in how environmental services are rendered as the approach and output of the Department will be outcome based.

Air Quality Management

The district municipality has identified the licensing of listed industrial processes as an important component towards effective regulation of these activities and improving the quality of air in the region. Despite the capacity challenges the licensing function has been prioritised by the department. To date a number of licenses have been issued and the industries have started reporting their emissions to the municipality on a quarterly basis. This information has also assisted the municipality together with the Provincial Environmental Management Inspectors to start instituting compliance monitoring actions within the region and some industries have been issued with compliance notices in this regard.

The monitoring of ambient air quality is one important component of air quality management. It is generally believed that one cannot improve something that is not known. The two ambient air quality stations that are owned by Sedibeng are not operational partly due to lack of maintenance and vandalism. The lack of maintenance of the stations was mainly due to

lack of funds. The municipality is currently looking at different options available to get the stations operational in order to understand the quality of air that the residents of the region are exposed to. The department have established good relations with the local NGO's around issues of air quality in the region and this relations will further be strengthened in order to ensure that collectively with the public are working towards improving the air quality in the region.

COMPONENT G: SECURITY AND SAFETY

This component includes: police; fire; disaster management, licensing and control of animals, and control of public nuisances, etc.

T3.18

INTRODUCTION TO SECURITY & SAFETY (COMMUNITY SAFETY)

Through this Directorate, SDM's key IDP strategic objective is to "Promote a safe and secure environment" for communities of Sedibeng. To ensure that this particular objective is achieved SDM established an Intergovernmental Relations Structure on Safety and Security, namely; a Community Safety Forum. This Forum is made up of various stakeholders such as the South African Police Services, Department of Correctional Services, Local Municipalities, Gauteng Department of Community Safety, Department of Education, Department of Social Development, Department of Home Affairs, Community Policing Forums, etc. The key responsibility of this Forum is to coordinate and facilitate developmental and implementation of crime prevention and road safety programs in Sedibeng. This approach has eliminated silo's attitudes and practices and brought various role-players in working together towards a common service delivery goal of ensuring that Sedibeng is safe and secure.

To ensure integrated development and implementation of crime prevention and road safety programs in the region, a Community Safety Plan was developed through the Community Safety Forum to be used as a guiding document during the developmental and implementation phases of safety and security programs and projects. Some of the intervention measures introduced include; installation of CCTV Systems in various towns across the District, installation of CCTV Systems at all Licensing Service Centres in the region, establishment of a Regional Victim Empowerment Centre in the region, Conduct awareness and educational programs on social crime prevention (schools safety, domestic violence, road safety, etc) and capacity building for Community Policing Forums through skills development programs.

Employees: Community Safety					
Job Level	Year -1	Year 0			
Community Safety	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Director: Community Safety (02)	1	1	0	1	
Assistant Manager: Crime Prevention (04)	1	1	1	0	
Coordinator Social Crime Prevention (05)	1	2	1	1	50%
Head: VIP Protection Unit (05)	1	1	1	0	0%
CCTV Operations Officer (06)	0	1	0	1	100%
VIP Protection Officers (07)	14	14	14	0	0%
Events Security Officer (07)	1	1	1	0	0%
Security Investigating Officer (07)	1	1	1	0	0%
Evidence & Data Processor (07)	2	2	2	0	0%
CCTV Technicians (07)	2	2	2	0	0%
Admin Assistant (09)	1	1	1	0	0%
CCTV Receptionist (11)	1	1	1	0	
Total	26	28	26	3	11%

Employees: Community Safety					
Job Level	Year -1	Year 0			
Community Safety	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
					T 3.18.4

Financial Performance Year 0: Community Safety					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					
Staff Members Salaries	4,915,264.00	5,270,854.00	1,292,122.00		
Repairs and Maintenance	100,000.00	100,000.00	93,476.00	248	-40223%
Other	1,586,800.00	1,192,926.00	735,728.00	248	-480919%
Total Operational Expenditure	1,686,800.00	1,192,926.00	735,728.00	496	-240409%
Net Operational Expenditure	1,686,800.00	1,192,926.00	735,728.00	496	-240409%

T 3.20.5

Capital Expenditure Year 0: Community Safety					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	3000000	0	0	#DIV/0!	
Integrated CCTV Street Surveillance Project	3000000	0	0	#DIV/0!	39490786
					T 3.20.6

3.18 POLICE

INTRODUCTION TO POLICE
NB! The Sedibeng District Municipality coordinates the Community Safety function as explained in detail below.
T3.18.1

Community Safety

In support of the Victim Empowerment Centres, about 594 victims of crime have been treated at the Regional Victim Empowerment Centre. Through the Community Safety Plan, a number of social crime prevention awareness programs that include road safety (05), gender based violence (39), schools safety (12) and community based programs (12) have been conducted across the region. Eleven Youth Crime Prevention Desk are functional and Community Patrollers have also been deployed at various schools to render guarding services. About (09) areas were cleaned in support of Crime Prevention Through Environmental Design principles. Communities were also mobilized in rural areas in pursuit of rural safety and through this process, about (05) community meetings were held. Community Safety IGR Structure is functional and about (11) meetings thereof were held.

Optic fibre network has been upgraded and expanded to other areas within the region. (07) CCTV cameras that were initially intended for Heidelberg were moved to Ratanda to make a total number of 10 in Ratanda. In Vereeniging, civil work has been completed and camera poles planted for 16 cameras that need to be installed. 24 cameras were installed in the Vanderbijlpark CBD and (05) in Bedworthpark. As a result of this project, about 50 employment opportunities were created through a local sub-contractor (25) and the main contractor (25).

A VIP Close Protection Policy was also developed and approved by Council to serve as a guideline and working document for safety and security of the Executive Political Principals.

3.19 FIRE

INTRODUCTION TO FIRE SERVICES

This is a competency of the local municipality, and the Sedibeng District is responsible for specific services as per the table below.

T3.21.1

Disaster Management									
Service Objectives	Outline Service Targets	Year 0		Year 1		Year 2	Year 3		
Service Indicators		Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Ensure the state of readiness and alertness aimed at combating potential disaster situations within the region.	reviewed district DMP,3 workshops with locals, 3 signed-off NKP plans, provision of relief items, events emergency plans	1 reviewed district plan,3 workshops with locals, 3 NKP plans,	1 reviewed district plan,3 workshops with locals, 3 NKP plans,	1 reviewed district plan,3 workshops with locals, 3 NKP plans,	1 reviewed district plan,2 workshops with locals	1 reviewed district plan,2 workshops with locals	1 reviewed district plan,2 workshops with locals	1 reviewed district plan,2 workshops with locals	1 reviewed district plan, 2 workshops with locals
Ensure effective stakeholder participation and engagement on Disaster Management issues	3 Sedibeng Disaster Management Advisory Forum sittings	3 sittings	3 sittings	3 sittings	3 sittings	3 sittings	3 sittings	3 sittings	3 sittings
Ensure effective service delivery of the Sedibeng Emergency Communication Centre	average number of consoles manned, number of personnel trained, % of calls answered within 5 rings, % of calls handled within 3 minutes	3 manned consoles, 24 trained personnel,80% of calls answered within the stipulated times	3 manned consoles, 12 trained personnel,81% of calls answered within the stipulated times	3 consoles manned, 12 personnel	3 consoles manned, 6 personnel to be-trained	5 consoles, 6 personnel	5 consoles, 6 personnel	5 consoles, 8 personnel	5 consoles, 10 personnel
Ensure execution and implementation of public awareness programs and identified calendar events	3 awareness programs	3 awareness programs	3 programs	3 programs	250 community members	250 community members	250 community members	250 community members	250 community members

3.20 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

INTRODUCTION TO DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

T3.22.1

INTRODUCTION TO DISASTER MANAGEMENT

The Sedibeng Disaster Management Directorate is established within the Community Services cluster and is striving towards the elimination of all avoidable disasters in the Sedibeng District Municipality thereby supporting the social and economic development of our communities.

The key mission of the Directorate is to develop and implement a holistic and integrated disaster management planning and practice in a cost effective and participatory manner, thus ensuring the preparedness of our communities to prevent and respond to disasters.

Service Delivery priorities:

Ensure the state of readiness and alertness aimed at combating potential disaster situations within the region through

plans.

Disaster Management Plan has been reviewed for the financial year as per the legislative requirement. The key objective for the annual review of the plan is to ensure that processes that are to be taken to prevent, mitigate and prepare to manage disasters or disasters threatening to occur within the region are updated and applicable. The reviewed Disaster Management Plan forms an integral part of the IDP processes. The IDP cannot be complete without the attachment of the Disaster Management Plan. Furthermore, 3 workshops were held for review of Local Disaster Management Plans.

This is to ensure and reflect on roles and responsibilities regarding emergency response and post disaster recovery and further more to capacitate and instill knowledge to all role players and stakeholders in particular, Local municipalities. Strategic deliberations on matters of disasters are also shared between role players.

Three workshops were held for the review of the National Key Point plans to ensure readiness to deal effectively with disaster situations. The key purpose of the workshops was to ensure that National Key Points within the region of Sedibeng are prepared and will be able to respond and manage any emergencies they can be faced with.

26 incidents were responded to within the stipulated timeframes of 20 minutes. The incidents are as follows:

Eviction in Kookrus, informal house in Sicelo, Plot 81 Sweetwater St Doornkuil, Emfuleni Caravan Park, H228 SilahlweSicelo, 714 Old Sicelo, Informal house in Sicelo near white house, SebatstrSicelo, 584 Sicelo, Informal house Sicelo near OAC Church, Floods in Zone 10, Informal house in Sharpeville, 4-8 Kena road Evaton, Kookrus plot fire, 5044 Sharpeville, Siceloext 4, Old Sicelo, 240 Verwoerd rd, Sebokeng Zone 11, 75/6 Small Farms, 286 Vaal Marina, 84 Grey Ave, 3375 Zone 13, 62405 Zone 17, Zone 20, Evaton West.

Prompt response to all emergencies is vital to ensure safety of communities and safeguarding their vulnerability through provision of relief.

Ensure effective service delivery of the Sedibeng Emergency Communication Centre

The Emergency Communication Centre, a Unit under Disaster Management directorate, deals with call-taking and despatching of emergency response. It takes calls for, among others:

- Motor vehicle accidents
- Shootings
- EMS needs
- SAPS related incidents
- Other community emergencies like burst water pipes, electrical black-outs
- Disaster related incidents like storms, floods, tornados, blown roofs etc.

The centre received a total of 33660 calls in the 2011-2012 financial year. 81% of all calls received were handled within the stipulated timeframe. (The targeted % is 80%).

The following systems in the Centre were upgraded to improve service delivery (Faster Call taking & Dispatching times):

1. The Call taking & Dispatching software was upgraded.
2. The TETRA radio system was implemented to communicate with EMS personnel, (reducing the cost on cellphones& personnel of EMS have hand radios meaning faster handover of ambulance calls).
3. New integrated radio system was installed in the centre.(Any computer can now function as a radio in the Centre)

A total of 12 personnel from the Emergency Communication Centre were trained in

Supervisory Management and Telephone Etiquette courses to improve service delivery.

Ensure execution and implementation of public awareness programmes and identified calendar events

A pre-winter campaign held in Lesedi. The theme for the campaign was "Fire-Setters, the flames of Africa that destroy the lives and property of our communities". The campaign was focused on encouraging communities and families to play an effective role in prevention of home fires and how to protect themselves. Target group for the campaign was school kids.

An awareness campaign was held at Koinonia Church in Sebokeng. The focus of the programme was on promotion of the Emergency number (10177) and critical information and steps to follow when making an emergency call. The target group for the campaign was NGOs. The objective of the campaign was to have well-informed and educated communities on the functioning of the Emergency Communication Centre.

An awareness campaign was held in Emfuleni, Qelang School. The focus of the campaign was on fire safety and the event

was commemorated during the ISDR and Fire Safety week.

Four River safety programs were conducted.

The following activities were addressed:

1. Wearing of life jackets.
2. Displaying of “red flag” when a skier is in the water.
3. Cleaning of the river.
4. Public Education during the Vaal show on water safety

The above activities are aimed at improving safety in the river especially during festivities along the river and ensuring that patrons adhere to safety regulations when enjoying themselves in the river. Patrons must wear life jackets, display red flag when there’s an emergency to make others aware of an incident.

T 3.20.1

SERVICE STATISTICS FOR DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETCT 3.22

Animal licensing and control of public nuisances is a local municipality function.

Employees: Disaster Management					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	4	5	4	1	20%
10 - 12	19	20	19	1	5%
					T 3.20.4

COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT

There were no approved capital projects for the Directorate.

T 3.20.7

COMPONENT H: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

T3.21

3.21 SPORT AND RECREATION

INTRODUCTION TO SPORT AND RECREATION

The Division of Sports and Recreation is component of the Directorate of Sports, Recreation, Arts, Culture and Heritage of the Sedibeng District Municipality, functions at a strategic level to coordinate and facilitate the function of Sports and Recreation in conjunction with the category B Municipalities being Emfuleni Local Municipality, Midvaal Local Municipality and Lesedi Local Municipality. It should be noted that both conditions and circumstances at these various Local Municipalities are not “Homogeneous”. They differ starkly on the basis of being highly urbanized as is the case with Emfuleni Local Municipality against semi- rural characteristics of both Midvaal and Lesedi Local Municipalities.

The Sedibeng DM plays a coordinating function and its designed to facilitate the holistic developmental thrust of Sports Development and Regional Recreational. The Local Municipalities, on the other hand, play an implementation function

in relation to developing and maintaining community parks, sports fields, halls and stadia, swimming pools and camping sites etc.

The Division of Sports and Recreation Sedibeng facilitated a Sports and Recreation Summit attended by strategic stakeholders. These included the Gauteng Provincial Department SACR, all Local Municipalities (Sedibeng), Department of Education (school sports) and communities including the various Sports Federations and interested institutions. The Summit developed a strategic blue print that coincides with the six pillars of Sports development of the Gauteng department of SACR. The Sedibeng SRACH adopted this blue print to design its development strategy which is focused on the following:

- The IDP principle of “Releasing Human Potential” captured under “Nurturing peoples potential through Sports, Recreation, Arts and Culture has the following developmental programs-
- Promote Regional Sports Councils programs that focussed on re-establishing the Sedibeng Sports Council and Local Sports Councils including assisting the entity to function properly in our area through assisting with accommodating the regional sports council at the Vaal Technorama Museum and giving administrative support, skills development transfer and mentorship to Provincial sports administration Learnerships that have been deployed to our area to assist the Sedibeng Sports Council and Provincial Sports HUBS at the Local Municipal Level.
- Develop and Promote Sport and Artistic talent through competitive sports and major arts and culture events that focussed on the hosting of the Regional Disabled Games in conjunction with the Provincial Department of SACR.
- Hosting Community Games including other vulnerable groupings i.e. Women in sports, youth and the aged etc.
- Processing of the OR Tambo inter- municipal games and various practise sessions and play off’s against Local Municipalities in the area.
- Facilitate the up grading of multi-purpose sports and recreational facilities currently at the Lesedi Local Municipality at Devon Tennis courts upgrading, construction of sports fields in Vischkuil and Jameson Park and the upgrade of Impumelelo stadium with the intentions of rolling out similar projects in Emfuleni and Midvaal in the future.

Fundamentally the SRACH Division of Sports Recreation has been responsible in processing development investment facilitation from the National Lotteries Board to the tune of +- R6, 3 Million for the first phase of sports development facilities in Lesedi. It has also been instrumental in assisting Emfuleni Local Municipality in processing the River front Precinct at Dickenson Park Recreational facility. It is responsible for the George Thabe Sports Precinct project and parts of the Recreational futuristic Precinct at Dlomo Dam subject to funding from the National Neighbourhood Grant funding from National Treasury or other strategic Donor funding agencies.

SERVICE STATISTICS FOR SPORT AND RECREATION

T3.21.1

3.22 FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES

T 3.22.1

Section 80 of the Municipal Finance Management Act gives effect to the establishment of Budget and Treasury Office to:

- Advise the Municipal Manager on the exercise of powers and duties assigned to the Accounting Officer in terms of the MFMA
- Assist the Municipal Manager in the administration of the municipality’s bank accounts.
- Assist the Municipal Manager in the preparation and implementation of budget.
- Advise other managers in the exercise of powers and duties assigned to them in terms of section 78 or delegated to them in terms of Section 79.
- Budget and Treasury Office must perform functions such as budgeting, accounting analysis, financial reporting, cash management, debt management, supply chain management, financial management and other duties delegated to the Chief Financial Officer in terms of Section 79.

Summary of achievements

It can be elaborated that the SDBIP is a detailed plan for implementing the Finance Cluster’s service delivery as outlined in the IDP and Budget. It includes the service delivery targets and performance indicators for each quarter which was linked to the performance agreement of the Chief Financial Officer. The performance criteria contained in the SDBIP are designed to achieve *Equitable and Effective Service Delivery*, through the facilitation of the Finance Cluster in achieving

its strategies.

The performance of the Cluster's projects and programmes are outlined as per **Annexure "A"** - in detail, for the Cluster until the end of June 2012. The focus has been aligned to ensure the realization (outcome based) of the following Key Performance Areas deliverables to the IDP aspects Finance has set out to achieve during the year:

a. Revenue collection, Management and Financial Mobilisation:

All eight (8) tasks 100% has been achieved in this category. Matters to highlight as being continuous achievements are/is the manner in which we manage our assets and recovering our revenue (EMS as an example). One task in our view is a new benchmark and an over achievement relates to the grant and donor funding implementation, done by our Cluster.

b. Governance of Municipal Finance:

All tasks (100%) in this category have been achieved. It relates to how successful we manage the MFMA compliance in SDM and the training on financial regulations as approved by our Council given to all officials as nominated and councillors.

c. Financial reporting:

All KPIs were achieved (100%) which include the unqualified Auditor-General's report for 2010/2011, which indicates a nil financial emphasis achieved in relation to existing internal controls on the Audit Report and the compilation of an action plan to mitigate in rectifying the errors made.

d. Building Capacity to Manage Municipal Finance:

75% of KPI's has been achieved and the remaining 25% has been deferred. Proper research is pending on building capacity through the conduction of a customer survey which would provide Finance with ideas on how to improve our municipal service in Finance from a model perspective. In consultation with the Municipal Manager it was agreed that a new methodology and approach be sorted to map an acceptable way of reporting customer satisfaction from a support basis.

e. Budgeting and Planning Municipal Finance:

All our KPI's have been achieved 100% and meets all the requirements of the MFMA and budget regulations.

f. Credibility and transparency of Supply Chain Management (SCM):

On the eighth KPI's and 25 tasks within it, it reflects the following achieved and partly achieved:

- 18 tasks achieved 72% and completed
- 7 tasks partly achieved – 28% (some still in progress due to year end process)

The KPI's were well on track to being achieved. The Supply Chain function must however report the following corrective action based on our support role with other User Clusters which are deemed to be out of our control:

System reporting to close on the 07th of each month which would enable SCM to submit reports to the National and Provincial Treasury by the 10th of each month;

- Deviations to be minimised by User Clusters;
- SCM to participate in budget panel and monthly financial meetings from a cross functional sourcing perspective;
- Intenda system to be enforced that all Clusters use it; and
- Acquisition plans to be adhered to by all Clusters to ensure planned projects and programmes are rolled out.

In conclusion, the Finance Cluster can report that our overall achievements stand as follows:

- | | |
|---------------------|------------------------------|
| • 91, 17 % of KPI's | - Achievement and completed; |
| • 4, 17 % of a KPI | - Deferred; and |
| • 4, 66 % of KPI's | - Partly achieved. |
| <hr/> | |
| 100% | - Required Performance |

The Finance Cluster targets must be read in conjunction with the final report provided as per **Annexure "A"** - in detail. The Annexure outlines targets achieved and challenges dealt with in the performance period with valid reasons and motivations provided for the Portfolio Committee's information on the achievements to date.

Employees Financial Services				
Level	Age	Gender	Notch	Occupation
07	30	F	02	OFFICE MANAGER
07	48	F	02	ADMIN.OFFICER TO MMC
CFO	39	M	01	EXECUTIVE DIR.TREASURY
CON7	28	F	01	FIN.MANAGEMENT INTERN
CON7	26	F	01	FIN.MANAGEMENT INTERN
CON7	36	F	01	FIN.MANAGEMENT INTERN
CON7	25	F	01	FIN.MANAGEMENT INTERN
CON7	25	M	01	FIN.MANAGEMENT INTERN
CON7	28	F	01	FIN.MANAGEMENT INTERN
C012	24	F	01	INTERN:FIN. MANAGEMENT
13	61	F	05	GENERAL WORKER
13	56	F	05	GENERAL WORKER
04CTI	60	M	03	ACCOUNTANT CASH,INVESTMEN
10	31	F	04	CASHIER&SUNDRY DEBT.CLERK
04CTI	55	M	03	ASS.MAN.ASSETS&LIABILITY
09CTI	40	F	04	CREDIT CONTROLLER
04	31	F	03	ASS.MAN.PLAN,CONTR&REPORT
10	28	F	04	CREDITORS CLERK
10	30	F	04	CLERK BUDGET MANAGEMENT
10	26	F	04	PAYROLL CLERK
10	33	M	04	CLERK ASSET MANAGEMENT
04	33	F	03	ASS.MAN.SOURCING DEV.FUND
02	47	M	01	DIRECTOR FIN.MAN.& BUDGET
07	49	F	03	ASS.ACCOUNTANT CREDITORS
07	46	F	03	ASS. ACCOUNT: SALARIES
05	45	M	03	SENIOR ACCOUNTANT EXP
02	33	M	01	DIRECTOR:M SUPPLY CHAIN
10	31	F	04	CLERK GRADE 1
06	27	F	02	SUPPLY CHAIN SPECIALIST
06	25	F	02	SUPPLY CHAIN SPECIALIST
06	40	M	03	DEMAND MAN:SUPPLY CHAIN
09	30	F	02	ADMIN ASS.SUPPLY CHAIN
09CTI	38	F	04	TENDER ADVICE CLERK
04	44	M	02	ASS.MAN.DEMAND&ACQUISITIO
09CTI	62	F	04	DATA CAPTURER

COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL:

The Municipality undertook compliance processes and systems during the year under review in the management of District finances. This is duly confirmed by our attainment of unqualified audit report, 7th unqualified audit status in a row.

T3.22.7

3.23 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

A detailed report on Human Resources and statistic is covered in Chapter 4 of this report.

T 3.23.1

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

3.24 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The main objectives of the IM Department are to ensure proper utilization of Council's ICT resources as well as providing strategic direction and a technology growth path for the region.

The Department is segmented in three main areas, namely Networking, Technical Support and Operations.

ICT was influenced by two strategic objectives in the period under review. Firstly, working towards providing a world-class ICT infrastructure in support of a "smart Sedibeng" and secondly, to improve municipal financial and administrative capabilities.

In line with this the top three service delivery priorities were:

1. Roll-out of a fibre optic network in the District

This project runs over a period of five years and aim to link all the main nodal points (Council buildings) in the District through fibre. To this effect 33 kilometres of fibre was laid towards completion of this project. The project also created local jobs and 52 labourers were employed. The project is on schedule and the total expenditure on fibre for the financial year 2011/2012 was R 9,420,070.78.

Towards the end of the financial year budget allocation for this project became extremely difficult with the unavailability of funding. This should be carefully managed in the outer years of this project or the project could fail.

2. Maintaining adequate operations and procedures to ensure high up-time of systems and networks

The department continued to ensure a 92% average uptime during the period under review. The infrastructure remained stable and the environment is secure and performing at an optimal level. All software licenses are up to date and all system resources are continuously monitored to ensure peak utilization. Anti-virus signatures are updated on-line and distributed in real-time ensuring swift identification of infiltrations.

Additional infrastructure was installed and included:

- Fibre roll-out into Fresh Produce Market and the main building link to the main fibre core on Beaconsfield Avenue as well as the Mayoral Parlour fibre link upgrade to Main Building.
- Additional external links installed in Emfuleni: Cecil Oldridge Park (16 points), SRAC Offices VDB (34 points), Storm Water to Metsi (4 points), Bio-kinetic center via fibre (2 points), Zone 13 library (34 points), Sebokeng Water care works (25 points), Boipatong Housing bldg. (30 points).
- Additional external links installed in Midvaal: Waste & Water Treatment Works (WWTW) (monitoring).

3. Implement systems to assist the visually impaired community members.

A system was procured to assist the visually impaired that would assist these community members in the following ways:

- Screen reading software (Jaws) will be used for the blind and magnification software (ZoomText) will be used for low-vision citizens.

- Optical character recognition (OpenBook with a scanner) will be used to scan a page or multiple pages (e.g. letter, book, bible, newspaper, etc.). This scanned version of the document can then be emailed or saved as mp3 (citizen can then later listen to the scanned document). This can be used by both the blind and low vision citizens.
- A desktop magnifier offers various options for low-vision citizens. It includes magnify and color contrast (select brightness) settings. The monitor can be tilted (up / down / sideways) to ease usage by citizen

These objectives were all successfully achieved during the period.

3.25.1

ICT SERVICES POLICY OBJECTIVES TAKEN FROM IDP									
SERVICE OBJECTIVES (i)	OUTLINE SERVICE TARGETS (ii)	2010/2011		2011/2012			2012/2013		
		TARGET	ACTUAL	TARGET		ACTUAL	TARGET		
		PREVIOUS YEAR (iii)	(iv)	PREVIOUS YEAR (v)	CURRENT YEAR (vi)	(vii)	CURRENT YEAR (viii)	CURRENT YEAR (ix)	FOLLOWING YEAR (x)
Providing a world-class ICT infrastructure in support of a "smart Sedibeng"	Roll-out of a fibre optic network for the District	Not applicable	Not applicable	R 0	R9,500,000	R9,420,070	R8,000,000	R8,000,000	R10,000,000
	Implement systems to assist the visually impaired community members.	Not applicable	Not applicable	R 0	R 100,000	R 96,068	R 100,000	R 100,000	R 110,000
Improve municipal financial and administrative capabilities	Maintaining adequate operations and procedures to ensure high up-time of systems and networks	Operational R822,022 Capital R2,822,344	Operational R778,309 Capital R 2,112,528	Operational R822,022 Capital R2,822,344	Operational R819,194 Capital R2,288,450	Operational R650,917 Capital R1,980,496	Operational R459,894 Capital R 2,000,000	Operational R459,894 Capital R 2,000,000	Operational R550,000 Capital R 3,000,000

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

The overall performance of the IT Services component in Sedibeng was excellent. Throughout the period the availability of systems and resources were high (over 92%) and is sure to improve further in the new financial year.

The Department has various Policy documents in place and procedures are well documented to ensure continuance in the Department. IT governance in this are is key, in order to ensure effective utilization of the resources.

During the period there were no security breaches and no loss of data occurred. Our firewalls and peripheral devices functioned well and protected the environment from infections, infiltrations, hacking and excessive browsing.

The report from the Auditor General on IT was also positive. Six issues were raised with only overall medium to low risk value. The medium risk items (matters that are important to the system of internal control and the reduction of overall risk, and should be addressed as soon as possible) were addressed immediately. Matters of low risk (suggested improvements that would enhance internal control or efficiency, but are not vital to the system of internal control) were also addressed during the year. As the mandate of the AG evolves, new matters of risk and other matters will be highlighted. The department is confident that they will be in a position to embrace the changes recommended and is confident that no serious matter will be raised, ensuring a continued unqualified IT Audit Report.

The scope of IT will further be enhanced in the forthcoming period as an effort will be made to draw and implement an IT Strategic Plan for the whole of the district. This Strategic Plan will assist IT to focus on items of relevance and importance. This would ensure that resources (time, talent, money) be properly allocated to those activities that provide the most benefit. The plan will ensure resilience in an ever changing market, where new technology is appearing on a daily basis. Realistic objects with attainable goals could be set, aligning performance with budget allocation in an environment where growth can be accelerated and improved.

A single capital project was embarked on during the period. The roll-out of the Fibre Optic Network will establish Council's vision for maintaining and enhancing communication throughout the District Municipality and to promote public infrastructural growth as per the key strategy "Improve ICT Connectivity in Sedibeng" in-line with the key deliverable "Reintegrating our Region".

The use and demand for optical fibre has grown tremendously and optical-fibre applications are numerous. These involve the transmission of voice, data or video over distances of less than a meter to hundreds of kilometers, using one single strand.

The installation of fibre optic as a "backbone" for communications technology is one of the major projects for the Sedibeng District Municipality in the next 3 years. The installation of fibre optic was primarily driven by the installations of CCTV cameras at various points throughout the District. Significant fibre optic cables were laid down from 2006 onwards. This opportunity was ceased by the IM Department to piggy-back from this project to roll-out fibre dedicated for ICT use. Approximately 58 kilometers of fibre will be laid down to link the municipal infrastructure.

The project is currently running on schedule, and this department is confident that Sedibeng will commission the fibre links into the Wide Area Network as part of our integrated network in the latter half of 2012.

Towards the end of the 2011/2012 financial year, budget allocation for this project became extremely difficult with the unavailability of funding. This should be carefully managed in the outer years of this project or the project could fail. Costs for the project will escalate as new sites are identified and included as part of the roll-out program. Sufficient budget should also be allocated to the maintenance votes to ensure timely replacement and repair of faulty cables and equipment as this would hamper the feasibility of the infrastructure.

It is crucial that funding be sourced and be supported in order to reap the benefits from the money and

T3.23.7

3.25 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

INTRODUCTION TO LEGAL SERVICES

Legal services are rendered under the auspices of the Legal and Support Services directorate. The other business units that fall under this directorate are the committee section, records management, auxiliary service and legal services. Functions of the legal services unit include the rendering of general legal support to council committees and other functionaries, the development/vetting of contracts, contract management and instituting or defending of legal action. The main priority for legal services is to ensure compliance with legislative prescripts and to minimise risk insofar as legal issues are concerned.

Legal Services has largely achieved its objectives in that there have been no legal challenges arising out of contracts and their management, or in any other area of its operation. This has been the result of regular meetings with contract administrators which are aimed at keeping track of the way contracts are managed and timeously identifying milestones and challenges before they escalate into real problems. Regular meetings have also been held with Legal Services of the local municipalities to ensure alignment in the handling of legal matters and to exchange best practices.

T3.73.1

SERVICE STATISTICS FOR PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

T3.73.2

LEGAL SERVICES POLICY OBJECTIVES TAKEN FROM IDP									
SERVICE OBJECTIVES (i)	OUTLINE SERVICE TARGETS (ii)	2010/2011		2011/2012			2012/2013		
		TARGET	ACTUAL	TARGET		ACTUAL	TARGET		
		PREVIOUS YEAR (iii)	(iv)	PREVIOUS YEAR (v)	CURRENT YEAR (vi)	(vii)	CURRENT YEAR (viii)	CURRENT YEAR (ix)	FOLLOWING YEAR (x)
Render effective support in contract management.	Implementation of internal audit recommendations and ensure proper implementation of contract management policy.	N/A	N/A	100%	100%	75%	100%	100%	100%

Render effective general legal support.	Ensure that Council committees and other Council functionaries are adequately supported	N/A	N/A	100%	100%	80%	100%	100%	100%
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T3.28.2

EMPLOYEES: Legal Services					
Job Level	2010/2011	2011/2012			
	Employees Number	Post Number	Employees Number	Vacancy (full time equivalent) Number	Vacancies (as % of total posts) %
0 – 3	00010	1 (cti)	1	N/A	N/A
4 – 6	00064 00963	4	2	N/A	N/A
7 – 9					
10 – 12					
13 – 15					
16 – 18					
19 – 20					
Total					

COMPONENT J: MISCELLANEOUS

This component includes: the provision of Airports, Abattoirs, Municipal Courts and Forestry as municipal enterprises.

UTILITIES DEPARTMENT

This department was initially linked to facilities as a section but was separated to be an independent department when taxi ranks were included as a component.

The following units form the department of utilities:

1. Fresh Produce Market
2. Airports, Vereeniging and Heidelberg
3. Regional taxi ranks

Model for Utilities

A consulting firm was appointed to develop a model of management for this department and assist with the development/establishment of entities as envisaged.

Fresh Produce Market

With the idea of contributing to the enhancement of the economy of the region and improving the operations at the market, the Council undertook to develop a turnaround strategy at the market. A firm called Blue Square Consultants was appointed to develop and implement the turnaround strategy. The implementation in the year under review is at 80% towards finality.

Vereeniging Airport

Vereeniging Airport as one of the units in this department needed a Turnaround Strategy to enable and maximise on its potential in order to have a meaningful role towards the contribution to the economic upliftment of the region. Consultants were appointed to develop a turnaround strategy to improve the operation of the airport.

Taxi Ranks

Consultants: Inyosi Consulting was appointed to develop a model to manage the taxi ranks and ensure effective and efficient utilization of the facility. The report was approved by Section 80 council committee.

Upgrading of Taxido Taxi Rank/Vereeniging Taxi Rank

An understanding was created that the upgrading and refurbishment of this hub will be undertaken in conjunction with PRASA and the department of transport and the District, this has never taken place but the situation at this facility is deteriorating worse causing unnecessary emergency needs and constant repairs.

Sebokeng Taxi Rank

The facility is in a reasonable condition but needs to be consistently checked and maintained.

Bophelong Taxi Rank

A new facility has been developed and furnished awaiting official hand-over to Council and operation.

Financial Performance 2011/2012					
Details	2010/2011	2011/2012			
	Actual(R)	Original Budget (R)	Adjustment Budget (R)	Actual (R)	Variance to Budget
Total Operational Revenue (excluding tariffs)					
Expenditure:					
Employees	23 316 840.77	23 603 903.00	11 284 376.00	10 934 805.90	1.16%
Repairs and Maintenance	16 728 557.79	9 828 800.00	17 101 934.00	15 213 995.89	3.46%
Town hall	21 017.79	282 000.00	1 415 928.00	158 633.11	0.78%
Internal Security	-	12 500 000.00	15 264 858.00	15 024 669.96	-0.17%
Fleet Management	1 246 902.06	67 000.00	121 000	1 214 297.10	-0.46%
Other: Administration	16 219 718.86	186 480.00	175 309.00	106 102.82	0.75%
Total Operational Expenditure	57 533 037.27	46 468 183.00	45 363 405.00	42 652 504.78	0.089%
Net Operational (Service) Expenditure					

Net expenditure to consistent with summary table T.12 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.
T3.72.5

Capital Expenditure 2011/2012: ICT Services					
Capital Expenditure (Not projects)	2011/2012				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Furniture and Equipment	0	0	-4 200.00	-4 200.00	
Computers & Printers	0	0	0		
Capital Projects	1 000 000.00	1 000 000.00	0		
Vehicles	2 000 000.00	0	0		

INTRODUCTION

This section provides a consolidated account of activities in relation to the table above, showcasing achievements and progress in each deliverable.

In the 2011/12 year SDM complied with Chapters 6 of the Local Government: Municipal Systems Act, 2000 (Act No.32 of 2000), which requires local government to:

- Develop a performance management system (electronic system is currently introduced)
- Set targets, monitor and review performance based on indicators linked to the Integrated Development Plan (IDP).
- Publish an annual report on performance management for the councilors, staff, the public and other spheres of government.
- Incorporate and report on a set of general indicators prescribed nationally by the Minister responsible for local government.
- Conduct an internal audit on performance report audited by the Auditor-General.
- Involve the community in setting indicators and targets and reviewing municipal performance.

BACKGROUND

The Sedibeng District Municipality in consultation with its stakeholders and employees developed seven Key Priority Areas (KPAs) and IDP Strategies. The specific IDP deliverables/projects, targets, key performance indicators, outputs and outcomes were then identified under each strategy in the formulation of the five year Integrated Development Plan. Each year the IDP was reviewed and annual IDP and its SDBIP were developed through the same process of intensive consultations. SDM identified the following Key Priority Areas (KPAs) in its mission towards broader and long term growth and development of the region:

- Reinventing our economy
- Renewing our communities
- Reviving sustainable environment
- Reintegrating our region
- Releasing human potential
- Good and financial sustainable governance
- Vibrant democracy

This Chapter focuses on key activities and actions undertaken by relevant Directorates in various Clusters towards the achievement of set targets and objectives under each KPA. These activities were implemented within Key Priority Areas (KPAs), and against each IDP Strategy, thus applied in the valuation and assessment of broader organisational performance.

PROGRESS AGAINST KPAs

The Sedibeng District Municipality undertaken as prescribed most of deliverables in its Service Delivery and Budget Implementation Plan (SDBIP), and have compiled a portfolio of evidence in all Clusters for audit verification.

The detailed information about municipal general performance is in the 2011-12 Annual Performance Report, accessible on the SDM website, www.sedibeng.gov.za.

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

T4.0.1

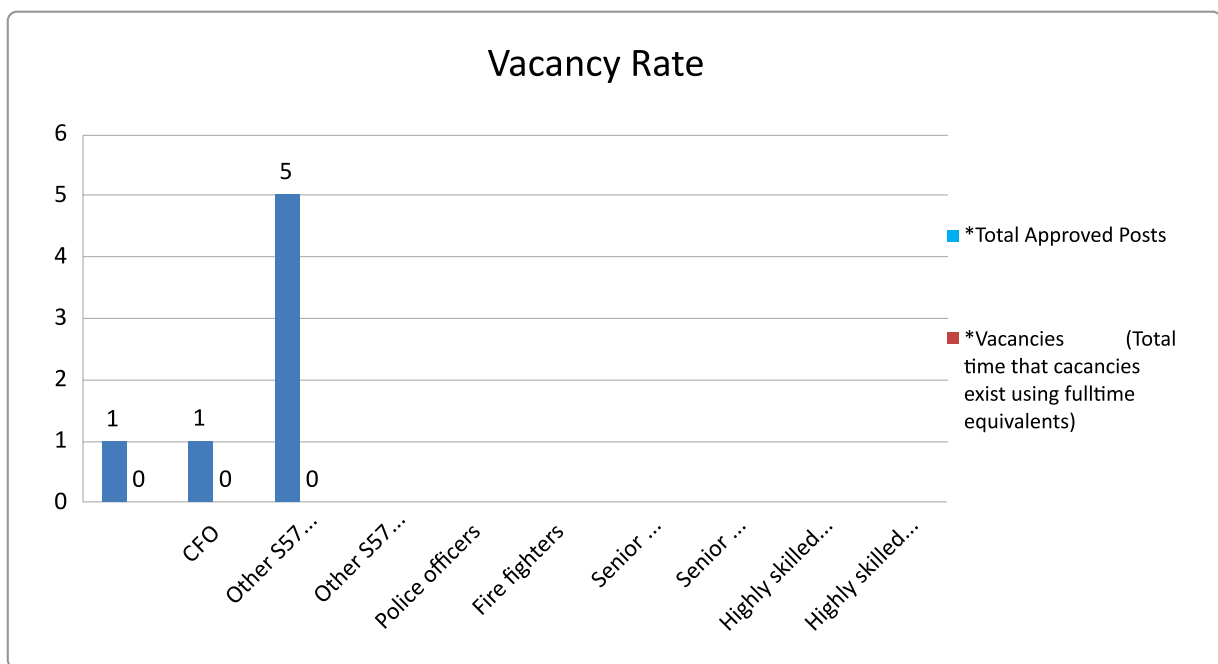
COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	Year -1	Year 0			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	-	-	-	-	%
Waste Water (Sanitation)	-	-	-	-	%
Electricity	-	-	-	-	%
Waste Management	-	1	1		%
Housing	4	4	4		%
Waste Water (Stormwater Drainage)	-	-	-	-	%
Roads	-	-	-	-	%
Transport	11	4	4		%
Planning	-	5	4	1	20 %
Local Economic Development	4	4	4		%
Planning (Strategic &Regulatory)	7	-	-	-	%
Local Economic Development	-	-	-	-	%
Community & Social Services	-	131	131	-	%
EnviromentalProctection	-	10	8	2	20 %
Health	-	176	176	-	%
Security and Safety	23	24	24	-	%
Sport and Recreation	4	4	3	1	25%
Corporate Policy Offices and Other	-	490	490	-	%
Totals	53	853	849	4	0.47%
					T 4.1.1

Vacancy Rate: Year 0			
Designations	*Total Ap- proved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0.00
CFO	1	0	0.00
Other S57 Managers (excluding Finance Posts)	5	0	0.00
Other S57 Managers (Finance posts)			
Police officers			
Fire fighters			

Vacancy Rate: Year 0			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
Senior management: Levels 13-15 (excluding Finance Posts)			
Senior management: Levels 13-15 (Finance posts)			
Highly skilled supervision: levels 9-12 (excluding Finance posts)			
Highly skilled supervision: levels 9-12 (Finance posts)			
Total	7	0	0.00
<p>Note: *For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</p>			T 4.1.2



Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
Year -2	2	50	2500%
Year -1	19	40	211%
Year 0	62	38	61%
* Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year			T 4.1.3

T 4.1.3

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2 POLICIES

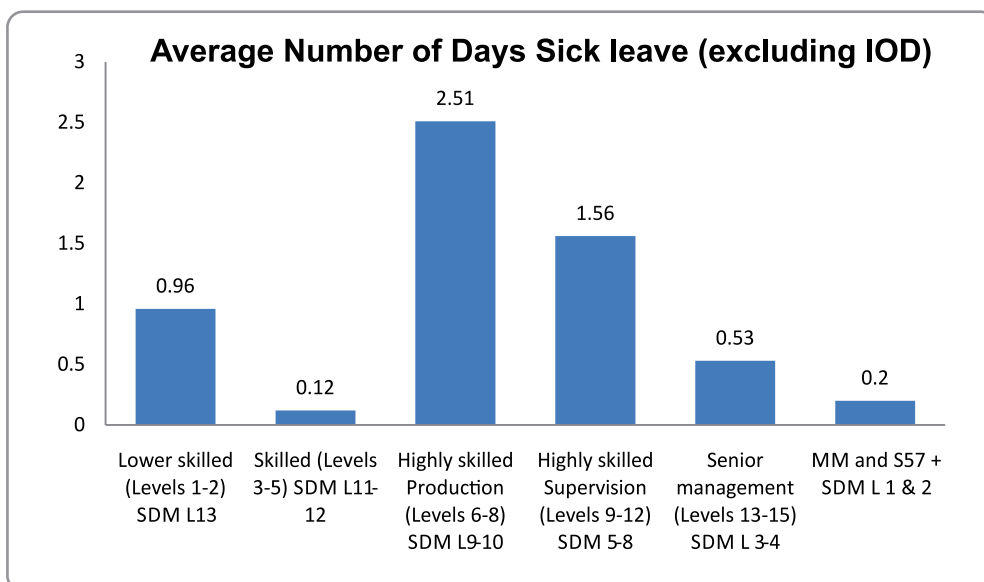
HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Affirmative Action	Y		4-Nov-09
2	Attraction and Retention	Y		There is no Policy on its own safe for mention of this in 3.13 of the Recruitment, Selection and Placement Policy- of December 2010
3	Code of Conduct for employees	Y		Draft –
4	Delegations, Authorisation & Responsibility	Y		2-Dec-09
5	† Disciplinary Code and Procedures	Y		Draft – as part of the Collective Bargaining Council-SALGBC
6	Essential Services	Y		No update on the Policy as it was not approved by SALGBC
7	Employee Assistance / Wellness	Y		28-11-07
8	Employment Equity	Y		27-Aug-08
9	Exit Management	Y		1-Dec-10
10	† Grievance Procedures	Y		Policy goes hand-in-hand with Disciplinary Code and Procedures hence there is a draft – as part of the Collective Bargaining Council-SALGBC
11	HIV/Aids	Y		2-Oct-02
12	Human Resource and Development	Y		No Policy except that an Internal Bursary Policy has been compiled to meet needs for development-2007
13	Information Technology	Y		31-July-02
14	Job Evaluation	Y		SALGA circulated a Policy for Municipalities to implement and a Council resolution in this respect was taken to establish a Job Evaluation Unit on 12-12-2012(Resolution A1146)
15	Leave	Y		Draft-05 October 2010
16	Occupational Health and Safety	Y		1-Oct-10
17	Official Housing	Y		Draft
18	Official Journeys	Y		29-Oct-96
19	Official transport to attend Funerals	Y		23-Feb-99
20	Official Working Hours and Overtime	Y		Draft
21	Organisational Rights	Y		Depends on decision taken at the Collective Bargaining Council-SALGBC
22	Payroll Deductions	Y		11-Aug-11
23	Performance Management and Development		1-Dec-10	1-Dec-10
24	Recruitment, Selection and Appointments		1-Dec-10	1-Dec-10
25	Remuneration Scales and Allowances	-		No Policy in place
26	Resettlement	Y		Draft
27	Sexual Harassment	Y		Draft- 23 June 2009 requires revision
28	Skills Development	Y		28-8-07
29	Smoking	-		No Policy
30	Special Skills	-		No Policy
31	Work Organisation	-		No Policy
Use name of local policies if different from above and at any other HR policies not listed.				T 4.2.1

T4.2.1.1

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	0	9	0%	0	405776
Temporary total disablement	236	31	13%	8	1397674
Permanent disablement					
Fatal					
Total	236	40	17%	47	1803450
					T 4.3.1

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2) SDM L13	555	90%	10	131	0.96	200
Skilled (Levels 3-5) SDM L 11-12	72			13	0.12	31
Highly skilled production (Levels 6-8) SDM L9-10	1459			211	2.51	823
Highly skilled supervision (levels 9-12) SDM L 5-8	904	95%	2	157	1.56	776
Senior management (Levels 13-15) SDM L 3-4	307			52	0.53	385
MM and S57 + SDM L 1 & 2	115			17	0.20	187
Total	3412	93%	12	581	5.87	2402
						T4.3.3



T4.3.3

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Co-Ordinator Arts & Culture	Fraud	29-Mar-12	Charged	Ongoing
Admin Assistant	Disclosure of Information	Aug-11	Final Written Warning	
Manager: Safety & Security	Disclosure of Information	Aug-11	Charged	Ongoing
Supervisor: Licensing Fraud & Corruption		16-Apr-12	Charged	Ongoing
Cashier/Clerk	Fraud & Corruption	16-Apr-12	Charged	Ongoing
Investigator	Fraud & Corruption	17-Apr-12	Charged	Ongoing
General Worker	Fraud & Corruption	19-Jun-12	Charged	Ongoing
Examiner	Fraud & Corruption	16-Apr-12	Charged	Ongoing
				T 4.3.5
Disciplinary Action Taken on Cases of Financial Misconduct				
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken		Date Finalised
Co-Ordinator Arts & Culture	Fraud R29 200.00)	Suspended and Charged		Ongoing
				T 4.3.6

T4.3.7

4.4 PERFORMANCE REWARDS

The performance assessments for employees were not finalised during the year under review and as a consequence thereof no performance rewards were given.

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards 30 June 2012	Proportion of beneficiaries within group
				R' 000	%
Lower skilled (Levels 1-2) SDM L 13	Female	0	0	0	0%
	Male	0	0	0	0%
Skilled (Levels 3-5) SDM L 11 -12	Female	0	0	0	0%
	Male	0	0	0	0%
Highly skilled production (levels 6-8) SDM L 9 - 10	Female	0	0	0	0%
	Male	0	0	0	0%
Highly skilled supervision (levels 9-12) SDM 5 - 8	Female	0	0	0	0%
	Male	0	0	0	0%
Senior management (Levels 13-15) SDM L 3-4	Female	0	0	0	0%
	Male	0	0	0	0%
MM and S57 + SDM L 1 & 2	Female	0	0	0	0%
	Male	0	0	0	0%
Total		0			
Has the statutory municipal calculator been used as part of the evaluation process ?					Yes/No
					T 4.4.1

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

T4.5.0

4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June 2012	Number of skilled employees required and actual as at 30 June 2012											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			Actual: 30 June 2011	Actual: 30 June 2012	Target: 30 Jun 2012	Actual: 30 June 2011	Actual: 30 June 2012	Target: 30 Jun 2012	Actual: 30 June 2011	Actual: 30 June 2012	Target: 30 Jun 2012	Actual: 30 June 2011	Actual: 30 June 2012	Target: 30 Jun 2012
MM and s57	Female	2	0	0	0	0	0	0	0	0	0	0	0	0
	Male	6	0	0	0	0	0	0	0	1	2	0	1	2
Councilors, senior officials and manager	Female	41	0	0	0	13	16	17	7	9	9	20	25	26
	Male	93	0	0	0	8	12	30	4	5	5	12	17	35
Technicians and associate professionals*	Female	20	0	0	3	4	2	10	4	4	10	8	6	23
	Male	31	0	1	2	6	8	10	2	2	8	8	11	20
Professionals	Female	37	7	7	12	7	7	15	0	0	6	14	14	33
	Male	54	7	7	7	4	2	10	1	0	2	12	2	2
Sub total	Female	0	0	0	0	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		284	14	15	24	42	47	92	18	21	42	74	76	141

*Registered with professional Associate Body e.g CA (SA)

T 4.5.1

Skills Development Expenditure											
R'000											
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1								
			Learnerships		Skills programmes & other short courses		Other forms of training		Total		
			No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	2	0	0	0	0	0	0	0		
	Male	6	0	0	0	0	85	84	85	84	
Legislators, senior officials and managers	Female	41	0	0	0	24	150	84	0	108	
	Male	93	0	0	0	44	80	79	0	123	
Professionals	Female	20	0	0	2	13	50	31	52	44	
	Male	31	0	30	0	4	50	0	0	34	
Technicians and associate professionals	Female	37	850	850	0	0	50	5	900	855	
	Male	54	658	658	0	58	75	9	733	725	
Clerks	Female	0	0	0	0	69	0	5	0	74	
	Male					21				21	
Service and sales workers	Female					39				39	
	Male					8				8	
Plant and machine operators and assemblers	Female										
	Male										
Elementary occupations	Female	55									
	Male	76									

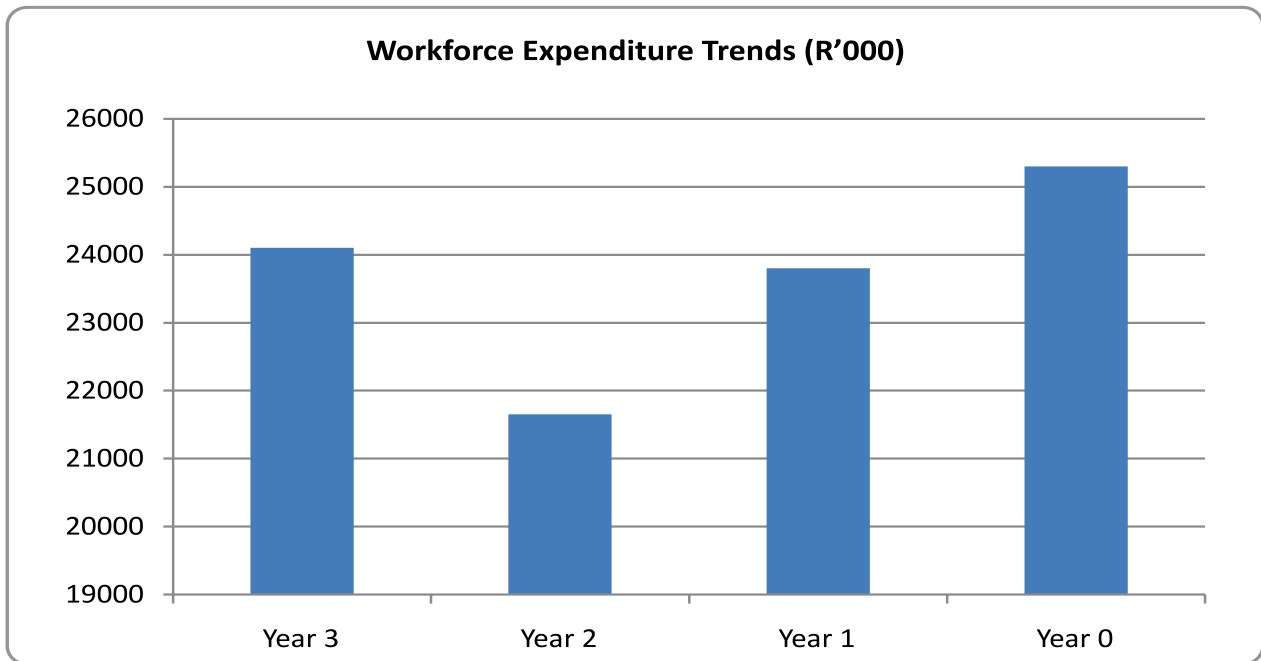
Skills Development Expenditure										
R'000										
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
Sub total	Female	100	850	850	2	145	250	125	1102	1120
	Male	184	658	688		135	290	172	948	995
Total		284	1508	1538	2	280	540	297	2050	2115
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									%*	*R
T4.5.3										

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

T 4.6.0

4.6 EMPLOYEE EXPENDITURE



Source: MBRR SA22

T 4.6.1

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production (Levels 6-8)	Female	0
	Male	0

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Highly skilled supervision (Levels9-12)	Female	0
	Male	0
Senior management (Levels13-16)	Female	0
	Male	0
MM and S 57	Female	0
	Male	0
Total		0
Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).		T 4.6.2

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation (NONE)				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
				T 4.6.3

Employees appointed to posts not approved (NONE)				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
				T 4.6.4

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

T5.0.1

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

*Note: Statements of Revenue Collection Performance by vote and by source are included at **Appendix K**.*

T5.1.0

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

CHIEF FINANCIAL OFFICER'S OVERVIEW FOR THE ANNUAL REPORT 2011/ 2012

1. INTRODUCTION

The Sedibeng District Municipality is situated in the southern part of Gauteng Province. As a district municipality it performs a coordinating function over three local municipalities namely Emfuleni, Lesedi, and Midvaal Local Municipalities.

The District Municipality's mission is the creation of a local government dedicated to the provision of quality services in an effective, efficient and financially sound manner by promoting the Batho Pele principles of ensuring cost effective and affordable service delivery, monitoring and developing staff to ensure consistently high work output, adhering to good governance and sound management practices, as well as developing a culture of accountability and transparency.

National Treasury and the Department of Cooperative Governance and Traditional Affairs (COGTA) launched the Operation Clean Audit Programme in 2009. At this event the National Minister bestowed upon Sedibeng District Municipality and its local municipalities the award as Ambassador of Operation Clean Audit to assist other municipalities in the country to achieve this status as well.

It is within this context that Sedibeng District Municipality works in collaboration with its local municipalities through our intergovernmental relation structures towards a district wide Clean Audit Status approach.

2. DISCUSSION

2.1 Internal Quality Control Processes:

The annual financial statements attached hereto as ANNEXURE "A" was subjected to a rigorous quality assessment as part of our Operation Clean Audit (OPCA) internal control processes. SDM undertook for our financial statements to be reviewed externally by a professional service provider, in order to assure the quality on the face of the financial statements as well as the accompanying notes and lead schedules. In line with this process we have also reviewed and amended our financial policies and procedures which are also subject and ready for audit by the Auditor-General. In addition SDM has over the last two and a half years implemented a cost containment strategy which purported to place austerity measures within the municipality to save costs. The process is ongoing and the fruits of the outcome has generated a substantial saving in our budget.

2.2 Objective:

The basic financial reporting objectives as prescribed by the Accounting Standards Board are:

- Financial reporting should assist in fulfilling government's duty to be publicly accountable and should enable users to assess that **accountability** by:-

Providing information to determine whether current year revenues were sufficient to meet the cost of providing current year services rendered.

- Demonstrating whether resources were obtained and used in accordance with Council's legally adopted budget, and demonstrating compliance with other finance-related legal or contractual requirements.

- Providing information to assist users in assessing the service efforts, costs, and accomplishments of the entity.
- Financial reporting should assist users in **evaluating** the operating results of Council for the year by:-
 - Providing information about sources and uses of financial resources.
 - Providing information about how it finances its activities and meet its cash flow requirements.
 - Providing information necessary to determine whether its financial position improved or deteriorated as a result of the year's operations.
- Financial reporting should assist users in **assessing** the level of services that can be provided by Council and its ability to meet its obligations as they become due by:-
 - Providing information about its financial position and condition.
 - Providing information about its physical and other non-financial resources having useful lives that extend beyond the current year, including information that can be used to assess the service potential of those resources.
 - Disclosing legal or contractual restrictions on resources and the risk of potential loss of resources.

This report analyses the financial position and financial performance trends over the past four years of Sedibeng District Municipality as per the UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2012, annexed hereto as ANNEXURE "A".

Key words:	Accountability, Evaluation, Assessment, Statement of Financial Position, Statement of Financial Performance, Statement of Change in Net Assets, Statement of Cash Flow, Assets, Liabilities, Net Assets, Financial Ratios
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2.3 Statement of Financial Position Definitions

The financial position of a municipality is directly measured by the number of resources controlled by the municipality from which future economic benefits are expected (assets), obligations resulting in a outflow of municipal resources (liabilities) and the residual interest in the assets of Council after deducting all the liabilities of the municipality, also known as the community's wealth or Council's net worth (net assets).

What Council Owns (Assets) – What Council Owes (Liabilities) = Council's Net Assets

Item Description	Item Definition
Current Assets	These are the most liquid assets
Property, plant & equipment	Fixed assets of Council
Current Liabilities	Obligations Council must pay within the next year <ul style="list-style-type: none"> • Accrued expenses are unpaid expenses • Current portion of long-term debt are the monies owed in the next year on long-term debt
Non-current Liabilities	Monies borrowed to finance long-term assets

The net assets of Council are primarily composed of the accumulated surplus and reserves that Council has built up over the years. The nature of these reserves is that they are ring-fenced for specific purposes. These reserves are not supported by cash but are only used for book entry purposes for the phasing in of increased depreciation charges as a result of the full implementation of GRAP 17.

The accumulated surplus, on the other hand, is built up over the years from savings made every year from the service delivery operations of Council. The accumulated surplus is then utilised for funding those projects that Council were not able to procure external (grant) funding for. These are referred to as internally funded projects. It must be noted that the accumulated surplus is made up of accounting book-entries and does not necessarily imply that these sums are cash-backed by physical funds in investments. The monies held in investments for Council are mostly made up of grant monies received that are not yet utilised.

2.4 Analysis of the Statement of Financial Position:

The statement of financial position states Council's financial position at the end of an operating period of a 12-month fiscal year (July 2011 to June 2012). It represents the assets, liabilities, net assets and their relationship to one another. This report performs a horizontal analysis of Council's balance sheet items over the past four fiscal years.

	2012	2011	2010	2009
ASSETS	237,569,552	265 190 491	339 325 458	351 212 640
Current Assets	51,412,714	70,279,076	170 541 735	221 201 520
Non-Current Assets	186,156,838	194,911,415	168 783 723	130 011 120
LIABILITIES	62,217,351	93,647,803	76 401 755	66 390 200
Current Liabilities	62,217,351	93,647,803	76 401 755	66 390 200
Non-current Liabilities				
NET ASSETS	175,352,201	171,542,688	262 923 703	284 822 440

Item Description	Discussion/ Trend Analysis
Assets	Council assets have shown a diminishing increase over the last four financial periods. The last two financial periods have shown a decline in total assets resulting in an average decrease of 14% in current assets.
Liabilities	Council liabilities have shown an average decrease 6% over the last four financial periods. This is primarily due to Council's increase in operations as there have been no long-term liabilities for the past three financial years.
Net Assets	Council net assets have shown a steady decline of an average of 20% over the last four financial periods. This is mostly due to the decrease in Council assets due the transfer of capital project construction assets of over R85million to the local municipalities as this transfer impacts directly on the calculation of the operating deficit which in turn adversely affects the accumulated surplus.

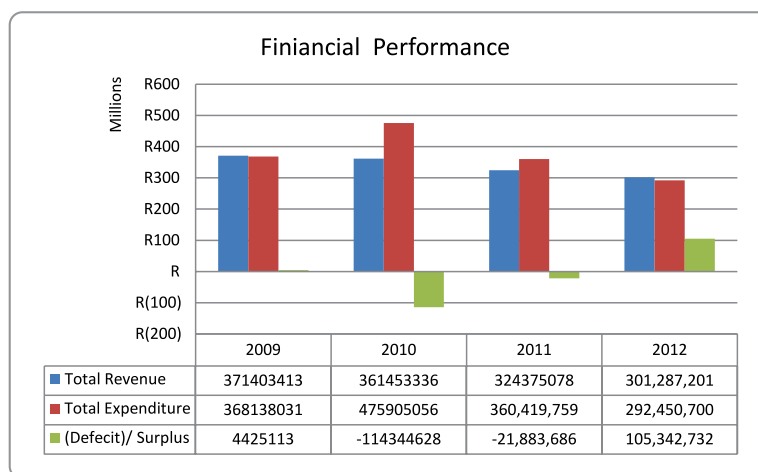
2.5 Description of Statement of Financial Performance:

The statement of financial performance shows the results of operations over the past four-year period. It lists sources of revenue and expenses. The statement measures the performance of Council for a given period of time. Surplus or deficit is used to measure financial performance and directly related to the measurement of revenue and expenditure for the reporting period.

Operating expenses are incurred in the course of conducting normal Council business. They are classified by function such as employee related costs, general expenses, finance charges and contributions to provisions.

2.6 Analysis of Statement of Financial Performance:

Council has moved from declaring an operating surplus to a deficit for the previous two financial years. This deficit is directly in relation to the transfer of completed capital projects to the local municipalities paid as grants & subsidies to the value of R85,525,748 in the 2010/11 financial year. Due to our cost containment measures implemented council



managed to reduce general expenses which resulted in the 2012 financial year end to close with a operating surplus of R4,4 million. A detailed discussion on various operating line items is provided below.

2.7 Operating Revenue:

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets. Revenue categories include:

Category Description	Definition
Sale of goods	Income derived from sale of fuel at the airport
Rental of facilities and equipment	Rental of facilities and equipment such as the town hall and theatres
Interest received	Interest received from trading activities as well as on investments
Income from agency services	Income from agency services performed in the provision of IT services to local municipalities
Licenses and permits	Income received from performing the motor vehicle licensing and permits function on behalf of provincial administration
Government grants & subsidies	Government grants & subsidies received as per DoRA allocations
Other income	Other Income consists of income items such as ambulance fees, airfield fees, profit on sale of assets, skills levy income, tender income as well as recoveries from telephone costs and commission on salaries

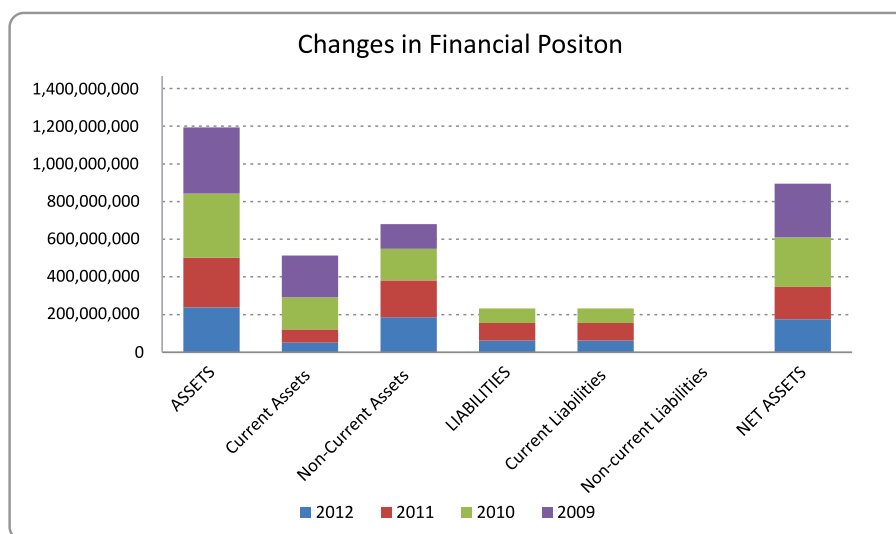
	2012		2011		2010		2009	Ave
Revenue								
Sale of goods	1,217,207	74%	321,965	5%	305,674	-22%	371,463	26%
Rental of facilities and equipment	7,799,499	1%	7,695,109	-10%	8,428,823	5%	8,026,490	-1%
Interest received (trading)	-		-	-	141	-9289%	13,238	
Income from agency services	6,963,365	7%	6,496,536	13%	5,664,190	28%	4,057,196	16%
Licenses and permits	59,605,708	17%	49,309,873	14%	42,223,033	9%	38,477,430	14%
Government grants & subsidies	292,212,987	1%	290,229,183	13%	252,453,877	9%	228,808,544	8%
Other income	1,380,793	16%	1,163,667	-60%	1,865,007	-12%	2,091,036	-19%
Interest received – investment	2,221,854	-181%	6,237,003	-121%	13,813,333	-41%	19,441,804	-114%
Total Revenue	371,401,413	3%	361,453,336	10%	324,754,078	7%	301,287,201	7%

The marginal average increase in income from agency services, licenses & permits, grants & subsidies and “other income” does not compensate for the drastic declines in the other sources of revenue, which is a contributory factor to the closing on a deficit for the previous two financial years. The revenue generated from interest on investments averages at a decline of 114%, with 2011 reporting a decline of 121% and 2012 a decline of 181%. This is directly attributed to

Council’s reducing cash held in short-term investments due to the continual compensation of a shortfall in the EMS subsidy allocation from Provincial Department of Health. Revenue has also increased at a lower rate than the CPI rate which had a direct impact on expenses.

2.8 Operating Expenses:

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets. Operating expenses were divided into ten categories:



Category Description	Definition
General Expenses	Those expenses directly relating to revenue production and service delivery
Employee Related Costs	Labour related costs
Remuneration of Councillors	Costs related to Public Office Bearers allowances as per the Upper Limits gazetted
Debt Impairment	The process of reducing a current asset by the amount by which the carrying amount of the current asset (debtor) exceeds its recoverable amount
Depreciation & Amortisation	The systematic allocation of the depreciable amount of an asset over its useful life with depreciable amount being the cost of an asset, or other amount substituted for cost, less its residual value
Finance Costs	Expenses that reflect the price of purchasing goods, services and financial instruments
Collection Costs	Costs related to the application of Council's credit control & debt collection policy
Repairs & Maintenance	Costs related to the day-to-day servicing of Council's property, plant & equipment
Contracted Services	Expenses related to the engagement of external service providers for the performance of a knowledge-based expertise specialty function
Grants & Subsidies Paid	Government grants & subsidies paid as per DoRA allocations and MTREF

	2012		2011		2010		2009	Ave
Expenditure								
General Expenses	57,591,970	-54%	88,407,759	6%	83,247,398	34%	54,579,209	-4%
Employee related costs	228,392,383	-2%	232,230,971	15%	98,381,839	20%	58,715,935	11%
Remuneration of councillors	9,407,075	11%	8,368,655	8%	7,672,806	6%	7,215,362	8%
Debt impairment	93,999	60%	37,761		-		3,663,701	60%
Depreciation and amortisation	23,602,041	27%	17,198,678	48%	8,962,556	21%	7,106,863	32%
Finance costs	-		-		317	-9245%	29,623	-9245%
Collection costs					218,918	100%	-	
Repairs and maintenance	6,077,486	-29.62%	7,877,686	0%	7,864,470	12%	6,935,182	-6%
Contracted services	42,723,077	13%	37,072,909	9%	33,919,718	28%	24,479,909	17%
Grants and subsidies paid	250,000	-33784%	84,710,637	76%	20,151,737	-48%	29,724,916	-11252%
Total Expenditure	368,138,031	-29%	475,905,056	24%	360,419,759	19%	292,450,700	5%

2.8.1 General Expenses

Council has made a concerted effort to reduce operating expenses by implementing cost cutting and containment practices. This has resulted in a 54% decrease in general expenses from the previous reporting year (2011) to the one under review (2012).

2.8.2 *Employee Related Costs*

Although the average increase in salaries and contributions to benefits has been 11% for the past four financial years, the decrease for 2012 was as a result of the moratorium on placements, demonstrating that cost containment exercises have been proving successful.

2.8.3 *Debt Impairment*

Debt impairment is assessed and recommended on an ad-hoc basis as each case is reviewed and evaluated individually according to the debtor's specific circumstances as per Council's credit control and debt collection policy.

The motivations for the recommendation are tabled accordingly to Council for their approval prior to any write-off's.

2.8.4 *Depreciation and Amortisation*

Depreciation costs are transacted on a straight-line method as per the accounting policies and have increased by an average of 32% for the last four years due to the average increase of 11% (refer to Statement of Financial Position) in Council non-current asset acquisitions.

2.8.5 *Finance Costs*

No finance costs for the reporting period due to the discontinuation of Council long-term liabilities.

2.8.6 *Collection Costs*

No collection costs incurred due to the repeal of RSC levies and write-off of outstanding balances.

2.8.7 *Repairs & Maintenance*

Although repairs & maintenance costs have decreased by an average of 6% over the last four financial years, the decrease in 2012 of 29.62% was well below the average at an indicator of 0,17%. This further indicates that Council has been unable to implement routine repairs & maintenance on Council-owned assets in recent financial periods due to the financial constraints imposed by the global financial crisis of 2009.

2.8.8 *Contracted Services*

There was a 13% increase in 2012 for contracted services and an average increase of 17% over the last four financial years. All contracts entered into by Council are reviewed thoroughly by Corporate Services: Legal and approved by the Municipal Manager.

2.8.9 *Grants & Subsidies Paid*

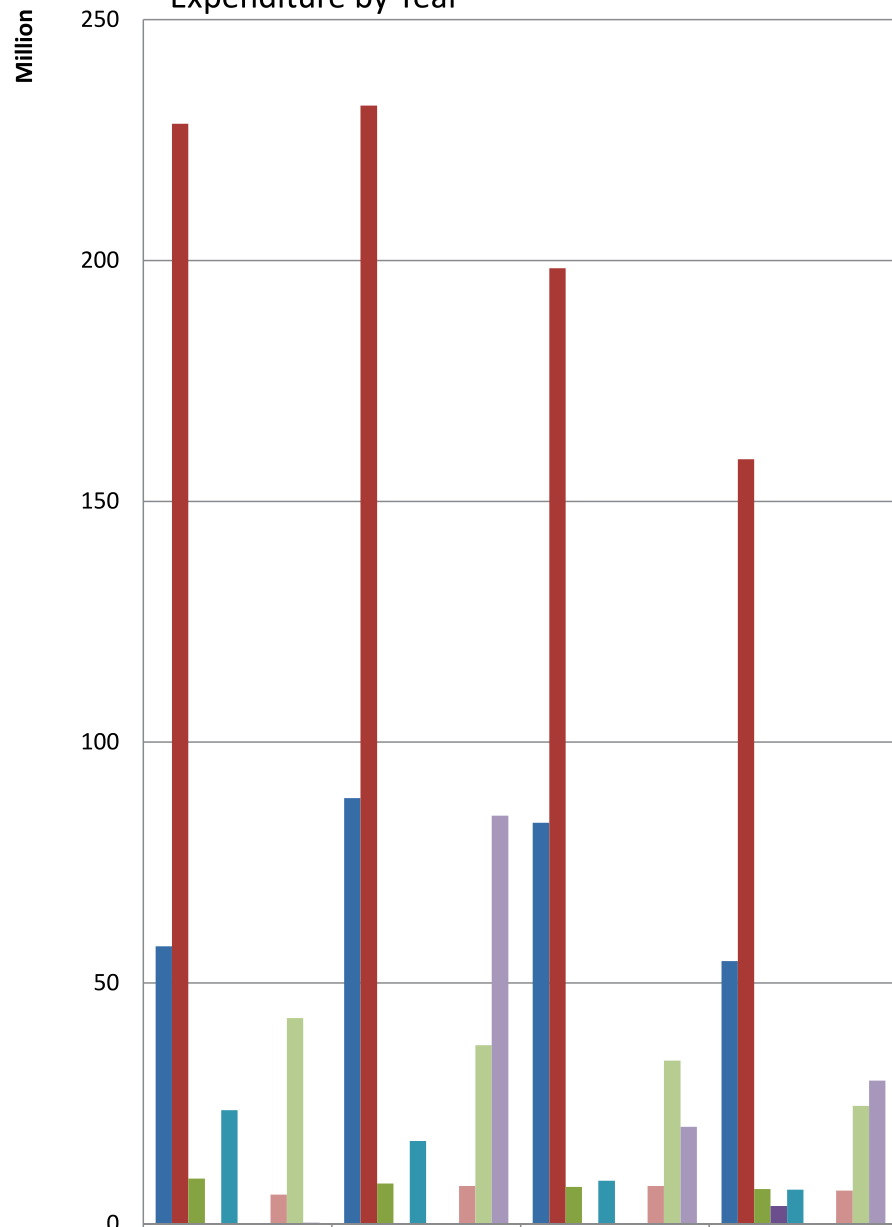
Grants & subsidies of R250 000 was paid to Emfuleni Local Municipality in the 2012 financial year. No Assets under construction will be transferred in the current financial year until a proper evaluation of where the asset belongs based on functions is performed. This was a sharp decrease against 2011 and is due to the several completed construction projects that were handed over to local municipalities in 2011.

2.9 Statement of Changes in Net Assets:

The purpose of this statement is to disclose transactions impacting on the components of community wealth (net assets) included in the statement of financial position. These transactions may include adjustments and movements to and from reserves. These reserves comprise of the Government Grant reserve, the Re-valuation Reserve and the Accumulated Surplus. This statement reports on changes in Council's net assets between two reporting dates by reflecting the increase or decrease in its net assets during the period.

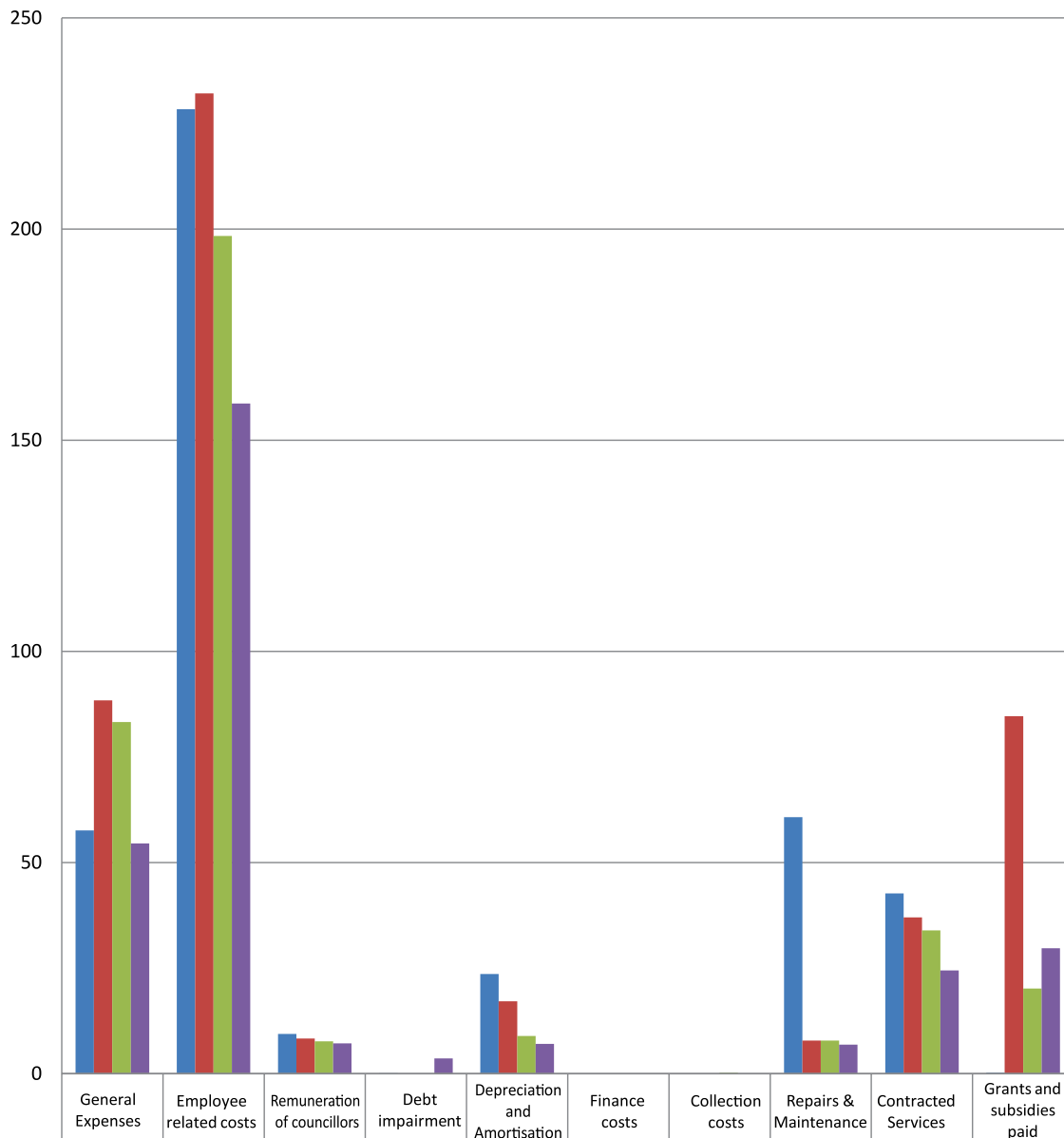
The overall change in net assets represents the total net surplus/deficit for the period, other revenues and expenses recognised directly as changes in net assets.

Expenditure by Year



	2012	2011	2010	2009
■ General Expenses	57591970	88407759	83247398	54579209
■ Employee related costs	228392383	232130971	198381839	158715935
■ Remuneration of councillors	9407075	8368655	7672006	7215362
■ Debt impairment	93999	37761		3663701
■ Depreciation and amortisation	23602041	17198678	8962556	7106863
■ Finance costs			317	29623
■ Repairs and maintenance			218918	
■ Contracted services	6077486	7877686	7864470	6935182
■ Grants and Subsidies	42723077	37072909	33919718	24479909
■ Grants and subsidies paid	250000	84710637	20151737	29724916

Expenditure Analysis by Category



■ 2012	57591970	22839238	9407075	93999	23602041			60774886	42723077	250000
■ 2011	88407759	23213097	8368655	37761	17198678			7877686	37072909	84710637
■ 2010	83247398	19838183	7672006		8962556	317	218918	7864470	33919718	20151737
■ 2009	54579209	15871593	7215362	3663701	7106863	29623		6935182	24479909	29724916

Change in Accumulated Surplus	
Balance brought forward 01 July 2011	R 171,542,689
Less: Total movements for 2012	3,809,512
Balance as at 30 June 2012	R 175,352,201

2.10 Cash Flow Statement:

Information about cash flows may be useful to users of SDM's financial statements in assessing Council's cash flows, assessing Council's compliance with legislation and regulations (including authorised budgets) and for making decisions about whether to provide resources to, or enter into transactions with Council. These users and stakeholders are generally interested in how Council generates and uses cash and cash equivalents. Municipalities need cash for operations related to service delivery. Municipalities use cash to pay for the goods and services they consume, to meet ongoing debt servicing costs, and, in some cases, to reduce levels of debt. According to the standards of GRAP all entities

are required to present a cash flow statement.

Benefits of cash flow information
<ul style="list-style-type: none"> Information about the cash flows of an entity is useful in assisting users to predict the future cash requirements of the entity, its ability to generate cash flows in the future and fund changes in the scope and nature of its activities. A cash flow statement also provides a means by which an entity can discharge its accountability for cash inflows and cash outflows during the reporting period.
<ul style="list-style-type: none"> A cash flow statement, when used in conjunction with other financial statements, provides information that enables users to evaluate the changes in net assets (net worth) of an entity, its financial structure (including its liquidity and solvency) and its ability to affect the amounts and timing of cash flows in order to adapt to changing circumstances and opportunities. It also enhances the comparability of the reporting of operating performance by different entities, because it eliminates the effects of using different accounting treatments for the same transactions, other events and conditions.
<ul style="list-style-type: none"> Historical cash flow information is often used as an indicator of the amount, timing and certainty of future cash flows. It is also useful in checking the accuracy of past assessments of future cash flows.

2.11 Financial Ratio Analysis:

The application of financial ratio analysis enables and informs our public office bearers and stakeholders decision making with regards to:

- Ability to meet long-term commitments;
- Ability to meet short-term commitments from liquid resources;
- Determine whether investments are yielding acceptable returns;
- Reduce risks arising from below average performance; and
- Make recommendations to address challenges.

Advantages	Disadvantages
Communicate aspects of an entity's overall economic situation more broadly and succinctly than financial statement data alone	Distort comparisons by over-reliance on book values rather than market values
Facilitate understanding how certain variables may influence each other	Involve comparative norms which are statistically unreliable due to bias and/or small sample size
Help determine a variety of financial aspects	Be difficult to obtain for use in public sector auditing
	Lead to misleading conclusions if viewed out of context
	Ignore unique factors which make municipalities fundamentally incomparable

It must be noted by the Committee that ratio analysis is not as widespread in government as in private sector as generally no applicable ratios have been developed for the purpose of use at (local) government level as each municipality differs in political and economic climates, demographics, missions, values and goals based on their unique individual nature and community needs. The ratios applied in this analysis were selected based on their usefulness in being able to indicate to Council factors & conditions which may lead to poor financial circumstances.

2.8.10 Current Position

These ratios focus on working capital and serve as supplements to the statements of financial performance and cash flow.

Ratio	Equation Calculation	2012	2011	2010	2009	Indication
Ratios that measure Council's ability to pay short-term obligations						
Acid Test	$\frac{\text{Cash} + \text{A/R} + \text{Short Term Investments}}{\text{Current Liabilities}}$	0.29	0.74	2.28	2.57	A decrease of 155% against the previous year demonstrates a decline in Council's ability to meet its current financial obligations.
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	0.82	0.75	2.85	3.07	A increase of 9% against the previous year demonstrates an improvement in Council's ability to meet its current financial obligations.
Ratios measuring Council's activity						
Ave. collection period for Accounts Receivables	$\frac{\text{Average Accounts Receivable}}{\text{Net credit sales}/365 \text{ days}}$	25.56	152.22	72.63	12.60	A 72% decrease in the no. of average days taken to recover A/R shows a increase in Council's position to recover debt quickly.
Inventory turnover	$\frac{\text{Cost of goods sold}}{\text{Average Inventory}}$	77.04	44.78	81.57	233.37	A increase of 42% in turnover demonstrates that Council has implement measures to optimize on sales for the reporting year.

2.8.11 Equity Position

Ratios that measure long-term solvency of Council and its capacity to generate and obtain investment resources.

Ratio	Equation Calculation	2012	2011	2010	2009	Indication
Creditors' Equity to Total Assets	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$	0.26	0.35	0.17	0.20	A decrease of 35% indicates that Council's liabilities are decreasing against Council's assets.
Debt to Net Worth Ratio	$\frac{\text{Total Liabilities}}{\text{Net Assets}}$	0.35	0.54	0.21	0.24	A decrease of 54% indicates that Council's liabilities are decreasing against Council's net worth (net assets) due to the increase of Council's total assets base.

2.8.12 Economic Vitality and Financial Viability

Ratio	2012	2011	2010	2009	Indication
$\frac{\text{Total Operating Revenue} - \text{Total Operating Grants Received}}{\text{Total Expenditure}}$	0.51	0.29	0.37	0.19	This ratio is an indicator that Council's dependency on Grants & Subsidies has increased by 43% from the previous financial year as only a fifth of total expenditure is funded by internally generated revenue

Soundness of Financial Management Practices

Ratio	2012	2011	2010	2009	Indication
$\frac{\text{Short-Term Investment Income}}{\text{Total Internal Revenue}}$	0.02	-0.67	0.03	0.38	Due to Council's reducing short-term investment balances, Council's ability to generate income from interest received on investment has decreased as opposed to 2011.

3 EXPRESSION OF APPRECIATION

Allow me this opportunity to convey my sincere gratitude and appreciation to His Worship the Honourable Executive Mayor, Members of the Mayoral Committee, The Chairperson and Members of the Finance Portfolio Committee, The Audit Committee, The Municipal Manager, The Chief Operations Officer and my Fellow Executive Directors for their support and cooperation during the year under review.

I also wish to convey a special word of appreciation to the staff responsible for the compilation of the annual financial statements for their dedication, as well as to all finance staff for their support.

I further wish to express my gratitude to the staff of the Office of the Auditor-General for their assistance, professionalism and support during the year.

Yours in good governance,



BRENDON SCHOLTZ

CHIEF FINANCIAL OFFICER

The sections 5.2 to 5.11 have been covered in the CFO's Overview above

5.2 GRANTS

5.3 ASSET MANAGEMENT

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.5 CAPITAL EXPENDITURE

5.6 SOURCES OF FINANCE

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS– OVERVIEW

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.9 CASH FLOW

5.10 BORROWING AND INVESTMENTS

5.11 PUBLIC PRIVATE PARTNERSHIPS

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

Adoption and amendment of Supply Chain Management Policy

The Local Government: Municipal Finance Management Act (Act 56 of 2003) requires the municipality to have and implement a **Supply Chain Management Policy (SCM Policy)** which gives effect to the provisions of Part 1 of Chapter 11 of the Act that deals with 'Supply Chain Management'.

In addition, the Preferential Procurement Policy Framework Act (Act 5 of 2000) requires an organ of state to determine its Preferential Procurement Policy and to implement it within the framework prescribed.

On the 30th May 2005 the Municipal Supply Chain Management Regulations were issued in terms of Government Gazette Number 27636. Sedibeng District Municipality complies with the provisions of these regulations. The SCM Policy has been approved by Council on the 30th January 2012 and the set of applicable system of delegations was approved with the previous SCM Policy on the 08th December 2008.

Oversight role of the council of the municipality

Although Section 117 of the MFMA prohibits a Councilor from being a member of a bid committee or any other committee evaluating or approving quotations and/or bids, the Council has an oversight role to ensure that the Accounting Officer implements all supply chain management activities in accordance with the approved policy.

The Executive Mayor must provide general political guidance over the fiscal and financial affairs of the SDM and may monitor and oversee the exercises of responsibilities assigned to the Accounting Officer and the Chief Financial Officer in terms of MFAM.

There are no Councillors who are members of any bid committees or who participate in the supply chain management processes at Sedibeng District Municipality.

Training of Supply Chain Management Officials

National Treasury has issued Guidelines for Municipal Competency Levels for Heads of Supply Chain Management and Supply Chain Management; these guidelines have been issued in terms of Municipal Regulations on Minimum Competency Levels.

For the purpose of competency regulations, the financial and supply chain management skills required of officials have been categorized into 11 (eleven) competency areas, they are:

- Strategic leadership and management
- Strategic Financial management
- Operational Financial Management
- Governance, ethics and values in financial management;
- Financial and performance reporting
- Risk and change management
- Project Management
- Legislation, policy and implementation
- Stakeholder relations
- Supply chain management
- Audit and assurance

SCM Heads must be competent in the Unit Standards prescribed in regulation 11 for 8 (eight) of the 11 (eleven) competency areas. SCM Managers must be competent in the Unit Standards prescribed in regulation 12 for 6 (six) of the eleven competency areas.

The Director: Supply Chain Management, Assistant Manager: Demand and Acquisition Management and Supply Chain Management Specialist: Logistics Management complies with these minimum competency levels. All other five officials will be enrolled with the South African Institute of Chartered Accountants for this programme.

Past audit queries and remedial actions taken:

1. Three quotations not being obtained.

SCM unit uses an automated system to request quotations from 9 suppliers at the time, on rotational basis. An attempt is made at all times to obtain 3 quotations, in the case where three quotations cannot be obtained, reasons are recorded and reported to the Chief Financial Officer.

2. Non-disclosure of deviations from supply chain management procedures

A deviation template to record all deviations has been developed. All deviations are reported to council on monthly basis and annual deviations are disclosed as a note on the annual financial statements.

3. Non-declaration of business, commercial and other financial interests by councillors and officials

Declarations of interests by officials are the responsibility of Human Resources Department and the Office of the Speaker is responsible to handle declarations of interests by councillors. Supply Chain Unit can only support the two departments.

T 5.12.1

5.13 GRAP COMPLIANCE

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

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

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner.

The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2013 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

T 5.13

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement... must be audited annually by the Auditor-General.

T6.0.1

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR -1

6.1 AUDITOR GENERAL REPORTS Year -1 (Previous year)

Auditor-General Report on Financial Performance: Year -1	
Audit Report Status*:	Unqualified
Non-Compliance Issues	Remedial Action Taken
<p>Note:*The report status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse)</p>	
T 6.1.1	

Auditor-General Report on Service Delivery Performance: Year -1	
Audit Report Status:	Unqualified
Non-Compliance Issues	Remedial Action Taken
T 6.1.2	

COMPONENT B: AUDITOR-GENERAL OPINION YEAR 0 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT YEAR 0

Auditor-General Report on Financial Performance Year 0*	
Status of audit report:	Unqualified
Non-Compliance Issues	Remedial Action Taken
<p>Note:* The report's status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse). This tabb will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Financial Performance Year 0.</p>	
T 6.2.1	

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

Signed



T6.2.5

Notes to the Annual Financial Statements

Figures in Rand

2012 2011

39. Statement of comparative and actual information

	FINANCIAL PERIOD 2012						
	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Financial Performance							
Investment revenue	7,885,260	2,939,301	2,939,301	2,221,854	717,447	76%	28%
Transfers recognised - operational	275,088,000	276,254,000	276,254,000	292,212,987	(15,958,987)	106%	106%
Other own revenue	82,881,611	77,704,436	77,704,436	78,128,303	(423,867)	101%	94%
Total revenue (excluding capital transfers and contributions)	365,854,871	356,897,737	356,897,737	372,563,144	(15,665,407)	104%	102%
Employee costs	(242,243,900)	(229,369,406)	(229,369,406)	(228,392,383)	(977,023)	100%	94%
Remuneration of councillors	(8,866,449)	(9,622,141)	(9,622,141)	(9,407,075)	(215,066)	98%	106%
Debt impairment	-	(100,000)	(100,000)	(93,999)	(6,001)	94%	%
Depreciation and asset impairment	(8,000,000)	(23,693,552)	(23,693,552)	(23,602,041)	(91,511)	100%	295%
Transfers and grants	-	(8,540,000)	(8,540,000)	(250,000)	(8,290,000)	3%	%
Other expenditure	(94,890,387)	(113,311,691)	(113,311,691)	(106,392,533)	(6,919,158)	94%	112%
Total expenditure	(354,000,736)	(384,636,790)	(384,636,790)	(368,138,031)	(16,498,759)	96%	104%
Surplus/(Deficit)	11,854,135	(27,739,053)	(27,739,053)	4,425,113	(32,164,166)	(16)%	36%
Transfers recognised - capital	2,310,000	8,340,000	8,340,000	-	8,340,000	-%	-%
Surplus/(Deficit) for the year	14,164,135	(19,399,053)	(19,399,053)	4,425,113	(23,824,166)	(23)%	30%

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are “what we use to do the work”. They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution’s strategic goals and objectives set out in its plans. Outcomes are “what we wish to achieve”.
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as “what we produce or deliver”. An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality’s delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a “vote” as:</p> <ol style="list-style-type: none"> a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned

APPENDIX A - COUNCILLORS COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE						
SURNAME	NAMES	FULL TIME / PART TIME	PARTY	COMMITTEES	PERCENTAGE COUNCIL ATTENDANCE	PERCENTAGE COUNCIL NON ATTENDANCE APOLOGIES
Mofokeng	Mahole Simon	Full time	ANC	-	100	0
Modisakeng	Busisiwe Joyce	Full time	ANC	Elections, Gender, Ethics, Rules, Petitions	91%	9%
Sale	Masabata Christinah	Full time	ANC	Elections, Ethics, Rules	100	0
Mahomed	Yusuf Joseph	Full time	ANC		81.81%	18.18%
Gamede	Lulama Shirley	Part time	ANC	Gender	81.81%	18.18%
Mncube	Busisiwe	Full Time	ANC		100	0
Masilo	Johanna	Part time	ANC	Gender , MPAC, Petitions	81.81%	18.18%
Majola	Abram Kuki	Part time	ANC	MPAC	72.72%	27.27%
Tsokolibane	Maipato Elisa	Full time	ANC		81.81%	18.18%
Mokako	Mvula Samuel	Full time	ANC	Rules, MPAC	81.81%	18.18%
Tsotetsi	Petrus Butietjie	Full time	ANC		100	0
Morolong	Nomasonto	Part time	ANC		81.81%	18.18%
Mshudulu	Assistance	Full time	ANC	Rules	81.81%	18.18%
Mollo	Dady Simon	Part Time	DA	Elections, MPAC	100 %	0
Peters	Frederich Wilhelm	Part time	DA	MPAC	100 %	0
Parson	Andrea	Part time	DA		81.81%	18.18%
Baloyi	Patricia Buyisile	Part time	DA	Gender	100 %	0
Maraka	Teboho Ernest	Part time	DA	Petitions	100 %	0
Poe	Ntsiri Shadrack	Part time	PAC	Ethics, Rules, MPAC	100 %	0
Nkosi	Mluleki Nelson Ronald	Part time	ANC		36.36 %	63.63%
Ramothibe	Thembekile Ellen	Part time	ANC	Petitions	81.81%	18.18%
Roos	Adv. Stephanus Johannes	Part time	DA	Petitions	81.81%	18.18%
Maphalla	Simon Tabudi	Full time	ANC		100 %	0
Ryder	Richard Denis	Part time	DA		100 %	0
Radebe	Modiane Martha	Part time	DA	Gender	91%	9%
Mooi	Nomsa	Part time	ANC		81.81%	18.18%
Maseko	Pius	Part time	ANC	Ethics, MPAC,	91%	9%
Matsei	Nozindaba Pauline	Part time	ANC	MPAC	100 %	0
Hlongwane	Daniel Star	Part time	ANC	Petitions	100 %	0
Ngubane	Louw	Part time	ANC	Gender, Rules	100 %	0
Dlangalala	Florence	Part time	ANC		100 %	0
Morolong	Abel	Part time	ANC	Ethics	100 %	0
Rani	Siza	Part time	ANC		91%	9%
Malisa	Dimakatso	Part time	ANC		100 %	0
Rapapadi	Lahliwe	Part time	ANC		81.81%	18.18%
Soquza	Sbongile	Part time	ANC	Petitions	100 %	0
Lehlake	Joseph	Part time	ANC	Petitions	100 %	0
Maseko	Thandi	Part time	ANC	Gender, Mpac,	91%	9%
Tibane	Griffiths	Part time	ANC		100 %	0
Raikane	Makhomo	Full Time	ANC		91%	9%
Mnguni	Fetty	FULL TIME	ANC		100 %	0
Hoffman	Danie	Part time	DA		100 %	0
Karsten	Jaco	Part time	DA	Ethics, Rules	100 %	0
Nkosi	Simon	Part time	DA		100 %	0
Louw	Rohan	Part time	DA		81.81%	18.18%
Coetzee	Yvonne	Part time	DA		91%	9%
Moleko	Attie	Part time	DA		100 %	0
Radebe	Abel	Part time	PAC	Elections, Gender, Petitions	100 %	0

Appendices

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

COMMITTEE	PURPOSE
Gender Committee	Oversight
Elections Committee	Oversight
Rules Committee	Oversight
Ethics Committee	Oversight
Petitions Committee	Oversight
Audit Committee	Oversight
MPAC	Oversight
Remuneration Committee	Oversight
Mayoral Committee	Oversight
Council	Oversight
8 Section 80 Portfolio Committees	Oversight

APPENDIX C – THIRD TIER ADMINISTRATIVE STRUCTURE

DIRECTORATE	MANAGER/ASSISTANT MANAGER
Mayor Admin: AM Mapetla	<ol style="list-style-type: none"> 1. TN Ndaba 2. TM Sebusi
Speaker Admin: TJ Tsoho	<ol style="list-style-type: none"> 1. TT Maleka 2. HM Mpontshane (Acting) 3. RTP Morobe
Office of the Chief Whip: SJ Dhlamini	
COO's office:	<ol style="list-style-type: none"> 1. MB Masibihlele 2. FM Mathe
Financial Management: CE Steyn	<ol style="list-style-type: none"> 1. A Lubbe 2. VT Mokoari 3. KZ Kowlessar
Supply Chain Management: TM Tsie	<ol style="list-style-type: none"> 1. NS Mmbidi
Coorporate Services: GR Deyzel	
Human Resources: MW Ramotsedisi	<ol style="list-style-type: none"> 1. TS Maloka 2. SBB Taunyane 3. PL Modimoeng 4. MI Kolokoto 5. LM Nkele
Legal: NP Shembe	<ol style="list-style-type: none"> 1. N Tshabalala 2. MT Ngake
Facilities: LB Khumalo	<ol style="list-style-type: none"> 1. BW Johnson 2. AL Hlongwane (on suspension) 3. Maranda (Acting Manager)
Utilities: WT Molato	<ol style="list-style-type: none"> 1. TJ Tsotetsi
IT: Y Chamda	<ol style="list-style-type: none"> 1. MC Visagie 2. HAJ Mans 3. AM O'Kelly

DIRECTORATE	MANAGER/ASSISTANT MANAGER
TIE-Environment:	1. MS Dube 2. I Ngobese 3. AJ Van Zyl 4. PM Mahlatsi 5. J Senokoane-Malay 6. MF Thekiso
TIE- Transport & Infra P: M Manqa	1. MM Khalema 2. NS Mofokeng
TIE – Licensing: HJH Korb	1. T Lenake 2. E Van Zyl 3. A Msibi
Community Services: Health DL Magagula	
Community Services: SRACH N Felix	1. B Tsotetsi 2. B Mosebi 3. S Khumalo
Community Services: Safety Acting: M Leacwe	
Community Services: HIV/AIDS MJ Makhutle	1. P Mohapeloa
Community Services: RS Tlhapolosa	1. MMD Taljaard 2. PJ Niewenhuize
SPED: LED, TOURISM & IDP KS Mbongo	1. MD Kantso 2. R Pelser 3. MR Masangane 4. M Dladla 5. M Mokgathe 6. SP van Wyk
SPED: DEVELOPMENT PLANNING, HOUSING & NDPG KR Netshivhale	1. ET Moleko 2. CH Majola 3. R Thema 4. T Mutlaneng
SPED: Communication: Acting: MD Manoeli	1. MCE Mofokeng 2. F Safi

Municipal functions	Function Applicable to Municipal (Yes/No)*	Function Applicable to Entity (Yes/ No)
Constitution of Schedule 4, Part B functions:		
Air pollution	Y	
Building regulations	N	
Child care facilities	N	
Electricity and gas reticulation	N	
Fire-fighting services	N	
Local Tourism	Y	
Municipal airports	Y	
Municipal Planning	Y	
Municipal Health Services	Y	
Municipal Public transport	Y	
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	N	

Appendices

Municipal functions	Function Applicable to Municipal (Yes/No)*	Function Applicable to Entity (Yes/ No)
Constitution of Schedule 4, Part B functions:		
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and related thereto	N	
Stormwater management systems in built-up areas	N	
Trading regulations	N	
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	N	
Beaches and amusement facilities	N	
Billboards and the display of advertisements in public places	N	
Cemeteries, funeral parlours and crematories	N	
Cleansing	N	
Control of public nuisances	N	
Control of undertakings that sell liquor to the public	N	
Facilities for the accommodation, care and burial of animals	N	
Fencing and fences	N	
Licensing of dogs	N	
Licensing and control of undertakings that sell food to the public	N	
Local amenities	N	
Local sport facilities	N	
Markets	Y	
Municipal abattoirs	Y	
Municipal parks and recreation	N	
Municipal roads	N	
Noise pollution	N	
pounds	N	
Public places	N	
Refuse removal, refuse dumps and solid waste disposal	N	
street trading	N	
Street lighting	N	
Traffic and parking	N	
*If municipality: indicate (yes or No); *If entity: Provide name of entity		

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APPENDIX E –WARD REPORTING[NOT APPLICABLE TO SDM]

APPENDIX F – WARD INFORMATION[NOT APPLICABLE TO SDM]

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0

MUNICIPAL AUDIT COMMITTEE RECOMMENDATIONS		
Date of Committee	Committee Recommendations During Year	Recommendations adopted (Enter Yes) if not adopted (Provide explanation)
13 July 2011 (Special Audit Committee Meeting)	<p>The following reports were presented to the Committee for approval and noting:</p> <ol style="list-style-type: none"> 1. Mid-Year Performance Report 2010/11 2. Schedule of Audit Committee Meetings 2011/12 3. Evaluation of the Audit Committee 2011/12 4. Report on the year end program for the preparation of the annual financial statements 2010/11 5. Progress Report on the Auditor General action plan 2010/11 6. Auditor General Key Controls Review Dashboard Report 7. Auditor General: Audit Strategy 2010/11 	Yes

MUNICIPAL AUDIT COMMITTEE RECOMMENDATIONS		
Date of Committee	Committee Recommendations During Year	Recommendations adopted (Enter Yes) if not adopted (Provide explanation)
29 August 2011 (1 st Quarter Meeting)	<p>The following reports were presented to the Committee for approval:</p> <p>1. Comparative Analysis Report of the unaudited Annual Financial Statements for the year ended 30 June 2011. 2. Annual review of the Audit Committee Charter. 3. Annual review of the Internal Audit Charter. 4. 2011/12 annual Internal Audit Plan. 5. Internal Audit Reports.</p> <ul style="list-style-type: none"> - Application Control Review: Venus System - Strategic Planning and IDP - Financial Discipline Review - Performance against objectives Quarter 1-4 - Follow up Audits. 	Yes
09 December 2011 (2 nd Quarter Meeting)	<p>The following reports were presented to the Committee for approval:</p> <p>Final Management Letter for Regularity Audit Auditor-General <i>(Deferred to next Audit Committee Meeting)</i> Comparative Analysis Report on the audited annual financial statements <i>(Deferred to next Audit Committee Meeting)</i>. Introduction of newly appointed Internal Audit Service Provider. Internal Audit Catalyst and Audit Reports for the period July 2011 to September 2011. Enterprise Risk Management Framework and Policy <i>(Deferred to next Audit Committee Meeting)</i>. 6. Annual Organisational Performance Report 2010/11 <i>(Deferred to next Audit Committee Meeting)</i>.</p>	<p>2 Reports were adopted by the Audit Committee.</p> <p>4 of the 6 Reports were deferred to the next Audit Committee Meeting (26 January 2012)</p>
26 January 2012 (3 rd Quarter Meeting, Continuation of 2 nd Quarter Meeting)	<p>The following reports were presented to the Committee for approval:</p> <p>Final Management Letter for Regularity Audit Auditor-General <i>(Deferred from 09 December 2011 Meeting)</i> Comparative Analysis Report on the audited annual financial statements <i>(Deferred from 09 December 2011 Meeting)</i> Annual Organisational Performance Report 2010/11 <i>(Deferred from 09 December 2011 Meeting)</i> Enterprise Risk Management Framework and Policy <i>(Deferred from 09 December 2011 Meeting)</i> Annual Report 2010/11 Action Plan on the Auditor-General Findings 2010/11</p>	<p>2 Reports were adopted by the Audit Committee.</p> <p>3 of the 5 Reports were deferred to the next Audit Committee Meeting (10 April 2012)</p>
10 April 2012 (4 th Quarter Meeting)	<p>The following reports were presented to the Committee for approval:</p> <p>Action Plan on the Auditor-General Findings 2010/11 <i>(Deferred from 26 January 2012 Meeting)</i> Status Report on the Annual Internal Audit Plan. Risk Assessment Report 2010/11 Enterprise Risk Management Framework and Policy <i>(Deferred from 26 January 2012 Meeting)</i> Electronic performance management system (ePMS) progress report Annual Organisational Performance Report 2010/11 <i>(Deferred from 26 January 2012 Meeting)</i></p>	Yes

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts (20 Largest contracts entered into for the year 2012)						
No.	Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project Manager	Contract Value (R)
1	AXTON MATRIX CONSTRUCTION	Construction of constitutional walk. Bid no: 8/2/4/8-2009	07 March 2011	21 May 2012	Robert Thema	R 19 313 276.42

Appendices

Long Term Contracts (20 Largest contracts entered into for the year 2012)						
No.	Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project Manager	Contract Value (R)
2	FUTURIS GUARDING SYSTEMS (PTY)LTD	Provision of Security to SDM for 3 years Bid no:8/2/2/25-2012	13 March 2010	12 March 2013	Tilly Hlongwane	R 18 391 235.59
3	KLATRADE 470 PTY(LTD) T/A SECURELINK	Supply, Installation and commissioning of an integrated CCTV street surveillance system. Bid no: 8/2/5/4-2008	15 June 2009	14 June 2012	MalehoLeacwe	R 17 426 111.60
		proposal for Supply, deliver, Install, Test and commission a fibre optic cabling solution. Bid no; 8/2/2/15-2011	13 April 2011	12 April 2013	Andre Mans	
4	KAMO BUSINESS ENTERPRISES CC	Additions, Alterations, repairs and renovations to Sharpeville community hall cnrZwane and Seiso Street sharpeville. Bid no: 8/2/6/1-2012	28 August 2010	27 August 2011	Charity	R 5 467 433.00
5	LE-NASH INTERNATIONAL INVESTMENTS CC T/A LE-NASH S	Supply and erection of warning, regulatory and directional signs posting for Emfuleni Local Municipality. Bid no: 8/2/4/13-2009	09 November 2010	08 December 2011	SorriousManele	R 4 903 156.45
6	BOKANA CONSTRUCTION & PROJECTS	Proposal for facilitation and supervision of five (5) taxi ranks in the Emfuleni Local Municipality	01 October 2010	30 September 2013	PhindileZwane	R 3 363 021.31
7	HALIFAX SUPPLIES CC	Upgrading of Sharpeville Exhibition Centre. Bid no: 8/2/4/5-2009	13 April 2010	20 June 2011	Robert Thema	R 2 980 696.37
8	VEREENIGING TRUST (PTY) LTD	Rental for Office Space at Vaal Value Warehouse	01 December 2010	Month to month until March 2013	JabuKumalo	R 2 973 814.06
9	LATERAL UNISON INSURANCE BROKERS (PTY)LTD	Proposal for Short Term Insurance Brokers for Sedibeng District Municipality. 8/2/	01 February 2010	30 June 2012	Andre Lubbe	R 2 837 478.39
10	AKHILE MANAGEMENT AND CONSULTING (PTY) LTD	Proposals for Performance Management System for Sedibeng District Municipality. Bid no: 8/2/1/2-2011 (Re-advert)	15 November 2011	30-Aug-13	MotsumiMathe	R 1 999 981.27
		Development of funding and tariff model for the district and 3 local municipalities	31 January 2012	24 July 2012	KajalKowlessar	R 623 387.35
11	BLUE SANDS TRADING 106CC	Construction of Pedestrian Paving in Evaton - Union and Boundary street.	19 July 1900	14 June 2012	MarriousSchoombee	R 2 048 423.14

Long Term Contracts (20 Largest contracts entered into for the year 2012)						
No.	Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project Manager	Contract Value (R)
12	AMYSA STATIONERS CC	Proposals for Panel of Supply and delivery of original printer cartridges to the Sedibeng District Municipality's Information Technology Department. Bid no: 8/2/2/49-2011	23 January 2012	22 January 2015	NnehengSehau	R 1 896 158.30
	SAGE COMPUTER TECHNOLOGIES (PTY) LTD					
	PALMERTON CARTRIDGES CC					
	SHOSHO INDUSTRIAL SUPPLIERS CCT/A SHO SHO SUPPLIERS					
13	URBAN GENESIS MANAGEMENT (PTY) LTD	Sharpeville precinct. Construction of exhibition hall, upgrading of cemetery & Sharpeville hall	01 July 2009	01 May 2010, but period of contract kept on being extended	Charity Majola	R 1 864 355.15
14	AMTRONICS CC T/A DIAMOND CORNER	Supply and delivery of Computer Equipment, Printer and other peripherals to the Sedibeng District Municipality Information Technology Department for 3 years. Bid no: 8/2/2/112-2012	15 April 2012	14 April 2015	CorneVisagie	R 1 342 571.09
15	UBUNTU BUSINESS ADVISORY & CONSULTING (PTY) LTD	Proposal for service providers to develop a long term financial plan for Sedibeng District Municipality. Bid no:	15 January 2011	30 September 2011	TshwaneloMokoari	R 1 315 307.62
16	RANTOA SERVICE PROVIDERS CC	Construction of pedestrian paving in Evaton: Hamilton Street. Bid no: 8/2/4/9-2010	01 August 2010	01 February 2011	MarrriousS-choombee	R 1 271 592.16
17	WOZA (PTY) LTD T/A WOZA SERVICE STATION	Supply of Petrol, Oil and Diesel to Sedibeng District Municipality's fleet management department	01 July 2008	To date	David Maranda	R 1 119 234.91
18	FRESHMARK SYSTEMS (PTY)LTD	Software maintenance and support agreement	01 July 2006	Remain in force until terminated by either party by notice	Sylvia Loubsher	R 1 078 092.30
19	GLOBAL ACCESS TELECOMMUNICATIONS SERVICES (PTY)LTD	Proposal for the supply of Audio Visual and Broadcasting Services for the IT department of Sedibeng District Municipality. Bid no: 8/2/2/32-2012	23 May 2012	23 May 2012	CorneVisagie	R 846 756.20
20	GEMINI MOONM TRADING T/A HARVEY WORLD TRAVEL WOODM	Panel of Travel Agency	31 March 2010	30 March 2011	SeikaneMareletse	R 795 833.16

Appendices

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE[NOT AVAILABLE]

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

All Councillors and officials of the Sedibeng District Municipality are not conducting any business with the Council. Their signed Declaration of Interest forms are filed in the Municipal Offices, thus accessible to the public.

Disclosure of Financial Interests		
Period 1 July to 30 June Year 0 (Current year)		
Position	Name	Description of Financial interests (Persons doing business with Council) (Nil/Or details)
Speaker	Councillor B.J Modisakeng	N/A
Chief Whip	Councillor M.C Sale	N/A
Executive Mayor	Councillor S.M. Mofokeng	N/A
Members of Mayoral Committee	Councillor P.B.Tsotetsi	N/A
	Councillor S. Maphalla	N/A
	Councillor Y. Mahomed	N/A
	Councillor S.A. Mushudulu	N/A
	Councillor M.E. Tsokolibane	N/A
	Councillor B. Mncube	N/A
	Councillor Z. Raikane	N/A
	Councillor F. Mnguni	N/A
Councillors	Councillor B.P.Baloyi	N/A
	Councillor Y. Cortzee	N/A
	Councillor F. Dlangalala F	N/A
	Councillor L.S.A Gamede	N/A
	Councillor S Hlongwane	N/A
	Councillor D.C.J Hoffman	N/A
	Councillor A.S.J Karsten	N/A
	Councillor B.J Lehlake	N/A
	Councillor R Louw	N/A
	Councillor A.K Majola	N/A
	Councillor J.K Malindi	N/A
	Councillor D.M Malisa	N/A
	Councillor T.E Maraka	N/A
	Councillor P Maseko	N/A
	Councillor T Maseko	N/A
	Councillor J Masilo	N/A
	Councillor N Matsei	N/A
	Councillor S.Morolong	N/A
	Councillor M.S Mokako	N/A
	Councillor A Moleko	N/A
	Councillor D.S Mollo	N/A
	Councillor A. Morolong	N/A
	Councillor N.J Mooi	N/A
	Councillor L. Ngubane	N/A
	Councillor M.N.R Nkosi	N/A
	Councillor S Nkosi	N/A
Councillor A. Parson	N/A	
Councillor F.W Peters	N/A	
Councillor N.S Poee	N/A	
Councillor A Radebe	N/A	
Councillor M.M Radebe	N/A	
Councillor T.E Ramothibe	N/A	

Disclosure of Financial Interests		
Period 1 July to 30 June Year 0 (Current year)		
Position	Name	Description of Financial interests (Persons doing business with Council) (Nil/Or details)
	Councillor S Rani	N/A
	Councillor L. Rapapadi	N/A
	Councillor S.J Roos	N/A
	Councillor D.R Ryder	N/A
	Councillor G Tibane	N/A
Municipal Manager	Mr Y Chamda	N/A
Chief Operations Officer	Mr T.L. Mkaza	N/A
Chief Financial Officer	Mr B. Scholtz	N/A
Other section 57 Officials	Mrs M. Phiri-Khaole	N/A
	Mrs M. Mazibuko	N/A
	Mr. H. Sekoto	N/A
	Mr S. Manele	N/A

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (I): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						R' 000
Vote Description	Year -1	Current: Year 0			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Executive & Council	9 959	0	10 170	22 641	100%	55%
Budget & Treasury	263 166 896	237 455 460	225 877 072	234 101 527	-1%	4%
Corporate Service	14 622 437	18 902 427	19 453 987	15 958 229	-18%	-22%
Community & Social Service	34 536 119	39 119 000	46 353 195	37 047 047	-6%	-25%
Transport & Infrastructure	43 268 762	58 737 984	59 579 437	60 333 081	3%	1%
Planning & Development	30 170	11 690 000	5 673 876	25 100 966	53%	77%
Total Revenue by Vote	355 634	365 905	356 948	372 563	0	0

Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual.
This table is aligned to MBRR table A3

Appendices

APPENDIX K (II): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source					R '000	
Description	Year -1	Year 0		Year 0 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	-	-	-	-		
Property rates - penalties & collection charges	-	-	-	-		
Service Charges - electricity revenue	-	-	-	-		
Service Charges - water revenue	-	-	-	-		
Service Charges - sanitation revenue	-	-	-	-		
Service Charges - refuse revenue	-	-	-	-		
Service Charges - other	7 159	7 623	7 625	7 276	-5%	-5%
Rentals of facilities and equipment	536	446	613	524	15%	-17%
Interest earned - external investments	6 237	7 885	2 939	2 222	-255%	-32%
Interest earned - outstanding debtors						
Dividends received						
Fines						
Licences and permits	49 310	58 728	59 562	59 606	1%	0%
Agency services	6 497	6 775	6 804	6 963	3%	2%
T transfers recognised - operational	290 229	275 088	276 254	292 213	6%	5%
Other revenue	1 486	9 180	2 970	2 598	-253%	-14%
Gains on disposal of PPE	107	180	180	1 162	85%	85%
Environmental Protection						
Total Revenue (excluding capital transfers and contributions)	361 560	365 905	356 948	372 563	1.79%	4.19%

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR T K.2.

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG

R' 000

Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Neighbourhood Development Partnership Grant	14000000	6000000	26054063	46%	77%	
Other Specify:						

HIV & AIDS	4813000	4813000	1558624	-209%	-209%	
Lotto Sport	6030000	6030000	392635	-1436%	-1436%	
MSIG	800000	800000	800000	0%	0%	
FMG	1250000	1250000	1288256	3%	3%	
LED Project	1700000	1700000	0			
Dept of Agricultural	270000	270000	0			
Total						

* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government. TL

T L.1

APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	-	-		-	-	-	-
Infrastructure: Road transport - Total	-	-		-	-	-	-
Roads, Pavements & Bridges							
Storm water							
Infrastructure: Electricity - Total	-	-		-	-	-	-
Generation							
Transmission & Reticulation							
Street Lighting							
Infrastructure: Water - Total	-	-		-	-	-	-
Dams & Reservoirs							
Water purification							
Reticulation							
Infrastructure: Sanitation - Total	-	-		-	-	-	-
Reticulation							
Sewerage purification							
Infrastructure: Other - Total	-	-		-	-	-	-
Waste Management							
Transportation							
Gas							
Other							
Community - Total							
Parks & gardens	-	-		-	-	-	-
Sportsfields & stadia							

Appendices

Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
Capital expenditure by Asset Class							
Heritage assets - Total	-	-		-	-	-	-
Buildings							
Other							
Investment properties - Total	-	-		-	-	-	-
Housing development							
Other							
Other assets	27,782	14,845	14,720	14,191	12,992	2,500	2,638
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment	10,535,418	11,845,450	11,720,450	11,191,319	12,991,996	2,500,000	2,637,500
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other	17,246,200	3,000,000	3,000,000	2,999,999			
Agricultural assets	-	-		-	-	-	-
Listed classes							

Biological assets	-	-		-	-	-	-
<i>List sub-classes</i>							
Intangibles	-	-		-	-	-	-
Computers - software & programming							
Other (list sub-classes)							
Total Capital Expenditure on new assets	27,782	14,845	14,720	14,191	12,992	2,500	2,638

Specialised vehicles	-	-		-	-	-	-
<i>Refuse</i>							
<i>Fire</i>							
<i>Conservancy</i>							
<i>Ambulances</i>							

*Note: Information for this table may be sourced from MBRR (2009: Table SA34a)

TM.1

R '000

Capital Expenditure - Upgrade/Renewal Programme*

Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	-	-		-	-	-	-
Infrastructure: Road transport - Total	-	-		-	-	-	-
<i>Roads, Pavements & Bridges</i>							
<i>Storm water</i>							
Infrastructure: Electricity - Total	-	-		-	-	-	-
<i>Generation</i>							
<i>Transmission & Reticulation</i>							
<i>Street Lighting</i>							
Infrastructure: Water - Total	-	-		-	-	-	-
<i>Dams & Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>							
Infrastructure: Sanitation - Total	-	-		-	-	-	-
<i>Reticulation</i>							
<i>Sewerage purification</i>							
Infrastructure: Other - Total	-	-		-	-	-	-
<i>Waste Management</i>							
<i>Transportation</i>							
<i>Gas</i>							

Appendices

R '000

Capital Expenditure - Upgrade/Renewal Programme*

Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<i>Other</i>							
Community - Total							
Parks & gardens	-	-		-	-	-	-
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
Heritage assets - Total							
<i>Buildings</i>	-	-		-	-	-	-
<i>Other</i>							
Capital expenditure by Asset Class							
Investment properties - Total	-	-		-	-	-	-
<i>Housing development</i>							
<i>Other</i>							
Other assets	7,937	29,355	8,160	944	6,238	10,632	10,667
<i>General vehicles</i>	3,163,648						
<i>Specialised vehicles</i>	292,882						
<i>Plant & equipment</i>	1,412,305	105,000	131,200	31,420			
<i>Computers - hardware/equipment</i>							
<i>Furniture and other office equipment</i>	2,427,801	800,000	800,000	699,135	600,000	631,800	666,549
<i>Abattoirs</i>							
<i>Markets</i>							
<i>Civic Land and Buildings</i>	640,412	28,450,000	7,228,800	213,200	5,638,000	10,000,000	10,000,000
<i>Other Buildings</i>							
<i>Other Land</i>							

Surplus Assets - (Investment or Inventory)							
Other	17,246,200	3,000,000	3,000,000	2,999,999			
Agricultural assets							
List sub-classes	-	-		-	-	-	-
Biological assets							
List sub-classes	-	-		-	-	-	-
Intangibles	246	870	870	864	-	-	-
Computers - software & programming	245,948	870,000	870,000	864,426			
Other (list sub-classes)							
Total Capital Expenditure on new assets	8,183	30,225	9,030	1,808	6,238	10,632	10,667
Specialised vehicles	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							

*Note: Information for this table may be sourced from MBRR (2009: Table SA34a) TM.2

APPENDIX M (I): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	-	-		-	-	-	-
Infrastructure: Road transport - Total	-	-		-	-	-	-
Roads, Pavements & Bridges							
Storm water							
Infrastructure: Electricity - Total	-	-		-	-	-	-
Generation							
Transmission & Reticulation							
Street Lighting							
Infrastructure: Water - Total	-	-		-	-	-	-
Dams & Reservoirs							
Water purification							
Reticulation							

Appendices

Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Infrastructure: Sanitation - Total	-	-		-	-	-	-
<i>Reticulation</i>							
<i>Sewerage purification</i>							
Infrastructure: Other - Total	-	-		-	-	-	-
<i>Waste Management</i>							
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>							
Community - Total	-	-		-	-	-	-
Parks & gardens							
Sportsfields & stadiums							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
Capital expenditure by Asset Class							
Heritage assets - Total	-	-		-	-	-	-
<i>Buildings</i>							
<i>Other</i>							
Investment properties - Total	-	-		-	-	-	-
<i>Housing development</i>							
<i>Other</i>							
Other assets	-	2 687 1		1 564 3	-	-	-
<i>General vehicles</i>							
<i>Specialised vehicles</i>							
<i>Plant & equipment</i>							
<i>Computers - hardware/equipment</i>		12 710 000	12 590 450	12 281 818			

Furniture and other office equipment		13 1 200	13 1 200	166 997			
A b a t t o i r s							
M a r k e t s							
C i v i c L a n d a n d B u i l d i n g s		2 500 000	2 500 000	0			
O t h e r B u i l d i n g s		500 000	498000	194 600			
O t h e r L a n d							
Surplus Assets - (Investment or Inventory)							
O t h e r		11 030 000	9 030 000	3 000 000			
Agricultural assets	-	-		-	-	-	-
L i s t s u b - c l a s s							
Biological assets	-	-		-	-	-	-
L i s t s u b - c l a s s							
Intangibles	-	-		-	-	-	-
Computers - software & programming							
O t h e r (l i s t s u b - c l a s s)							
Total Capital Expenditure on new assets	-	2 6 8 7 1		1 5 6 4 3	-	-	-
Specialised vehicles	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							

*Note: Information for this table may be sourced from MBRR (2009: Table SA34a) TM.1

APPENDIX M (II): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

D e s c r i p t i o n	Year -1	Year 0			Planned Capital expenditure		
	Actu a l	Original B u d g e t	A d j u s t m e n t Budget	Actu a l Ex-penditure	F Y + 1	F Y + 2	F Y + 3
Capital expenditure by Asset Class							
Infrastructure - Total	-	-		-	-	-	-
Infrastructure: Road transport - Total	-	-		-	-	-	-
Roads, Pavements & B r i d g e s							
S t r o m w a t e r							
Infrastructure: Electricity - Total	-	-		-	-	-	-
Gene r a t i o n							

Appendices

Transmission & Reticulation						
Street Lighting						
Infrastructure: Water - Total	-	-	-	-	-	-
Dams & Reservoirs						
Water purification						
Reticulation						
Infrastructure: Sanitation - Total	-	-	-	-	-	-
Reticulation						
Sewerage purification						
Infrastructure: Other - Total	-	-	-	-	-	-
Waste Management						
Transportation						
Gas						
Other						
Community	-	-	-	-	-	-
Parks & gardens						
Sportsfields & stadia						
Swimming pools						
Community halls						
Libraries						
Recreational facilities						
Fire, safety & emergency						
Security and policing						
Buses						
Clinics						
Museums & Art Galleries						
Cemeteries						
Social rental housing						
Other						
Heritage assets	-	-	-	-	-	-
Buildings						
Other						

APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0

Capital Project	Original budget	Actual Budget	Actual	Variance	Variance
Economic Development					
Fab-lab	R1,2 mil	R1,2 mil	R1,2 mil	0	0
Bio digester	R500 000	R500 000	R500 000	0	0

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARDYEAR 0[NOT APPLICABLE]

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS[NOT APPLICABLE]

APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

Service Backlogs Experienced by the community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services & Locations	Scale of backlogs	Impact of backlogs
Clinics:	Clinics are clustered more in Urban areas while most Rural areas and informal settlements are serviced through mobile units which provide respective services once or twice a week. There are backlogs of Maternity Obstetric Units (MOUs) and fully fledged Community Health Centres (CHCs) in Lesedi and Midvaal Local Municipalities.	Poor delivery of PHC Services to communities which impedes attainment of Millennium Development Goals. Health standards and targets are compromised.
Emfuleni Local Municipality		
Boiketlong	4000	
Cape Gate	364	
Bophelong(Chris Hani)	591	
Garage	70	
Iron Side Industry	457	
Lybia	891	
New Village	569	
Vereeniging Old Hospital	374	
Polomiet	324	
Sebokeng Ext 24	562	
Sonderwater	1216	
Soul City	407	
Tshepiso Taxi Rank	675	
Winnies Park	217	
Zone 17	30	
Zone 7	230	
Zone 7 Ext	1090	
Tshepiso North (Temporary Houses)	337	
Boipatong Informal	102	
Powerville Park	96	
Sharpeville Area	1970	
Waterdal	97	
		Impact on basic emerging services, e.g. water, sewer and electricity

Appendices

Service Backlogs Experienced by the community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services & Locations	Scale of backlogs	Impact of backlogs
Midvaal Local Municipality Boitumelo	82	Impact on basic engineering services, e.g. water, sewer and electricity
Brakfontein	5	
Driefontein	20	
Dusting	31	
Herolds Farm	18	
Keyalitsha	116	
Lehlakeng	18	
Mamelo	148	
Schoongezicht	12	
Sicelo	1505	
Skansdam	16	
Sporong	10	
Vogelfontein	30	
Waterval	62	
Lesedi Local Municipality	684	Impact on basic engineering services, e.g. water, sewer and electricity
Ratanda Ext. 8: Formalized informal shack dwellings	140	
ObedNkosi/ Kaydale Informal shack dwellings Ext. 9: Informal shacks	360	
Impumelelo: Enkanini: Informal shacks Impumelelo Extension 2 & 3	2000	
Kwazenzele: Informal shacks	1600	
Licencing and Testing Centre:	Provincial wide, there are 400,000 applicants sitting with learner licences that need to be tested for driving. The capacity of municipal testing centres in Gauteng can only test 200,000 driver applicants per annum.	The 400,000 application backlog is annually increasing because : More youth are getting into the age of being required to obtain drivers licences Out of the 200,000 driver testing capacity only about 60 % do pass the drivers test meaning 80,000 applicants join the queue again.
Reservoirs		
Schools (Primary and High)	Are not adequate in some townships, in rural and informal areas.	Undermine Nation building, Healthy lifestyles and the Quality of Education.
Sports Fields:	Are not adequate in some townships, in rural and informal areas.	Undermine Nation building, Healthy lifestyles and the Quality of Education.

APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY [NONE]

APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Implementation of the Community Works Programme	The project was launched in June 2012 at Saul Tsetetsi for 3000 job opportunities in Emfuleni Local Municipality, Midvaal Local Municipality and Lesedi Local Municipality	0

**VOLUME II:
ANNUAL FINANCIAL STATEMENTS**

SEDIBENG DISTRICT MUNICIPALITY							ANNEXURE 'A'	ANNEXURE 'A'
SUMMARY OF AUDIT FINDINGS								
Number	Finding	RESPONSIBLE CLUSTER AND DEPARTMENT	ACTION REQUIRED	TARGET DATE	PROGRESS TO DATE BY SDM.	FINAL OUTCOME AND INPUT BY AG.		
Cash and cash equivalents								
66	Investment: Non - disclosure of investment balances in the Financial statements	FINANCE	Rectified in Financial Statements	Nov-12	Completed			
Cash flow statements								
41	Gross cash receipts and payments- Not disclosed	FINANCE	Rectified in Financial Statements	Nov-12	Completed			
Employee costs								
47	Employee related costs: Vacant Posts	CORPORATE SERVICES-HR	The filling of the vacancies was held in abeyance pending the review (a decision made during the year under review) of the organizational structure which process will be concluded in October 2012	Oct-12	Completed			
49	Employee related cost: Non compliance with the Overtime Policy/ Basic Condition of Employment Act	CORPORATE SERVICES-HR	The policy on the regulation of overtime work will be adopted by council during the current financial year and a copy of the draft policy was given to the Auditor General's Office for review. In addition we met with the Department of Labour to obtain advice on this compliance matter and how we should deal with it.	Feb-13	Draft policy in place			
	Employee related cost: HR Development Plan	CORPORATE SERVICES-HR	The Human Resources strategy which flows out of the GDS does exist. Document will be kept with HR	Jan-13	Development plan will be kept with HR for audit purposes			
51	Employee related cost: Minimum Competencies	CORPORATE SERVICES-HR	The council has appointed a service provider that will do the competency assessment and the related capacity development relating to minimum competency requirements. Council will concurrently apply to the National Treasury for extension of the return date for the competency requirements	January 2013 - application to National Treasury 18 months to meet requirements	Service provider currently busy with assessments			
53	Employee Related Cost: Leave Balance	CORPORATE SERVICES-HR	Employees in the Emergency Medical Services (EMS) excessive leave days are/were high and kept due to the fact that they could not take annual leave because of operational requirements. The EMS function has been migrated to Province	Nov-12	Employees will forfeit leave days in access of 48 days			
Audit Committee								
54	Audit committee was not evaluated by council by year end	OFFICE OF THE COO	The final Audit Committee Evaluation Report prepared by the Provincial Treasury is completed and was presented to Council at its Council Meeting scheduled for 26 September 2012.	Sep-12	Completed			
Predetermined Objectives								
30	AoPO: No consistency between presentation of planned targets in the SDBIP and presentation of targets in the Annual Performance and also between planned and reported objectives	OFFICE OF THE COO	The Sedibeng District Municipality adopted the three templates for reporting purposes thus to make reporting to different structures user friendly. All Clusters report on all 3 templates and tabled differently to different structures. Thus no information is lost or limited.		Ongoing			
67	AoPO: 11-12 SDBIP approved more than 28 days after Budget approval	OFFICE OF THE COO	The 2011-12 IDP/Budget/SDBIP process coincided with the Local Government elections, whereby Municipalities were given an option of timelines to table and approve their IDPs, according to the National Treasury Budget Circular released. The options were that either the outgoing Council or the incoming one approves the IDP/Budget.SDM selected option 1, also noting that the new ePMS system was launched in the entire municipality. This process was meant to automate the IDP development process and to change the SDBIP into a Results-based document. Hence timelines were upset	Jul-12	Completed			

59	AoPO: No evidence of the adoption of the PMS Framework for 11/12	OFFICE OF THE COO	The new Performance Management processes and format were concluded in October 2012. The Draft Framework is ready to be tabled before the next MANCO (November '12) Audit Committee (November '12) and SDM Council (December '12).	Dec-12	Ongoing	
48	AoPO: Requested performance management processes not provided and insufficient information to conclude on performance indicators	OFFICE OF THE COO	We have established an electronic Performance Management system to enhance our current record management of information in a very easy storage and retrievable manner. The system is newly in operation.	Dec-12	Ongoing	
Financial Statements Disclosure						
44	Government Grant Reserve - Fund accounting no longer allowed	FINANCE	Rectified in Financial Statements	Nov-12	Completed	
38	Financial Instruments - Disclosure not in accordance with IFRS 7	FINANCE	Rectified in Financial Statements	Nov-12	Completed	
45	Contracted services – Insufficient disclosure	FINANCE	Rectified in Financial Statements	Nov-12	Completed	
70	Provisions - Incomplete disclosure	FINANCE	Rectified in Financial Statements	Nov-12	Completed	
71	Prior period error not correctly disclosed	FINANCE	Rectified in Financial Statements	Nov-12	Completed	
41	Various Accounting policies not in accordance with the GRAP standards, MFMA and other applicable Legislation	FINANCE	Rectified in Financial Statements	Nov-12	Completed	
Internal Audit						
72	Internal Audit working papers not reviewed by the Audit Committee	OFFICE OF THE COO	The Internal Auditors presented Status Reports of each audit assignment during the 2011/12 financial year. Moving forward, Management will ensure that internal audit reports and working papers are provided to the Audit Committee for review on a regular basis		Ongoing	
Information Technology						
73	Information Technology Governance	CORPORATE SERVICES-IT	Whilst IT Sediberg is engaging in an IT Strategic Plan formulation, this would definitely be included as part of the plan and subsequent roll-out phase (2013/2014).	Financial year 2013/14	Planned phase	
60	User Access Controls	CORPORATE SERVICES-IT	IT acknowledges that rules regarding the review of sensitive rights are critical in reducing the risks of the environment. Although we function in a trusting relationship with our employees, this department will investigate additional reporting mechanisms to enhance the current environment and increase our level of control.	Dec-12	Completed	
61	Program Change Management	CORPORATE SERVICES-IT FINANCE	A log will be requested from the service provider on each VENUS upgrade and properly signed off after testing	Next Venus upgrade - Nov 2012	Completed	
62	Information Technology Service Continuity	CORPORATE SERVICES-IT COO	The Disaster Recovery and Business Continuity Reviews were conducted by the Internal Auditors, and the draft report has been completed. 1. Copies of the Final DR/BC plan will be kept off-site to ensure access in case of disaster 2. The DR/BC plan will be tested and distributed to key personnel once completed and adequate training will be provided thereof	Dec-12	Draft report completed	
Immovable assets						
40	Property, plant and equipment - Disclosure of land and buildings	FINANCE	Rectified in Financial Statements	Nov-12	Completed	
Revenue						
64	Revenue: Completeness of revenue from the sale of fuel	FINANCE	Additional internal control measures need to be implemented in order to ensure completeness of revenue	Dec-12	Control sheets implemented and need to be monitored on a daily basis by supervisor at the Airport	
76	Revenue: Cut off Test - Source Documents not available to perform Cut off testing	FINANCE	Additional internal control measures need to be implemented in order to ensure completeness of revenue at the Airport	Dec-12	Control sheets implemented and need to be monitored on a daily basis by supervisor at the Airport	
65	Revenue: Reconciliation between TAS 9 report and bank statement is not properly done	FINANCE	The daily taking sheets total is the total of all licensing centres, which should agree to TAS 9 total generated from daily taking sheets at the end of each month.	Nov-12	Completed - Necessary steps already followed in order to address the variances	

REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE AND THE COUNCIL OF THE SEDIBENG DISTRICT MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Sedibeng District Municipality, which comprise the statement of financial position as at 30 June 2012, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, as set out on pages H t° 11-

Accounting Officers responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements' of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA), Division of Revenue Act of South Africa 2010 (Act No. 1 of 2010) (DoRA) and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the **General Notice** issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a v basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Sedibeng District Municipality as at 30 June 2012 and its financial performance and its cash flows for the year then end in accordance with the South African Standards of Generally Recognised Accounting Practice and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. .56 of 2003)

Emphasis of matters

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

Significant uncertainties

8. As disclosed in note 29 to the financial statements, the entity is a defendant in various lawsuits. The ultimate outcome of the matters cannot presently be determined and therefore no provision for any liabilities that may result has been made in the financial statements.

Material underspending

9. The municipality has materially underspent on the capital expenditure budget amounting to R7 750 950 (33%). As a consequence, the municipality has not achieved some of its capital project objectives.

Additional matter

Annual Financial Statements

10. I draw attention to the matter below. My opinion is not modified in respect of this matter:

Unaudited supplementary schedules

11. The supplementary information set out on page xx does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

13. I performed procedures to obtain evidence about the usefulness and reliability of the information in the name of annual performance report as set out in paragraphs 10 to 11 of the annual report.

14. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned development priorities or objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information*.

The reliability of the information in respect of the selected development priorities or objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

15. The material findings are as follows:

Usefulness of information

Reported indicators and targets not consistent with planned indicators and targets

16. The Municipal Systems Act, section 41(c) requires that the integrated development plan should form the basis for the annual report, therefore requiring the consistency of objectives, indicators and targets between planning and reporting documents. A total of 23% of the reported indicators and targets are not consistent with the indicators and targets as per the approved SDBIP. This is due to the lack of oversight responsibility regarding performance reporting.

Reliability of selected objectives in the annual performance report

17. Based on my work described in this report, nothing has come to my attention that causes me to believe the annual performance report is not fairly stated in all material respects, in accordance with the predetermined criteria.

Additional matters

18. I draw attention to the following matters below. These matters do not have an impact on the predetermined objectives audit findings reported above.

Achievement of planned targets

19. 19; Of the total number of 1117 planned targets 257 were not achieved during the year under review; This represents 23% of total planned targets that were not achieved during the year under review. This was mainly due to the fact that indicators and targets were not suitably developed during the strategic planning process

Compliance with laws and regulations

20. I performed procedures to obtain evidence that the municipality has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA are as follows:

Annual Financial statements, performance and annual report

21. The financial statements submitted for auditing were not prepared in all material respects in accordance with

the requirements of section 122 of the MFMA. Material misstatements of disclosure items for receivables and expenditure identified by the auditors were adequately corrected, resulting in the financial statements receiving an unqualified audit opinion.

INTERNAL CONTROL

22. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

23. The accounting officer did not adequately exercise oversight responsibility regarding performance reporting. The performance objectives reported were not consistent with the annual performance plan, resulting in findings being raised.

Financial and performance management

24. Management did not have sufficient monitoring controls to ensure consistent reporting on the annual performance report.
25. Management did not comply with the accounting framework on the preparation of disclosure notes..

Auditor General

Johannesburg

30 November 2012



Auditing to build public confidence

General Information

The following is included in the scope of operation

District Municipality

Grading of local authority

Grade 11 Local Authority

Chief Finance Officer (CFO)

Mr Brendon Scholtz

Registered office

Municipal Offices

Civic Centre

Cnr. Beaconsfield & Leslie street

Vereeniging

1930

Business address

Municipal Offices

Civic Centre

Cnr. Beaconsfield & Leslie street

Vereeniging

1930

Postal address

PO Box 471

Vereeniging

1930

Bankers

ABSA Bank Limited

Auditors

Auditor General South Africa

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Abbreviations

DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
MMC	Member of the Mayoral Committee
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
GAMAP	Generally Accepted Municipal Accounting Practice
PPE	Property Plant and Equipment
SCM	Supply Chain Management

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are responsible for reporting on the fair presentation of the annual financial statements.

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2013 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 4 to 34, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2012:



Mr Yopus Chamda

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2012.

1. Incorporation

The municipality was incorporated on 01 January 1988 and obtained its certificate to commence its business as a regional services council on the same day.

2. Going concern

We draw attention to the fact that at 30 June 2012, the municipality had accumulated surplus of R172,660,370 and that the municipality's total assets exceed its liabilities by R175,352,201.

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

3. Accounting policies

The annual financial statements are prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

The current bankers appointed by Council through a formal tender process are ABSA Bank Limited.

4. Accounting Officer

Name Nationality
Mr Yunus Chamda RSA

5. Bankers

The current bankers appointed by Council through a formal tender process are ABSA Bank Limited.

6. Auditors

The Auditor General will continue in office for the next financial period.

7. Cost cutting measures

Following the global economic crisis of 2009 and in line with MFMA Circular 48, the executive management of Sedibeng District Municipality had taken the decision to make conscientious efforts to increase revenue and decrease operating expenses by:

Increasing revenue through	Cost containment measures
— Optimizing all revenue streams;	— Educating staff to be more conscientious
— Reviewing billing processes;	— Better cash management
— Rigorously applying credit control;	— Claiming discounts from creditors/ suppliers
— Tightening internal control measures and SCM processes	— Institutionalising discussion on under-provision of EMS grant
	— Institutionalising discussion on under-provision of equitable share
	— Value-for-money spending and application of economies-of-scale procurement
	— Closer monitoring of repairs & maintenance will lead to reduction in productivity losses
	— Reducing & reviewing discretionary spending

Statement of Financial Position

Figures in Rand	Note(s)	2012	2011
Assets			
<u>Current Assets</u>			
Construction of assets in progress	4	32,053,089	-
Inventories	5	307,522	370,013
Receivables from exchange transactions	6	5,434,493	22,889,557
VAT receivable	7	1,125,614	4,590,801
Cash and cash equivalents	8	12,491,996	42,428,705
		51,412,714	70,279,076
<u>Non-Current Assets</u>			
Property, plant and equipment	2	184,233,785	192,591,725
Intangible assets	3	1,923,053	2,319,690
		186,156,838	194,911,415
Total Assets		237,569,552	265,190,491
Liabilities			
<u>Current Liabilities</u>			
Payables from exchange transactions	12	46,668,534	57,936,799
Unspent conditional grants and receipts	10	12,793,066	33,740,053
Provisions	11	2,755,751	1,970,951
		62,217,351	93,647,803
Total Liabilities		62,217,351	93,647,803
Net Assets		175,352,201	171,542,689
Net Assets			
Accumulated surplus		175,352,201	171,542,689
Total Net Assets		175,352,201	171,542,689

Statement of Financial Performance

Figures in Rand	Note(s)	2012	2011
Revenue			
Sale of goods		1,217,207	321,965
Rental of facilities and equipment		7,799,499	7,695,109
Income from agency services		6,963,365	6,496,536
Licences and permits		59,605,708	49,309,873
Government grants and subsidies	15	292,212,987	290,229,183
Other income	16	1,380,793	1,163,667
Interest received – investment revenue	21	2,221,854	6,237,003
Gains on disposal of assets		1,161,731	107,092
Total Revenue		372,563,144	361,560,428
Expenditure			
Employee related cost	18	(228,392,383)	(232,230,971)
Remuneration of councilors	19	(9,407,075)	(8,368,655)
Depreciation and amortisation	22	(23,602,041)	(17,198,678)
Debt impairment	20	(93,999)	(37,761)
Public participation		(8,724)	(140,129)
Repairs and maintenance		(6,077,486)	(7,877,686)
Contracted services	25	(42,723,077)	(37,072,909)
Grants and subsidies paid	26	(250,000)	(84,710,637)
General expenses	17	(57,583,246)	(88,267,630)
Total Expenditure		(368,138,031)	(475,905,056)
Surplus (deficit) for the year		4,425,113	(114,344,628)

Statement of Changes in Net Assets

Figures in Rand	Notes	Accumulated surplus	Total net assets
Balance at 01 July 2010		251,206,365	251,206,365
Correction of errors	30	35,167,909	35,167,909
Restated Balance at 01 July 2010		282,579,886	286,374,274
<u>Changes in net assets</u>			
Transfer from /(to) Reserves	9	(486,956)	(486,956)
Net income (losses) recognised directly in net assets		(486,956)	(486,956)
Surplus for the year		(118,084,260)	(118,084,260)
Correction of errors	30	3,739,632	3,739,632
Restated Surplus for the year		(114,344,628)	(114,344,628)
Total recognised income and expenses for the year		(114,831,584)	(114,831,584)
Balance at 01 July 2011		171,542,689	171,542,689
<u>Changes in net assets</u>			
Surplus for the year		4,425,113	4,425,113
Transfer from /(to) Reserves	9	(615,601)	(615,601)
Total changes		3,809,512	3,809,512
Balance at 30 June 2012		175,352,201	175,352,201

Cash Flow Statement

Figures in Rand	Note(s)	2012	2011
Cash flows from operating activities			
Receipts			
Grants		271,266,000	278,718,934
Interest income		2,221,854	6,237,003
License receipts		195,301,700	164,082,041
Other receipts		78,412,634	142,380,094
		547,202,188	591,418,072
Payments			
Employee costs		(237,799,458)	(240,629,523)
License authority		(138,529,619)	(101,446,335)
Other suppliers		(186,379,598)	(289,194,870)
		(562,708,675)	(631,270,728)
Net cash flows from operating activities	27	(15,506,487)	(39,852,656)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(15,135,073)	(35,718,666)
Proceeds from disposal of property, plant and equipment	2	1,569,276	273,656
Purchase of other intangible assets	3	(864,426)	(245,948)
Net cash flows from investing activities		(14,430,223)	(35,690,958)
Net increase/(decrease) in cash and cash equivalents		(29,936,710)	(75,543,614)
Cash and cash equivalents at the beginning of the year		42,428,705	117,972,319
Cash and cash equivalents at the end of the year	8	12,491,995	42,428,705

1. SIGNIFICANT ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

1.1 BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost basis unless otherwise stated. Under this basis the effects of transactions and other events are recognised when they occur and are recorded in the financial statements within the period to which they relate.

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance in terms of General Notices 991 of 2005 and General Notice 516 of 2008, including any interpretations and directives issued by the Accounting Standards Board

Accounting policies for material transactions, events or conditions not covered by the above GRAP 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 Municipal Accounting Practices (SA GAMAP) including any interpretations of such statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General Notice 1290 of 2008 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 statements.

These accounting policies are consistent with those of the previous financial year.

Offsets

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

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand and are rounded to the nearest Rand.

1.3 SIGNIFICANT ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

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

In preparing the annual financial statements to conform with the standards of GRAP, management is required to make estimates, judgments and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgment are inherent in the formation of estimates. Actual results in the future may differ from these estimates.

All significant estimates, judgments and underlying assumptions are reviewed on constant basis. All necessary revisions of significant estimates are recognised in the period during such revisions as well as in any future affected periods.

Specific areas where these significant estimation uncertainties as well as critical judgments and assumptions were made in the application of accounting policies with the most significant effect in the annual financial statements are included in the following notes:

Note 11: Provisions

Note 29: Contingencies

Note 28: Lease classification

Note 20: Debt Impairment

1.5 PROPERTY, PLANT & EQUIPMENT

An item of property, plant and equipment which qualifies for recognition as an asset has been initially be measured at cost except where land and buildings have been revalued at fair value at date of the revaluation less subsequent depreciation.

The cost of an item of property, plant and equipment comprises of its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to working condition for its intended use.

Where an item of property, plant and equipment was donated, is initially recognised at its fair value as at the date of acquisition.

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

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met. If expenditure only restores the originally best estimate of the expected useful life of the asset, then it is regarded as repairs and maintenance and is expensed.

Incomplete construction work is stated at historical cost. Depreciation only commences when the assets is ready to be used.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Municipality's accounting policy, refer to note 4. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Subsequently property, plant and equipment, are stated at cost, less accumulated depreciation and accumulated impairment losses.

Land is not depreciated as it is regarded as having an infinite life.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the proceeds of disposal and the carrying value and is recognised in the Statement of Financial Performance.

Depreciation is calculated on the asset's depreciable amount, using the straight-line method over the useful life of the asset. The depreciable amount is determined after deducting the residual value of the asset from its cost. The depreciation charge is recognised as an expense unless it is included in the carrying amount of another asset under construction. Assets will be depreciated according to their annual depreciation rates based on the following estimated useful life:

Infrastructure Assets	Years
Street names, signs and parking meters	5
Water reservoirs and reticulation	15 – 20

Community Assets	Years
Parks and gardens	10 -30
Sport fields	20 – 30
Community halls	30
Recreation facilities	20 – 30

Other Assets	Years
Motor vehicles	5
Plant and equipment	2 – 15
Security measures	3 – 10
Buildings	30
IT equipment	3 – 5
Office equipment	3 - 7
Specialised vehicles	10

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The residual value and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimates unless expectations differ from the previous estimate.

The municipality has complied with Directive 4 of February 2008 and applied the requirements of the standard of GRAP 3, Accounting policies, Changes in accounting estimates and errors on the standard on Property, Plant and Equipment, GRAP 17, on initial adoption of the standard.

1.6 INTANGIBLE ASSETS

Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Refer to impairment of assets accounting policy 1.7

Where an intangible asset has been acquired at no or for a nominal cost, its cost is its fair value on the date of acquisition.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands are recognised in the statement of financial performance as incurred.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Municipality and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Costs include the employee costs incurred as a result of developing software and an appropriate portion of relevant overheads.

1.6.1 Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the statement of financial performance when incurred.

Development activities involve a plan or design for the production of new or substantially new improved products and processes.

Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the municipality intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use.

Other development expenditure is recognised in the statement of financial performance as incurred.

1.6.2 Amortisation

Amortisation is recognised in the statement of financial performance on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Item	Useful Life
Computer software	3 Years

Each item of intangible asset is amortised separately.

Intangible assets that have an indefinite useful life are tested for impairment annually.

The estimated useful life, the amortisation method and the residual values are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively.

1.7 IMPAIRMENT OF FINANCIAL ASSETS

Impairment of Non-financial assets

Non-Financial assets, excluding investment property and inventories, are assessed at each reporting date to determine whether there is an indication that the carrying amount of the asset may be impaired. If such an indication exists, the recoverable amount of the asset is determined. Irrespective of whether an indication of impairment exists, the recoverable amount of goodwill, indefinite-life intangible assets and intangible assets not available for use are determined annually.

The recoverable amount of an asset is the higher of its fair value less costs to sale and its value in use. In determining the value in use, the estimated future cash flows of the asset is discounted to their present value based on pre-tax discount rates that reflects current market assessments of the time value of money and the risks that are specific to the asset. If the value in use of an asset for which there is an indication of impairment cannot be determined, the recoverable amount of the cash-generating unit to which the asset belongs is determined. An asset's cash generating unit is the smallest group of identifiable assets that includes the asset and that generates cash inflows from continuing use that are largely independent from cash inflows from other assets.

An impairment loss is recognised in the statement of financial performance when the carrying amount of an individual asset or of a cash-generating unit exceeds its recoverable amount. If the loss relates to the reversal of a previous revaluation surplus, it is recognised in equity. Impairment losses recognised on cash-generating units are allocated on a pro rata basis, to the assets in the cash-generating unit.

Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount of the asset or cash-generating unit. Reversals of impairment losses on cash-generating units are allocated on a pro rata basis to the assets in the unit. Impairment losses are reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been recognised in the past. Reversals of impairment losses are recognised directly in the statement of financial performance.

Impairment of Monetary assets

A provision for impairment is created 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. The carrying value is reduced through the use of a provision and is recognised as a charge to the statement of financial performance. When a receivable is uncollectible, it is written off against the provision. Any subsequent recoveries of amounts previously written off are credited directly in the statement of financial performance.

An available for sale financial asset is impaired when there is a significant or prolonged decline in the fair value of the asset below its cost price or amortised cost. At such a point, a cumulative gains or losses that have been accumulated in equity are removed from equity as a reclassification adjustment and are recognised in the statement of financial performance. Any subsequent impairment losses are recognised directly in the statement of financial performance.

Where Held-to-maturity investments have been impaired, the carrying value is adjusted by the impairment loss and this is recognised as an expense in the period that the impairment is identified.

1.8 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets or disposal groups are classified as non-current assets held for sale when the carrying amount of the asset or disposal group is to be recovered principally through a sale transaction rather than through continuing use.

Immediately before the classification of the asset or disposal group as held for sale, the carrying amount of the assets, or the assets and liabilities in the disposal group, are measured in accordance with applicable GRAP standards. Subsequently the asset or disposal group is measured at the lower of its carrying amount and fair value less cost to sell, with any adjustment recorded in the statement of financial performance.

The municipality complied with Directive 4 of February 2008, on initial adoption of the standard of GRAP on Non-current Assets Held for Sale and Discontinued Operations, GRAP 100, and has done so prospectively, for all non-current assets (or disposal groups), that meet the criteria to be classified as held for sale.

1.9 LEASES

Leases that transfer substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease payments are

recognised as an expense on a straight-line basis over the lease period.

The Municipality as Lessee

Assets leased in terms of finance lease agreements are capitalised at amounts equal at the inception of the lease to the fair value of the leased property, or lower, at the present value of the minimum lease payments. Capitalised leased assets are depreciated in accordance with the accounting policy applicable to property, plant and equipment; refer to property, plant and equipment policy 1.5. The corresponding rental obligations, net of finance charges, are included in long-term borrowings. Lease finance charges are amortised to the statement of financial performance (unless they are directly attributable to qualifying assets) over the duration of the leases so as to achieve a constant rate of interest on their remaining balance of the liability.

Obligations incurred under operating leases are charged to the statement of financial performance in equal installments over the period of the lease, except when an alternative method is more representative of the time pattern from which benefits are derived.

1.10 FINANCIAL INSTRUMENTS

Financial instruments are initially measured at fair value, plus, in the case of financial instruments not at fair value through profit or loss, transaction costs. The fair value of a financial instrument that is initially recognised is normally the transaction price, unless the fair value is evident from the observable market data. The municipality uses a discounted cash flow model which incorporates entity-specific variables to determine the fair value of financial instruments that are not traded in an active market. Differences may arise between the fair value initially recognised in (which in accordance with IAS 39, is generally the transaction price) and the amount initially determined using the valuation technique. Any such differences are subsequently recognised in profit or loss only to the extent that they relate to a change in the factors (including time) that market participants would consider in setting the price.

Financial instruments include cash and bank balance, investments, trade receivables and borrowings. The municipality classifies its financial assets as loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discount) through the expected life of the financial asset, or, where appropriate a shorter period.

1.10.1 Financial assets

Financial assets are recognised in the municipality's statement of financial position when the municipality becomes a party to the contractual provisions of an instrument. Regular way purchases and sales of financial assets are recorded on the trade date.

The municipality classifies its financial assets in the following categories: fair value through profit or loss, loans and receivables, held-to-maturity as well as available for sale. All financial assets that are within the scope of IAS 39 are classified into one of the four categories.

1.10.1.1 Financial assets at fair value through profit and loss

An instrument is at fair value through profit or loss if it is held for trading or designated as such. Purchase or sale decisions with regard to these investments are managed in accordance with the municipality's documented risk or investment strategy. Financial assets at Fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in the statement of financial performance. The net gain or loss recognised in the statement of financial performance incorporates any dividend or interest earned on the financial asset.

1.10.1.2 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 in excess of 12 months. These are classified as non-current assets. They include short-term receivables, such as property rates, trade and other receivables, and long-term receivables, such as loans granted. This category may also include financial assets that would have been impaired or past due if the terms of the instrument were not renegotiated.

Loans and receivables are recognised initially at fair value, plus transaction costs. Subsequently items in this category are measured at amortised cost using the effective interest rate, and interest income is included in the statement of financial performance for the period. Net gains or losses represent; reversals of impairment losses, impairment losses, refer to impairment of assets policy as well as gains or losses on derecognition. These net gains and losses are included in the statement of financial performance.

1.10.1.3 Held-to-maturity investments

Debt securities that the Municipality has the expressed intention and ability to hold to a fixed maturity date are recognised on a trade date basis and are initially measured at fair value plus transaction cost.

Subsequent to initial recognition, held-to-maturity assets are measured at amortised cost calculated using the effective interest method.

Investments which include listed government bonds, unlisted municipal bonds, fixed deposits and short term deposits invested in registered banks are stated at cost.

Surplus funds are invested in terms of Council's Investment Policy. Investments are only made with financial institutions registered in terms of the Deposit Taking Institutions Act of 1990 with an A1 or similar rating institution for safe investment purposes.

The investment period should be such that it will not be necessary to borrow funds against the investments at a penalty interest rate to meet commitments.

1.10.1.4 Available for sale assets

Non-derivative assets that do not fall into any of the other categories are classified as available for sale. These financial instruments are stated at fair value plus transaction costs. Fair value is determined with reference to quoted market prices. Gains and losses arising from changes in fair value, with the exception of impairment losses, refer to assets management policy, are recognised directly in equity in the Mark-to-Market reserve.

Dividends on available for sale equity instruments are recognised in the surplus or deficit when the Municipality's right to receive payment is established.

1.10.2 FINANCIAL LIABILITIES

Financial liabilities are recognised in the municipality's statement of financial position when the municipality becomes party to the contractual provisions of the instrument.

The municipality classifies its financial liabilities in the following categories: at fair value through profit or loss and other financial liabilities. The classification depends on the purpose for which the financial liabilities were issued/obtained.

1.10.2.1 Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at Fair Value Through Profit or Loss where the financial liability is either held for trading or it is designated as at Fair Value Through Profit or Loss.

Financial liabilities at Fair Value Through Profit or Loss are stated at fair value, with any resultant gain or loss recognised in the statement of financial performance. Interest expense is calculated using the effective interest rate method and included as part of finance costs in the Statement of Financial Performance.

1.10.3 Other financial liabilities

Other financial liabilities, including interest bearing borrowings, are initially measured at fair value, net of transaction costs.

Subsequently, other financial liabilities are measured at amortised cost using the effective rate method, with interest costs being recognised on an effective yield basis.

1.11 INVENTORIES

Inventories are initially measured at cost which cost of inventories comprises of all costs of purchase, costs of development, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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Consumable stores, raw materials, work in progress, unused water, and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities.

Redundant and slow-moving stock are identified and written down with regard to their estimated economic or realisable values and sold by public auction. Consumables are written down with regard to age, condition and utility.

Unsold properties are valued at the lower of cost and net realisable value on a specific identification cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

The municipality complied with Directive 4 of February 2008, on initial adoption of the standard of on Inventories, GRAP 12, and has done so retrospectively according to the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The necessary disclosures have been made for non-measurement of inventories in accordance with GRAP 12.

1.12 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and cash at bank. Short term investments are included. Bank overdrafts are recorded on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

1.13 PROVISIONS AND CONTINGENCIES

Provisions are recognised when the municipality has a present or constructive obligation, as a result of past events, that is probable to cause an outflow of resources embodying economic benefits required to settle the obligation and a reliable estimate of the provision can be made.

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate used in calculating the present value is the interest rate implicit in the transaction. Where this is impractical to determine the average interest rate cost of borrowing rate of the Municipality is used.

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

The municipality on initial adoption of the standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets has done so retrospectively according to the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Due to the transitional provisions under the Standard of GRAP on Property, Plant and Equipment, certain assets have not been recognised as Property, Plant and Equipment. Due to the non-recognition of such assets, the requirements of the Standard on Provisions, Contingent Liabilities and Contingent assets have not been applied until the expiration the Property, Plant and Equipment transitional provisions. All necessary disclosure for those assets not recognised as Property, Plant and Equipment have been made.

The municipality complied with Directive 4 of February 2008, on initial adoption of the standard of on Provisions, Contingent Liabilities and Contingent Assets, GRAP 19, and has done so retrospectively according to the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Where items have not been recognised in accordance with GRAP 17, Property, Plant and equipment as a result of transitional provisions, which take precedence over the requirements of GRAP 19. The GRAP 17 will have to be complied with first, or transitional provisions of this standard are to expire prior to application of GRAP 19.

The necessary disclosures have been made for non-recognition of provisions (which form part of the cost of an asset).

1.14 EMPLOYEE BENEFITS

1.14.1 Short-term employee benefits

The cost of short-term employee benefits, which include salaries and wages, short-term compensated absences and profit sharing and bonus plans, are expensed in the Statement of Financial Performance in the financial year during which the

payment is made.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the municipality expected to pay in exchange for that service that had accumulated at the reporting date.

1.14.2 Termination Benefits

Termination benefits are recognised when actions have been taken that indicate that the municipality is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date; or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

1.14.3 Retirement benefits

The municipality provides retirement benefits for its employees and councilors.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councilors have rendered the employment service or served office entitling them to the contributions.

1.14.4 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of financial performance when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

1.14.5 Post employment medical care benefits

The municipality provides post employment medical care benefits to its employees and their legitimate spouses. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period.

1.15 REVENUE RECOGNITION

Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, VAT and other similar allowances.

1.15.1 Revenue from exchange transactions

Rendering of services

Flat rate service charges relating to rental of facilities and the reporting date shall be recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

Interest, royalties and dividends

Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset;

Royalties are recognised as they are earned on a time basis is recognised on a straight-line basis over the period of the agreement. Royalty revenue that is based on production, sales and other measures is recognised in accordance with the substance of the relevant agreement; and

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Agency Services

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.

Collection charges are recognised when such amounts are incurred.

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The municipality complied with Directive 4 of February 2008, on initial adoption of the standard of on Revenue from Exchange Transaction, GRAP 9, and has done so retrospectively according to the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Sale of Goods

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

- The municipality has transferred to the purchaser the significant risks and rewards of ownership of goods;
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over 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; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliable.

1.15.2 Revenue from non-exchange transactions

Grants and donations received

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Conditional grants, donations and funding were recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in the agreement/arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position. Unconditional grants, donations and funding are recognised as revenue in the Statement of Financial Performance at the earlier of the date of receipt or when the amount is receivable.

Contributed assets are recognised at fair value when the risks and rewards associated with such assets are transferred to the Municipality.

1.15.3 Transfer revenue

Assets and revenue recognised as a consequence of a transfer at no or nominal cost is measured at the fair value of the assets recognised as at the date of recognition. Non-monetary assets are measured at their fair value, which is determined by reference to observable market values or by independent appraisal by a member of the valuation profession.

1.15.4 Other

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 councilors or officials is virtually certain.

Revenue from the recovery of unauthorised irregular, fruitless and wasteful expenditure is based on legislated procedures.

VALUE ADDED TAX

The municipality accounts for Value Added Tax on the cash basis.

1.17 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 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.

1.18 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), the Public Office Bearers Act (Act 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.

1.19 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.

1.20 COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

Sedibeng District Municipality

Annual Financial Statements for the year ended 30 June 2012

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2. Property, plant and equipment

	2012			2011		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	41,907,735	(608,655)	41,299,080	41,907,735	(608,655)	41,299,080
Buildings	72,866,451	(8,176,676)	64,689,775	72,653,251	(5,738,828)	66,914,423
Furniture and fixtures	15,572,819	(11,675,252)	3,897,567	15,010,431	(10,501,683)	4,508,748
Motor vehicles	10,134,059	(5,753,465)	4,380,594	12,111,460	(5,984,223)	6,127,237
Electronic equipment	32,372,675	(11,962,447)	20,410,228	22,723,171	(8,541,550)	14,181,621
Infrastructure	71,796,612	(25,868,354)	45,928,258	68,796,613	(14,763,303)	54,033,310
Plant and equipment	8,610,440	(5,530,133)	3,080,307	9,468,404	(4,528,615)	4,939,789
Specialised vehicles	699,972	(151,996)	547,976	745,973	(158,456)	587,517
Total	253,960,763	(69,726,978)	184,233,785	243,417,038	(50,825,313)	192,591,725

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Disposals	Depreciation	Total
Land	41,299,080	-	-	-	41,299,080
Buildings	66,914,423	213,200	-	(2,437,848)	64,689,775
Furniture and fixtures	4,508,748	699,135	(14,270)	(1,296,046)	3,897,567
Motor vehicles	6,127,237	-	(149,964)	(1,596,679)	4,380,594
Electronic equipment	14,181,621	11,191,319	(53,505)	(4,909,207)	20,410,228
Infrastructure	54,033,310	2,999,999	-	(11,105,051)	45,928,258
Plant and equipment	4,939,789	31,420	(180,630)	(1,710,272)	3,080,307
Specialised vehicles	587,517	-	(9,176)	(30,365)	547,976
	192,591,725	15,135,073	(407,545)	(23,085,468)	184,233,785

Reconciliation of property, plant and equipment – 2011

	Opening balance	Additions	Disposals	Depreciation	Total
Land	41,299,080	-	-	-	41,299,080
Buildings	68,683,927	640,412	-	(2,409,916)	66,914,423
Furniture and fixtures	4,119,665	2,427,801	(12,670)	(2,026,048)	4,508,748
Motor vehicles	4,415,997	3,163,648	(32,930)	(1,419,478)	6,127,237
Electronic equipment	5,766,453	10,535,418	(120,964)	(1,999,286)	14,181,621
Infrastructure	44,239,324	17,246,200	-	(7,452,214)	54,033,310
Plant and equipment	5,070,803	1,412,305	-	(1,543,319)	4,939,789
Specialised vehicles	311,296	292,882	-	(16,661)	587,517
	173,906,545	35,718,666	(166,564)	(16,866,922)	192,591,725

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

Notes to the Annual Financial Statements

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	2012			2011		
3. Intangible assets	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	4,388,571	(2,465,518)	1,923,053	3,524,145	(1,204,455)	2,319,690
Reconciliation of intangible assets - 2012						
			Opening balance	Additions	Amortisation	Total
Computer software, other			2,319,690	864,426	(1,261,063)	1,923,053
Reconciliation of intangible assets - 2011						
			Opening balance	Additions	Amortisation	Total
Computer software, other			3,132,491	245,948	(1,058,749)	2,319,690

4. Construction of Assets in Progress

These assets will either be transferred to the Local Municipalities or capitalised in the books of Sedibeng once the functions are resolved and the asset has been completed and finally verified by the Local Municipality.

EVATON PEDESTRIAN SIDEWALKS	3,109,698.63
ROAD SIGNAGE	3,169,570.49
SHARPVILLE COMMUNITY HALL	4,727,916.79
SHARVILLE POLICE STATION	311,828.38
SHARVILLE EXHIBITION CENTRE	2,020,057.17
SHARPVILLE CONSTITUTIONAL WALK	18,321,382.24
VARIOUS SPORT FIELDS -LESEDI	392,634.83
TOTAL	32,053,088.53

5. Inventories

Fuel - Airport	307,522	370,013
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6. Receivables from exchange transactions

Trade debtors	1,000,830	640,932
Employee costs in advance	-	85,392
Prepayments (if immaterial)	104,550	107,089
VAT on Accruals	150,162	1,464,614
Government subsidies	-	16,985,000
Local Municipalities - Agency services	2,921,678	2,959,591
FMG Bridging Finance	66,391	-
Insurance Claim	768,465	-
HIV and AIDS Bridging Finance	-	646,939
MSIG Bridging Finance	422,417	-
	5,434,493	22,889,557

The insurance claim of R 768,465 was a claim lodge for air quality equipment stolen and the claim was settled in July 2012. Government subsidies of R16,985,000 related to the previous year was settled in the current year whereby the funds related to Emergency Medical Services subsidies.

Sedibeng District Municipality

Annual Financial Statements for the year ended 30 June 2012

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Trade debtors

Current (0 – 30 days)	950,754	580,437
31 – 60 days	27,154	28,249
61 – 90 days	20,302	32,947
>91	672,999	1,330,817
Less: Provision for Debt Impairment	(670,379)	(1,331,518)
Total Trade Debtors	1,000,830	640,932

Employee Cost in Advance

Current (0 – 30 days)	-	85,392
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Pre-payments

Current (0 – 30 days)	104,550	107,089
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Vat on Accruals

Current (0 – 30 days)	150,162	1,464,614
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Government Subsidies

91 – 120 days	-	8,492,500
>120 days	-	8,492,500

Total Government Subsidies		16,985,000
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Local Municipality Agency services

Current (0 – 30 days)	1,195,675	703,636
31 – 60 days	504,543	624,677
61 – 90 days	542,680	590,602
91 – 120 days	678,780	478,666
>120 days	-	562,010

Total Local Municipality Agency services	2,921,678	2,959,591
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FMG Bridging Finance

Current (0 – 30 days)	66,391	-
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Insurance claim

Current (0 – 30 days)	768,465	-
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HIV and AIDS Bridging Finance

Current (0 – 30 days)	-	646,939
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MSIG Bridging Finance

Current (0 – 30 days)	422,417	-
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7. VAT receivable

VAT	1,125,614	4,590,801
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8. Cash and cash equivalents

Cash on hand	40,125	40,125
Cash book balances	12,418,653	22,024,261
Investment deposits	33,218	20,364,319

12,491,996	42,428,705
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The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2012	30 June 2011	30 June 2010	30 June 2012	30 June 2011	30 June 2010
ABSA BANK - Account Type - Primary Bank Account	3,007,702	3,583,679	10,603,511	2,707,511	3,503,814	10,306,855
ABSA BANK - Account Type - Licence Fuction Bank Account	9,184,364	16,563,063	12,541,510	9,711,142	18,520,447	12,541,510
ABSA BANK - Account Type - RSC Levy Bank Account	-	-	425,174	-	-	425,174
Total	12,192,066	20,146,742	23,570,195	12,418,653	22,024,261	23,273,539

The Municipality had the following short term investment deposits at year end

Standard Bank - 228499054 SERIAL 002	-	20,271,994
Absa Call Account - 9085796427	33,218	92,325
	33,218	20,364,319

9. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus - 2012

	Government grant reserve	Total
Opening balance	3,307,432	3,307,432
Offsetting of depreciation	(744,491)	(744,491)
Capital grants used to purchase property, plant and equipment	356,086	356,086
Asset Disposal/Transfer	(227,196)	(227,196)
	2,691,831	2,691,831

Ring-fenced internal funds and reserves within accumulated surplus - 2011

	Government grant reserve	Total
Opening balance	3,794,388	3,794,388
Offsetting of depreciation	(726,995)	(726,995)
Capital grants used to purchase property, plant and equipment	277,087	277,087
Asset Disposal	(37,048)	(37,048)
	3,307,432	3,307,432

10. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Provincial Grants	9,723,103	10,322,119
National Grants	1,362,476	21,575,280
DLG Grants	1,707,487	1,842,654
	12,793,066	33,740,053

Movement during the year

Balance at the beginning of the year	33,740,053	32,838,449
Additions during the year	16,133,000	43,525,900
Income recognition during the year	(37,079,987)	(42,624,296)
	12,793,066	33,740,053

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

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See note 15 for reconciliation of grants from National/Provincial Government. These amounts are invested until utilised.

11. Provisions

The following provisions related to performance bonuses not yet finalized and a further provision for employees older than 50 who are entitled for early pension whereby a pro rata bonus amount is payable on retirement. This amount is calculated on the current salary of each employee.

Reconciliation of provisions - 2012

	Opening Balance	Additions	Total
Performance Bonus	1,141,900	784,800	1,926,700
Retirement Bonus	829,051	-	829,051
	1,970,951	784,800	2,755,751

Reconciliation of provisions - 2011

	Opening Balance	Additions	Total
Performance Bonus	1,141,900	-	1,141,900
Retirement Bonus	685,235	143,816	829,051
	1,827,135	143,816	1,970,951

12. Payables from exchange transactions

Trade payables	4,053,535	15,447,338
Accrued leave pay	17,793,201	16,739,201
Operating lease liabilities	24,670	84,217
Department of Transport (License fees)	15,204,748	15,118,232
Local Municipalities Accounts	4,694,178	6,582,552
Retention on Capital Projects	1,039,626	1,618,832
Compensation Commissioner	-	1,563,185
Mayoral Event	98,800	98,800
Ambulance fees in advance	87,262	87,122
Refundable town hall rental deposits	107,844	71,749
Unclaimed Salaries	25,199	25,199
Salaries accrual 3 rd party	2,997,268	-
Unknown deposits	137,045	134,598
VAT on trade receivables	405,158	365,774
	46,668,534	57,936,799

13. Revenue

Sale of goods	1,217,207	321,965
Income from agency services	6,963,365	6,496,536
Licenses and permits	59,605,708	49,309,873
Government grants & subsidies	292,212,987	290,229,183
	359,999,267	346,357,557

The municipality is selling AVGAS and JET A1 fuel at the Vereeniging Airport as part of enhancing service delivery to a specific community group which forms part of Sale of Goods

The amounts included in revenue arising from exchanges of goods or services are as follows:

Sale of goods	1,217,207	321,965
Rental of facilities & equipment	7,799,499	7,695,109
Income from agency services	6,963,365	6,496,536
Licences and permits	59,605,708	49,309,873
	75,585,779	63,823,483

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The amounts included in revenue arising from non-exchange transactions is as follows:

Transfer revenue

Levies	292,212,987	290,229,183
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14. Cost of sales

Sale of goods

Cost of goods sold - Avgas Fuel	1,349,956	413,976
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This expense forms part of general expenditure as per note 17

15. Government grants and subsidies

Equitable share	220,439,000	213,221,000
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Ambulance Subsidies	34,694,000	33,970,000
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Support Grants	37,079,987	43,038,183
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	292,212,987	290,229,183
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Equitable Share

Current-year receipts	(220,439,000)	(213,221,000)
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Conditions met - transferred to revenue	220,439,000	213,221,000
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	-	-
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Emergency Medical Services

Current-year receipts	(34,694,000)	(33,970,000)
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Conditions met - transferred to revenue	34,694,000	33,970,000
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	-	-
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Provincial Grants

Balance unspent at beginning of year	10,322,119	10,654,036
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Current-year receipts	8,083,000	4,427,900
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Conditions met - transferred to revenue	(8,682,016)	(4,759,817)
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	9,723,103	10,322,119
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Sedibeng District Municipality

Annual Financial Statements for the year ended 30 June 2012

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Reconciliation of Unspent Conditional Grants

	Opening Balance July 2011	Grants Received 2011/12	Grants Spent 2011/12	Unspent Grants June 2012
LED PROJECT	(1,700,000)			(1,700,000)
HIV/AIDS	0	(4,813,000)	1,558,624	(3,254,376)
IMPL TOURISM INST FRAMEWORK	(300,000)		0	(300,000)
DEPT AGRICULTURE & RURAL DEV	(280,000)	(270,000)	0	(550,000)
SHARPEVILLE COMMUNITY HALL	(6,934,489)		6,288,294	(646,195)
LOTTO - SPORT	0	(3,000,000)	392,635	(2,607,365)
CRAFT HUB ESTABLISHMENT	(807,630)		311,828	(495,802)
TOURISM BIRDING ROUTE	(300,000)		130,636	(169,364)
	(10,322,119)	(8,083,000)	8,682,016	(9,723,103)

The HIV and AIDS grant were received during June 2012 and therefore the limited expenditure shown.

National Grants

Balance unspent at beginning of year	21,575,280	19,349,833
Current-year receipts	8,050,000	39,098,000
Conditions met - transferred to revenue	(28,262,804)	(36,872,553)
	1,362,476	21,575,280

Reconciliation of Unspent Conditional Grants

	Opening Balance July 2011	Grants Received 2011/12	Grants Spent 2011/12	Unspent Grants June 2012
URBAN ENVIRONMENTAL MANAGENT PROGRAM (DANIDA)	(131,100)		120,485	(10,615)
MUN IMPR SYS GRANT	0	(800,000)	800,000	0
MUNICIPAL FINANCE MANAGEMENT GRANT	(38,256)	(1,250,000)	1,288,256	0
NDPG PROJECT	(21,405,923)	(6,000,000)	26,054,063	(1,351,861)
	(21,575,280)	(8,050,000)	28,262,804	(1,362,476)

DLG Grants

Balance unspent at beginning of year	1,842,654	2,834,580
Conditions met - transferred to revenue	(135,167)	(991,926)
	1,707,487	1,842,654

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16. Other income		
Ad hoc income	488,230	139,037
Skills levy income	-	124,046
Ambulance fees	443,661	442,017
Tender income	52,561	153,246
Commission on salaries	188,428	147,347
Telephone cost recovered	207,913	157,974
	1,380,793	1,163,667
17. General expenses		
Advertising	973,041	1,091,628
Assessment rates & municipal charges	5,107,054	6,728,443
Auditors remuneration	2,925,529	2,018,762
Bank charges	792,977	662,276
Computer expenses	1,796,359	2,363,111
Consulting and professional fees	3,034,671	6,714,995
Consumables	807,197	1,061,427
Debt collection	-	2,743,294
Entertainment	760,183	505,997
Insurance	2,818,721	2,453,864
Lease rentals on operating lease	5,894,286	8,278,263
Marketing	-	2,841,587
Magazines, books and periodicals	233,288	261,805
Fuel and oil	1,150,853	826,722
Postage and courier	10,368	13,449
Printing and stationery	2,654,849	2,594,941
Promotions	2,074,482	3,392,160
Protective clothing	193,789	912,952
Royalties and license fees	3,621,015	2,276,190
Staff welfare	176,050	187,478
Subscriptions and membership fees	1,421,325	1,296,466
Telephone and fax	3,729,482	4,167,686
Training	746,842	1,970,722
Travel	1,860,191	2,131,845
Campaigns	-	681,430
Office refreshments	382,808	486,061
Workshops	7,114,980	8,867,245
Congresses & Meetings	422,945	504,009
Grant related expenses	2,117,391	16,777,565
External bursaries	413,308	492,000
Donations & grants	472,112	992,462
Catering expenses	2,527,194	1,556,819
Sale of goods - Aircraft fuel	1,349,956	413,976
	57,583,246	88,267,630

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18. Employee related costs

Employee related costs exclusive of Section 57 employees	141,468,141	138,410,255
Medical aid - company contributions	12,566,370	11,510,204
UIF	1,157,801	1,188,621
WCA	1,803,450	1,563,185
SDL	1,772,745	1,774,466
Other payroll levies	2,698,069	2,731,895
Leave pay charge	2,565,817	4,142,851
Post-employment benefits - Pension - Defined contribution plan	28,691,427	27,306,816
Overtime payments	5,078,430	9,073,410
13th Cheques	11,735,255	14,777,634
Car allowance	9,174,893	10,890,088
Housing benefits and allowances	1,270,591	1,133,404
Telephone Allowances	500	500
Standby Allowance	1,820,817	1,904,083
	221,804,306	226,407,412

Remuneration of Municipal Manager

Annual Remuneration	978,092	897,906
Car Allowance	119,784	119,784
Contributions to UIF, Medical and Pension Funds	88,675	83,666
	1,186,551	1,101,356

Remuneration of Chief Finance Officer

Annual Remuneration	593,410	556,417
Car Allowance	122,000	120,000
Contributions to UIF, Medical and Pension Funds	167,500	159,772
Housing Allowance	4,800	4,800
	887,710	840,989

Remuneration of Executive Directors

Annual Remuneration	2,849,073	2,277,043
Car Allowance	372,348	372,348
Contributions to UIF, Medical and Pension Funds	303,377	294,070
	3,524,798	2,943,461

Remuneration of Chief Operating Officer

Annual Remuneration	943,005	894,007
Contributions to UIF, Medical and Pension Funds	46,013	43,746
	989,018	937,753

Total	228,392,383	232,230,971
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19. Remuneration of Councillors		
Executive Mayor	694,124	656,507
Mayoral Committee Members	4,454,813	3,963,438
Speaker	574,916	527,510
Councillors	2,866,775	2,449,887
Councillors' pension contribution	816,447	771,313
	9,407,075	8,368,655
Benefits-in-kind		
The Executive Mayor, Speaker, Chief Whip and Mayoral Committee Members 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. The Executive Mayor and Speaker have full time bodyguards.		
20. Debt impairment		
Debt impairment	93,999	37,761
21. Investment revenue		
Interest revenue		
Bank	2,221,854	6,237,003
22. Depreciation and amortisation		
Property, plant and equipment	22,340,978	16,153,659
Intangible assets	1,261,063	1,045,019
	23,602,041	17,198,678
23. Finance costs		
Council currently do not have any financial leases		
24. Auditors' remuneration		
Fees	2,925,529	2,018,762
25. Contracted services		
Specialist Services	15,883,633	11,747,604
Security services Contract	15,014,886	13,688,494
Facility Contracts	1,642,103	2,330,960
Utility Contracts	3,838,438	2,352,919
Local Economic Development & Growth Development Strategy Contracts	1,335,422	413,887
Other Contracts	5,008,595	6,539,045
	42,723,077	37,072,909
26. Grants and subsidies paid		
Other subsidies		
Grants paid to Local Municipalities	250,000	84,710,637

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27. Cash used in operations

Surplus (deficit)	4,425,113	(114,344,628)
Adjustments for:		
Depreciation	23,602,041	17,198,678
Loss / (Gain) on sale of assets and liabilities	(1,161,731)	(107,092)
Debt impairment	93,999	37,761
Movements in provisions	784,800	143,816
Government grant reserve movement	128,889	240,036
Changes in working capital:		
Inventories	62,491	(259,619)
Receivables from exchange transactions	17,455,064	(13,570,968)
Consumer debtors	(93,999)	(37,761)
Construction of Assets in Progress	(32,053,089)	33,205,456
Payables from exchange transactions	(11,268,265)	33,416,019
VAT	3,465,187	3,324,042
Unspent conditional grants and receipts	(20,946,987)	901,604
	(15,506,487)	(39,852,656)

28 Commitments

Authorized capital and operating expenditure

Unspent conditional grants and receipts

Provincial Grants	9,723,103	10,322,119
National Grants	1,362,476	21,575,280
DLG Grants	1,707,487	1,842,654
	12,793,066	33,740,053

The current unspent conditional grants are all committed funds which still need to be utilized in order to meet the conditions as stipulated in the various government gazettes.

Operating leases - as lessee (expense)

Minimum lease payments due

- Later than one year and not later than five years	7,171,424	7,323,949
- Later than 5 years	-	1,120,720
Less: Future Finance charges	59,547	(21,031)
	7,230,971	8,423,638

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

29. Contingencies

Contingent Liability

The Municipality may be liable for claims instituted against the Municipality by employees who have disputes against the Municipality. The amount is uncertain as an arbitration award has not yet been issued against those claims.

There is currently a dispute between Sedibeng District Municipality and the Gauteng Department of Transport relating to the treatment of VAT on agency services. Council may be liable for an amount of R 34,720,142.

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The 2006 financial year VAT review has not yet been finalized and an amount of R2,6 Million might be recovered from the South African Revenue Service.

Emergency Medical Services is the process of being transferred to the Department of Health whereby unfunded expenditure related to the previous year's might be recoverable which amounts to R 43,694,068.

A change in legislation regarding the treatment of UIF payments relating to Councilors resulted in a possible refund to Council which amounts to R 83,823 for the period.

30. Prior period errors

The correction of the error(s) results in adjustments as follows:

The municipality has done a vat review exercise and revenue relating to prior period was discovered. Corrections in this regard were made which effect the prior periods. License fees were also recalculated based on a VAT ruling pending while previous year creditors were under and over stated and were rectified accordingly.

Statement of changes in net assets

Opening Balance 1 July 2010	247,411,977
License revenue understated	18,594,021
VAT recovery Prior periods	16,573,887
Restated Closing balance 1 July 2010	282,579,886
Surplus (Deficit) for the year 2011	-118,084,260
License revenue understated	6,055,598
Creditors under provided	-2,660,989
Creditors over provided	345,023
Restated Surplus (deficit) for the year 2011	-114,344,628

31. Risk management

Financial risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Interest rate risk

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade receivables. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

32. Going concern

We draw attention to the fact that at 30 June 2012, the Municipality had accumulated surplus of R172,660,370 and that the Municipality's current liabilities exceed its current assets by R10,804,637

In addition SDM has over the last two and a half years implemented a cost containment strategy which purported to place austerity measures within the municipality to save costs. The process is ongoing and the fruits of the outcome has generated a substantial saving in our budget.

Notes to the Annual Financial Statements

Figures in Rand

2012

2011

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

33. Events after the reporting date

A decision was made by the Provincial Department of Health that Emergency Medical Services will return to Province with the target date being March 2012. Based on a consent order obtained from the high court the provincialisation has been re-scheduled to be finalized by the end of August 2012. This will resolve the unfunded portion currently in dispute with the Department of Health.

It has been identified that land is incorrectly registered at the Deeds Office in the name of Sedibeng District Municipality. These properties need to be transferred to their rightful owner, Emfuleni Local Municipality.

34. Unauthorised expenditure

None incurred in reporting period

35. Additional disclosure in terms of Municipal Finance Management Act

PAYE and UIF

Current year subscription / fee	32,104,375	32,270,670
Amount paid - current year	(32,104,375)	(32,270,670)
	-	-

Pension and Medical Aid Deductions

VAT

VAT receivable	1,125,614	4,590,801
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All VAT returns have been submitted by the due date throughout the year.

36. Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The expenses incurred as listed in the appendix "A" have been condoned.

36.1 Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations. The expenses incurred as listed in the appendix "A" have been condoned.

36.2 Declaration of business conducted to close family members of persons in the service of the state

The below table list the awards to close family members of persons in the service of the state and awards to persons in the service of the state.

Notes to the Annual Financial Statements

Figures in Rand

2012

2011

1. Awards to close family members of persons in the service of the state

Company Name	Initials	Surname	Designation and Employee NO.	Relationship with the company	Amount Paid
Panorama Bloemiste CC	CS	Heunes	Senior Accountant Expenditure 17530	Spouse to the Director/ Shareholder	R 6,710.00
Servigyn 13 CC	N	Monga	Senior Technician: IT	Son to the Director/Shareholder	R 31, 981.14

Company Name	ID NO.	Initials & Surname	Current Employer	Amount Paid
Vaal Community Radio NPC	7304290329084	I Honoko	Sedibeng District Municipality	R 20,143.80
	5601017441080	MI Kolokoto	Sedibeng District Municipality	
Mahlake Kabamba Construction and Projects CC	7204015500086	GM Mtembu	Free State Department of Education	R 79, 541.15
Bongani Makhunga Trading Enterprises CC	6705290400082	MM Kubekha	Free State Department of Education	R 12, 491.76
Lelwala Distributors CC	6701200271085	PI Mokoena	Free State Department of Education	R 18,339.45
Tiisetsoand Reuben Trading Enterprise CC	6501095399086	MR Mokele	Free State Department of Education	R 19,820.00
Tiaco Trading CC	72050606088080	PM Lethoba	Free State Department of Education	R 41,405.60

37. Television sets in terms of the Television License Regulations under the Broadcasting act no 4 of 1999, as amended

Description	Number of sets	Period that sets were in entity's possession
Owned television sets	34	32 sets were used for the full year; 2 set were added during the year
Rented or leased television sets	-	
Number of sets donated/ alienated	-	
TOTAL	34	

38. Related party transactions

The Council is rendering information technology services to both Emfuleni and Midvaal local municipalities. Claims towards actual salary expenses have been lodged on a monthly basis whereby the cost incurred for the year was as follow:

Emfuleni Local Municipality R 5,615,823

Midvaal Local Municipality R 1,347,542

Action plan final report 2011-12

SEDIBENG DISTRICT MUNICIPALITY

ANNEXURE "A"

SUMMARY OF AUDIT FINDINGS		RESPONSIBLE CLUSTER AND DEPARTMENT	ACTION	TARGET DATE	PROGRESS TO DATE BY SDM.	FINAL OUTCOME AND INPUT BY AG.
№	Finding					
Emphasis of Matters						
Restatement of corresponding figures						
9	As disclosed in note 32 to the financial statements, the corresponding figures for 30 June 2010 were restated as a result of errors discovered during the 2010-2011 financial year	Finance	Corrective Adjustments were made to Financial Statements	Nov-11	Completed and presented to AG.	
Unauthorised expenditure						
10	As disclosed in note 36 to the financial statements, the municipality incurred unauthorised expenditure of R88,631,829 as a result of exceeding the budget amounts in employee cost and grant expenditure	Finance	A report clarifying the unauthorised expenditure in line with accounting policy was submitted for approval to Council.	Sep-11	Completed and presented to AG.	
Fruitless and wasteful expenditure						
11	As disclosed in note 36 to the financial statements, the municipality incurred fruitless and wasteful expenditure of R1,40,000 because of an event that was organised which was not attended by the delegates	Finance	The matter was resolved by which council was informed about the matter and administrative steps taken in order to limit the fruitless expense. The Municipal Manager approved the expense in line with delegated powers.	Jun-11	Completed and presented to AG.	
Going concern						
12	Note 34 to the financial statements indicate that the Sedibeng District Municipality incurred a net loss of R118,084,260 during the year ended 30 June 2011 and, as of that date, the entity's current liabilities exceeds its current assets by R 62,276,267. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern	Finance	The Municipality implemented cost containment measures in order to rectify the current state of affairs. Austerity measures includes Moratorium of vacancies which was put in place and operational cost cut down to only essential items.	Ongoing	Ongoing and cost containment measures as approved by the MM provided to the AG.	
Report on predetermined objectives						
Presentation of information						
14	The reported information to be included in the annual report was not presented in a simple, accessible format, relevant and useful to the intended user, and/or in accordance with the requirements of paragraph 8 or 28.2 of MFMA circular 11	Office of COO	The February workshop on IDP/SDBIP and Budget shall address all inconsistencies.	Feb-12		
Usefulness of information						
15	The reported performance information was deficient in respect of the following criteria: Measurability: Some key performance indicators were not well define, for some the targets were not specific and/or not measurable Consistency: There were some indicators identified in the IDP but were not included in the SDBIP	Office of COO	The February workshop on IDP/SDBIP and Budget shall address all inconsistencies.	Feb-12		
Reliability of information						

Action plan final report 2011-12

16	<p>The reported performance information was deficient in respect of the following criteria:</p> <p>Validity: For some of the reported performance indicators, no evidence was supplied in validation of the results reported</p> <p>Accuracy: The action plans for the achievement of targets were not clear, precise and understandable.</p> <p>Completeness: The actual results obtained were unclear and not easy to conclude as per the annual performance report</p>	Office of COO	The February workshop on IDP/SDBIP and Budget shall address all inconsistencies.	Feb-12		
Compliance with laws and regulations						
Procurement and contract management						
17	Goods and services with a transaction value above R200,000 were not procured by means of a competitive bidding process and the deviation was not approved by the accounting officer or his delegate in accordance with the Supply chain Management (SCM) policy as per the requirement CM regulations 12(1)(d) and 36(2)	Supply Chain Management	The Supply Chain Management Policy of SDM has been reviewed to include the process that must be followed for condonation of expenditure. This will only be done where it is impractical to follow normal supply chain processes.	6/30/2012	Ongoing	
18	Goods and services with a transaction value of R10,000 to R200,000 were procured without inviting at least three written price quotations as per the requirement of SCM regulation 12(1)(c)	Supply Chain Management	If it is not possible to obtain three quotations, the reasons must be recorded and approved by the Director: Supply Chain Management Unit, who will, three days of the end of the month, report to the Chief Financial Officer on any approvals given during that month in this regard. In the case of Formal Written Quotes, which are advertised on the notice board and the website of the municipality, no additional quotations need to be obtained should the number be less than three.	6/30/2012	Ongoing	
19	Deviations from the prescribed procurement processes were not disclosed in the notes to the annual financial statements as per the requirement of SCM Regulation 36(2)	Supply Chain Management / Finance	Corrective adjustments were made to the notes in the Financial Statements	Nov-11	Completed and presented to AG.	
20	Awards to persons in the service of the state as well as to persons in the employ of the municipality were made in contravention of regulation (44) of the SCM regulation	Supply Chain Management	Verification exercise on the employees database can be done on quarterly basis, however this must be outsourced. The cost for this project will be R 150 000 per report. Budget was made available for this prior to the next audit.	4/30/2012		
Annual financial statements, performance and annual reports						
21	Contrary to requirements of section 122(1) of the MFMA the financial statements submitted for audit on the 31 August 2011 did not fairly present the state of affairs of the entity as at end of the financial year. These statements were subject to material amendments as a result of the audit	Finance	Misstatements were made as a direct result of a dispute currently with the Department of Transport on the treatment of VAT on agency fees received which need to be resolved by end February 2012	Feb-12	Ongoing	
Internal control						
Leadership						
23	Exercising of oversight responsibility regarding financial and performance reporting and compliance and related internal controls was not done	MM & ED's	Evaluation report to be tabled before the Council at its meeting to be held in January 2012 and before the Audit Committee on 11-13 January 2012	Jan-12	In progress	
Financial and performance management						

Action plan final report 2011-12

24	No regular review and monitoring were done on compliance with laws and regulations	MM & ED's	Plan to be developed for endorsement by the MANCO in January 2012	23-Jan	In progress	
25	No proper implementation of controls over daily and monthly processing of transaction and reconciling of transactions	Finance	Reconciling of licensing income are done on a daily basis whereby deposits outstanding at month-end need to be taken into account on the general ledger. Previously it was done on receipt of money in the bank account. No interface in place between the NATIS (Licensing system) and VENUS (Financial system)	Dec-11	Ongoing	
Governance						
26	The implementation of appropriate risk management activities to ensure that regular risk assessments, including consideration of IT risks and fraud prevention, were not conducted and that a risk strategy to address the risks was not developed and monitored	COO	The final Strategic Risk Register was finalised on 11 January 2012	Jan-12	Completed and presented to AG.	

Progress Report on Action Plan on AG Report for 1011

HIGH LEVEL EXECUTIVE SUMMARY ON THE CONSOLIDATED ACTION PLANS ON AUDITOR GENERAL'S REPORTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

5/16/1/2

Cluster: Finance
Portfolio: Financial Management

PURPOSE

The purpose of this report is to provide a consolidated update on the action plans for the financial year ended 30 June 2011, in relation to the Auditor General's Reports on the Regularity Audit and Audit of Performance Information performed at Sedibeng District Municipality and the three Local Municipalities as received from the Auditor General's Office.

BACKGROUND

The reports of the Auditor-General pertain to the Financial Statements and results of the Performance Measurement of Sedibeng District area for the year ended 30 June 2011. The reports are submitted in terms of section 21(1) of the Public Audit Act, 2004 (Act No. 25 of 2004) read in conjunction-with section 188 of the Constitution of the Republic of South Africa, 1996.

In terms of section 127 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) the accounting officer of a municipality must within six months after the end of a financial year, or on such earlier date as may be agreed between the entity and its parent municipality, submit the entity's annual report for that financial year to the Municipal Manager of the entity's parent municipality. Section 127(2) of the MFMA requires that the Mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control. If section 127(2) is not complied with cognizance should be taken of section 127(4) regarding the submission of the financial statements and audit report by the Auditor-General to the prescribed stakeholders.

In terms of section 121(3) and (4) of the MFMA Sedibeng District Municipality and its Locals must publish the attached audit report(s) as part of the annual report.

DISCUSSION

1. The audit opinions on the audits conducted over the past 5 financial periods in our region are stated as follow:

Auditee	Audit outcome 2010/2011	Audit outcome 2009/2010	Audit outcome 2008/2009	Audit outcome 2007/2008	Audit outcome 2006/2007
Sedibeng District Municipality	Financially unqualified with findings	Financially unqualified with findings	Financially unqualified with findings	Financially unqualified with findings	Financially unqualified with findings
Midvaal Local Municipality	Financially unqualified with findings	Financially unqualified with findings	Financially unqualified with findings	Financially unqualified with findings	Financially unqualified with findings
Emfuleni Local Municipality	Qualified	Qualified	Qualified	Disclaimer	Disclaimer
Lesedi Local Municipality	Financially unqualified with findings	Financially unqualified with findings	Financially unqualified with findings	Financially unqualified with findings	Financially unqualified with findings

2. Auditor General's Dashboard Reports – Drivers of Internal Controls to achieve clean audit in the region.

The following areas in the reports need to be addressed in order to improve on the internal controls:

a. Sedibeng District Municipality

i. Implement effective HR management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored.

Actions required/performed: The performance evaluation of section 57 and other staff should be available.

ii. Implement appropriate risk management activities to ensure that regular risk assessments, including consideration of IT risks and fraud prevention, are conducted and that a risk strategy to address the risk is developed and monitored

Actions required/performed: The risk Strategy Policy Framework was adopted by Council. Audit committee

Progress Report on Action Plan on AG Report for 1011

charter amended to fulfill the role of the risk and Performance committee as a function of assessment.

b. Midvaal Local Municipality

- i. Implement effective HR management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored

Actions required/performed: In progress to implement performance management for all staff

- ii. Develop and monitor the implementation of action plans to address internal control deficiencies

Actions required/performed: 1. The following internal control deficiencies were noted during inventory count conducted.

1.1. The inventory count was not properly conducted by the management, no controls in place to ensure that the count was accurate

1.2 Not proper controls in place over the issuing of stock (cables)

1.3 No proper controls implemented over the sewer storage, as we have noted that it left unattended during the inventory count.

- iii. Implement controls over daily and monthly processing and reconciling of transactions

Actions required/performed: 1. The following internal control deficiencies were noted during inventory count conducted.

1.1. The inventory count was not properly conducted by the management, no controls in place to ensure that the count was accurate

1.2 Not proper controls in place over the issuing of stock (cables)

1.3 No proper controls implemented over the sewer storage, as we have noted that it left unattended during the inventory count.

- iv. Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information

Actions required/performed: 1. The following internal control deficiencies were noted during inventory count conducted.

1.1. The inventory count was not properly conducted by the management, no controls in place to ensure that the count was accurate

1.2 Not proper controls in place over the issuing of stock (cables)

1.3 No proper controls implemented over the sewer storage, as we have noted that it left unattended during the inventory count.

- v. Review and monitor compliance with applicable laws and regulations

Actions required/performed: There is no creditors ageing analyses in place, however upon the inspection we have noted that there is an excel spreadsheet prepared by the management that is used to record the date of the invoice received and the date of the invoice paid.

c. Emfuleni Local Municipality

i.

ii.

d. Lesedi Local Municipality (3rd quarter review as 4th quarter not yet finalized)

- i. Implement effective HR management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored

Actions required/performed: The municipal manager & 3 Executive managers positions are already advertised with a possible date for filling them 30 June 2012

- ii. Develop and monitor the implementation of action plans to address internal control deficiencies

Actions required/performed: No action specified

- iii. Establish an IT governance framework that supports and enables the business, delivers value and improves performance

Actions required/performed: DRP in place but not tested. Test to be performed by end of May 2012

- iv. Design and implement formal controls over IT systems to ensure the reliability of the systems and the availability, accuracy and protection of information

Actions required/performed: An update of the network policy and user management procedures to include the review and access rights. To be addressed end of May 2012

Progress Report on Action Plan on AG Report for 1011

v. Implement appropriate risk management activities to ensure that regular risk assessments, including consideration of IT risks and fraud prevention, are conducted and that a risk strategy to address the risks is developed and monitored

Actions required/performed: Development of risk strategy has been an initiative between municipality and Treasury, that's far a draft document is in place awaiting approval by council by end of May 2012. A review of the risk assessment by council to happen end of May 2012.

3. AG Progress action plans in the region

The attached Annexure "A" – Sedibeng District Municipality, Annexure "B" – Midvaal Local Municipality and Annexure "C" – Emfuleni Local Municipality provides a progress report on the actions taken to remedy the audit findings as indicated in the various audit reports.

Lesedi Local Municipality

No action plan was presented to the Department of Local Government from the Lesedi Local Municipality. Assistance is currently provided to Lesedi by Local Government in order to compile an action plan.

ALIGNMENT WITH COUNCIL STRATEGIES

Good Governance.

FINANCIAL IMPLICATIONS

None

LEGAL IMPLICATIONS

None

RECOMMENDATIONS

1. THAT the reports on the action plan relating to the Auditor General's Audit Report on the Regularity Audit and Audit of Performance Information for the financial year ended 30 June 2011 performed at Sedibeng District Municipality, Emfuleni Local Municipality and Midvaal Local Municipality be noted for information purposes.
2. THAT it be noted that the Department of Local Government is currently assisting Lesedi Local Municipality in drawing up an action plan for execution.



Annual Report

Sedibeng District Municipality

2011

2012

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