



# Annual Report 2016/17

EXTRACT OF THE MINUTES OF THE 103<sup>RD</sup> ORDINARY COUNCIL MEETING HELD ON 24 JANUARY 2018

"A1744

FINAL ANNUAL REPORT: 2016/17 FINANCIAL YEAR

(15/1/8/1/1)

Office of the Municipal Manager

RESOLVED

1. THAT the contents of this report with the attached Annexures, be hereby approved.
2. THAT the Accounting Officer be hereby authorized to submit the Final Annual Report 2016/17 to SDM's Municipal Public Accounts Committee, Cooperative Governance and Traditional Affairs (CoGTA), Provincial and National Treasury Departments and the Auditor General."

\* \* \* \* \*

It is hereby certified that this is a true extract from the minutes of a meeting of the Sedibeng District Municipality:

Council held on: 24 JANUARY 2018  
Signed by: R. MHLWATIKA  
Designation: DIRECTOR  
Legal And Support Services



# Sedibeng District Municipality

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Annual Report 2016/17



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## CHAPTER 01:

### INTRODUCTION, EXECUTIVE MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

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#### INTRODUCTION

According to the Municipal Finance Management Act, Act 56 of 2003, (MFMA), a municipality is required to prepare an Annual Report for each financial year. In addition, Section 46 (1) of the Municipal Systems Act, 32 OF 2000 also provides that an Annual Performance Report be prepared by the Municipality for each financial year, indicating the performance of the municipality against the set targets and in comparison with the previous year; and that this report must form part of the Annual Report.

This Annual Report, which started on the 1 July 2016 and ended 30 June 2017; is prepared in compliance with Section 121 (2) of the Municipal Finance Management Act, 56 of 2003; whose purpose is:

- To provide a record of activities of the municipality during the financial year to which the report relates
- To provide a report on performance against the budget of the municipality for that financial year
- To promote accountability to the local community for the decisions made throughout the year by the municipality

Therefore, this Annual Report 2016/2017 includes:

- The Municipal Annual Performance Report;
- The Annual Financial Statements of the Municipality;
- The Auditor General's report on municipal performance measures and financial audit report. These will also include any corrective measures taken by the municipality on issues raised in the audit report.

Section 127(2) dictates that the Executive Mayor of a Municipality tables to Council the Annual Report within seven months after the end of the financial year table; after which the Accounting Officer must publicise the Report to the and invite comments from members of the community. Subsequent to public comments/inputs, Council must, in an open meeting, consider the Annual Report with all comments/inputs submitted by members of the community and state organs.

We therefore take this opportunity to present the Annual Report 2016/2017

#### **COMPONENT A: Executive Mayor's Foreword:**



Cllr. Busisiwe Modisakeng

### OUR VISION:

“Sedibeng District Municipality envisages building towards a developmental Metropolitan River City of Choice”

### OUR MISSION:

“Sedibeng District Municipality strive to promote and sustain Integrated Service Delivery that enhances and supports the Municipality to achieve growth and development for its community”.

The municipality will continuously ensure that our Vision and Mission is achieved through implementation of the following sets of Strategic Objectives.

- Efficient and effective Integrated Services that addresses the socio- economic and environmental development imperatives of the Region;
- Prudent and Cost effective Financial Management and Sustainability;
- Good Governance and sound management practices; and
- Effective Service Delivery.

### OUR ALIGNMENT WITH NATIONAL AND PROVINCIAL PRIORITIES:

The municipality has adopted both the 2<sup>nd</sup> SGDS and IDP to provide strategic thrust of the overall direction of the region. Our Council seven pillars as part of our programme of action and these are as follows;



These key pillars are part of our efforts to ensure that our plans are aligned to National, Provincial key plans and policies namely; National Development Plan(NDP 2030) and Gauteng Ten Pillars Transformation, Modernisation and Re-industrialisation( TMR), SPLUMA and many more key strategic guides.

### OUR PUBLIC PARTICIPATION PROCESS:

3

Public Participation in Sedibeng has been cornerstone of our democracy and we will continue to work closely with our communities so that they participate actively and hold us accountable as public representatives. This will also provide us with an opportunity to know their daily challenges and be in a position to apply proper planning to overcome those challenges timeously.

The municipality has managed to implement and achieved the following during public participation process;

- Hosted three IDP and Budget stakeholders engagement and one State of the District Address (SODA).
- Since January 2017 we have successfully managed to host six (6) Service Delivery Outreach Programmes; Five (5) in Emfuleni Local Municipality and one (1) in Lesedi Local Municipality; during which the community members were assisted with various government services that they need. Twenty two (22) Government Departments are part of the District Task Team and Outreach Programmes including our Locals
- We have also established well-oiled and functional War-rooms in all our municipalities which will enable us to respond to service delivery backlogs in the district in collaboration with Gauteng Premiers Office and Government Sector departments.

We will remain true to the course in order to strive towards fighting scourge of poverty, underdevelopment and the historical legacy of neglect and commit ourselves even beyond the term of office of any elected political office-bearer or top management official. This clearly qualifies the fact that 'development is not

an event but a process' which requires multiple resources and effective leadership. I have no doubt that this will be a useful document for Councillors, Staff and Stakeholders as we will continuously make effort to improve our services to the people of Sedibeng District Municipality.

## **OUR KEY SERVICE DELIVERY IMPROVEMENTS:**

Vision 2030, as outlined in the National Development Plan (NDP), states that "If we are to address the triple challenges of poverty, inequality and unemployment, a state is needed that is capable of playing a transformative and developmental role. This requires well-run and effectively coordinated state institutions, staffed by skilled public servants who are committed to the public good and capable of delivering consistently, high-quality services for all South Africans, while prioritising the nation's developmental objectives."

Through our Service Delivery and Budget Implementation plan (SDBIP) 2016/17, we have continued to provide progress reports against our plans and objectives as set out in our GDS and IDP. This is in line with the Batho Pele principles, which serve to ensure effective and efficient service delivery by putting 'People First'.

The following are some of the key successes and achievements by Sedibeng District Municipality in 2016/17 financial year;

- Working together with the private sector, provincial and national government, we empowered and capacitated entrepreneurs, civil society structures, business and SMMEs in various projects and ventures. Sixty (60) SMMEs benefited from the Coca-Cola initiative to hand over infrastructure for informal traders.
- In an effort to eradicate poverty 43 EPWP contract workers were absorbed into full time employment.
- Sedibeng has established a District AIDS Council to monitor progress regarding the implementation of HIV&AIDS programmes.
- Majority of our people throughout Sedibeng have an improved access to Primary Health Care facilities. This has contributed to the current 85% TB cure rate experienced and the general improvement of the health status of our people throughout our district.
- In partnership with Department of Infrastructure Development (DID) and National Youth Services (NYS) over 100 students were given an internship.
- In order to ensure a skilled workforce 71 low level employees were enrolled in a technical matric programme; and they have undergone their first trimester examinations and managed to achieve a resounding 95 % pass rate.
- A service provider has been appointed through competitive bidding to take employees through a financial planning programme and as a result our garnishee book has significantly reduced by almost 80%.
- Through an intensive EAP programmes we have stabilised the Psycho-socio-economic ills that beset our employees.
- Through a sound relationship with labour unions we have stabilised the workplace relations and to date we have not encountered any workplace disruptions.



## **OUR FUTURE ACTIONS:**

A major key requirement for the implementation of development proposals in Sedibeng jurisdiction is the upgrading and implementation of the Sedibeng Water & Sanitation scheme.

The Sedibeng District Municipality and Rand Water has therefore prepared a feasibility study which assesses the proposed improvements on the existing and new sanitation services in the Sedibeng District Municipality which will eventually unlock service delivery backlog and provide job opportunities.

### **Sedibeng Green Economy and Agrotopolis:**

Gauteng Provincial Government has identified Sedibeng as future food basket and agri-business hub that will supply the entire province. Some of these flagship projects will be led by municipalities and in collaboration with the province and private sector through Public Private Partnership initiative. This development initiative is government-led rather than be left to farming communities and be in a structural manner of approach to rural development in the region in order to stimulate economic growth in this sector.

### **Sedibeng Fresh Produce Market Precinct:**

The implementation of the Sedibeng Fresh Produce Market Area includes the redevelopment, refurbishment and extension of the catalyst project; the Vereeniging Fresh Produce Market (VFPM) which is one of the Provincial and District government's priority projects. This project will include the upgrading and expansion of the existing facilities infrastructure and institute additional institutional changes which will result in the better and more effective functioning of the facility.

This will be of specific assistance to Small, Micro and Medium Enterprises (SMMEs) who currently need to travel to Johannesburg to get similar goods directly from producers. As a result, the entire Precinct can be gradually developed and grown into a viable node which aids in the income generation, wealth accumulation and social upliftment to the area and those whom reside in it.

## **PARTNERSHIP AND AGREEMENTS**

Sedibeng has entered into partnership with Coca-Cola to manage and improve the infrastructure of Bophelong Youth Centre. The company deployed its staff members to do the painting inside and out of the centre and also provided the furniture.

Sedibeng is partnering with Gauteng Infrastructure Fund Agency (GIFA) and International Donor Funding Institutions for the implementation our mega projects identified by both Sedibeng District Municipality and Local Municipalities within its jurisdictions.

## **POWERS AND FUCNTIONS**

Sedibeng District Municipality is gearing itself to assume the Section 84 (1) Powers and Functions subject to approval and acceleration of a review process by Gauteng Provincial Government through MEC of COGTA and National Minister (COGTA) which will enable the district to assume its responsibility by doing some and or all of the following;

- a) Integrated development planning for the district municipality as a whole, including a framework for
- b) Integrated development plans of all municipalities in the area of the district municipality.
- c) Portable water supply systems.
- d) Bulk supply of electricity, which includes for the purposes of such supply, the transmission, distribution and, where applicable, the generation of electricity.
- e) Domestic waste-water and sewage disposal systems.
- f) Solid waste disposal sites, in so far as it relates to-
  - The determination of a waste disposal strategy;
  - The regulation of waste disposal;
  - The establishment, operation and control of Waste disposal sites, bulk waste transfer facilities and waste disposal facilities for more than one local municipality in the district.

We can only hope that the Powers and Functions are given an attention it deserves and be accelerated so as to enable us to improve provision of services to our communities of Sedibeng.

### **CONCLUSION:**

I remain committed to working together with my Mayoral Committee, the whole Council and the Municipal Administration in realising our vision and making it a practical reality. We are positive that Sedibeng District Municipality's future holds the promise of a better managed and financially viable institution which delivers excellent services to the communities.

I hope and trust that every reader who studies this report from a balanced and fair perspective will concur with this impression. It is our responsibility as the Executive Members of Sedibeng District Municipality to indeed perform to the best of its ability in addressing the backlogs of all services. We will do this because this is a mandate as enshrined in our Constitution. We are compelled to do the above irrespective of the limited resources at our disposal.

Signed by: \_\_\_\_\_

**Cllr. Busisiwe Modisakeng**  
**SEDIBENG DISTRICT MUNICIPALITY: EXECUTIVE MAYOR**

## **COMPONENT B: Executive Summary:**

### **1.1 Municipal Manager's Overview:**



**Mr. S Khanyile**

#### **BACKGROUND:**

This report comes at the time when Sedibeng District Municipality had made changes to its senior leadership in the 2016/17 financial year. To this end, as the newly appointed Municipal Manager and Accounting Officer in Sedibeng District Municipality, I am very grateful to be part of the institution with a rich historic background and looking forward to have great journeys ahead.

I also would like to thank the out gone political leadership and Administrative team who achieved so much with little resources and for ensuring that the business of the municipality does not become stagnant and continues as usual so that the needs of our people can be fulfilled.

It is my greatest pleasure to report and give highlights of how the municipality is performing in relation to its expected mandate, adopted plans and rolling out implementation of programmes and projects that were well justified in the budget endorsed by Council.

#### **OUR ALIGNMENT WITH COUNCIL PRIORITIES:**

Notwithstanding the good work we have done in collaboration with other spheres of government and clear alignment we had with regard to their priorities, our performance achievements in this annual report remain part of the progress made against ongoing 2<sup>nd</sup> Sedibeng Growth and Development Strategy and Integrated Development Plan 2012/17.

During the year 2012, our Council reaffirmed both our 2<sup>nd</sup> SGDS and IDP pillars as part of our programme of action. These pillars, have over the past years, remained the heartbeat and cardinal point in the strategic and operational direction of this municipality. During the review of the IDP 2016/17, the municipality developed clear strategies and targets from these pillars that are linked to a number of deliverables which are detailed in Service Delivery and Budget Implementation Plan (SDBIP) as the implementation mechanisms for service delivery. These pillars are as follows;

- *Reinvent the Economy*
- *Renew our Communities*
- *Reviving the Environment*
- *Reintegrating our Region*
- *Releasing Human Potential*
- *Good and Financially Sustainable Governance*
- *Vibrant Democracy*

The administrative team work and political guidance from our principals of this municipality have made significant contribution towards the incremental achievement of our overarching and strategic goals buttress underpinned by these pillars which I am glad and honoured to report the details as set out in the number performance targets as contained in this annual report.

### **OUR SERVICE DELIVERY:**

In the context of this financial year with regard to service delivery, there is ongoing political debates and discussions between the District and local municipalities with other spheres of government about the powers and functions which will come back to it later. The national government has introduced the MSCOA reforms initiative in order to strive towards making municipalities viable and accountable and as such; we have made efforts to ensure that we comply with the interventions that will help us to promote efficiency and accountability at our level.

However, as we are regarded as category (C) Municipality, the SDM is and remains an institution responsible for the following;

- Developing the Sedibeng region (Local Economic Development) and facilitating developments
- Responsible for perform certain functions such as:
  - Registration and Licensing
  - Environment
  - Heritage which includes management of our Halls, theatres, monuments and museums

- Disaster Relief
- Management of Taxi Ranks
- Aerodromes
- Planning, co-ordination and provision of support to our local municipalities (Emfuleni, Midvaal and Lesedi)

### **Review Powers and Functions:**

The discussion about powers and functions is relevant because it is not only looking at the appropriateness, location and capacity but it is about fundamentally re-configure distribution of resources for efficient and effective service delivery in a more integrated and seamless way. It addresses structural and operational mechanisms that to date have affected the efficacy, viability and functionality of the current two- tier local government system wherein District and Local municipalities co-exist within the same geographic/ jurisdictional boundary .

The current set up with existing practices of powers and functions have produced overlaps and failure to optimize insufficient resources a district municipality can access within the current dispensation and to this extent, Sedibeng District Municipality is now forced to initiate austerity measures and re-examine some of its policies and practices as resources come under extreme pressure.

The reviewed Powers and functions will enable us to claim and acquire improved equitable shares that will put us in a position to provide improved quality services to our communities. Through this provision, the municipality will be able to make environment conducive for economic opportunities which will attract investment and ultimate reduction of high levels of inequality, poverty and unemployment in the district.

### **Shared Service Model**

We will continue to work quite closely with our local municipalities including promoting shared Services on Internal Audit, Legal Services and ICT. Our District Municipality is interacting with other spheres of government in order to address the issue of low revenue base and the reduced equitable share allocation against the 7% (ICS) for employees. A part of the implementation of the Shared Services model we will pursue the following approach of analysing service bundles business objective and constraints

- Select appropriate shared service model along scale and scope dimensions
- Assessment against business drivers
- Finalize shared service organization structure
- In-source / Outsource & location decision
- Decide pace implementation
- Develop Business Case and Implementation Plan
- Establish Shared Service Governance Structure.
- Roll out Shared Services organizations that will Manage Organizational Change.

### **OUR FINANCIAL VIABILITY:**

The financial viability of Sedibeng District Municipality is under constant threat and this is informed by two fundamental considerations facing municipalities in general and Sedibeng District Municipality in particular. The rating agencies have downgraded our economy out of the investable grading, which puts the whole economy under tremendous pressure of low economic outlook that is predictably going to be

sustained in both the short to medium term. Economic growth forecast is around 0.8% and this GDP growth has devastating consequences for municipal equitable share which it is anticipated that it will not grow with more than 0.8% projected.

The net effect of the above mentioned outline is that, the cost of running operational and capital expenditure far exceed the municipal equitable share allocation to provide and deliver much needed services more so for District Municipalities who are grant dependent. Cost of consumables, material, cost of human capital is always at Consumer Price Index (5.4%) and more, whereas the growth of equitable share is at the economic growth forecast of 0.8%. The simple arithmetic tells a concerning picture for sustainability, functionality and viability of municipalities in general, especially district municipalities such as Sedibeng District, which are grant dependent, to fulfil their mandate hence powers and functions debate is crucial for two tier local government system.

Over the last eight (8) years, as a result of the depressed economic growth outlook, inflationary pressures and the downgrade status of our economy, National Treasury downscaled and implemented austerity measures which resulted in the reduction of main source of revenue for district municipalities namely the equitable shares. During the same period, the main source of revenue for district municipalities in Gauteng, the Regional Services Council Levies (RSC Levies), had been repealed and this further constraint and restricted the revenue generating capacity of the district municipality. District municipality with the current powers and functions in Gauteng province, therefore has limited means to generate own revenue and in this way ease the pressure and total dependence/ reliance on the national fiscus for allocation.

Financial viability of Sedibeng District Municipality, given the incongruence between growth of equitable share and the CPI level as well as overall cost structure of the municipality, is not sustainable to be able to fully meet its obligations and fulfil its mandate. The municipality has put cost containment measures in place whereby departments needs to put proper plans that are in line with the budget during the planning process. This therefore calls upon all of us to be prudent in financial expenditure and to strengthen our internal control. The cost containment are a short term solution for now because a time is coming where there would be no “excess” to cut in the operational and capital cost which would have been eroded by disparity between growth in the equitable share and the actual cost of running a viable municipality.

### THE JOURNEY CONTINUES:

With the Council having adopted the (5) years IDP 2017/21 in May 2017, it is very clear that as a caring municipality that we shall continue to embark on our Mission *“To promote and sustain Integrated Service Delivery that Enhances and Support the municipality to achieve growth and development for its community”* in our many journeys ahead.

To achieve the above municipal mission; we shall continue to plan and engage with other spheres of government and stakeholders in respect of developmental areas that will enable all of us to ensure that meet the needs and expectations of our communities.

### Our Move towards Single Authority continues

As included in both our strategic plans; 2<sup>nd</sup> SGDS and our recently adopted IDP 2017/21, the work towards achieving the move to single authority remains important and relevant to the municipality covering the period 2017/21. The current political leadership and newly appointed Governance Administration team have so far been working tirelessly to ensure that the move will at the end of the five years journey becomes a reality. Part of the key activities that the municipality has started undertaking is the review of Powers and Functions of the district with the view of having the district being able to provide bulk services where necessary.

## CONCLUSION:

The Sedibeng District Municipality has made all efforts to ensure that this 2016/17 Annual report is in line with legislative requirements, respond to national and provincial priorities and plans; and does represent progress made against SGDS and IDP. We therefore take pride of presenting this document to our stakeholders and communities at large.

Thank You!

Yours in Good and Financially Sustainable Governance,

Signed by: \_\_\_\_\_

**Mr. Stanley Khanyile**  
**SEDIBENG DISTRICT MUNICIPALITY: MUNICIPAL MANAGER**

## 1.2 Municipal Functions, Population and Environmental Overview

### 1.2.1 MUNICIPAL FUNCTIONS:

Section 155 of Constitution of the Republic of South Africa, Act 108 of 1996 establishes Sedibeng District Municipality, as a category C municipality and must provide the following powers and functions, as dictated by Section 84 (1) of the Municipal Structures Act, 117 of 1998:

- (a) Integrated development planning for the district municipality as a whole, including a framework for integrated development plans of all municipalities in the area of the district municipality.
- (b) Potable water supply systems.
- (c) Bulk supply of electricity, which includes for the purposes of such supply, the transmission, distribution and, where applicable, the generation of electricity.
- (d) Domestic waste-water and sewage disposal systems.
- (e) Solid waste disposal sites, in so far as it relates to -
  - (i) The determination of a waste disposal strategy;
  - (ii) The regulation of waste disposal; and
  - (iii) The establishment, operation and control of waste disposal sites, bulk waste transfer facilities and waste disposal facilities for more than one local municipality in the district.
- (f) Municipal roads which form an integral part of a road transport system for the area of the district municipality as a whole.
- (g) Regulation of passenger transport services.
- (h) Municipal airports serving the area of the district municipality as a whole.
- (i) Municipal health services.
- (j) Fire fighting services serving the area of the district municipality as a whole, which includes-
  - (i) Planning, co-ordination and regulation of fire services;
  - (ii) Specialised fire fighting services such as mountain, veld and chemical fire services;
  - (iii) Co-ordination of the standardisation of infrastructure, vehicles, equipment and procedures;



- (iv) Training of fire officers.
- (k) The establishment conduct and control of fresh produce markets and abattoirs serving the area of a major proportion of the municipalities in the district.
- (l) The establishment conduct and control of cemeteries and crematoria serving the area of a major proportion of municipalities in the district.
- (m) Promotion of local tourism for the area of the district municipality.
- (n) Municipal public works relating to any of the above functions or any other functions assigned to the district municipality.
- (o) The receipt, allocation and, if applicable, the distribution of grants made to the district municipality.
- (p) The imposition and collection of taxes, levies and duties as related to the above functions or as may be assigned to the district municipality in terms.

However, the following functions were adjusted by the MEC for Local Government to be performed by the Local Municipalities:

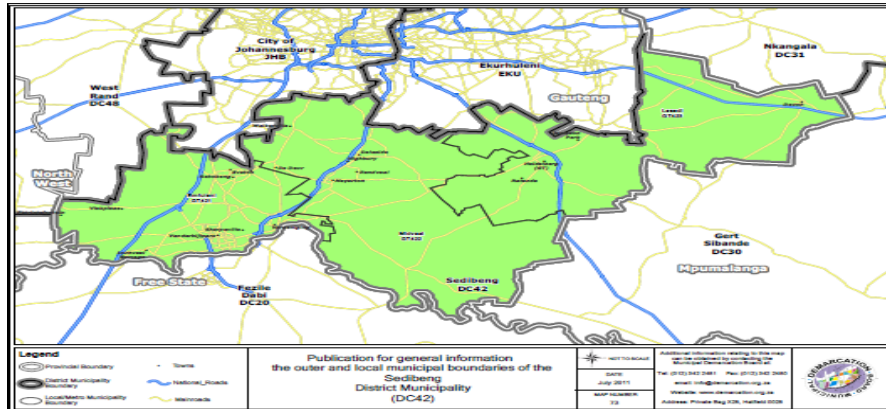
- (a) Bulk supply of electricity, which includes for the purposes of such supply, the transmission, distribution and where applicable, the generation of electricity.
- (b) (Domestic waste-water and sewage disposal systems.
- (c) Solid waste disposal sites, in so far as it relates to-
  - (i) The determination of a waste disposal strategy;
  - (ii) The regulation of waste disposal; and
  - (iii) The establishment, operation and control of waste disposal sites, bulk waste transfer facilities and waste disposal facilities for more than one local municipality in the district.
- (d) Municipal roads which form an integral part of a road transport system for the area of the district Municipality as a whole.
- (e) Firefighting services serving the area of the district municipality as a whole, which includes-
  - (i) Planning, co-ordination and regulation of fire services
  - (ii) Specialised fire fighting services such as mountain, veld and chemical fire services;
  - (iii) Co-ordination of the standardisation of infrastructure, vehicles, equipment and procedures;
  - (iv) Training of fire officers.
- (1) The establishment, conduct and control of cemeteries and crematoria serving the area of a major proportion of municipalities in the district.
  - Municipal public works relating to any of the above functions or any other functions assigned to the district municipality.
  - The imposition and collection of taxes, levies and duties as related to the above functions or as may be assigned to the district municipality in terms of national legislation.

### About Sedibeng Region:

Sedibeng District Municipality (SDM) is regarded category C. The municipality covers the entire southern part of Gauteng Province and consists of three local municipalities: Emfuleni, Midvaal and Lesedi. Towns within these municipalities include Vereeniging, Vanderbijlpark, Meyerton and Heidelberg. Townships include Evaton, Sebokeng, Boipatong, Bophelong, Sharpeville and Ratanda.

The district is surrounded by the following municipalities;

- City of Johannesburg to the North;
- Ekurhuleni (East Rand) to the North-East;
- Delmas Local Municipality to the East;
- Metsimaholo Local Municipality to the North of Free State
- Merafong City of North West



Source: Municipal Demarcation Board

The eastern areas of the district are mainly agricultural or rural. The main urban areas are Vereeniging and Vanderbijlpark, as well as the Evaton / Sebokeng residential complex, are concentrated in the western part of the district, in Emfuleni. Smaller urban concentrations are found in Meyerton, in Midvaal, and in Heidelberg / Ratanda in Lesedi.

The Vaal River on the southern border of Sedibeng constitutes one of the most important sources of water in South Africa. Water from the river meets the residential, industrial and agricultural needs for much of Gauteng.

The River is also a key supplier of other tributaries located in Mpumalanga, the Free State, North West and the Northern Cape. Construction of the Vaal Dam was completed in 1938 but its capacity was later extended during the 1950s.



The tourism town of Vaal Marina is located on the banks of the dam in the Midvaal Local Municipality. Development of irrigation farming, tourism and agro-processing industries are of central importance to Sedibeng, especially in the Midvaal and Lesedi municipal areas.

### 1.2.3 POPULATION PROFILE:

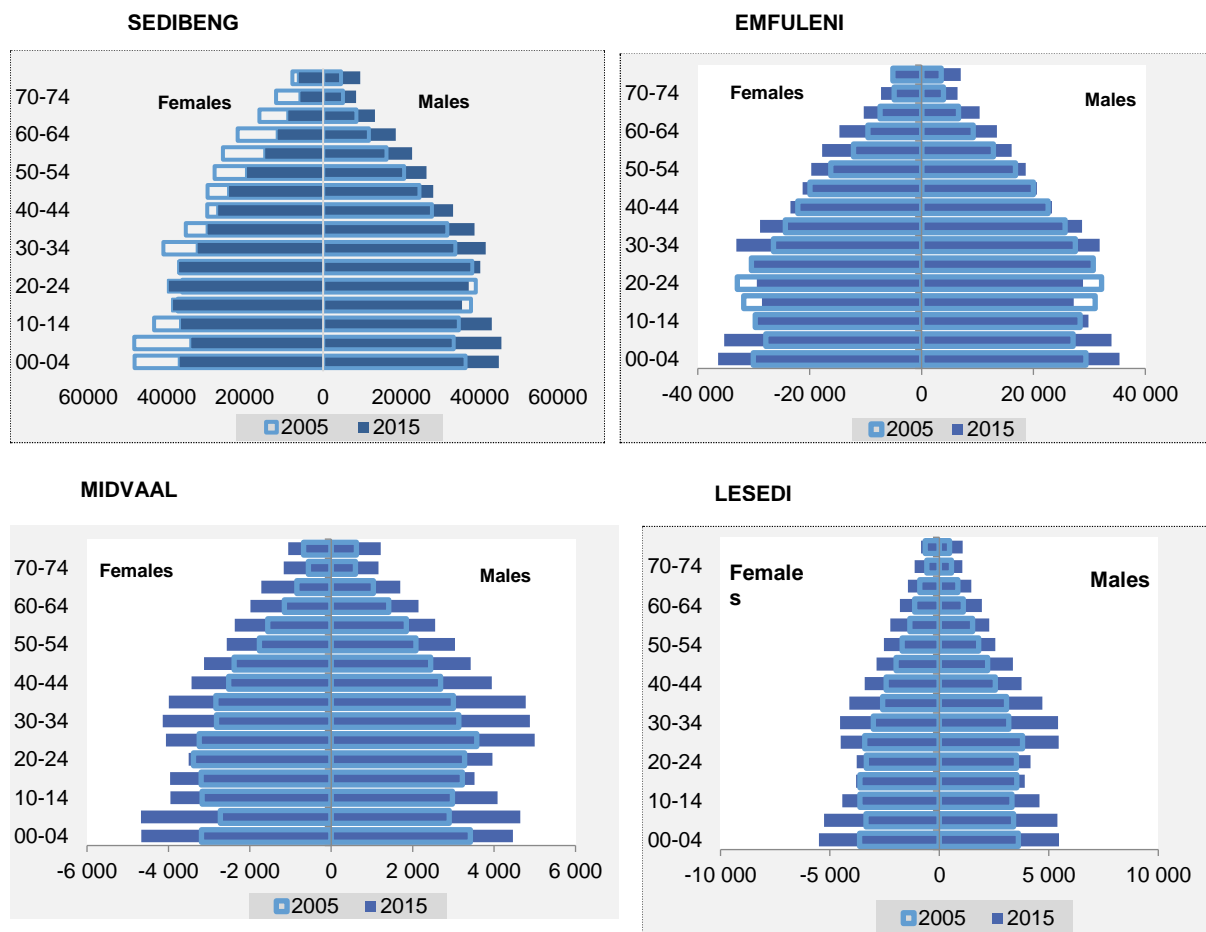
The total population of the District is **916 484**. Lesedi has a population of **99 520**, Midvaal **95 301** and Emfuleni **721 663**. The population density of the District as a whole is 198 people per km<sup>2</sup>.

It is clear from the stats that 8 out of every 10 people in Sedibeng live in Emfuleni and the vast majority more than 700 000 people live in the black township areas especially Sebokeng and Evaton.

Source: Stats SA, 2011 & Sedibeng IDP 2016/17

According to information from IHS Global Insight, 2016, the population structure of the Sedibeng region (including its local municipalities) has change notably between 2005 and 2015. Figure 1 below looks at the population dynamics in detail.

Figure: Sedibeng's Population Pyramid in 2005 and 2015



For the district overall, female population has declined quite notable across all age cohorts (except 15-19, 20-24, and 25-29 age cohorts) between 2005 and 2015, whilst the same male population age cohorts have increased during the same period.

Comparing local municipalities, Emfuleni was the only municipalities with declines in population, particularly for 15-19 and 20-24 age cohorts. In Midvaal and Lesedi, population increased between 2005 and 2015, for all age cohorts. Overall, the Sedibeng region has a youth population bulge and comprises of those between 15 and 64 years of age which are part of the working age population.

Source: Stats SA, 2011 & Sedibeng IDP 2016/17

#### Population Density:

The population density of Emfuleni is the highest in the District at 565 people per km<sup>2</sup>, with Midvaal's population density at only 41 people per km<sup>2</sup> and Lesedi with 95.5 people per km<sup>2</sup>. Approximately 78.7% of the District population resides in Emfuleni, with Lesedi having only 10.9% and Midvaal 10.4% of the population of the District.

#### Internal Migration:

Migration is, in many ways a response to structural disequilibria between and within sectors of the economy and much pressure for migration is created by deepening and widening inequality in income and opportunities within the country.

Between 2001 and 2011, Gauteng remained the only province to maintain positive net-migration. According to the figures presented by *Statistics South Africa in 2012*, Sedibeng has generally witnesses a net gain of people into the area with figures coming **4106** in 2011.

Year	2001		2007		2011	
	Male	Female	Male	Female	Male	Female
Gauteng	16173	9531	43982	32277	60601	51955
DC42: Sedibeng	583	308	1591	920	2595	1511
GT421: Emfuleni	390	222	1034	636	1697	1025
GT422: Midvaal	134	75	358	195	532	315
GT423: Lesedi	58	11	199	89	366	170

Source: Statistics South Africa in 2012

Historical patterns of migration into Sedibeng District came from Free State in the main, as the District was used as the first stop into Gauteng. Major migration into the District comes primarily from farm dwellers and poor people from rural areas, who migrate primarily because of economic prospects of urban areas in an endeavour to seek better opportunities, especially jobs, better wages, improved amenities and housing as well as security of tenure. The current trends of migration show that the majority of people coming to this District are young people who come due to the following opportunities:

- To further their studies at institutions of higher education; at North West University Vaal Campus, Vaal University of Technology, and Sedibeng College as well as other independent or private institutions.
- Employment opportunities in the areas of Emfuleni and Midvaal especially in the manufacturing sector.

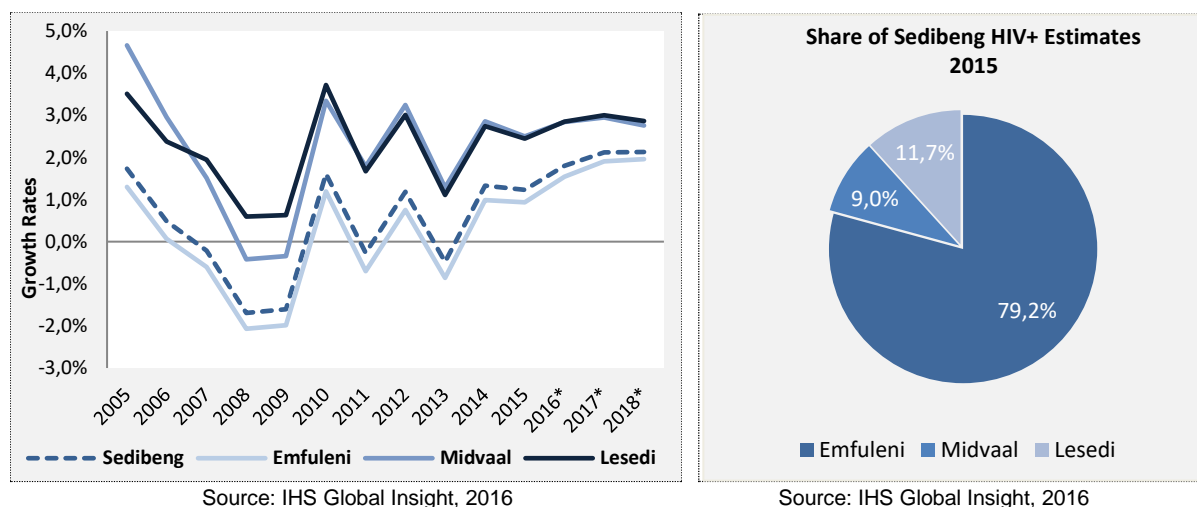
The influx of students' migration into SDM has had a positive impact in the regional and provincial economy. The national trends indicate that after successful completion or even drop out of their studies, students hardly return to their respective homes but seek jobs in that area. The large number of migration in Sedibeng are moving into local townships, especially in Emfuleni and other areas of Midvaal because it offers the promise for access to housing and services as well as easier ties with the areas of their origin.

## HIV & AIDS

In recent years, the world has committed to ending the AIDS pandemic by 2030. While this world dream remains the mountain to climb; there are signs in many countries that this feat is achievable. South Africa is amongst the first countries in the world with the largest HIV and AIDS programme. This has drastically and amazingly reduced AIDS-related deaths.

In the last two years, the number of people on antiretroviral drugs has increased by almost a third.

**Figure: Statistics of Estimates of HIV+People in 2005 and 2015**



Note: \* indicates forecasts.

The figure above shows the estimated growth in number of people with Human Immunodeficiency Virus (HIV) in the Sedibeng region as well as the share of estimated number of HIV+ people in Sedibeng municipalities. It is not surprising that Emfuleni accounts for the largest share of HIV+ people in Sedibeng, given that Emfuleni has the highest number of population of all the two municipalities.

In terms of growth in the estimated number of HIV+ people, the municipalities that account for the lowest share of Sedibeng population (Midvaal and Lesedi), seem to have experienced a relatively high growth in the number of people that are estimated to be HIV+.

## Housing

The Constitution of the Republic of South Africa, supported by other pieces of legislation, places the responsibility on government to ensure that basic services are provided to the entire population within the available resources.

There is statistically significant improvement in the provision of these basic services such as housing, drinkable water and sanitation. However it is of critical importance that all monitor access and quality of these services, so that the goals and targets outlined in policy documents such as the National Development Plan 2030 can be reached.

The Sedibeng District Municipality comprised of 300 000 households. This equates to an average annual growth rate of 2.34% in the number of households from 2003 to 2016. With an average annual growth rate of 1.62% in the total population, the average household size in the Sedibeng District Municipality is by implication decreasing. This is confirmed by the data where the average household size in 2003 decreased from approximately 3.4 individuals per household to 3.1 persons per household in 2016.

The growth in the number of African headed households was on average 2.83% per annum between 2003 and 2016, which translates in the number of households increasing by 60 600 in the period. Although the Coloured population group is not the biggest in size, it was however the fastest growing population group between 2003 and 2016 at 3.16%. The average annual growth rate in the number of households for all the other population groups has increased with 2.33%.

Overview of Neighbourhoods within: Sedibeng District Municipality			
Settlement Type	Households	Population	Formal Dwellings <sup>1</sup>
Towns	220,545		
Subtotal			
Subtotal	220,545	916 484	%
Rural Settlement			
Farms	4711		
Commercial	2569		
Parks and Recreation	120		
Collective living Quarters	4906		
Industrial	1139		

## ECONOMIC PERFORMANCE OF THE REGION

The economic performance of South Africa has been negatively affected by subdued growth in advanced and major emerging economies in 2015. The South African economy is estimated to have grown by 1.2 percent in that year, compared with 1.5 in 2014. The Gauteng province's economy is estimated to have grown by 1.2percent also in 2015. This largely disappointing growth was mainly due to low commodity prices, weak capital flows and slow global trade.

### GROSS DOMESTIC PRODUCT BY REGION (GDP-R)

Year	Sedibeng	Emfuleni	Midvaal	Lesedi
------	----------	----------	---------	--------

2005	45 974 040	37 036 902	4 994 210	3 942 928
2006	49 858 735	40 141 203	5 487 928	4 229 605
2007	53 899 850	43 191 142	6 118 715	4 589 992
2008	55 544 278	44 347 547	6 433 126	4 763 605
2009	53 085 529	42 080 967	6 361 311	4 643 251
2010	55 779 719	44 320 630	6 712 634	4 746 455
2011	59 661 162	47 895 736	6 808 516	4 956 910
2012	60 347 488	48 450 516	6 910 834	4 986 138
2013	61 122 968	49 163 910	6 999 567	4 959 491
2014	61 584 327	49 397 447	7 150 960	5 035 920
2015	61 537 612	49 353 180	7 153 546	5 030 886

Source: IHS Global Insight 2015

The table above shows the GDP-R growth and shares for the Sedibeng district and its local municipalities from 2005 to 2015. The shares of the GDP-R by the local municipalities of the two districts are also included.

The figures as shown in the table indicate that Sedibeng had the highest GDP-R growth. As shown in the figures for 2009, GDP-R growth for Sedibeng district reached negative territory in the said period due to the global financial crisis. Despite the recovery in 2010, economic growth remained volatile from 2011 to 2015. This follows the economic performance of the country as the global recovery remains somewhat slow.

### Labour Force Overview

It is clear from the table below that unemployment in the region continues to spiral out of control. Amongst others, contributing factors are the same as every municipality; where external and global circumstances have influence in the local economy.

Year	Sedibeng	Emfuleni	Midvaal	Lesedi
2005	32.6%	35.5%	16.5%	25.6%
2006	31.4%	34.3%	16.4%	24.5%
2007	30.4%	33.1%	16.2%	23.8%
2008	29.8%	32.5%	16.2%	23.7%
2009	30.1%	32.8%	16.6%	24.4%
2010	30.6%	33.3%	17.3%	25.3%
2011	30.7%	33.4%	17.6%	25.8%
2012	34.0%	36.9%	19.9%	28.8%
2013	36.8%	39.8%	22.0%	31.6%
2014	39.3%	42.5%	23.7%	33.8%

Source: IHS Global Insight 2015

Sedibeng unemployment rate is at 39.3%, and has been increasing ever since 2005. It is however believed that with mega projects lined up to stimulate the economy growth, more employable people will have opportunities to work.

### Development Indicators:



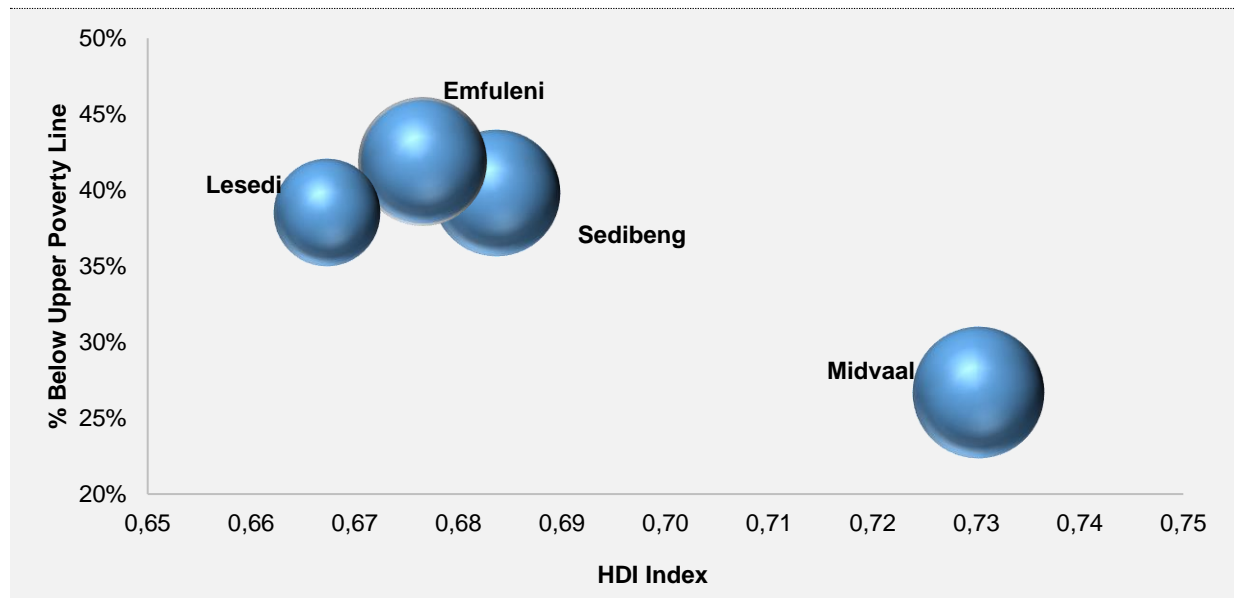
The section analyses the following as measures of the level of development in the district: Human Development Index, the Gini coefficient, which is the measure of inequality, number of people below the food poverty line, the percentage of people living in poverty.

### Human Development Index:

The Human Development Index (HDI) is a composite, relative index that attempts to quantify the extent of human development of a community. It is based on measures of life expectancy, literacy and income.

It is thus seen as a measure of people's ability to live a long and healthy life, to communicate, to participate in the life of the community and to have sufficient resources to obtain a decent living. The HDI can assume a maximum level of 1, indicating a high level of human development, and a minimum value of 0, indicating no human development.

**Figure: Poverty and HDI in 2015**



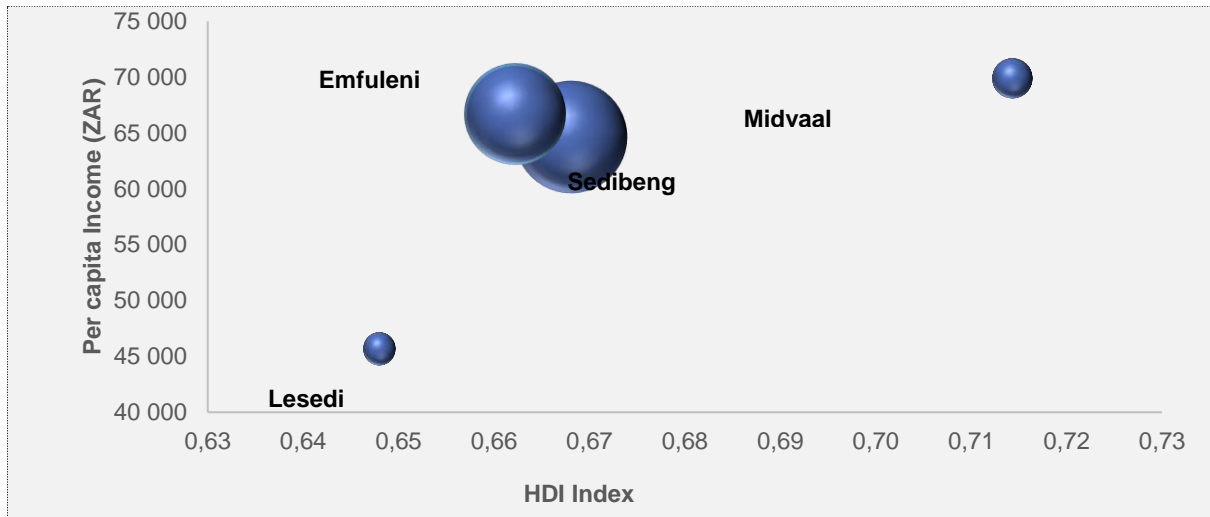
Source: IHS Global Insight, 2016

Note: The bubble size shows the Per Capita Income.

Figure shows the link between poverty and the HDI for the Sedibeng district and its local municipalities. Although there is a negative relationship between the two indicators, Midvaal has the highest level of development and the smallest share of the population living below the upper poverty line.

**Figure: HDI and Per Capita Income in 2015**





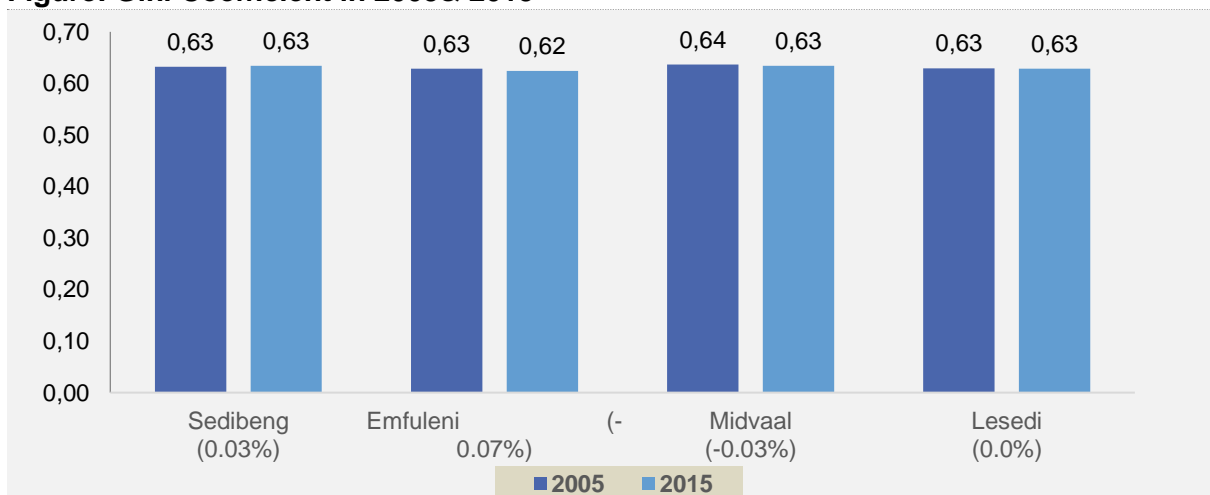
Source: IHS Global Insight, 2016

Note: The size of the bubble indicates GDP-R of the regions.

The Figure shows the link between the HDI and the per capita income for Sedibeng and its regions. It indicates that high levels of development are associated with high per capita income.

Midvaal had the highest HDI at 0.71 as well as the highest per capita income at R89 thousand in 2015, while Emfuleni had the lowest per capita income at R47 thousand and the HDI level of 0.66. Lesedi's income per capita was at R49 thousand and an HDI level of 0.65 for the same period.

**Figure: Gini Coefficient in 2005& 2015**



Source: IHS Global Insight, 2016

Note: Percentages in brackets indicate average annual growth rate between 2005 and 2015.

Figure indicates the level of income inequality as measured by the Gini coefficient for Sedibeng and its locals. The figure shows there have not been any significant changes in the Gini coefficient in the Sedibeng region. In fact, it is worrying that over the past 10 years; only little progress has been made in reducing income inequality levels in the region. It is hoped that Gauteng's specific initiatives to reduce

the levels of inequality, including the township economic revitalization and infrastructure investment, will accelerate the pace of reducing income inequality.

### Health:

Health services within the District are provided by both Public and Private sector. There are three (3) public hospitals in Sedibeng District Municipality, namely Kopanong and Sebokeng Hospitals that are located in Emfuleni Local Municipality and Heidelberg Hospital which is within the Lesedi Local Municipality.

In addition to these public hospitals there are five private hospitals of which four of the hospitals are within Emfuleni and one is located in Lesedi. Based on this scenario it is evident that hospitals services are clustered in Emfuleni Local Municipality.

Primary Health Care (PHC) and Emergency Medical Services (EMS) are areas of provincial competency in terms of the Constitution and the Health ACT 61 of 2003; whilst EMS was transferred back to Province in 2012; processes are unfolding to provincialized Primary Health services.

The Primary Health Care facilities (clinics) are clustered more in urban and service centres, while the rural areas are served through the mobile units. Emfuleni sub District has twenty (20) clinics, four (4) Community Health Centres (CHC) and 4 mobile units. In Midvaal there are 5 clinics and 4 mobile units. In Lesedi there are 8 clinics and 3 mobile units.

The table below illustrates the number of health facilities in the District per sub District and the type of service rendered by the facility:

Municipality	Ward Based PHC outreach Teams	Mobiles	Satellites	Clinics	Community Day Centres	Community Health Centres	Hospitals	Specialized Health Centres
Emfuleni	13	4	0	20	1	4	2	1
Lesedi	0	3	0	8	0	0	1	0
Midvaal	5	4	0	5	1	0	0	0
Sedibeng	18	11	0	33	2	4	3	1

There are four (4) Maternity Obstetric Units (MOU's) and all these are located at Emfuleni Sub District, and therefore there is a backlog of MOU's in Lesedi and Midvaal.

In light of this both Lesedi and Midvaal lack fully fledged Community Health Centres. The establishment of Ward Based PHC Outreach Teams has increased the accessibility of health services to our communities.

**Table: the infant and child mortality from 2011/12 to 2014/15.**

Indicator	2011/12	2012/13	2013/14	2014/15	Definition
Facility mortality under 1 year rate	8.5	6.7	6	5 (Projection)	Inpatients death under 1 year total/
Facility mortality under 5 years rate	5.9	5.2	5.0	4.5	Inpatients death under 5 years/

Major cause of infant and child death is as follows

- Pneumonia, Malnutrition, Diarrhea and vomiting

## Education:

In South Africa during Apartheid, education systematically reinforced inequality. Education was enshrined in the constitution as a basic human right post-1994 as a critical element of transformation. Improving access to educational opportunities for the historically disadvantaged was considered key.

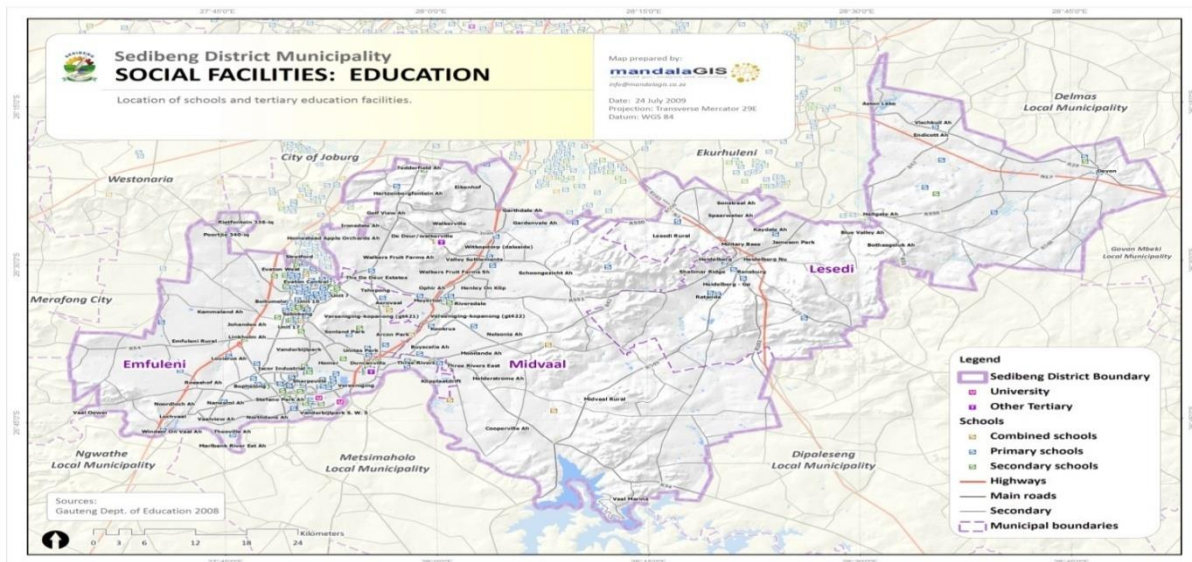
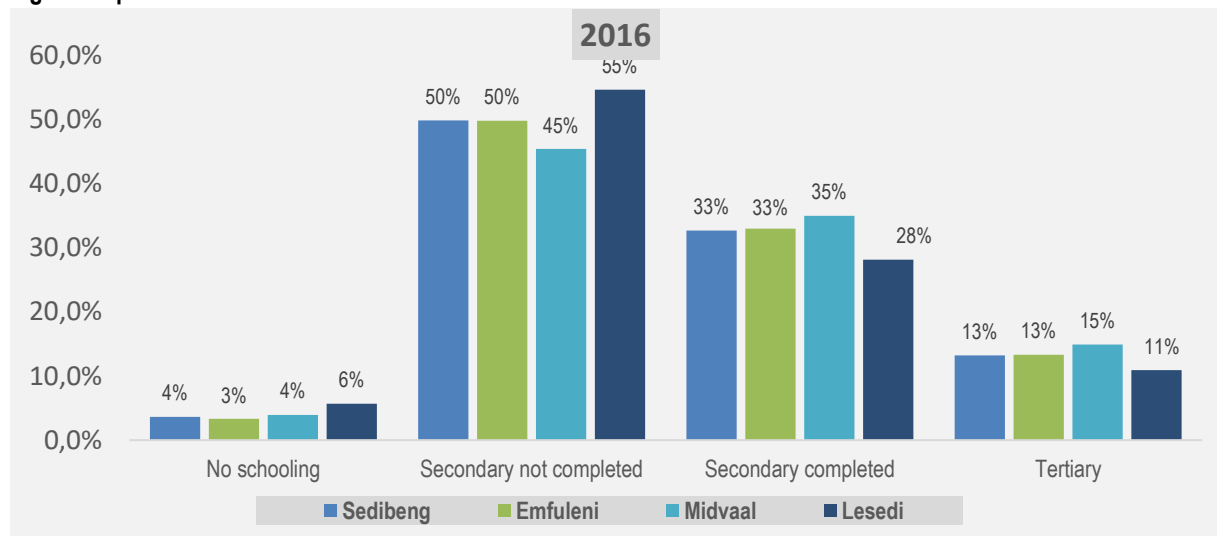


Figure: Improvements in educational attainment



- There were marginal improvements in educational attainment between 2012 & 2016
- The major challenge is to increase the share of people with tertiary education.
- A significant proportion of the unemployment either have not completed secondary or have secondary education

## 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. Sedibeng has identified awareness as a key intervention to assist communities to understand issues around the environment.

### **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 and waste water treatment works. 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. 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 industrialized 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.

### **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 varies from area to area, and in particular the previously disadvantaged areas have been left without proper waste management services. The Sedibeng District's Integrated Waste Management Plan was approved by the Province for inclusion in the IDP as per the Waste Act, in November 2014; and the implementation thereof will assist in achieving the National Waste Management Strategy's goals which are as follows;

- Promote waste minimization, reuse, recycle and recovery
- Ensure the effective and efficient waste services

- Grow the contribution of the waste sector to the green economy
- Ensure that people are aware of the impact of waste on their health ,well-being and environment
- Achieve waste management planning
- Ensure sound budgeting and financial management of waste services
- Provide measures to remediate contaminated land; and
- Establish effective compliance with the enforced Waste Act

### **Air Quality:**

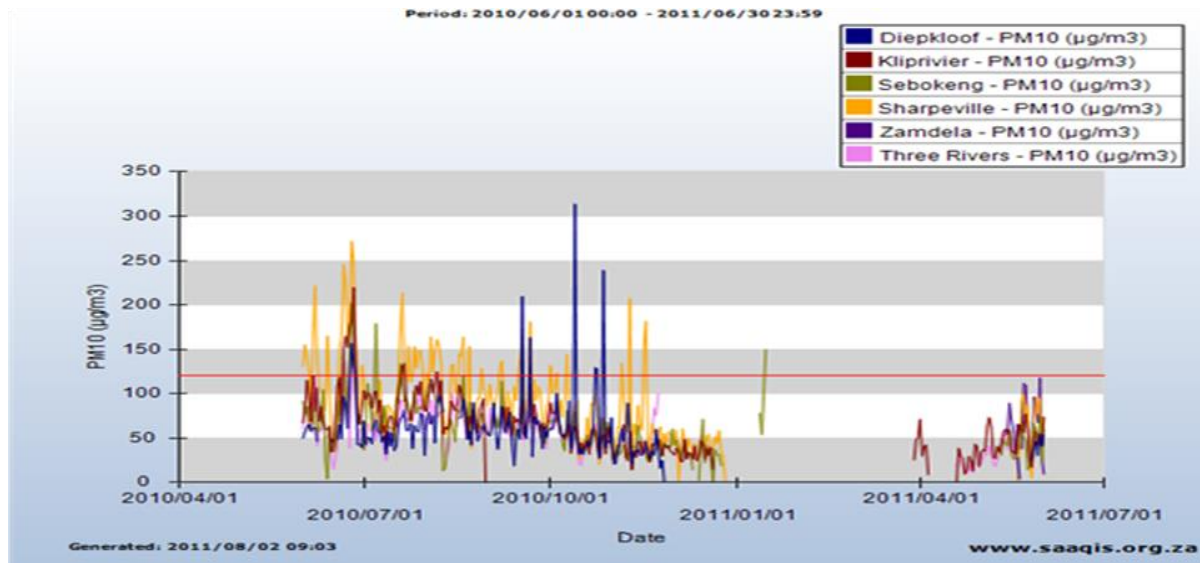
Air quality is affected by the climate, the landscape, natural and economic activities that take place in an area. There are different sources of Air pollution: emissions from industrial processes, domestic fuel burning, vehicle exhaust emissions and waste facilities. Sedibeng District Municipality is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

Emfuleni Local Municipality and Midvaal Local Municipality have been declared to be part of the first national priority area in Vaal Air-shed Priority Area because of the elevated level of pollution within the area .Lesedi local Municipality is also included in the second declared priority area, the Highveld Priority Area which includes areas in Mpumalanga and Ekurhuleni. Particulate matter has been identified as a pollutant of concern within the region and the major contributors for particulate matter (PM10) is both industrial sources and domestic sources especially in winter.

In an attempt to improve the quality of air in the region, Sedibeng is participating fully in both priority area Air-shed implementation forum that seeks to ensure the implementation of projects that are identified in the priority area plans (Vaal Triangle Air-shed Priority Area and Highveld Priority Area Air Quality Management Plan).

The plans have been adopted by Sedibeng District Municipality as the region's Air Quality Management plan in order to inform the management of air quality within the region. The objectives of the priority area plans are the same as the district objectives that of achieving clean air for the residents of the region.

The graph below indicates the elevated levels of particulate matter as measured by ambient monitoring stations within the priority area. It is evident that most of the accidents are recorded in winter months which could be linked to domestic coal burning and temperature inversions over this period.



Source: [www.saaqis.org.za](http://www.saaqis.org.za)

Sedibeng District Municipality has as of the 1<sup>st</sup> April 2010 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 licensing of industrial activities is identified as an important function of the municipality towards regulating emissions and ensuring atmospheric emission control.

The municipality is currently having a number of challenges with regard to availability of both human and financial resources to efficiently execute the function of air quality management. 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.

Despite the number of challenges to date the municipality has managed to issue a number of licenses to industries in the region. The licensing of industries has been identified as a critical mechanism of ensuring that industries are regulated and emissions improved. The focus is rather not on issuing licenses only, but together with the local municipalities and with the support from province compliance monitoring exercises are conducted in the region.

The Sedibeng District Municipality has two Ambient Air Quality Monitoring Stations which are operational namely:

- Meyerton Ambient Air Quality Monitoring Station
- Vanderbijlpark Ambient Air Quality Monitoring Station

The raw data collated from both stations is forwarded to SAQIS for verification.

### 1.3. Service Delivery Overview:

Constitutional provisions do not give Sedibeng as a District Municipality, powers to provide basic services. Although the District supports and coordinates the provision of such in Local Municipalities; there are



direct services mandated by legislation, which the Municipality provides. These include the following as outlined below:

### 1.3.1 Direct Services Provision:

- **Air quality Management**

This service is being incrementally expanded. Air Quality monitoring stations operated by SDM are functional. Data is also obtained from other monitoring stations that are run by National Government. The District issues licenses to industries and as soon as tariffs are set for these licenses, the income generated could be used for improved monitoring of air quality.

- **Driver Licensing Testing Centres (DLTC's)**

The service is functional. Ageing infrastructure has hampered operations and services from being delivered at an optimal level. Allegations of fraud and corruption remain a major challenge at all DLTC's. During the year under review a joint operations unit has been established between the GDRT and SDM to coordinate anti-fraud and corruption measures and to deal with violations. Misconduct cases have been dealt with by province and the municipality.

- **Motor Vehicle Registration and Licensing**

The service is fully functional and several new and innovative ideas have been proposed and implemented to improve services to the public. Plans are well underway to extend these services in Township areas.

- **Public Halls (Vereeniging City Hall)**

Although not generating revenues as expected, the Vereeniging City Hall remains the most cost-effective public hall in the District and is fully utilised by the public for a variety of events and functions. The comparative low rates charged for the hire of the City Hall (and adjoining Banqueting Hall) make it accessible to the public, but also inhibits capital investment in the development thereof. There is a move to relook at the Civic Theatre Strategy to stimulate revenue.

- **Theatres (Mphatlalatsane Theatre and Vereeniging Civic Theatre)**

The Mphatlalatsane Theatre has become a multi-purpose facility for the Sebokeng Community. It is therefore of great concern that the infrastructure is deteriorating rapidly. The Sedibeng District invested in emergency repairs to keep the facility functional but jointly with Emfuleni, a long-term upgrade is urgently required. The Vereeniging Civic Theatre is functional but also under-utilised by the arts community. It is also under-performing in relation to its income potential.

- **Aerodromes**

The Vereeniging Aerodrome and Heidelberg Aerodromes are fully functional. For the period under review, the Vereeniging Aerodrome has continued to improve its services and supply of fuel, general maintenance and

usage that stabilised. The municipality is in the process of calling for expression of interest; to implement the Airport Strategy.

The Heidelberg aerodrome is primarily operated by the local flying club and a pilot training school is also based at the facility. An Agency agreement has been entered into between Sedibeng and Lesedi Local Municipality. A former landing strip in Vanderbijlpark has been deregistered as it ran alongside a residential community and is therefore unsuitable for re-establishment; moreover there are developments earmarked for the area.

- **Disaster Relief**

The service is fully functional. However, the district only has capacity to provide very limited, small scale, emergency relief in incidents of natural disaster and mishaps. Disaster Relief is intended for short-term interventions, however, due to a lack of relevant transfer of incidents to relevant authorities, the District is being burdened with having to provide long-term solutions (e.g. emergency sanitation at Bears Farm in Midvaal). In the event of a large scale disaster, the District will be fully dependent on the support of Provincial and National programmes.

- **Heritage Centres (Vaal Teknorama, Sharpeville Monument)**

The former Transport Museum in Lesedi has been decommissioned and the facility has been returned to the Lesedi Local Municipality. The Vaal Teknorama is fully functional and still attracts a steady flow of visitors (especially schools). The facility is deteriorating rapidly due to a lack of maintenance as a result of financial constraint. The Sharpeville Heritage precinct is functional. The 'handover' of the Boipatong Memorial Site to our portfolio has been delayed, and has revealed procedural weaknesses in the 'handover' process of facilities from Provincial to Local Government.

- **Taxi ranks**

The non-usage of the Bophelong Intermodal hub remains a pressing challenge for the Municipality. The Municipality has budgeted R1m for rehabilitation of damaged and vandalised infrastructure at the facility. The SDM does maintenance and cleaning of Taxi ranks across the District; but most are not owned by the SDM, and the overlap on infrastructure maintenance and cleansing has led to many of the taxi ranks being inadequately maintained. Progress of the redevelopment of the Vereeniging Taxido Junction has picked up recently and needs to be speeded up by the Provincial Government.

### **1.3.2 Core Support Functions:**

- **Support to Local Municipalities**

The Sedibeng District continues to support the local municipalities, wherever possible, and is willing to avail both financial and human resources wherever possible. The shrinking Capital Budget of the District has seen diminishing support in capital projects. The 'Smart City' project being driven by the District Municipality, and the investment in fibre-optic infrastructure, is an essential support provided to local municipalities. Inter office connectivity in Emfuleni has been enhanced, while plans are unfolding to do the same for Midvaal.

- **Facilitating Role between spheres of government**



The Sedibeng District facilitates a number of projects that are implemented in communities. These include the NDPG (Neighbourhood Development Partnership Grant) projects, Alien Vegetation Project, Lotto Sports Facilities Development Project, Fabrication Lab Project,

- **Facilitating Development**

This remains one of the key areas that the District plays and essential role in. Both in the areas of economic development and in social development, the District stimulates investment and facilitates development. Interventions and facilitation of developments such as Savanah City, the R82 road, the R59 corridor, The Zone of Opportunity, Barrage infill development are all examples of 'services' that the District delivers and that communities benefit from indirectly.

### **Performance Management System and Overview of Performance:**

The municipality has succeeded in implementing deliverables as set out in the IDP through performance management. At the beginning of the financial year, the municipality had set deliverables as captured in the Service Delivery and Budget Implementation Plan 2016/17.

However, there are those who could not be met due to a variety of reasons; these include budget constraints, lack of evidence (as this denotes that the job was not done), and lack of human capital, reprioritisation and reallocation of deliverables during the year under review.

In terms of Key flagship programmes and projects, the municipality is making slowly but steady progress towards realisation of a better economic and infrastructure for Sedibeng region. The table below provides us with 2<sup>nd</sup> SGDS flagship and Gauteng Game-changer (Southern Corridor) Projects.

No.	FLAGSHIP PROJECT	KEY MILESTONES
1.	<b>Sedibeng Development Agency</b>	<ul style="list-style-type: none"> <li>• Market Sedibeng as a pre-eminent destination of choice for Investment</li> <li>• Facilitate Investment for the Region</li> <li>• Brand and Profile strategic Catalytic Projects to unleash economic development for Sedibeng</li> <li>• Reducing Cost of doing business in Sedibeng and fast track development and re-zoning application</li> <li>• Manage and maintain Strategic Partnerships with other spheres of Government and Private Sector/ Investors</li> </ul>
2.	<b>Vaal Freight and Logistics Hub</b>	<ul style="list-style-type: none"> <li>• Establish a Special Economic Zone to attract investment into the designated AREA</li> <li>• Increase competitive and comparative advantage Sedibeng (Vaal) has in freight forwarding, transfer, handling and warehousing with ease of travelling</li> <li>• Direct link to Container depot- Vaal Container Depot</li> <li>• Create new Infrastructure suitable for handling export orientated production (Iron and Steel)</li> <li>• Revive rail mode for local heavy Engineering, Iron and Steel, and Metal industries for manufacturing</li> </ul>
3.	<b>Comprehensive Rural Development Project:</b>	<ul style="list-style-type: none"> <li>• Sustainable Agricultural development</li> <li>• Improve production processes in the Agricultural sector</li> </ul>

No.	FLAGSHIP PROJECT	KEY MILESTONES
	<b>Sedibeng Maize Triangle Project</b>	<ul style="list-style-type: none"> <li>• Increase agricultural productivity by improving our Fresh Produce Market and other small markets, private sector investment, physical infrastructure, human capital, demand driven research &amp; extension services;</li> <li>• To come with our own regional integrated and comprehensive rural development strategy, to strengthen the linkages with other sector strategies/improve coordination/and set implementation priorities;</li> <li>• Create Jobs and sustainable livelihoods</li> <li>• Improve access to markets for rural/ Agricultural production</li> </ul>
3B	<b>Agricultural Cooperatives</b>	<ul style="list-style-type: none"> <li>• To formulate plans that will bring sustainable developments in the rural areas;</li> <li>• To come with or support national/provincial fundamental structural reforms to ensure macroeconomic stability and improve market efficiency;</li> <li>• To increase agricultural productivity by improving our Fresh Produce Market and other small markets, private sector investment, physical infrastructure, human capital, demand driven research &amp; extension services;</li> <li>• To come with our own regional integrated and comprehensive rural development strategy, to strengthen the linkages with other sector strategies/improve coordination/and set implementation priorities;</li> <li>• To reduce the rate of youth unemployment in our rural areas reducing household vulnerability to risk associated with climate and environmental change, as well as fluctuating market prices of agricultural products;</li> </ul>
4.	<b>Establishment of a River City Metropolitan Municipality</b>	<ul style="list-style-type: none"> <li>• Management of Municipal Demarcation Board processes towards the establishment of the Metropolitan Municipality</li> <li>• Establishment of a Multi-disciplinary Task Team to manage the transitional process</li> <li>• Empowerment of IGR structures through legislation to enforce their decisions through Councils</li> <li>• Management of decisions with potential impact on the region by a regional IGR structure e.g. Joint Political Management Teams' (PMT) Forum</li> <li>• Conduct due processes for all municipal functions, e.g. ring fencing of all water and sanitation functions</li> <li>• Place moratorium on internal restructuring processes rather encourage inter-municipal assistance and deployment of resources</li> <li>• Facilitate inter-departmental, inter-municipal and discussion networks on metropolitan governance and integrated approach to service delivery</li> </ul>
5.	<b>Fibre Optic Connectivity and Rollout</b>	<ul style="list-style-type: none"> <li>• To create a safe environment for the citizens of the District through the expansion of the CCTV project as part of the Fibre footprint being installed.</li> <li>• Connectivity to all of councils buildings to ensure access to systems and solutions to provide a better service to our citizens;</li> <li>• To improve service delivery by providing high quality ICT services through e-government;</li> <li>• To build the network infrastructure and information super-highway to encourage the development of an advanced workforce with better ICT skills;</li> <li>• To ultimately enhance economic productivity through ICT infrastructure development in order to lower the cost of doing business and increase connectivity for companies especially SMMEs;</li> <li>• To increase the ICT skills capacity within the public and the private sectors to create a pool of ICT practitioners and entrepreneurs;</li> <li>• To build an economic and industrial sector with a focus on ICT;</li> </ul>

No.	FLAGSHIP PROJECT	KEY MILESTONES
		<ul style="list-style-type: none"> <li>To ensure that innovation becomes part of the economic network in Gauteng Province in relation to ICT;</li> <li>To assist with opportunities to create employment in the ICT sector;</li> <li>To create a safe environment for the citizens of the District through the expansion of the CCTV project as part of the Fibre footprint being installed.</li> </ul>
6.	Heritage Commemorative Events	<ul style="list-style-type: none"> <li>Commemoration of National Days:</li> <li>Heritage Month, Human Rights Month, 3rd Sept. Vaal Uprising, Signing of the S.A. Constitution, Signing of the Peace Treaty, Zone 7 Night Vigil Massacre, Boipatong Massacre and Sports, Arts and Cultural Programmes</li> </ul>
7.	Sedibeng Regional Sanitation Scheme	<ul style="list-style-type: none"> <li>Medium Term - Capacity expansion for Sebokeng by 100MI/day Meyerton 10MI/day; Bulk reticulation refurbishment</li> <li>Long term - Construction of totally new infrastructure as follows: <ul style="list-style-type: none"> <li>- New waste water treatment Plant for 147ml/dal</li> <li>- Linking outfall sewer</li> <li>- Super Pump-station</li> </ul> </li> </ul>
8.	Alternative Energy Generation	<ul style="list-style-type: none"> <li>Installations of Solar Geysers</li> <li>Exploring alternative sources of 'Green Energy'</li> </ul>
9.	Implementation of the Transport Model such as BRT	<ul style="list-style-type: none"> <li>The project's feasibility will be dissected into phases, the Bus Rapid Transport, the Intercity (inter-municipal) Bus Transport, the Intercity (inter-municipal) Speed Train. Experiences and best practices will be sourced from the Johannesburg Metro and the GDRT.</li> <li>The feasibility of these projects is depended on the land use plan, the spatial development framework, and the local economic development plan. That is, the development of these plans must ensure that the framework and foundations are laid for the above integrated public transport system to be feasible.</li> </ul>
10.	Vaal 21	<ul style="list-style-type: none"> <li>Consolidating the Vaal 21 Brand</li> <li>Development of the Riverfront</li> <li>Cross-Border cooperation with FezileDabi on developments on both banks of the Vaal River</li> </ul>

### Sedibeng District Municipality in collaboration with Gauteng Province:

Programme	Coordinator	Description
Building New Cities	GPD	<ul style="list-style-type: none"> <li>Vaal River City (Hydropolis)</li> <li>Checking potential of waterfront developments of Emfuleni&amp;Midvaal areas</li> </ul>
		<ul style="list-style-type: none"> <li>Gauteng Highlands 20km south of Johannesburg situation between R59 and old Vereeniging road</li> </ul>
		<ul style="list-style-type: none"> <li>Savannah City, new Node provision</li> </ul>

Programme	Coordinator	Description
(2) Agritropolis	GDARD	<ul style="list-style-type: none"> <li>To unlock the agricultural potential of Sedibeng region to serves as Gauteng food basket</li> <li>Upgrade of the facilities of the Vereeniging Market interventions to restore and upgrade market facilities to provide enhanced services</li> <li>Agri-processing facilities and related infrastructure identification of planning for and delivery of requisite facilities and infrastructure.</li> <li>Upgrade road and rail links to improve connectivity planning for and implementation of identified roads and rail connections</li> </ul>
(3) Mega sustainable human settlements (approximately 15 000 units per identified node)	GDHS	<ul style="list-style-type: none"> <li>To develop nodes at; Boiketlong, Evaton, Golden Highway, Vereeniging, Savannah City, R59 Corridor, Ratanda</li> </ul>
(4) Freight and Logistics	GDRT	<ul style="list-style-type: none"> <li>Vaal Logistics hub</li> </ul>
(5) Sedibeng Regional Sanitation Scheme	COGTA	<ul style="list-style-type: none"> <li>Sebokeng &amp; Meyerton interim upgrades to existing WWTW</li> </ul>
(6) Gauteng e-connect	GDF	<ul style="list-style-type: none"> <li>Sedibeng connectivity project</li> </ul>
(7) Liberation, Struggle and Heritage Routes	DSARC	<ul style="list-style-type: none"> <li>Boipatong – new project to be identified to link to struggles and heritage routes</li> </ul>
(8) Gauteng energy strategy	GDED	<ul style="list-style-type: none"> <li>Sedibeng waste to energy project</li> </ul>
(9) Building New Cities	GPD	<ul style="list-style-type: none"> <li>Vaal River City (Hydropolis)</li> <li>Checking potential of waterfront developments of Emfuleni&amp;Midvaal areas</li> <li>Gauteng Highlands 20km south of Johannesburg situation between R59 and old Vereeniging road</li> <li>Savannah City</li> </ul>
(10) Agritropolis	GDARD	<ul style="list-style-type: none"> <li>To unlock the agricultural potential of Sedibeng region to serves as Gauteng food basket</li> <li>Upgrade of the facilities of the Vereeniging Market interventions to restore and upgrade market facilities to provide enhanced services</li> <li>Agri-processing facilities and related infrastructure identification of planning for and delivery of requisite facilities and infrastructure.</li> </ul>

	Programme	Coordinator	Description
			<ul style="list-style-type: none"> <li>Upgrade road and rail links to improve connectivity planning for and implementation of identified roads and rail connections</li> </ul>
(11)	<b>Mega sustainable human settlements (approximately 15 000 units per identified node)</b>	GDHS	<ul style="list-style-type: none"> <li>To develop nodes at: Boiketlong; Evaton; Golden Highway; Vereeniging; Savannah City; R59 Corridor; Ratanda</li> </ul>
(12)	<b>Freight and Logistics Hub</b>	GDRT	<ul style="list-style-type: none"> <li>Vaal Logistics hub</li> </ul>
(13)	<b>Sedibeng Regional Sanitation Scheme</b>	COGTA	<ul style="list-style-type: none"> <li>Sebokeng &amp; Meyerton interim upgrades to existing WWTW</li> </ul>
(14)	<b>Gauteng e-connect</b>	GDF	<ul style="list-style-type: none"> <li>Sedibeng connectivity project</li> </ul>
(15)	<b>Liberation, Struggle and Heritage Routes</b>	DSARC	<ul style="list-style-type: none"> <li>Boipatong – new project to be identified to link to struggles and heritage routes</li> </ul>
(16)	<b>Gauteng Energy Strategy</b>	GDED	<ul style="list-style-type: none"> <li>Sedibeng waste to energy project</li> </ul>

## 1.5 Financial Health Overview:

### 1.5.1 Sedibeng District Municipality Financial Health

The Sedibeng District Municipality tight financial situation cannot be under estimated whereby the gap between the increase in equitable share and the actual increase in the total cost of the Municipality is reducing the capacity to deliver every year. Equitable share growth was 2.08% whereby actual cost is linked to CPI rate and salary negotiation increases.

Drastic steps are needed to look at alternative measures of funding the municipality. Based on the current model the municipality is highly grant depended with no ability to increase revenue. The Auditor General has also raised concern about the going concern of the municipality for the last two audited periods. Cost containment measures put in place over the past year however, the salary cost of the municipality remains excessive in relation to the services and functions of the municipality (at approximately 70% of the total operating budget). The municipality must also implement the turnaround strategies for both the Fresh Produce Market and the Airport while mindful of exploring alternative for the other facilities under the control of the municipality.

The financial model for the District Municipality dictates that the institutional structure needs to be continuously shrunk to ensure on-going viability. The moratorium on the filling of vacancies needs to continue.

#### Financial Challenges:

- Salary Increase as well as CPI rate higher than Equitable share growth (main source of revenue)
- Repair and Maintenance expenditure levels is less than 8% of the total operating expense
- Operation expenditure needs to be reduced annually due to no growth in the revenue base
- Highly dependent on grant funding for capital projects and service delivery programmes.
- Employee cost percentage to operational expenditure is higher than the norm

Financial Overview: Year 0			
			R' 000
Details	Original budget	Adjustment Budget	Actual
<b>Income:</b>			
Grants	266,898	264,898	267,282
Taxes, Levies and tariffs	12,620	11,020	10,790
Other	85,742	91,843	81,093
Sub Total	365,260	367,761	359,164
<b>Less: Expenditure</b>	365,217	375,177	390,208
Net Total*	42	(7,416)	(31,044)
* Note: surplus/(deficit)			T 1.4.2

#### Financial Overview:

We draw attention to the fact that at 30 June, 2017, the municipality had accumulated surplus of R 16,423,373 and that the municipality's total assets exceed its liabilities by R 16,423,373.

The ability of the municipality to continue as a going concern is dependent on a number of factors. This basis presumes that funds will be available to finance future operations and that the realization of assets

and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business

The 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.

A deficit on the operating account of R 31,044,078 was generated for the year ending 30 June 2017 as a result of a reduction in revenue during this specific financial period. The previous year deficit amounts to R45, 528,533.

Operating Ratios	
Detail	%
Employee Cost	67%
Repairs & Maintenance	1%
Finance Charges & Impairment	0%
T 1.4.3	

#### **Comment on Operating Ratios:**

Employee Costs' expected to be approximately 30% to total operating cost but the municipality is currently standing at 67%. This is as a result of the bloated organisational structure which requires review, job appraisals and evaluations to be concluded as part of the organisational work study process. The municipality furthermore needs to adopt the principles of "form follows function" and to mediate with local municipalities the transfer of function units together with the staff in those functional areas where the rendering of the service is being performed at local level.

The municipality furthermore needs to incorporate the guidance provided by National Treasury in MFMA Circular No. 74 whereby municipalities are urged to sign service level agreements and recover costs where unfunded/underfunded mandates are performed on behalf of other spheres of government.

'Repairs and maintenance' is below the national benchmark at 2%. The municipality does not have bulk infrastructure assets where the majority of maintenance is needed. The current contribution towards maintenance is however too low and is getting attention to remedy the situation. Finance Charges and Impairment is at 0.6%. The fixed assets are currently depreciated at a higher level than replacement or renewal of assets which has a negative impact on asset sustainability. This is evident in the municipality's low capacity to improve income received from revenue generating points as the municipality's existing infrastructure is ailing and poorly maintained. The municipality does not have sufficient resources to allocate the requisite amount into planned and scheduled maintenance / renovation of municipal revenue generating assets such as the town halls, theatres, airport, taxi ranks, market and museums. The municipality is further strained to ensure that these facilities are kept available to the community and public at large at below cost in order to make the availability affordable for all.

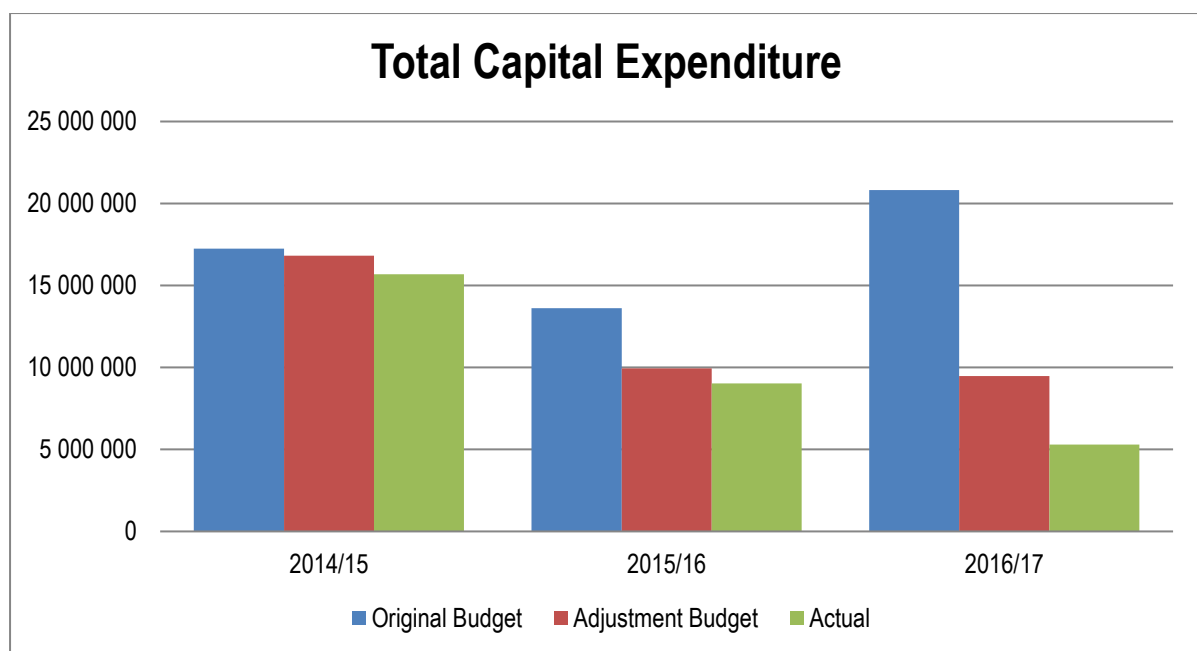
**Total Capital Expenditure: Year -2 to Year 0**



R'000			
Detail	2014/15	2015/16	2016/17
Original Budget	17,238	13,616	20,820
Adjustment Budget	16,808	9,951	9,471
Actual	15,676	9,033	5,300
T 1.4.4			

### Comment on Capital Expenditure:

The municipality is not providing any bulk services and therefore not capital intensive. The major capital project relates to the Optic Fibre project.



## 1.5 ORGANIZATIONAL DEVELOPMENT OVERVIEW:

The Human Capital of Sedibeng District Municipality comprises of 662 appointed employees, Elected Councillors and appointed community members serving on ad hoc committees. Section 67 of the Municipal Systems Act requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the

Employment Equity Act 1998. In an effort to mainstream systems, processes and procedures, the municipality employed the following:

- All contracts for Section 57 Managers have ended and the municipality is finalizing the appointment of new managers reporting directly the Municipal Manager; the latter having been appointed on the 1 June 2017.
- Not less than 10 workplace policies were developed and some reviewed, based on the changing environment and circumstances; and tabled at various council forums for noting, culminating to Council approval and adoption; and they are now in the implementation phase.
- The municipality compiled Workplace Skill Plan; after consultation with organized labour and different stakeholders. The plan was a culmination of a series of development processes and Personal Development Plans, in line with individual jobs.
- To ensure proper utilization of leave days, the municipality introduced the electronic clocking system and is implementing effective leave management system. In the coming financial year, the systems will be linked to finance to ensure accountability of employees and correct leave credits.
- Employees Assistance Programme had several road shows to capacitate employees on several programmes; such as individual financial management, healthy living, health screening and others. The programme also confidentially counsel employees who have socio-economic problems, acute and chronic illnesses.
- Occupational Health and Safety programme has ensured that the environment in which employees work is conducive and safe. For the period under review, there are no fatalities emanating from work-related accidents.
- Employee Equity Programme ensured that all selection and recruitment is done in a fair and transparent manner; affording all employees a chance to be part of the broader team of Sedibeng; in line with the Employment Equity Act.
- The Local Labour Forum is fully functional and issues are been resolved at that level; hence for the period under review there has never been a protest by employees. There is a harmonious working relation between employees and management; this has ensured effective service delivery and improved staff morale.
- The municipality is in the process of finalizing Job descriptions and Evaluation, in line with the TASK systems.

Despite all these, there are challenges that are facing the municipality with regard to development. These are mainly financial in nature; which invariably delay capacity for career-pathing, individual development and talent searching and succession plans.

## **1.6 Auditor General Report:**

### Auditor General Report: Year 0 (Current Year)

The Sedibeng District Municipality received an unqualified opinion from the Audit General; which were preceded by three consecutive clean audits. The Municipality introduced an electronic Performance

Management System four year ago; aligned to the National and Provincial Plans. This version of management system, integrated individual and organizational performance; and inculcated change management, more details found in the system itself; some include - Planning, Contracting, Reporting, Monitoring and Evaluation. The system is inherently compliant with all legislation related to performance management.

At the beginning of each financial year, Sedibeng District Management designed and adhered to a compliance chart/plan against all expected deliverables, e.g. approval of the IDP/SDBIP, quarterly reporting timelines, submission of reports to external stakeholders, etc.

The municipality set specific reporting time-lines and have a management and political buying, and executed successful one-on-one reporting sessions between the Executive Mayor and all MMCs. Sedibeng District Management Internal Audit audited all quarterly reports and tabled outcomes at Audit Committee meetings, and continuously engage all Levels 1-4 managers (those who were registered in the system), on progress reports and other management issues. These specific interventions proved as strategic recipe for organizational re-engineering towards a 'clean audit', albeit the unqualified that the municipality received in 2015/2016.

### 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	
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	

No	Activity	Timeframe
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 finalization for next financial year. Annual Report and Oversight Reports to be used as input	January
T 1.7.1		

## CHAPTER 02:

### GOVERNANCE

#### Overview

The relationships of all structures of government are regulated by, in the first instance the Constitution of the Republic of South Africa (1996) 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 Local Government Electoral Act, 27 of 2000
- The Local Government: Municipal Demarcation Act, 27 of 1998
- The Local Government: Municipal Property Rates Act, 6 of 2000

On the 3rd of August 2016, South Africa conducted Local Government Elections. Emanating from this process, there were changes in the municipality; where new Councillors were ushered in Council. Subsequently Sedibeng Council was established on the 18th of August 2016 led by African National Congress; with new political parties constituting Sedibeng Council.

In addition to the Democratic Alliance, the following parties also became members of Sedibeng Council, namely, Economic Freedom Fighters (EFF), Freedom Front +, Plus and African Independent Congress (AIC); while Pan Africanist Congress (PAC) were notably absent as they did not receive sufficient votes. Sedibeng Council consists of 49 Councillors arranged as follows:

- Twenty (20) Proportional representatives, 29 seconded Councillors (23 seconded from Emfuleni Local Municipality, 3 Midvaal Local Municipality, 03 Lesedi Local Municipality)

**Table: Political Parties representation in Sedibeng**

Political Parties	Number of Representatives
ANC	26 Councillors
DA	15 Councillors
EFF	5 Councillors
AIC	1 Councillors
VFP	1 Councillors
Freedom Front +	1 Councillors

Refer to Appendix A for a full list of Councillors (including committee allocations and attendance at council meetings).

Committees of Council established according to Local Government Structures Act of 1998, Section 33 are as follows:

- Elections Committee
- Ethics Committee
- Rules Committee
- Gender Committee
- Municipal Public Accounts Committee
- Petitions Management Committee

Effective corporate governance is a central focus that distinguishes Sedibeng District Municipality from other municipalities. The District Municipality has established important committees to encourage compliance with all legislation and to enhance ethical consideration by all its employees and Councillors. The Risk Management Committee identifies all risks and oversees processes in managing and mitigation.

All Supply Chain Management Bid Committees are set and operational, i.e. Specification Committee, Evaluation Committee and Adjudication Committee. An Audit Committee is also established and hosts quarterly meetings and special meetings should the need arise. These committees of Council deals with all audits of the municipality, performance issues, risk management, and provide advice and reports to Sedibeng District Council.

The municipality ensures constant communication with its stakeholders by continuously uploading information on its website. Such information is related to compliance and general information, financial and performance, and some matters on service delivery in the region.

## COMPONENT (A): Political and Administrative Governance:

### POLITICAL GOVERNANCE:

The Sedibeng District Municipality (SDM) has an effective governance structure, both political and administrative. Council is led by the Executive Mayor, with the support of the efficient members of the Mayoral Committee (MAYCO), and Councillors. Below is narrative relating to political structures of the municipality.

#### Political Structures and Functions:

Political Head	Functions
<b>Executive Mayor:</b> Cllr. Busisiwe Joyce Modisakeng	<ul style="list-style-type: none"> <li>• Presides as the Chair in the Mayoral Committee Meetings.</li> <li>• Recommends to the municipal council strategies, programmes and services to address priority needs through the IDP, and the estimates of revenue and expenditure, taking into account any applicable national and provincial development plans</li> </ul>
Speaker of Council: Cllr. Melina Gomba	<ul style="list-style-type: none"> <li>• Chairs Council meetings, and advice on major legislative compliance issues</li> </ul>
Chief Whip of Council: Cllr. Assistance Mshudulu	<ul style="list-style-type: none"> <li>• Oversee that roles and responsibilities of Councillors are implemented, thus provide full councillors support.</li> </ul>
Members of the Mayoral Committee	
Name	Portfolio Committee
Councillor S. Maphalla	Administration

Political Head	Functions
Councillor P.B. Tsotetsi	Finance
Councillor Y. Mahomed	Sport, Arts, Culture and Heritage
Councillor Z. Raikane	Social Development
Councillor M. Kgomoeasera	Human Settlement
Councillor G.Hlongwane	Local Economic Development
Councillor L. Gumede	Environment and Clean energy
Councilor J.Dlangamandla	Transport and Infrastructure

Sedibeng District Municipality has established all committees and subcommittees to enhance governance structures. Such committees operate with clearly defined roles and responsibilities. For instance, the Section 79 and 80 Committees are set up to deal with oversight roles, and to provide an advisory role to Council. Council convenes on monthly basis without fail.

The Municipality's Audit Committee contract term has expired and it is in the process of appointing new Audit Committee. The Audit Committee is accountable to Council; and it provides opinions and recommendations on financial processes and performance; and provides comments to the Oversight Committee on the Annual Report.

The SDM also established a Section 79/Oversight Committees. Some of these committees also include Councillors. The following committees were established:

- Municipal Public Accounts Committee (MPAC)

This committee exercises oversight responsibilities over the executive obligations of Council. It also assists Council to hold the executive to account, and to ensure the economic, efficient and effective use of municipal resources. By doing so the Committee helps to enhance the public awareness on financial and performance issues of Council.

- Gender Committee

The committee oversees and reviews the alignment, efficiency and effectiveness of gender policy, mainstreaming strategy to implementation. It also oversees and ensures that civic education and awareness programmes, gender analysis and impact assessments are activated within the municipality and across the district.

- Petitions Management Committee

The committee meets at intervals not exceeding six months to submit to the Council a report indicating all the petitions received, referred and resolved and a summary of the response to the petitioners/community.

- Ethics Committee and Rules committee



Sedibeng resolved to consolidate Ethics and Rules committee to form one committee which is Rules and Ethics Committee. This committee exists to create a clear road map on the implementation of rules within the Sedibeng District Municipality. To enforce compliance in all sittings and official gatherings of the council. It also puts into place systems that enhance the development of members of the council in terms of conducting fruitful gatherings within the Council. Lastly the committee enforces discipline among its employees during council sittings and public gatherings.

- Elections Committee

Sedibeng District Municipality interacts with the local independent electoral commission pertaining to election matters; the committee operates within the confines of the Electoral Act.

- Remunerations Committee

The Remuneration Committee is established and fully functional. It is chaired by the Executive Mayor, and constitutes other members of the Mayoral Council. Corporate Services provides a secretarial service to the committee i.e. responsible for meeting registers, minutes and all other logistics. The committee deals with all remuneration matters of the municipality, including the performance bonuses for the Section 56 employees.

- Audit/Performance and Risk Committee

The Audit/Performance and Risk Committee was functional in the year under review. A total number of four ordinary meetings were held, with two special meetings included. The committee approved the Annual Audit Plan and reviewed its charter. The sub-committee on risk management was established and performed all tasks as expected, i.e. ensuring that organizational risks, both strategic and operational, are identified, captured in the registers, communicated and mitigated, accordingly.

Various reports were tabled before the committee for noting and approval, as per legislative compliance and directed by the Internal Audit Plan. These reports included all finance reports, performance, risk management, internal audit reports and review of controls. The committee ascertained that internal controls were implemented as per the Annual Audit Plan.

- Section 80 (MSA 32 of 2000) Committees

All 8 Section 80 Committees are established, chaired by relevant members of Mayoral Council, and fully operational. The Municipality has appointed a highly competent and capable administrative leadership led by the Municipal Manager. The administrative wing of governance consists of the Municipal Manager, Chief Operations Officer, five Executive Directors, and four Directors (representing the office of the Municipal Manager, Executive Mayor, Speaker and Chief Whip). These members constitute a Management Committee (MANCO) which sits on a fortnightly basis to address both strategic and operational issues.

The municipality has an active inter-governmental relations functions, which is shared across the entire organization. There are constant engagements with all intra-, inter- and external stakeholders, thus to ascertain that information sharing, challenges and updates are communicated on continuous basis. External stakeholders include all spheres of government, and established entities like the office of the Auditor General.

Effective corporate governance is a central focus that distinguishes Sedibeng District Municipality from other municipalities. The District Municipality has established important committees to encourage compliance with all legislation and to enhance ethical consideration by all its employees and Councillors.

### **Political Making Decision:**

The administration develops reports based on requests from councillors, communities, individuals, and various stakeholders. These reports are then submitted to various committees established under Section 80 of the Local Government: Municipal Structures Act, 1998 (as amended).

These committees, after extensive deliberations and consideration of the reports in their meetings, then recommend to the Mayoral Committee and Council for resolutions of Council. It is common and acceptable, based on the Rules of Council; that Councilors submit motions for consideration by full Council.

## **ADMINISTRATIVE GOVERNANCE**

The administrative arm of the Municipality is headed by the Municipal Manager; as the Accounting Officer. The Accounting Officer is executing his statutory functions assisted by the six Manager reporting directly to him. The Municipality; for some time now, has roped in the Managers from Political Offices to be part of the Management Committee, extending the committee to 10 strong Management Committee (MANCO), namely:

Name and Surname	Position
Mr. TL Mkaza	Municipal Manager (Acting)
Mr. M. Mathe	Chief Operations Officer (Acting)
Mr. C. Steyn	Chief Financial Officer (Acting)
Mr. M. Makhutle	Executive Director: Corporate Services (Acting)
Mrs. M. Mazibuko	Executive Director: Community Services
Mr. R. Netshivhale	Executive Director: Strategic Planning and Economic Development (Acting)
Mr. S. Manele	Executive Director: Transport, Infrastructure and Environment
Mr. Z. Majola	Director: Office of the Executive Mayor
Mr. T. Mokoena	Director: Office of the Speaker of Council
Mr. J. Tsoho	Director: Office of the Chief Whip of Council

## **COMPONENT (B): Intergovernmental Relations**

The Sedibeng District Municipality established functional structures to undertake its objectives on Inter-Governmental Relations (IGR). The IGR Unit, located in the office of the Municipal Manager, was capacitated with staff in order to fulfil its objective of close interaction with all spheres of government, thus playing a demanding coordination role.

The 'clean audit' status of the Sedibeng District Municipality has encouraged constant engagement with other municipalities, entities and government departments on learning, networking and benchmarking. The unit still sits actively in all district, provincial and national forums.

### **INTERGOVERNMENTAL RELATIONS STRUCTURES:**

### NATIONAL INTER-GOVERNMENTAL STRUCTURES

The Sedibeng District Municipality actively participates in various key forums at a national level. The key forums include the South African Local Government Association (SALGA) and the National Anti - Fraud & Corruption IGR Forum. In SALGA, the Directorate of Community Safety represents Sedibeng District Municipality at the Civilian Secretariat for Police Working Group and Plenary Forums.

These platforms are responsible for policy development and reviews related to the Community Policing Forums, Community Safety Forums, Green Paper on Policing, Rural Safety, etc.

Participation at this level enables the Sedibeng District Municipality to expand and further build its strategic networks, impacting positively in terms of acquisition of best models for the benefit communities within Sedibeng. Information attained from these forums assist the municipality during its policy and procedure processes undertaken on an annual basis.

### PROVINCIAL INTER-GOVERNMENTAL STRUCTURE

Sedibeng District Municipality also participates in various structures at provincial level, namely the Gauteng Inter-governmental Safety Coordinating Committee, MEC/Mayoral Committee Forum, Gauteng Speaker Forum, Premier's Coordinating Forum, and SALGA Working Groups & Functional Areas. SDM is fully represented by the relevant clusters and members of the Political Management Team. Their participation and continuous feedback keep the municipality informed of current issues related to amendments in legislation and new developments in municipal management and strategies.

The Municipality has set up these Forums and Committees to advise on direct operationalization of policies, systems, projects and programmes as mentioned above. They advocate integration, coordination and synergy in the region, thus curbing duplications and possible waste of time and public resources.

### DISTRICT INTER-GOVERNMENTAL STRUCTURES

Sedibeng District Municipality, in consultation with all local municipalities in its municipal area, has set up relevant IGR forums to advance cooperation and consultation towards coordinated development and advancement of the region. These structures meet on monthly, quarterly and bi – annual basis. Sedibeng District Municipality and three local municipalities, namely Emfuleni, Lesedi and Midvaal Local Municipalities, are fully represented in these Forums. Some of these are aligned to both national and provincial structures for direct implementation of plans as designated at higher levels.

The Municipality has set up these Forums and Committees to advise on and direct operationalization of policies, systems, projects and programmes as discussed. Various forums like the CFOs Forum, Safety Management Forum, Municipal Environmental Health Forum, Transport and Roads Forum, IDP Task Team Forum, IDP Steering Committee, IDP District-wide Lekgotla, and many more were established. These structures advance district-wide delivery of desired services towards realization of the growth and development strategy.

The following Forums are established and operational:

- Joint Mayors Forum;
- Sedibeng Speakers Forum;
- Sedibeng Chief Whips Forum;
- Joint Municipal Managers Forum;
- Chief Financial Officers Forum;
- Community Safety Forum;
- Municipal Environmental Health Forum;
- Transport and Roads Forum;
- Legal IGR Forum;

- Disaster Management Forum;
- IDP Task Team Meetings ;
- IDP Steering Committee;
- IDP District-wide Lekgotla; and many more.

#### RELATIONSHIPS WITH MUNICIPAL ENTITIES

Sedibeng District Municipality established and registered an entity; a state owned company called Vaal River City Promotion Company. The objective of the Vaal River City Tourism Promotion Company (SOC) is to promote and develop the Sedibeng Region as the destination of choice for domestic and international tourists. This, is envisaged that it will be done through various coordinated marketing initiatives such as promoting Vaal River City brand and encouraging the hosting of unique integrated events

This structure is meant to advance district-wide delivery of desired services towards realization of the Growth and Development Strategy (GDS).

### **COMPONENT (C): Public Accountability and Participation**

The Sedibeng District Municipality rolled out various public engagements such as programmes, projects and activities in the form of summits and stakeholder participation to ensure public accountability and participation in governance issues. These engagements were very successful and adequately attended and became fruitful as they assured that expected outcomes were reasonably achieved.

#### PUBLIC MEETINGS

##### Communication, Participation and Forums

The Sedibeng District Municipality held public engagements, including meetings, events and consultations led by both political and administration principals. These occasions were organised according to Sedibeng District Municipality outcomes as aligned to legislative requirements and annual plans.

Although stakeholders were reached as planned, the critical focus was mainly on the organised ones; that encouraged local municipalities to pay attention to general communities' issues. Sedibeng District Municipality's Communication Department played a major role to reach all stakeholders, physically and through electronic media, including website information.

#### WARD COMMITTEES

The Sedibeng District Municipality has no Ward Committees. However, through the Office of Speaker and in collaboration with local municipalities, it provides oversight, capacity building and support to all Ward Committees.

#### PUBLIC MEETINGS

- Public comments were integrated into the IDP. Clusters had to respond in writing and in terms of the community needs and clusters individual area of responsibilities.
- IDP Business Breakfast Public Participation took place on the 30 April 2017
- The Executive Mayor reflects on community needs and municipal future plans and the intentions to address these challenges facing our communities.

#### COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD

Sedibeng District Municipality led a critical process of complete alignment between its process plan and those of local municipalities in the region, namely; Emfuleni, Lesedi and Midvaal Local Municipalities. Sedibeng District Municipality officials and leadership attended public participation sessions organised by these local municipalities for synergy in engagement with various communities. Sedibeng District Municipality communication with its communities did yield positive results and outcomes.

The public used there platforms for engagements and to voice their concerns, as well as appreciations of significant areas of growth and development. They acknowledged that lack of public protests in the area signifies a positive progress by SDM in delivery of basic services as discussed and monitored in the year under review.

#### 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?	Yes

Sedibeng IDP and Budget Stakeholders/Public Meetings						
Nature and purpose of the meeting	Date of the events	Number of Participating Councillors	Number of Participating municipal Administrators	Number of Community members attending	Issues Addressed Yes/No	Dates and manner of feedback given to community
IDP stakeholders engagements	29/12/2016	11 Councillors	15 Administrators	105 stakeholders delegates	Yes	Feedback sessions are done through stakeholders engagements and follow up meetings, response to written public comments in the IDP by clusters
IDP Mayoral Business Breakfast meeting	13/04/2016	11 Councillors	15 Administrators	97 stakeholders delegates	Yes	Feedback sessions are done through stakeholders engagements and follow up meetings, response to written public comments in the IDP by clusters
IDP stakeholders engagements	20/04/2016	11 Councillors	15 Administrators	65 stakeholders delegates	Yes	Feedback sessions are done through stakeholders engagements and follow up meetings, response to written public comments in the IDP by clusters
IDP Representative forum	11/2016	11 Councillors	15 Administrators	26 stakeholders delegates	Yes	Feedback sessions are done through stakeholders engagements and follow up meetings, response to written public comments in the IDP by clusters
T24.3						

The Sedibeng District Municipality and its local municipalities prepared an Integrated Process Plan (IPP) within the adopted IDP Framework. The IPP outlined all events and activities involved leading to the drafting and completion of the annual IDP review processes.

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The IDP, Performance Management Systems (PMS) and budget are all components of one overall development planning and management system of SDM. Since the integrated development planning is an inter-governmental system of planning which requires involvement of all three spheres of government, the SDM engaged all government departments and other stakeholders like Stats SA and Provincial Treasury (State of Economic Review and Outlook-SERO) to compile its final IDP document, which was successfully approved by Council on 26 June 2015.

## COMPONENT (D): Corporate Governance

Sedibeng District Municipality has a strong governance system. All political and administrative structures are set in terms of relevant legislations and aligned in operation to the revised King Report. Municipal Council embraces various circulars from Cooperative Governance and Traditional Affairs (COGTA) and Treasury Departments, thus noted to improve processes on governance.

SDM through its IGR structures, liaise with all stakeholders at Local, Provincial and National levels. Section 79 and 80 Committees are established to assist political leadership, the Executive Mayor and the

Members of the Mayoral Committee with oversight on the total efficiency and effectiveness of the municipal systems. MPAC provides the overall oversight report of the municipality.

Audit Committee is also a critical institution set up as a Committee of Council. SDM has an outsourced Internal Audit Function working close with the Audit Committee and technically coordinated and supported by the Assistant Manager: Internal Audit. The office of the Chief operations Officer and its Risk Management Unit, manages and deals decisively with issues of Fraud and Corruption. The Local Labour Forum advocates for harmonious workplace relationship between employer and employees.

The following were achieved during the period under review:

- 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 addressed as and when they are reported.
- Capacity-building programmes are continuously undertaken by SDM.
- Code of Conduct for Councillors and Officials are distributed to all
- Engaged in capacity building programmes for officials to meet minimum competency requirements
- Adhered to all legislative compliance requirements
- All Committees of Council are fully functional
- Oversight Committees which are Audit and MPAC are all functional.
- Conducted internal financial procedures training
- Institutionalized internal Financial Controls
- Political Management Team is fully functional

## RISK MANAGEMENT

Note: MFMA section 62 (i) (c) requires a municipality to have and maintain an effective, efficient and transparent system of risk management.

The Risk Management Unit provides a comprehensive support service to ensure systematic, uniform and effective Enterprise Risk Management (ERM). The Risk Management Unit plays a vital communication link between operational level management, senior and executive management, risk management committee and other relevant stakeholders. The Risk Management Unit is the custodian of the ERM strategy and framework, the coordinator of the risk management processes throughout the institution and the institutional advisor on all risk management matters. Top 5 Strategic Risks of Sedibeng District Municipality are:

- Stagnant and declining economy within the District region;
- Inability to continue operations in the event of disaster;
- Uncertain financial sustainability of the District;
- Compromised quality of life for Sedibeng Citizens; and
- Fraud and Corruption



## ANTI-CORRUPTION AND FRAUD

Sedibeng District Municipality (SDM) subscribes to the principles of good corporate governance, which requires conducting business in an honest and transparent manner. Consequently SDM is committed to fighting fraudulent behaviour at all levels within the organisation. The Municipal Manager bears the ultimate responsibility for fraud and corruption risk management within the Municipality. This includes the coordination of fraud risk assessment, overseeing the investigation of suspected fraud corruption and facilitation of the reported employees or other parties.

In Sedibeng District Municipality, there is an Anti-Fraud and Corruption Unit which comprises of 2 Internal Investigators who report directly to the Chief Operations Officer and the Municipal Manager. Sedibeng District Municipality currently reviewed their Fraud Prevention Plan, together with the Fraud Policy & Response Plan.

The plan is premised on the organisations core ethical values, intent and commitment to prevent fraud and corruption together with the planning and organisational measures required in achieving that outcome. Effective planning is essential for preventing fraud and corruption and responding promptly and appropriately when it occurs. During the year under review, only four (4) cases were reported and dealt with accordingly.

**Key focus areas based on the recent fraud risk assessment were Supply Chain Management Unit, Licensing Department, Payroll Unit, Information Management Unit and Human Resources Department. Top 5 fraud risks are as follows:**

- Procurement Fraud;
- Collusion between staff members and the members of the public (during the issuing of licenses, Road Worthy Certificates, PDP);
- Theft of documents and assets due to unauthorised access to the building;
- Electronic transactions fraud; and
- Theft of Cash Revenue (Licensing - Cash handling).

## SUPPLY CHAIN MANAGEMENT

Note: MFMA section 110 - 119; SCM Regulations 2005; and relevant MFMA circulars set out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption.

The Supply Chain Management Unit resides within the Finance Cluster. 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. The following bid committees were established and are fully functional:

- Bid Specification Committee;
- Bid Evaluation Committee; and
- Bid Adjudication Committee.

All municipal procurement is conducted against the annual procurement plan that has been approved by the Accounting Officer. Demand management performance has been monitored and reported on a monthly basis to the senior management team for oversight and control purposes.

National Treasury have developed a centralized supplier database (CSD) to optimise the efficiency of service delivery. The CSD is interfaced to South African Revenue Service (SARS) to enable tax clearance status verification of suppliers throughout the Procure-to-Pay process and the Companies and Intellectual Property Commission (CIPC) for vetting of business registration and business ownership. All municipalities were required to migrate onto the CSD by 01 July 2016. The SCM unit at the municipality is registered onto the CSD and the SCM Demand Unit has begun incorporating information from CSD onto the existing Venus database, on an as and when required basis.

The Venus system has the database of suppliers and is updated on a daily basis. It gives effect to all the SCM and legislative requirements. The department receives new applications on a daily basis which show the interest of suppliers in the local economy, while existing suppliers are required to update their vendor information as and when required. The Acquisition Unit has also begun running parallel processes for the sourcing of quotations between R1, 000 up to R30, 000 on both, the Venus database and the CSD in order to not disadvantage any existing suppliers on the municipal database set.

The Executive Mayor provided general political guidance over fiscal and financial affairs of the municipality. He also monitored and oversaw the exercising of responsibilities assigned to the Accounting Officer and the Chief Financial Officer. Municipal policy and national legislation prescribe that Councillors are not permitted to serve as members in any bid committee or participate in the supply chain management processes.

The municipality has established Contracts Management Committee which meets on a quarterly basis to monitor progress on implementation of all available contracts within the municipality. The Committee is coordinated by Corporate Services, and resides in the Directorate: Legal Services.

## BY-LAWS

For the year under review, no new By-Laws were developed by the municipality.

## WEBSITES

Legislation requires that the municipality publishes in the website business activities. This will assist the community to assess how the municipality is doing in terms of programmes and projects, inclusive of the financial spending. Therefore it is required of the municipality clusters and department to furnish the webmaster, on a monthly basis, the information to be uploaded in the website.

Since the beginning of the year under review, Corporate Services Cluster has been tasked with the responsibility of overseeing the operations of Internal Communication; where the website unit resides. This Unit is responsible for the design, layout and uploading of all relevant documentation related to the District functions and compliance onto the website. Although the website is outdated and the unit is in the process of upgrading it to the more modern model; it is easily accessible to the communities and stakeholders.

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	May 2017
All current budget-related policies	Yes	May 2017
The previous annual report (Year -1)	Yes	May 2017
The annual report (Year 0) published/to be published	Yes	June 2013
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	May 2012
All service delivery agreements (Year 0)	Yes	May 2017
All long-term borrowing contracts (Year 0)	N/A	
All supply chain management contracts above a prescribed value (give value) for Year 0	Yes	July 2017
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	Yes	
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	Yes	Ongoing
Public-private partnership agreements referred to in section 120 made in Year 0	None	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes	April 2017
<p><i>Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.</i></p>		
T 2.10.1		

The SDM website performed much better in this financial year in as far as the MFMA requirements are concerned. Great strides have been made in the collection of the material that needed to be uploaded to the website to comply with the MFMA requirements. At the end of the financial year the SDM website was more than 100% compliant. A new page on the website was designed under the "Key Documents" section which addressed the MFMA compliance issues directly; for which in turn pointed to all the relevant content.

The Public can access information on [www.sedibeng.gov](http://www.sedibeng.gov). twenty four hours (24hours) a day by viewing some information on respective pages. Some other information is available as downloads i.e PDFs (Readable with Acrobat Reader).

#### PUBLIC SATISFACTION ON MUNICIPAL SERVICES

SDM has no constituency; as such did not conduct public satisfaction levels surveys; however the municipality relies on the public participation fora. These public participation engagements have given the municipality the nod from members of the public during discussions.

## CHAPTER 03:

### SERVICE DELIVERY PERFORMANCE

#### Introduction

This Chapter provides information and gives account on all services that were provided by the municipality during the year under review. However, it is noted that basic services such as the provision of water (3.1); waste water (sanitation) (3.2); electricity (3.3.) waste management (3.4); housing services (3.5); and some free basic services (3.6) are provided at local municipality level. The district plays a facilitating and coordinating role in direct liaison with local municipalities.

In this chapter, we focus closely at what the municipality set out to achieve at the beginning of the financial year; and the achievements thereof. All anticipated projects and programmes are enshrined in the GDS II, the IDP and SDBIP; and all are also outlined in the 5+2 Pillars of the GDS II and the IDP. The pillars are:

- Re-invent our Economy
- Renew our Communities
- Re-integrate our Region
- Revive our Environment
- Release Human Potential
- Good Governance
- Deepening Democracy

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The Transformation, Modernization and Reindustrialization (TMR) Programme pursued by the Gauteng Province 5th Administration; which brought a sign of urgency and renewed hope is included in the objectives of the municipality as a guiding principle.

The municipality achieved most of its objectives in the year under review. The municipality's powers and functions doesn't allow it to offer basic services; as such the municipality renders very few services directly to residents. These include:

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

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.

Section 41 of the Municipal Systems Act 32 of 2000 dictates that:

- (1) A municipality must prepare for each financial year a performance report reflecting-
  - a) The performance of the municipality and of each external service provider during that financial year;
  - b) A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and (c) measures taken to improve performance.
- (2) An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act

It is against this legislative background the municipality presents the Annual Performance Report (APR). This Annual Performance Report forms part of the consolidated Annual Report of the Municipality which must be submitted to Council by the end of January on an annual basis.

## COMPONENT (A): Basic Services

While local municipalities provide the following basic services; Sedibeng District Municipality only plays a coordinating and facilitating role in housing and transport. They are water, sanitation, electricity, waste management, some free basic services and indigent services.

### WATER

The provision of water is the primary function of local municipalities.

### WASTE WATER (SANITATION)

This services is a primary function of local municipality.

### ELECTRICITY

Some functions are provided by local municipalities while a certain portion is provided by ESKOM.

### WASTE MANAGEMENT

Local Municipalities' primary function is to provide waste management.

### HOUSING

The human settlements development function in Sedibeng Region is administered by Gauteng Department of Human Settlements (GDHS) and is characterized by different challenges like slow delivery of houses, water logged stands, invasion of houses, delay in allocation to beneficiaries, etc.

Sedibeng District Municipality (SDM) role is only to coordinate and monitor human settlements programs through established IGR Human Settlements coordinating forum. The Forum is made up of GDHS, the three local Municipalities and the District. The Forum discusses issues such as provision of houses, title deeds, engineering services, land use applications and etc.

Sedibeng District Municipality received funding from the Gauteng Provincial Treasury (GPT) to register and transfer Title Deeds to beneficiaries. SDM subsequently appointed conveyancers to assist with this process which is currently underway.

#### Financial Performance Year 0: Housing Services

R'000

Details

Year -1

Year 0

	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>		1		612	100%
Expenditure:					
Employees	1 794	1 587	1 794	1 569	-1%
Repairs and Maintenance					#DIV/0!
Other	15	33	21	629	95%
<b>Total Operational Expenditure</b>	1 810	1 620	1 816	2 198	26%
<b>Net Operational Expenditure</b>	1 810	1 619	1 816	1 586	-2%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.5.5

### SOME FREE BASIC SERVICES AND INDIGENT SUPPORT

- These are local municipalities' competence

## **COMPONENT (C): Roads and Transport**

### ROADS

Local Municipalities provide this service.

### TRANSPORT (INCLUDING VEHICLE LICENSING AND PUBLIC BUS OPERATION)

### TRANSPORT

Sedibeng District is not a Transport Authority; however it provides a significant facilitating and coordinating role in ensuring smooth operations within this sector. The following were coordinated:

- Enhancing business relationships between public operators and minibus taxi industry
- Continued implementation and monitoring of owners of operating licenses; and general compliance issues

### MOTOR VEHICLE LICENSING AND REGISTRATION

Sedibeng District, on an agency basis and on behalf of Provincial Department of Roads and Transport; runs a successful vehicle licensing and operations. This is attested by the increasing number of clients utilising the services.

However, there are incidents of misconducts by employees. These are handled jointly by province and Sedibeng District Municipality. The Service Level Agreement between province and the municipality is in the process of review. In addition, the municipality is looking at reviewing the Strategy; which will be in line with the province and the municipality's strategies, goals and objectives.



The risks regarding cash at licensing centres still remain a concern but the municipality is engaging relevant banks to reinforce cash management; which should reduce theft and potential and current robberies at these centres.

Employees: Transport Services					
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	2	2	0	0%
4 - 6	0	5	5	0	0%
7 - 9	0	49	46	3	6%
10 - 12	0	87	87	0	0%
13 - 15	0	22	22	0	0%
16 - 18	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	#DIV/0!
Total	0	165	162	3	2%
T3.8.					

Financial Performance Year 0: Transport Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	63 215	78 172	78 181	64 802	-21%
Expenditure:					
Employees	57 632	60 713	63 109	62 495	3%
Repairs and Maintenance					#DIV/0!
Other	2 388	26 621	27 974	27 306	3%
<b>Total Operational Expenditure</b>	60 020	87 334	91 083	89 801	3%
<b>Net Operational Expenditure</b>	(3 194)	9 162	12 902	24 999	63%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.8.5					

Capital project commissioned and funded by PRASA (Vereeniging Taxi Rank) to the tune of R 50 million, has been re-started, albeit still with operational challenges. The stop-start trend in this projected has infuriated commuters, taxi owners and the stakeholders such as shop owners as their businesses are going under due to non-completion of this project.

Gauteng Department of Roads and Transport (DRT) and Sedibeng Transport Infrastructure and Environment (TIE) are responsible for getting taxi industry on board. Sedibeng Local Economic Development (LED) is supposed to be draw up lease agreements with traders who will be utilizing stalls at the facility; as they are the custodian of economic injection and development in the region. The intermodal taxi facility in Bophelong is about to be opened for public use; although in the main only the hawkers section and informal trading will operate

## COMPONENT (C):Planning and Development

Sedibeng District Municipality (SDM) has developed a Growth and Development Strategy (GDS) and a Spatial Development Framework (SDF) which both seek to address the current challenges of unemployment, poverty and inequalities.

These strategy policy documents respond to the need to diversify our economy which was once steel industry driven. The economic diversification is now focused on creating industries that are Tourism, Agricultural and Logistics driven. The Sedibeng region possesses competitive and comparative advantage by the existence of the Vaal River, Vaal Dam, Gas, Arable land and National and Provincial roads and rail which are within the regions area of jurisdiction.

Strategies and Plans to develop the region have been put in place, however the major challenge which has halted development in the region over the past and present decades has been unavailability of sewer services. Plans to build a Sedibeng Regional Sewer Scheme which includes upgrading of existing Waste Water Treatment Works have been delayed by lack of funding towards the project.

#### WASTE WATER (STORMWATER DRAINAGE)

The service is provided by local municipalities

#### PLANNING

Sedibeng District Municipality (SDM) is responsible for the Spatial Planning of the district and Local Municipalities are responsible for deciding on Land Use matters in terms of Spatial Planning and Land Use Management Act (SPLUMA, 2013). Therefore all statutory applications are submitted and decided by Local Municipalities, the district can only comment when requested to do so.

SDM therefore uses Land Use Management Systems (LUMS) as a tool to manage spatial planning and land use in the region. LUMS consists of the Spatial Planning and Geographic Information Systems (GIS).

##### A. Spatial Planning

##### Spatial Development Framework (SDF)

The SDF is reviewed annually in line with the Integrated Development Plan (IDP) in accordance with the Municipal Systems Act Chapter 5 section 26 (e).

##### Regional Spatial Development Framework (RSDF)

SDM in partnership with Fezile Dabi District Municipality, Gauteng Office of the Premier and Department of Rural Development and Land Reform have embarked on a process to establish and develop a Regional Spatial

Development Framework (RSDF) for the areas around the Vaal River and Vaal Dam. The delineation of this RSDF includes sections of the North West and Mpumalanga Provinces respectively. The North West Province has already sent a letter of support towards the process. According to SPLUMA, the Minister should promulgate the area as a "Region" prior to studies being conducted

and developing the RSDF. A letter of request will be sent to the Minister once support has been gained from all affected parties.

**B. Sedibeng District Rural Development Plan (SDRDP)**

SDM in partnership with the Department of Rural Development and Land Reform (DRDLR) have developed a draft SDRDP. This seeks to find solutions to rural areas in terms of economic development, social capital, human settlements and provision of social and engineering services.

**C. Strategic Game Changer Projects**

SDM together with the Office of the Premier has identified key projects that will change the socio-economic impasse in the region. These are projects which will impact on the broader Gauteng City Region (GCR) in terms of the Gauteng 2055 vision. These projects will be used as a marketing tool for the region and an Implementation Plan will subsequently be developed.

**D. Geographic Information Systems (GIS)**

An integrated GIS system has been developed for the district and local municipalities. The system includes a central server which is located at the district offices and a viewer which is accessed by all municipalities.

Lesedi Local Municipality (LLM) is the only LM that is not connected to the central server. This is due to the fact that the municipality is not on the centralized I.T network of the SDM. This poses a challenge in terms of data transfer and storage.

SDM is a beneficiary of the ELA agreement between the Gauteng GIS office and Esri SA. Therefore SDM together with the local municipalities do not have to budget for software and hardware licence renewals for the duration of that contract.

Employees: Planning Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3		2	2		0%
4 - 6		3	2	1	33%
7 - 9		3	3	0	0%
10 - 12		0	0	0	0%
13 - 15		0	0	0	0%
16 - 18		0	0	0	0%
19 - 20		0	0	0	0%
Total		8	7	1	13%
T 3.10.4					

Financial Performance Year 0: Planning Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget

<b>Total Operational Revenue</b>	10 482	2 830		3 427	17%
Expenditure:					
Employees	1 049	15 018	13 721	13 624	-10%
Repairs and Maintenance					#DIV/0!
Other	26 807	1 202	2 351	5 533	78%
<b>Total Operational Expenditure</b>	26 596	16 221	16 072	19 158	15%
<b>Net Operational Expenditure</b>	17 375	13 391	16 072	15 730	15%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
					T 3.10.5

## LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

### ECONOMIC DEVELOPMENT

The Local Economic Development (LED) is an involved process and programme that requires the participation of the community, private sector, business community and all spheres of government. The turnaround strategy around LED strategy and SGDSI also took into cognisance the high level of poverty, poor economic infrastructure, unemployment, availability of skills, available incentives, It was important to consider projects and programmes that could be implemented jointly with the government agencies and other strategic role players such local companies, banks, and business associations. The Sedibeng

District Municipality has developed incentive framework with incentive package 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. Manufacturing sector remains a dominant sector of our regional economy, however, it is experiencing a decline due to macro factors and it is for this reason that we have begun to diversify and grow other sectors. The Services Sector, the Financial Sector, the Tourism Sector and the Agricultural Sectors are all on the rise.

The Partnership programme between Gauteng Provincial Department of Economic and Vaal University of Technology (VUT) to support SMME's incubation and drive innovation through digital manufacturing with the establishment of a Fabrication Laboratory has now been extended to the schools in the Townships in Emfuleni area.

### Priority Areas

The Sedibeng District Municipality Local Economic Development has three priority areas which are Agriculture, Cooperatives/SMME'S Development and Agriculture.

Through GDARD programmes we have had immense support of local farmers and process towards establishment of a Mega Agripark. A business plan for Farmer Production Support Unit within the Mega-Agripark is completed. The Department of Rural Development and Land Reform has committed funding towards the Mega-Agripark projects. The Feasibility study for Milling Plant is completed. Funding committed by the Department of Rural Development and Land Reform to Sedibeng was transferred to Emfuleni Local Municipality to fund servicing of tractors and implements. More than 250 households were identified and supplied with food gardening supplies.

The Sebokeng Agripark which was funded by the Gauteng Department of Agriculture and Rural Development as part of the Mega Agripark Project is in operation as a primary agriculture. It is a hydroponics project which is growing vegetables at a massive bigger scale and the project once in full operation it is expected to supply local markets and also feed the Mega Agripark with constant supply of produce mainly for agro processing.

### Economic Development and Job Creation

The Sedibeng District Municipality has facilitated the work opportunities mainly in three areas;

#### A. Agriculture

The Sedibeng District Municipality has adopted 2 cooperatives with a membership of 17 to be part of the Sebokeng Agripark and the cooperatives members are being supported with economic infrastructure, production inputs and technical support. The Sedibeng District municipality through the Gauteng Provincial Department of Agriculture is continuously ensuring that the mechanisation programme is implemented without hindrances and more help is being sought from the province to improve the impact thereof. This programme improves the production prospects of the farmers and thus sustains the farmers and workers on the ground.

Expanded Public Works Programme (EPWP) and Community Works Programme (CWP).

The Expanded Public Works Programme has contributed to unemployment and poverty reduction. The national department of public works has supported SDM with an integrated incentive grant where in 94 EPWP beneficiaries were appointed in the year under review on 2 to 8 months contract which ended in July 2017. The Community works programmes has registered for the new 3 000 intake of beneficiaries and a three contract period funded by CoGTA. The 3 000 beneficiaries are in the 3 local municipality on a ratio of 1000 per site.

In the main the areas with high level of poverty were prioritised especially in the nearby informal settlements of Sicelo in Meyerton, Boiketlong in Emfuleni and Ratanda extensions in Heidelberg. These areas are basically lacking basic services and the economic activities are extremely low thus these programmes and initiatives as mentioned are an added socio economic advantage for them.

#### B. Small Micro Medium Enterprises (SMMEs)

The Gauteng Provincial Treasury in partnership was conducted a workshop and training session for 35 SMME'S to capacitate on economic opportunities/compliance on procurement and other BBBEE imperatives. More than 265 SMME'S were capacitated on "buy local products" which is programme coordinated by the Department of Trade and Industry in partnership with an organisation called Khutlo-Tharo. The Coca-Cola Company also procured trolleys with added packages for the hawkers and the SDM through its Executive Mayor and MMC for LED and Tourism handed over the products at a Vereeniging Railway Station.

#### Township Economic Revitalisation (TER) Programme

One of the Gauteng Provincial Strategy is around the Township Economic Revitalisation (TER) Programme which so far the province has prioritised the future provincial spend to be focused on the Sedibeng Region. The TER Strategy is one of the main programmes that SDM has equally prioritised due to its potential to promote and achieve economic inclusivity leveraging main on government expenditure on both service and capital/infrastructure expenditure.

#### C. Stakeholders Coordination

Sedibeng District Municipality appreciate the fact that effective local economic development requires continuous stakeholders' engagement accompanied by strategic partnerships on key programmes and projects. These partnerships are mainly on policy/strategies development, financial/non-financial support and skills development and also include public and private partnerships. The following economic sectors and other related forums were engaged on a variety projects and programmes;

Sedibeng United Business Forum (SUBF) which is a forum composed of organised business chambers across Sedibeng District namely NAFCOC, Vaal Chamber of Commerce and Industry, Roshgold, Heidelberg Chamber of Commerce, Vanderbijlpark/Vereeniging Chamber and Midvaal Chamber of Commerce.

- Agricultural Organisations – AFASA and NAFU
- Gauteng Provincial Government
- National Government
- Government Agencies
- Private Sector Companies
- Informal Traders and Hawkers Associations

#### COMMENT ON LOCAL JOB OPPORTUNITIES:

The jobs opportunities statistics outside EPWP and own projects as indicated above are validated through STATSSA, SARS and Department of labour amongst other institutions. Job Creation through EPWP Projects

Details	Number of Beneficiaries
2016/017	94

## TOURISM

The Sedibeng District Municipality has embarked on a major drive to promote and develop the Tourism Industry in the region as a direct result of the decline in economic activity in the Steel and related sectors of the region; with special emphasis on the development of township tourism.

The Sedibeng region, with its diverse tourism offerings, embedded in rich cultural and natural heritage products, has the potential to grow into a major tourism destination. Sedibeng district has been classified as an area with above average tourism potential. 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) and the Sedibeng 2010 strategy (2007).

The Tourism Strategies have the following goals:

- Develop a common understanding of the tourism industry, defining the roles and responsibilities of government in particular and the broader stakeholder groups, in growing the Tourism Industry in Sedibeng;
- Develop and formulate strategies to be implemented by each stakeholder group in relation to their respective roles taking the strengths and weaknesses of the Sedibeng Tourism Sector into consideration;
- Build the capacity of the three major stakeholder groupings (Government, Private Sector and Community) to grow tourism and subsequently create economic and job opportunities.

In order to realize these objectives, the following deliverables have been identified:

- Tourism Institutional Arrangements
- Tourism Demand: Destination Marketing
- Tourism Supply: Product and Skills Development
- Promote the Development of Tourism Infrastructure

### Tourism Institutional Arrangements

Support Regional Tourism Organisation (Vaal River City Tourism Promotion Company (SOC).

The Sedibeng District Municipality has coordinated the establishment of a Regional Tourism Organisation, with Public, Private and Community Stakeholders, to create an enabling and facilitating environment for the Tourism Industry in the Sedibeng Region as informed by the National Growth Path, the Constitution of the Republic of South Africa and the National and Provincial Tourism Development Strategies.

A state owned company (Vaal River City Promotion Company (SOC)) was registered in August 2013. The objective of the Vaal River City Tourism Promotion Company (SOC) is to promote and develop the Sedibeng Region as the destination of choice for domestic and international tourists, through various coordinated marketing initiatives, such as promoting Vaal River City as a brand and encourage the hosting of unique integrated events.



The Board consists of five Board Members, chaired by Advocate G Malindi. The Board of Directors of the Company has met three times during the 2016 – 2017 financial year.

The Board adopted a draft business and marketing plan, inclusive of a budget, organogram, company logo, letterhead and possible projects, during the financial year. The Board presented the aforementioned plans to the shareholder for support and implementation.

#### Tourism demand through targeted tourism marketing initiatives

##### Marketing and Exhibitions

The Tourism Department is involved with many exhibitions and events on an annual basis. This platform is an excellent marketing tool to raise the tourism profile of the region. A Generic Tourism Brochure, profiling the tourism offering in the region, is distributed. A Sedibeng tourism website has been developed, which includes accommodation establishments, tourism attractions, packages and events.

Listed graded establishments are linked to their respective websites. Sedibeng District Municipality submits information to the National Department of Tourism, Gauteng Tourism Authority, N3 Gateway and Vaal Meander to be included on their respective websites and digital platforms.

The Sedibeng District Municipality and tourism stakeholders participated in numerous exhibitions, such as the International Tourism Indaba, Getaway Show and Beeld Outdoor Show. 183 Events and Packages in the region were submitted to the N3 Gateway Association, Gauteng Tourism Authority, Vaal Meander, the Sedibeng, External Communications Department and Emfuleni, Midvaal and Lesedi Tourism Departments for inclusion in marketing initiatives.

##### Product and Skills Development:

###### Accommodation and Tourism Product Audit:

The Tourism Department has conducted an audit on the graded and non-graded accommodation facilities in the region. This is an on-going process. A total of 19 databases have been developed and maintained regularly.

- There are 94 graded establishments in the region and 132 non-graded establishments. Approximately 4426 beds (2700 Graded and 1726 Non Graded), ranging from luxury to budget accommodation, are on offer to tourists.
- There are 75 Conference and Function venues with capacity for 20 to 4000 pax.

##### Tourism Product Development:

The Sedibeng District Municipality has participated or submitted inputs for the development of National and Provincial policies, strategies, studies and plans.

These include the Gauteng Suikerbosrand Repositioning Strategy, Gauteng Township Tourism Programmes, and Tourism Signage for Gauteng Township Destinations.



### Tourism Training, Capacity Building and Skills Development

Sedibeng, in partnership with the National Department of Tourism, Gauteng Enterprise Propeller, Gauteng Tourism Authority and tertiary institutions, conducts skills development and tourism awareness workshops on a regular basis for emerging and established tourism establishments.

The Sedibeng Tourism Department, with relevant stakeholders, facilitated and participated in the following workshops:

- Gauteng Positioning and Working Group Workshop
- Economic Township Tourism Stakeholder Engagement Session
- Gauteng Global City Region Seminar
- BBBEE Awareness Workshop
- Township Tourism Coordination Workshop
- Women in Tourism Workshop
- Gauteng Tourism Safety Monitors

Information on training, capacity building and skills development opportunities by tourism departments and organisations, such as the National Department of Tourism, Gauteng Department of Economic Development, Gauteng Tourism Authority, FEDHASA, N3 Gateway, SAHRA, etc. are sent to all stakeholders to participate.

The Sedibeng District Municipality facilitated the implementation of a National Training Programme, namely The Tourism Youth Hospitality Programme. 35 Learners are enrolled in the programme.

### Promote the Development and Maintenance of Tourism Infrastructure.

- Facilitated a Township Tourism site audit with the Gauteng Department of Economic Development for the development of Township Tourism.
- Facilitated the application for the approval and installation of Tourism Directional signage of 3 tourism products in Sharpeville.
- Submitted information to the Gauteng Department of Economic Development for the inception report on tourism signage for Gauteng Township destinations.
- An audit on Tourism Infrastructure in the region was conducted and submitted to the Emfuleni Tourism Routes Working Committee, Midvaal and Lesedi Local Municipalities, Gauteng Department of Economic Development, Gauteng Tourism Authority and the Sedibeng Heritage Department for the consideration in the planning of tourism routes and the maintenance of infrastructure.

Employees: Local Economic Development Services					
Job Level	Year -1	Year 0		Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Employees	Posts	Employees		
	No.	No.	No.	No.	%
0 - 3		1	1	0	0%
4 - 6		3	3	0	0%
7 - 9		2	2	0	0%

10 - 12		0	0	0	0%
13 - 15		2	2	0	0%
16 - 18		0	0	0	0%
19 - 20		0	0	0	0%
Total		8	8	0	0%
T 3.11.8					

Financial Performance Year 0: Local Economic Development Services R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		1			#DIV/0!
Expenditure:					
Employees	1,457	1,431	1,087	2,308	38%
Repairs and Maintenance					#DIV/0!
Other	10	32	14	27	-18%
Total Operational Expenditure	1,467	1,462	1,101	2,335	37%
Net Operational Expenditure	1,467	1,461	1,101	2,335	37%

### COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

#### GOVERNMENT PROJECTS:

##### Capital & Infrastructure

The major projects as conceived by the SDM 5 year IDP were earmarked to be implemented through outside or external funding which was well responded to by both the provincial and national government.

The government in all its spheres is implementing a number of infrastructure and other physical projects in the Sedibeng District in the areas Housing, Roads, and Economic Infrastructure and social amenities. In these projects the local economic development have improved significantly through local procurement of goods and services. The Gauteng Provincial Treasury is monitoring these expenditures while the records of these items are readily available in their respective departments. These projects as mentioned are labour intensive while sourcing a lot of local materials, service providers big and small.

##### Mega Agripark

The province and national departments have already committed huge sums of funding in the areas of feasibility studies, master plans and economic infrastructure on the Mega Agripark Project. The overall performance of agriculture in other commodities and activities remain a huge boost for this project. The value chain in the sector include feeds, seeds, equipments/implements and general infrastructure improvements like Vereeniging Fresh Produce Market indirectly impacts immensely on the future of this project.

##### Expansion and Renovations of Economic Infrastructure

The Gauteng Province approved the request of renovating the Sebokeng Industrial Park and Vereeniging Fresh Produce Market which are mainly catering for the SMME'S and cooperatives, market agents who in turn source a lot of farmers produce for the small retailers, informal traders, hawkers and chain stores/supermarkets. These improvements are mainly done to retain the customers, clients and

businesses operating in these buildings. The return on investments on these projects is already showing signs of direct and indirect benefits and they will form part of a sustainable integrated economic development.

#### Private Sector

The private sector continues to show confidence in investing in the region along R59 and other industrial centres. There are other private companies like Ceramic Industries which is becoming the main produce of tile making in the country.

The retail industry has grown phenomenal and expansions were done in Vaal Mall, Thabong Shopping and others in the district

#### Water and Sewer Scheme

The previously much talked about sewer scheme has been finally implemented in phases with visible implementation happening in Sebokeng Water Works and the Rand Water Project. There are also other expansions by Rand Water and other prospects of new mining in the region

### **COMPONENT (D):Community and Social Services**

This is a community based cluster which seeks to release human potential from low to high skills and build social capital through united, non-racial, integrated and safer communities. This is done by providing support services to various areas such as disaster management services, community safety, health care services, social development, youth development, sports, recreation, arts, culture and heritage in the region. Key delivery priorities of this cluster include the following:

- Provide integrated support in ensuring that our communities are safe and secure
- Promote disaster resilient communities
- Preserve heritage and museums of our region, including promotion of national and provincial Commemorative days
- Promote and support sports, recreation, arts and culture
- Promote efficient delivery of health care services
- Promote social development of our communities
- Facilitate youth development in the region

The following delivery areas outline below, illustrate the implementation output for the year under review; in an effort to improve performance and service delivery.

#### 3.12.1 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

Part A schedule 4 and 5 of the Constitution of South Africa, 108 of 1996 lists the following as provincial competencies: Archives, other than National Archives, Libraries, other than National Libraries, Museums, other than National Museums, Provincial Cultural matters, Provincial Recreation amenities and Provincial

Sports. The Gauteng Department of Sports, Arts, Culture and Recreation operate within the Constitutional Mandate.

Part B of the same schedule lists competencies in which the Provincial Department has a role to support and monitor local government i.e. amusement facilities, local amenities, sports facilities, municipal parks and recreational facilities.

Sedibeng District Municipality Community Services is a Cluster on its own. It has a specific Sports, Recreation, Arts, Culture and Heritage Directorate. This Directorate facilitates and implements activities related to Sports, Recreation, Arts, Culture and Heritage.

Sedibeng is currently leasing three (3) museums (Sharpeville, Teknorama and Heidelberg). The Arts and Culture division has two Theatres under its supervision i.e. Vereeniging and Mphatlalatsane Theatres. The Sharpeville Precinct, Sharpeville Hall and the Regional Craft hub are fully functional; and are used by both local and people outside the areas to enhance development.

The Gauteng Provincial Carnival is an annual event and has in the recent years experienced success and the impact it starting to show. This event has given many local artists an opportunity to showcase their talents and compete with some of the finest in the world; including some of them assisting the Cape Town Festival through their skills they have acquired over the years.

Teknorama falls within the Heritage side of the SRAC & H Directorate. The Heritage Precinct includes the old Police Station Museum, the Freedom Walk, the Sharpeville Exhibition and Sharpeville Hall. The Heritage Division is still pursuing all strategic Tertiary History Institutions, the National Heritage Council, SAHA, SAHRA and both the Provincial Department SACR and National Department of Arts and Culture and numerous Heritage through the Country like Museum Africa, Apartheid, Apartheid Museum, Freedom Park, Luziko Museum, the Helen Joseph Memorial Centre and the Robben Island Museum to assist in creating strategic partnership that would assist in adopting best practices.

The laying of wreath for World War 2 Monument, Peace Monument, Signing of the Constitution, Sir William Stove Monument and the Block House during the Anglo-Boer War continues to happen on annual basis. This is in addition to the Boipatong Massacre commemoration that also takes place on annual basis.

#### CEMETORIES AND CREMATORIUMS

The function of Cemeteries and Crematoriums resides with Local Municipalities. Sedibeng only plays a very distinctive role through Municipal Health Services Programme; the latter be the District competence. Currently there are more than 600 service providers who make use of cemeteries and crematoriums in the region. All funeral undertakers' premises and mortuaries are regulated and monitored by the Environmental Health division of the Municipal Health Services Division.

#### CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

The main service delivery priorities was to promote social development of our communities, support and facilitate the implementation of youth development; including women and gender programmes. While services relating to children, social programmes and old aged are the competency of the Province; Sedibeng District Municipality mainly coordinates and support the local municipalities in collaboration with the Province for syngesed implementation of these programmes. Various programmes have been implemented in conjunction with the locals; focused specifically in the designated groups i.e. youth, children, women and gender and people with disability. The following were key delivery areas identified for this financial year (2016/17):

#### Facilitate the implementation of gender and women programmes

To ensure that this key delivery area is supported; eight (08) gender and women programmes were implemented. This includes amongst others, family law and economic development workshop held on the 11 August 2016 at the Sharpeville Hall whereby 261 community members participated, women empowerment workshop held on the 19 October 2016 at Saul Tsotetsi Centre whereby 157 women participated.

During the sixteen (16) Days of Activism on no violence against women and children campaign, a gender based violence awareness campaign was held at Evaton Library on the 29 November 2016 with 66 community members participating, Commission for Gender Equality meeting for the establishment of a Legal Clinic attended on the 24 January 2017, 31 women cooperatives participated at an International women's day economic summit held during the period; 08 – 10 March 2017, 20 women assessed through single parenting women group by Commission for Gender Equality and POWA on the 18 April 2017, and women empowerment workshop held at Saul Tsotetsi Centre on the 05 May 2017 whereby 78 women participated.

#### Support social development programmes

These are programmes aimed at educating and providing relevant services to address social ills within our communities. In November 2016 about 170 people comprising of pregnant women and other community members attended a workshop on Fetal Alcohol Syndrome held in Sharpeville. Early Childhood Development (ECD) Steering Committee was established on the 25 August 2016 at the Vereeniging Civic Theatre where ECD plans were developed.

The District successfully held three (03) Early Childhood Development Steering Committee meetings to finalize the ECD prototype format and designed a reporting template for MEC/MMC IGR Forum. As a result of this, a child trafficking awareness programme was conducted on the 30 November 2016 at Boipatong Library where 33 learners participated.

On the 10 February 2017, an IGR meeting was held to develop a district wide report on social development. This was followed by a Regional Disability Forum meeting held on the 28 February 2017 to review the status of the forum and develop a programme of action for the 2017/18 financial year. On

the 15 June 2017, a bedsore awareness and preventative programme targeting people with disability was conducted, and 84 people with disability participated.

#### Facilitate youth development programmes

Youth skills development is regarded as a critical area and a flagship programme; that promotes and ensures youth readiness for self-sustenance, development and growth. This is facilitated through various developmental programmes which include those such as; young women dialogue that was held on the 25 August 2017 at Birchwood Hotel where 50 young women participated.

Three hundred and seventy nine (379) young people attended an entrepreneur workshop held on the 07 October 2017. Sixty (60) young people participated in youth in agriculture workshop held on the 15 November 2016 at Ratanda Youth Centre; while 21 young people attended a work readiness workshop at Ratanda Youth Centre on the 20 November 2016.

On the 20 January 2017, 63 young people attended a Soul Buddies Youth Seminar. In April 2017, about 100 young people were enrolled for a Learnership programme and were placed across various Sedibeng District Municipality Departments. A workshop for Tshepo 1 million project was held on the 02 June 2017 with 68 young people attending.

On the 18 June 2017, 45 learners from various schools across the region participated in Ekasi Gentlemen Project in collaboration with Soul Provider Youth Organization, and on the 27 June 2017, a youth entrepreneurship programme was implemented with DTI and NYDA with 90 young people participating.

#### Facilitate implementation of Youth Advisory Centres programmes

Youth Advisory Centre plays a crucial role towards youth skills development and support in the region. Through these centres, services such as job preparedness, basic computer literacy, financial management, internet access, CV writing, basic entrepreneurship development and career guidance are provided to the youth. In this regard about 3 710 people have been assisted.

#### Facilitate implementation of external student financial support programme

The Municipality is also providing financial assistance to needy post matric students across the region. During the year under review, 26 needy students in the region were awarded bursaries to enroll and study at various tertiary institutions across the country.

#### SERVICE STATISTICS FOR CHILD CARE

Employees: Health & Social Development					
Job level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
03	01	01	01	0	0%
04 – 06	04	05	04	01	10%
07 – 09	16	17	16	01	10%
Total					

Accordance to the Child Care Act, issues relating to children care services are a core competency of the Province. The District continues to provide relevant support and collaboration, in conjunction with the local Municipalities within the District, including the ECD Steering Committee (ECD) Three ECD steering committees were held to finalize ECD prototype and to design a reporting template for MEC-MMC IGR meetings.

Key Strategic Objective: "Releasing human potential from low to high and build social capital through united, non-racial, integrated and safer communities"									
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	Year 1		Year 0			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
		Previous Year (iii)		*Previous Year (v)	*Current Year (vi)		*Current Year (viii)	Current Year (ix)	*Following Year (x)
		(iv)			(vii)				
Service Objective: Promote efficient health and social development programmes within communities									
Facilitate District Health activities	02 District Health Council meetings held	03	04	02	02	03	03	03	03
Implement health programmes	02 Health programmes supported	02	05	02	02	04	04	04	03
Facilitate implementation of gender and women programmes	03 Gender and women programmes supported	03	04	03	03	08	08	08	03
Support social development programmes	04 Social Development Forum activities supported	04	04	04	04	05	05	05	04
Facilitate youth development programmes	04 Youth development programmes supported	04	09	04	04	09	09	09	04
Facilitate implementation of Youth Advisory Centers Programme	2000 Youth assisted	2400	9202	2400	2000	3710	3710	3710	2000
Facilitate implementation of external students financial support programme	26 External students supported	26	27	26	24	26	26	26	25

### THE PERFORMANCE OF CHILD CARE; AGED CARE; SOCIAL PROGRAMMES OVERALL:

The overall performance of Social Services for this period has been satisfactory. The department units have respectively achieved most of its objectives as stipulated in the service delivery and budget implementation plan (SDBIP) for 2016/17 financial year.



The expected outcome of coordination and support to promote social development of our communities has been achieved. This was done through the collaborative efforts with various community stakeholders, including local municipalities and the provincial departments relevant.

A number of programmes such as forum meetings, awareness campaigns and stakeholder engagements, were implemented during this period. Although issues relating to child care services are a core provincial competency, according to the Child Care Act; The District continues to play a pivotal role of supporting the local municipalities, including the ECD Steering Committee (ECD). This has resulted in three (03) ECD steering committees been held to develop and review the Integrated ECD Strategy.

## **COMPONENT (E): Environmental Protection**

### POLLUTION CONTROL

The function of Pollution control is rendered by Local Municipalities on behalf of the District Municipality. A Service Level Agreement signed between the Local Municipalities and the District stipulating services such as pollution control, surveillance of premises, management of illegal dumping, sanitation, noise pollution, odours, dust, water and air pollution is still in force.

### BIO-DIVERSITY, LANDSCAPE (INCLUDING OPEN SPACES) AND OTHER (E.G. COASTAL PROTECTION)

Sedibeng District Municipality is involved in several projects related to the removal of alien vegetation. The project involves eradication of invasive plants and treatment of those removed.

## **COMPONENT (F): Health**

In terms of the Health Act 61 of 2003, Primary Health Care (PHC) services remains the competency of province and Sedibeng District Municipality only support and coordinate the district health system through District Health Council (DHC). Most of the health activities are mainly implemented at the level of local municipalities through provincialisation. Health care services are provided by both the public and private sector.

There are three (03) public hospitals in Sedibeng District Municipality, namely; Kopanong and Sebokeng Hospitals that are located within Emfuleni Local Municipality, and Heidelberg Hospital which is within Lesedi Local Municipality. In addition to these public hospitals there are five private hospitals of which four of the hospitals are in Emfuleni and one is located in Lesedi. The following are key delivery areas that were identified for this financial year (2016/17):

- Facilitate District Health Council meetings and activities and:
- To improve performance, the SDM continually coordinates the District Health Council meetings with the involvement of the province.



District Health Council meetings were held on the 21 September 2016, 11 November 2016 with the last meeting held on the 03 May 2017. On the 24 February 2017, DHC undertook an oversight visit to five (05) health care facilities within Emfuleni area.

### CLINICS

In terms of the Health Act 61 of 2003, health care services remains competency of province, including those of the Primary Health Care Facilities (Clinics) and Sedibeng District Municipality only support and coordinate the district health system through District Health Council (DHC).

Primary Health Care Facilities (Clinics) are clustered more in urban and service centres, whilst rural areas are serviced through mobile clinics. Emfuleni Sub-District has twenty (20) clinics, four (04) Community Health

Centres (CHC) and five (05) mobile units. In Midvaal area there are four (04) clinics and four (04) mobile units. In Lesedi there are eight (08) clinics and three (03) mobile units.

### Implement health programmes

To date a total of 123 Primary Health Care Facility Committee members have been appointed across the region by MEC of Health. They were further trained in various areas to ensure that they perform to required standard and support primary health care facilities accordingly.

78 Primary Health Care Facility Committee members (PHCFC) from Emfuleni area participated in a capacity building training which was held during the period; 20 – 22 September 2016 . This was followed by another capacity building training held on the 06 October 2016 at Meyerton Library with 27 PHCFC members participating. Newly 21 nominated PHCFC members were orientated on the 14 October 2016 at Ratanda Clinic.

### INTRODUCTION TO HIV & AIDS

HIV & AIDS can have a substantial impact on the socio-economic development of a population; as a result of various contributing factors. These factors may include amongst others; adult HIV prevalent rates, the speed at which the virus progresses, age distribution of the virus, mother to child transmission, child treatment, adult treatment and the percentage by which the virus decreases total fertility. Preventative measures and treatment in this regard is crucial as ARV treatment can prolong the lives of people who are living with HIV. The following were key delivery areas identified for this financial year (2016/17):

### Coordinating the prevention of new HIV infections

Testing of HIV and that of related illnesses such as diabetes, hypertension and other diseases were conducted on regular basis across various health care facilities; and within communities. About 172 803 people have been tested for HIV infections, and significant number placed under treatment.

Through various organizations, such as NACOSA, there were regular interaction with various NGOs, CBOs, other civil society structures and schools to address issues of stigmatization and discrimination against people living with HIV.

In relation to initiation schools, Commission for Rights and Linguistic (CRL) has placed a moratorium on Sedibeng region that initiation schools practices be suspended until its investigation is completed.

### Coordinating ward-based HIV, STIs and TB programmes

Sedibeng District Municipality, on behalf of Local Municipalities, entered into a Service Level Agreement with three (03) different service providers per local municipality for the implementation of ward based programmes. These service providers conducted ward based door-to-door HIV/AIDS, STIs and TB education programmes, train ward based educators and coordinators, including provision of administrative support and relevant tools of trade.

As a result of this door-to-door programme, about 466 644 people have been reached. A World AIDS Day Young Women Dialogue event was also held with 100 young women participating.

### Monitoring and Evaluating the overall HIV, STIs and TB programme

Implementation of HIV, STIs and TB programmes were monitored through the District AIDS Council (DAC) which is chaired by the Executive Mayor. This forum meets on quarterly basis, and to date four (04) meetings were convened and held successfully. At these meetings various stakeholders presented their reports to determine the level of operational ground covered in that particular quarter.

Key Strategic Objective: “Releasing human potential from low to high and build social capital through united, non-racial, integrated and safer communities”									
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	Year 1		Year 0			Year 2	Year 3	
		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)
Service Objective: Coordinate, monitor and evaluate HIV & AIDS/STIs & TB programmes in Sedibeng region									
Coordinating the prevention of new HIV infections	100 000 People tested for HIV	06	06	06	100 000	172 803	100 000	100 000	-
	02 Stigma and discrimination programmes facilitated	100 000	150 000	100 000	02	01	02	02	-
	600 people reached through CBOs	600	600	600	600	600	600	600	-
	20 Legal initiation schools monitored	20	20	20	20	15	20	20	-
Coordinating ward-based HIV, STIs and TB programmes	500 000 people reached through door-to-door programme	500 000	525 235	500 000	500 000	466 644	500 000	500 000	500 000
	02 Calendar events hosted	02	03	02	02	02	02	02	-
	04 Ward-based Expos hosted	04	04	04	04	04	04	04	-
Monitoring and Evaluating the overall	04 AIDS Council meetings held	04	04	04	04	04	04	04	04

Key Strategic Objective: "Releasing human potential from low to high and build social capital through united, non-racial, integrated and safer communities"									
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	Year 1		Year 0			Year 2	Year 3	
		Target	Actual	Target	Actual	Actual	Target		
		Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
HIV, STIs and TB programme	08 reports submitted to AIDS Council	08	08	08	08	08	08	08	08
	04 Interdepartmental Committee meetings	04	04	04	04	04	04	04	04
	04 reports submitted to the IDC	04	04	04	04	04	04	04	-

### COMMENT ON THE PERFORMANCE OF HIV & AIDS

HIV & AIDS ward based door-to-door programmes was successfully implemented through collaboration with various NGOs across the three local municipalities. This implementation of these programmes is conducted through a Service Level Agreement between the municipality and these service providers. The Initiation Schools By-law was implemented to ensure compliance and safety of the initiates. However; the current status is that these initiation schools practice has been suspended within Sedibeng by the Commission for Rights and Linguistics (CRL) until the latter has finalized its investigation on the practice and regulations thereof.

On the 1st December 2016, the World AIDS Day event was held at Sinaba Stadium in Benoni; where all across South Africa converged to commemorate the event.

### AMBULANCE SERVICES

Sedibeng transferred back Ambulance Service to Gauteng Department of Health on the 1 September 2012. Subsequently Sedibeng developed Emergency Services Forum to deliberate and deal with cross cutting issues relating to this function. The forum meets quarterly.

### HEALTH INSPECTION, FOOD AND ABBATTOIR LICENSING AND INSPECTION

Sedibeng District Municipality Environmental Department prioritised surveillance of premises and food hygiene within the region. The municipality prioritised the issuing of certificate of Accessibility (CoA) to all food handling premises; in compliance with the minimum health requirements. A database of all medical waste generators is continuously updated and companies are monitored monthly.

## **COMPONENT (F): Security and Safety**

Sedibeng District Municipality support strategic objective of the National Development Plan which seeks to "Build safer communities" by providing integrated support towards development and implementation

of community safety programmes in the region. This development and implementation process of programmes is guided by the Sedibeng Community Safety Strategy 2013–2017. It is a multi-faceted process undertaken through a Community Safety Forum comprising of various stakeholders from safety and security cluster across the region and province.

For this year, implementation of these programmes was based on the under-mentioned key IDP deliverables:

- Support intergovernmental relations' initiatives towards safer communities.
- Sustain and support the CCTV street surveillance system programme
- Review and implement community safety strategy
- Provide support services to the SAPS through participation at the crime combating forum meetings.

NB: It should further be noted that Sedibeng District Municipality does not have a competency for Traffic Police Services, Fire and Rescue Services, and Emergency Medical Services. These competencies are held at a Local Municipality and Provincial levels, respectively. Key Service Deliverables adopted for the financial year 2016/17:

#### Support intergovernmental relations' initiatives towards safer communities

This is done through an IGR forum comprising of various stakeholders from safety and security cluster. The forum is divided into a Task Team and Broader sub-forums. Its key responsibility is to sustain already established community safety networks through regular meetings and joint planning. Emanating from this process, a total eight (08) meetings were held.

#### Sustain and support CCTV street surveillance system programme

Four (04) CCTV Maintenance and Repairs Services Registers have been fully completed and submitted. The purpose of these registers is to ensure that there is proper system in place to monitor technical performance of the system, including turn-around time thereof for repairs services. This service is conducted through an outsourced service provider contracted by Council.

In total there are 96 CCTV Street Surveillance cameras which are monitored by members of the South African police Services and members from Emfuleni Local Municipality Traffic Services. There are also 116 CCTV cameras across all Licensing Service Centres in the region. About 193 incidents have been captured through street surveillance cameras during this period.

#### Review and implement community safety strategy

Stakeholders workshop was successfully hosted during the period; 07 – 08 June 2017 to review and enhance the current community safety strategy.

This safety strategy is used as an umbrella over the implementation of anti-crime campaigns and awareness programmes across the region. These include programmes such as schools safety, community police relations, community corrections, gender based violence, social crime prevention and road safety programmes.

All these programmes were conducted under the auspices of the Sedibeng Community Safety Strategy, through a multi-faceted participation and support of members of the Community Safety Forum. Provide support services to the SAPS through participation at the crime combating forum meetings

The purpose of these meetings is to engage and analyse crime related issues and formulate counter strategies and plans accordingly. Though SAPS is responsible for ensuring law and order, it still needs multi-faceted stakeholders support to achieve this objective. As a result; 26 meetings have been attended at station level to ensure support and plan together towards building safer communities within Sedibeng region.

#### COMMENT ON THE PERFORMANCE OF COMMUNITY SAFETY OVERALL

There were no capital projects rendered by the Community Safety Directorate for the financial year ending 2016/17. The only budget that was available linked to infrastructural support was R1 631 580.00 allocated for CCTV Maintenance and Repairs Services in the form of a contracted services.

The IGR Structure (Community Safety Forum), is highly effective in the region where most of community safety programmes implemented in the region are coordinated through this forum. There is high representation and active participation of relevant stakeholders from safety and security cluster in this forum. Implementation of community safety programmes were funded through an operational budget approved for the year 2016/17.

## **COMPONENT (G1): Security**

### POLICE

The Police function is undertaken at local municipality level in the form of traffic services.

### FIRE SERVICES

The Fire Services, in accordance with the Powers and Functions, as declared, is a competency of the three Local Municipalities; Emfuleni, Lesedi and Midvaal.

The District Municipality is only responsible for implementation of Section 84 (1) (j) of the Municipal Structure Act, 117 of 1998 which seeks to achieve the following:

- i) Planning, co-ordination and regulation of fire services,

- ii) Specialized fire fighting services such as mountain, veld and chemical fire services
- iii) Co-ordinating of the standardising of infrastructure, vehicles, equipment and procedures
- iv) Training of fire officials

Top 2 delivery priorities being:

- Provision of specialized fire fighting services (Payment of Claims send by the Local) and,
- Training of fire officials.

The District entered into a Memorandum of Agreement (MOA) with the locals to provide specialized fire fighting services on behalf of the District and they were reimbursed for services rendered. Due to financial constraints on the part of the District, no training of fire officials was achieved. As per Section 84 (1) (j), claims from the local municipalities regarding specialized fire fighting services were received and processed.

Three Emergency Forum Meetings. This meeting is to strengthen the relationship within the emergency services. Agenda items include: Training, PIER (PEAU) Public Education & Awareness, Specialised Fire Fighting Services, Operational MOA, Disaster Management matters, Emergency Communication Centre matters, Fire matters, Emergency Medical Services matters & Standard Operation Procedures on Fire & Rescue Services

#### COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL:

Sedibeng District Municipality is only responsible for the Section 84 (1) (j) in the Municipal Structure Act, 117 of 1998 and do not render fire services operational duties.

The Directorate also coordinates Emergency Services Forum with the Local Fire & Rescue Services to assist the Local Fire Services with planning and standardisation of the fire brigade services and to discuss all issues pertaining to fire services, challenges and planning.

#### OTHER (DISASTER MANAGEMENT, ANIMAL LICENSING AND CONTROL OF PUBLIC NUISANCES AND OTHER

#### INTRODUCTION TO DISASTER MANAGEMENT, ANIMAL LICENSING AND CONTROL OF PUBLIC NUISANCES etc.

The Sedibeng Disaster Management Directorate is established within the Community Services cluster and is striving towards the eradication 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:

The National, Provincial and Local Disaster Management Policy framework the following key delivery priorities are mentioned:

- Preventing or reducing the risk of disasters;
- Mitigating the severity or consequences of disasters;
- Emergency preparedness; and
- Post –disaster recovery and rehabilitation.

Furthermore; Sedibeng Disaster Management is responsible to ensure that all communities are disaster resilient through:

- Ensuring that the state of readiness and alertness aimed at combating potential disaster situations within the region are ensured.
- Ensuring that disaster management plan and policy framework are in place
- Ensure Public Awareness programs to minimize Risks in the Sedibeng Region
- Ensure effective service delivery of the Sedibeng Emergency Communication Centre
- Ensure effective implementation of specialised fire fighting services by Locals through monitoring, managing & capacitation of Fire Services.

#### SERVICE STATISTICS FOR DISASTER MANAGEMENT.

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.

To ensure that the above-mentioned national priorities are successfully achieved, the Municipality developed the following key delivery areas for this financial year (2016/17):

- Intensification of public awareness and education programs in Disaster Management throughout the region
- Facilitate the Disaster Risk Management Committee (DRMC)
- Implement Disaster Management Legislation requirements

During the 2016/2017 financial year the following statistics indicates Sedibeng Disaster Management Service delivery achievements:

The directorate held the following campaigns, in an attempt to increase awareness to our communities, some of the key campaigns that were run as part of unfolding the public awareness activities in the region:

- 2016 winter awareness campaign
- 2016 IDDR commemoration
- Provincial Public Education and Awareness conference
- ESKOM national safety week
- Sicelo awareness program



- Rand water servitudes public awareness campaign
- Rusoord school awareness campaign
- Ramusukula school campaign
- Water purification tour: Vereeniging Pumping station
- Lesedi Early Childhood centre awareness programme

The campaigns conveyed several important messages that were an impetus for the programs:

- Emergency calling procedures
- Extreme Weather conditions advices
- STOP, DROP & ROLL technique
- Safe handling and use of electrical appliances
- Safety use of household energy (paraffin)
- Emergency communication, Extreme Cold weathers by Sedibeng Disaster Management.
- Emergency Medical Services & Basic First Aid by Gauteng Emergency Medical Services
- Method of Using Fire Extinguisher and Fire & Home Safety.
- Gangsterism, substance abuse, sexual offence by SANCA.
- Safe Usage and the Dangers of Electricity by ESKOM.

[illegible]

### COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT

During 2016/2017 financial year Santam and Sedibeng signed a MOU through a project known as Business Adopt a Municipality. The partnership aims at providing capacity to the Municipality particularly on Disaster Management issues. The partnership has developed up to where:

- MOU was signed.
- Steering Committee established and meets quarterly.
- Project Plan established



- Business cases drawn for each strategy in the project plan
- Regular interactions and communication strategies in place.
- Quick wins items agreed upon.
- Launching of the project discussed.

The partnership will improve service delivery particularly regarding Disasters Management and Local Fire Brigade Services. It will also help in the intensification of community upliftment and strengthening relations.

Sedibeng Disaster Management achieved most of its priorities for the 2016/2017 financial year. The most achievements being on campaigns where targets were over achieved, this is an endeavor to achieve disaster resilient communities. The indicator to this are a small number of incidents related to disasters particularly during winter season.

The overall performance of Disaster Management for the period has been successful. The department achieved most of its objectives as stipulated in the service delivery and budget implementation plan (SDBIP).

The endeavors to create disaster resilient communities within our region is achieving great momentum & this attribute to less incidents or emergencies related to informal or formal shack / house fires. This is achieved through effective public education & awareness programs.

The engagement with different stakeholders to manage some of the disasters or emergencies has been successful. The collaboration with stakeholders like the Department of Water Affairs, SA Weather Services and Management of Vaal Dam during recent floods attributed to effective management of the incident.

## COMPONENT (H): Sports and Recreation

The Directorate of Sports, Recreation, Arts, Culture and Heritage within the Community Services Cluster is responsible at a district level to coordinate and facilitate strategic development objectives of Sports, Recreation, Arts and Culture. This the municipality does in collaboration with all Local Municipalities within Sedibeng region. Heritage function is a direct function of the District Municipality as the implementing agent or Heritage Authority.

The following are key delivery areas identified for the financial year (2016/17):

- Support Sports and Recreation programmes

The main responsibility in this regard is to facilitate and coordinate Sport development in the region. This is done through regional Sports Councils which incorporates various sporting code federations in the region. This is inclusive of supporting the South Corridor Sports and Recreation IGR forum that meets on monthly basis to articulate various sports development programs, logistics and roll out of strategies.

Some of the programmes include amongst others; participation in the annual OR Tambo Inter-municipal games which were held on the 21 October 2016. Another programme is the facilitation of an annual Motsepe Foundation Toy Distribution programme; which took place during the period; 13 – 20 December 2016.

- Support arts and culture programmes, including the regional craft hub

Through this key deliverable, Sedibeng District Municipality has the responsibility to manage and operate three major Theatres in the region, namely; Vereeniging Theatre, Mphatlalatsane Theatre (Currently non-functional) and the Sharpeville Hall/theatre. Through these facilities, theatrical development of stage productions is encouraged and promoted, and plays in the various genres of the art in collaboration are conducted. Amongst other key productions recorded included Dance Majeko, Inshalazi, Puisano Jazz Sessions and numerous Indigenous Gospel festivals.

As part of arts and culture programme, SDM is also facilitating the promotion of regional craft hub which is located at the Old Sharpeville Police Station. This has resulted in the establishment of a point of sales for the crafter at the regional craft hub. This includes assisting five (05) artists in doing the murals at the Sharpeville Exhibition Precinct which was launched by Gauteng Department of Sports, Arts, Recreation and Culture on the 21 March 2017. A support program in the form of a Social Cohesion Dialogue was also held at Sebokeng College of Education on the 09th December 2016 as part of arts and culture programme.

- Host commemorative events in partnership with other spheres of government

SDM further coordinated and facilitated the 20th Anniversary Program of the signing of the Constitution commemorative event in collaboration with Department of Justice, The Presidency and other National and Provincial Departments which was held on the 10th December 2016. A 26th Anniversary of Zone 07 Night Vigil Massacre was successfully hosted on the 12th January 2017 with families of victims and members of the community. This was followed up by hosting a Human Rights Day and the 57th Anniversary of Sharpeville Shooting commemorative events in partnership with Gauteng Province on the 21 March 2017 in Sharpeville. On the 31 May 2017, a successful event was held at the Constitution Square to commemorate the signing of the Anglo Boer War Peace Treaty, whereby a new documentary on the role of black people in this war was shown.

A tombstone was erected for one of Boipatong Massacre victims, namely; Mrs. M. Mbatha who was left paralyzed by this tragic Boipatong Massacre in 1992. Sadly, Mrs. M. Mbatha eventually passed on in 2011, the concept idea of facilitating the unveiling of the tombstone as part of the programme on the 17 June 2017 was to give honour and recognition as a massacre victim.

- Facilitate name change process

A Geographical Name Change workshop was held at Technorama Museum in November 2016. This was followed up by another workshop held in Meyerton in January 2017. Another GNC workshop was held on the 23rd June 2017 to encourage Sedibeng and all Locals to process the outstanding names on both the databank and Sabatwa report, noting that this was a National event of the South African Name Change Committee.

- Facilitate declaration of heritage resources

The final submission on the process of having Sharpeville declared as a World Heritage Site and a National Heritage Site was concluded in October 2016 to the National Council of South African Heritage Resources Agency (SAHRA) pending approval from the National Minister for this phase of this process.

In June 2017, a submission was made to SAHRA through the provincial department of sports, arts, recreation and culture for the declaration of four (04) heritage sites. These sites include;

- The burial site of Boipatong Massacre victims at Vuka Cemetery in Sharpeville
- The burial site of Zone 07 Night Vigil Massacre victims at Evaton Cemetery
- Wilberforce College in Evaton
- Zone 07 Night Vigil Massacre Monument

## SPORT AND RECREATION

Sport and Recreation division is responsible for coordinating developmental of related activities, including assisting with the establishment of Sports Councils in the Region. This incorporates various sporting federations in the Region to work in conjunction with the Sedibeng District Sports Council and Government at both Provincial and Local levels through a South Corridor Sports and Recreation IGR forum.

Arts and Culture division has the responsibility to manage and operate three major theatres in the region. Key role in this regard is to encourage communities to be actively involved in theatrical productions including supporting identification and development arts and culture talent in the region. This division has also been instrumental in numerous social cohesion workshops in the region and is currently busy in developing a "Turnaround Strategy" that hopefully would assist in making our theatres more articulate towards service delivery.

In relation to Museums and Heritage division, key responsibilities thereof are undertaken under legislative directives such as the National Heritage Act 25 of 1999. This division has a broad overarching responsibilities and manages and operates some of the country's national heritage landscape assets given the historical struggle liberation footprint of the Sedibeng Region through numerous Epochs of History starting from the Iron and Stone Age, Indigenous self-determination of communities, Indigenous Knowledge Systems, Colonialism, establishment of the Transvaal Boer Republic and the credentials of the struggle for Democracy.

Employees: Sport and Recreation					
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	0	0%
4 - 6		1	1	0	0%
7 - 9		2	2	0	0%
10 - 12		0	0	0	0%
13 - 15		0	0	0	0%
16 - 18		0	0	0	0%
19 - 20		0	0	0	0%
Total		4	4	0	0%
T 3.23.3					

Financial Performance Year 0: Sport and Recreation R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	579	0	0	#DIV/0!
Expenditure:					
Employees	1,147,550	1,209,843	1,216,753	1,216,753	1%
Repairs and Maintenance	0	0	0	0	#DIV/0!
Other	286,807	219,155	221,377	304,867	28%
Total Operational Expenditure	1,434,357	1,428,998	1,438,130	1,521,620	6%
Net Operational Expenditure	1,434,357	1,428,419	1,438,130	1,521,620	6%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.23.4					

### COMMENT ON THE PERFORMANCE OF SRAC & H

Sport and Recreation division is responsible for coordinating developmental of related activities, including assisting with the establishment of Sports Councils in the Region. This incorporates various sporting federations in the Region to work in conjunction with the Sedibeng District Sports Council and Government at both Provincial and Local levels through a South Corridor Sports and Recreation IGR forum.

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## COMPONENT (I): CORPORATE POLICY OFFICES AND OTHER SERVICES

Sedibeng District Municipality Corporate Policy Offices are up and running and functioning at full potential. Obligated by legislation, Policies of the municipality are either developed or reviewed, based on the situation and circumstances prevailing as change is constant.

All these policies, before they get implemented are exposed to councillors in workshops for them to familiarise themselves with their contents and make political inputs.

Political and administrative offices are fully functional and all are geared towards implementing strategies of council in an endeavour to achieve goals and objectives of the municipality.

### EXECUTIVE AND COUNCIL

On the 3rd of August 2016, South Africa conducted Local Government Elections. Emanating from this process, there were changes in the municipality; where new Councillors were ushered in Council. Subsequently Sedibeng Council was established on the 18th of August 2016; with new political parties constituting Sedibeng Council.

Effective corporate governance is a central focus that distinguishes Sedibeng District Municipality from other municipalities. The District Municipality has established important committees to encourage compliance with all legislation and to enhance ethical consideration by all its employees and Councillors.

### SERVICE STATISTICS FOR THE EXECUTIVE AND COUNCIL

Political Head	Functions
<b>Executive Mayor:</b> Cllr. Busisiwe Joyce Modisakeng	<ul style="list-style-type: none"> <li>Presides as the Chair in the Mayoral Committee Meetings.</li> <li>Recommends to the municipal council strategies, programmes and services to address priority needs through the IDP, and the estimates of revenue and expenditure, taking into account any applicable national and provincial development plans</li> </ul>
Speaker of Council: Cllr. Melina Gomba	<ul style="list-style-type: none"> <li>Chairs Council meetings, and advice on major legislative compliance issues</li> </ul>
Chief Whip of Council: Cllr. Assistance Mshudulu	<ul style="list-style-type: none"> <li>Oversee that roles and responsibilities of Councillors are implemented, thus provide full councillors support.</li> </ul>
Members of the Mayoral Committee	
Name	Portfolio Committee
Councillor S. Maphalla	Administration
Councillor P.B. Tsotetsi	Finance
Councillor Y. Mahomed	Sport, Arts, Culture and Heritage
Councillor Z. Raikane	Social Development
Councillor M. Kgomoeasera	Human Settlement
Councillor G.Hlongwane	Local Economic Development
Councillor L. Gumede	Environment and Clean energy
Councillor J. Dlangamandla	Transport and Infrastructure

Employees: The Executive and Council					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)

	No.	No.	No.	No.	%
0 - 3	6	6	6	0	
4 - 6	49	49	49	0	
Total					
T 3.24.4					

Financial Performance Year 0: The Executive and Council					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	18864	0	0	
Expenditure:					
Employees	38139672	40611453	44273691	42874128	5%
Repairs and Maintenance	0	0	0	0	
Other	16401845	11847520	10901514	10552541	-12%
Total Operational Expenditure	54541517	52458973	55175205	53426669	2%
Net Operational Expenditure	54541517	52440109	55175205	53426669	2%
T 3.24.5					

### COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL

The Executive Mayor has embarked on quarterly one-on-one sessions with MMCs in an effort to ensure that monitoring of the management of the Municipality's administration is in accordance with the directions of the Council.

In addition, the SDM must ensure that regard is given to the public views and to report on the effect of consultation on the decisions of the Council. This program is supported by spontaneous unannounced visits to service delivery points within the area of jurisdiction of the Municipality.

The Executive Mayor, assisted by the Members of Mayoral Committee, recommends to the municipal council strategies, programmes and services to address priority needs through the IDP, and the estimates of revenue and expenditure, taking into account any applicable national and provincial development plans.

### FINANCIAL SERVICES

The Cluster; which is the engine of the municipality; is run effectively and efficiently. It is divided into two divisions i.e. Supply Chain Management and financial management Directorates. The Cluster capacitated, albeit through National Treasury Directive, most of the employees working in both Directorates. The purpose was to ensure that they are competent in the finance Cluster and serve the user departments and the community at large with aplomb.

Employees: Financial Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3		2	2	0	0%
4 - 6		5	4	1	17%

Employees: Financial Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
7 - 9		6	6	0	0%
10 - 12		5	3	2	40%
13 - 15		2	1	1	50%
16 - 18					
19 - 20					
Total		20	16	4	20%

Financial Performance Year 0: Financial Services					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	255308183	255882313	260117366	261205910	2%
Expenditure:					
Employees	11276859	11557915	11172112	11144545	-4%
Repairs and Maintenance	0	0	0	0	
Other	39931732	33356770	25257349	32457896	-3%
<b>Total Operational Expenditure</b>	51208591	44914685	36429461	43602441	-3%
<b>Net Operational Expenditure</b>	-204099592	-210967628	-223687905	-217603469	3%
					T 3.25.5

## HUMAN RESOURCE SERVICES

Section 51 of Municipal Systems Act, requires that municipality must within its administrative and financial capacity establish and organize its administration in a manner that would enable the municipality to-

(a) be responsive to the needs of the local community;(b) facilitate a culture of public service and accountability amongst its staff;(c) be performance orientated and focused on the objects of local government set out in section 152 of the Constitution and its developmental duties as required by section 153 of the Constitution;(d) ensure that its political structures, political office bearers and managers and other staff members align their roles and responsibilities with the priorities and objectives set out in the municipality's integrated development plan;(e) establish clear relationships, and facilitate co-operation, co-ordination and communication; (f) organize its political structures, political office bearers and administration in a flexible way in order to respond to changing priorities and circumstances;(g) perform its functions; (h) assign clear responsibilities for the management and co-ordination of these administrative units and mechanisms;(i) hold the municipal manager accountable for the overall performance of the administration;(j) maximize efficiency of communication and decision-making within the administration; (k) delegate responsibility to the most effective level within the administration;(l) involve staff in management decisions as far as is practicable; and(m) provide an equitable, fair, open and non-discriminatory working environment.

The Directorate is designed to maximize employees' performance of municipality's IDP Strategies and Objectives; paying particular attention to policies, systems and processes.

The Directorate is responsible for overseeing employees' benefits design, employee recruitment, training and development, performance appraisal, and rewarding. It is also tasked with organizational change



and industrial relations such as the balancing of organizational practices with requirements arising from collective bargaining and governmental laws.

To date, this Directorate is fully functional with most of the positions filled for effective and efficient support services to the Clusters of the municipality; and has carried out the following important activities:

- The Directorate enrolled more than 70 employees for technical matric course
- Reviewed not less than 6 policies, some new and old
- Introduced electronic time and attendance
- Effectively managed the management of employees' leaves
- Successfully submitted Workplace Skills Plan and Training Plan with LGSETA within prescribed time period.
- Accommodated and mentors 100 interns within various Municipality departments. We are helping to address youth unemployment and close the shortage of skills gaps through our learnership programme.
- Effectively implementing Employment Equity Plan to have a workforce reflective of the demographics of South Africa.
- The Directorate continued to offer external bursary to employees based on their PDP
- We continue to strive for zero fatalities and injuries in the workplace.
- Wellness department continued with sustained employee engagement and mitigation against Chronic Diseases of Lifestyle, including personal one-on-one Psycho-social support; and regular testing for risk factors in ad hoc roadshows.
- The directorate is continuing to address labour issues in an endeavor to harness a conducive environment for all employees. Sedibeng District Municipality has successfully maintained harmonious workplace relations by proactively preventing disputes, disruptive workplace activities and resolving workplace disputes by application of various dispute resolution mechanisms, more important through continuous interaction with workplace stakeholders. Testimony to the successes in dispute resolution is evidenced in labour laws journals that reports on findings that have been influenced by the Sedibeng District Municipality

Employees: Human Resource Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3		3	3	0	0%
4 - 6		7	7	0	0%
7 - 9		7	5	2	29%
10 - 12		0	0	0	0%
13 - 15		0	0	0	0%
16 - 18		0	0	0	0%
19 - 20		0	0	0	0%
Total		17	15	2	12%

T3.26.4

Financial Performance Year 0: Human Resource Services					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	383,472	457,087	450,000	306,062	-49%
Expenditure:					
Employees	7,499,103	7,968,105	7,193,491	7,638,694	-4%
Repairs and Maintenance	0	0	0	0	
Other	730,356	630,300	1,009,824	1,494,443	58%
<b>Total Operational Expenditure</b>	8,229,459	8,598,405	8,203,315	9,133,137	6%



Financial Performance Year 0: Human Resource Services					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Net Operational Expenditure	7,845,987	8,141,318	7,753,315	8,827,075	8%
					T 3.26.5

## INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Information and communication technology (ICT) is an extended term for information technology (IT) which stresses the role of unified communications. The term ICT is used to refer to the convergence of audio-visual and telephone networks with computer networks through a single cabling or link system. However, ICT has no universal definition, as the concepts, methods and applications involved in ICT are constantly evolving on an almost daily basis. New and improved technology provides ICT with the tools to assist with transformation.

Government transformation is, at a strategic level, informed by government-wide key priority areas that have been translated into 12 strategic outcomes, guided by the Batho Pele principles of equal access to services, increased productivity and lowering of costs. The purpose of Information and Communication Technology (ICT) is to enable Local Government in its quest for service delivery. The ICT House of Value depicts the values and key focus areas of ICT service delivery. These strategic outcomes, principles, values and key focus areas inform the acquisition, management and use of ICT.

ICT is governed and managed at a Political Leadership and Executive Management level and governance is supported by internationally accepted good practice and standards in the form of King III Code of Good Governance, ISO 38500 and COBIT Standard. This accountability enables the ICT Department to align the delivery of ICT services with the Municipality's strategic goals. Corporate governance, as a good management practice, is achieved through the Corporate Governance of ICT Policy Framework (CGITPF). Various other policies support the functioning of ICT to ensure compliance and effective service delivery to end-users.

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 IM Department's focus this year was influenced by two strategic objectives, namely working towards providing a world-class ICT infrastructure in support of a "smart Sedibeng" and secondly, to improve municipal financial and administrative support, throughput and capabilities. To achieve these objectives, the IM Department focussed on the following projects in line with the Sedibeng IDP:

- Number of sites connected within Sedibeng. Five sites completed in cooperation with Gauteng Provincial Government Broadband rollout project. The connections completed are from GBN007 (Sedibeng District Municipality) to GBN 0196 (Vereeniging Roads); GBN 0239 (Sebokeng EMS); GBN 0383 (SiceloShiceka – Thusong); GBN 0864 (Bophelong Clinic); and GBN 0869 (Evaton Main Clinic). All sites link to the main wireline hosted in the Sedibeng IT Department.

- Maintaining adequate operations and procedures to ensure high up-time of systems and networks. Daily operations are recorded and verified on a daily basis with no serious disruptions or security incidents to report. 98% uptime of systems and networks achieved.
- Management of the use of tools of trade. Twenty-two laptops with software bought for new Councillors and the Office of the Speaker. Units were checked for compliance, all the necessary software were loaded and users created to ensure that the users could effectively utilize the tools of the trade.

Employees: ICT Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3		4	4	0	0%
4 - 6		10	10	0	0%
7 - 9		23	23	0	0%
10 - 12		0	0	0	0%
13 - 15		0	0	0	0%
16 - 18		0	0	0	0%
19 - 20		0	0	0	0%
Total		37	37	0	0%
T3.27.4					

#### SERVICE STATISTICS FOR ICT SERVICES

- The ICT Department delivered the following service statistics in 2016/2017:
  - ✓ Total ICT capital expenditure on hardware;
  - ✓ Total ICT capital expenditure on networks;
  - ✓ Total ICT repair and maintenance expenditure;
  - ✓ Total ICT license fees paid;
  - ✓ Total number of IT infrastructure users in Sedibeng;
  - ✓ Total number of IT peripherals in Sedibeng;
  - ✓ Total number of user calls attended;
  - ✓ Total number of ICT tenders issued: Two (Installation of Wi-Fi hotspots and supply of server).

Financial Performance Year 0: ICT Services R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	6,835,440	6,724,969	8,062,719	8,810,807	24%
Expenditure:					
Employees	14,157,184	13,930,795	15,516,897	16,122,249	14%
Repairs and Maintenance	562,222	808,076	622,146	1,126,552	28%
Other	8,132,935	8,076,909	4,701,468	4,555,265	-77%
<b>Total Operational Expenditure</b>	22,852,341	22,815,780	20,840,511	21,804,066	-5%
<b>Net Operational Expenditure</b>	16,016,901	16,090,811	12,777,792	12,993,259	-24%
T 3.27.5					



The overall objective for the department is ensuring the proper management of Council business. Its other divisions are the committee administration section which renders effective secretarial services to Council and its committees, the records section which continues to be the best nationally and auxiliary services, which provides a courier service and a printing service to the organisation.

The presence of Legal Services is felt in every aspect of Council work, municipalities being a highly regulated environment with a myriad of legislation and regulations that need to be complied with. Legal Services assist in this regard by providing advice when called upon to do so, maintaining a presence at meetings, providing advice in relation to the interpretation of legislation and other legal instruments.

A crucial part of the service that this unit provides is in the development or vetting of contracts. This function is potentially fertile ground for legal challenges and consumes a lot of time and expertise to perform effectively. It is an important indicator of the department's effectiveness in this regard that there has not been a single instance where the municipality was sued as a result of its contracts, this despite the large number of contracts that were dealt with in the period being reported on.

Contract management and administration in particular, and legal services in general cannot be done by the staff in the department. It is a support services department and its work feeds off the inputs and instructions provided by the rest of the organisation. The quarterly contract management meetings are an example of the symbiotic relationship the department has with the other offices, and are aimed at improving the understanding of each functionary of what contract administration entails, the red flags that all should be on the look-out for etc. It is intended that information sessions that go beyond the administration and management of contracts be held going forward, in order to improve performance, efficiencies and co-operation among the internal stake-holders.

The key objective for Legal Services is to provide legal services to the political and administrative arms and to ensure an enabling legal environment for Council to operate in. This can be achieved by ensuring that Legal Services performs its core functions accurately. The core functions of the directorate include, but are not limited to the following:

#### Litigation management

- Defending all legal action/applications instituted against SDM by third parties,
- Instituting legal action/applications on behalf of the SDM against third parties,
- Management of external attorneys and service providers.

#### Corporate and Council legal compliance

- Providing legal comments on all reports submitted to SDM committees, the Mayoral Committee and the Council,
- Providing legal opinions to the Council and the Directorates,
- Drafting SDM by-laws and assisting directorates with policy-making that are pertinent to the Municipality,
- Providing legal support to the Council,
- Providing specialised legal services in respect of projects or initiatives of the SDM and serving on the technical task teams concerned,

- Providing specialised legal support in respect of commercial ventures and related contracts,
- Managing the legal process to recover damages from third parties regarding SDM property Alienation, acquisitions and development law,
- Administering and rendering effective secretarial services to Council and its committees.

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

A total of 60 contracts were drafted and vetted. Monthly mayoral and Council meetings are attended. Ad hoc committee members are also attended. There were ten (10) litigation matters for the financial year. Six (6) matters are where proceedings were instituted against the municipality. Four (4) matters are where the municipality instituted proceedings against third parties.

Employees: Property; Legal; Risk Management; and Procurement Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3		2	2	0	0%
4 - 6		3	3	0	0%
7 - 9		5	5	0	0%
10 - 12		9	9	0	0%
13 - 15		2	2	0	0%
16 - 18		0	0	0	0%
19 - 20		0	0	0	0%
Total		20	20	0	0%
T 3.28.4					

Financial Performance Year 0: Property; Legal; Risk Management and Procurement Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	8,754	0	0	
Expenditure:					
Employees	8,166,510	8,303,200	9,160,239	8,976,384	7%
Repairs and Maintenance	0	0	0	0	
Other	6,956,101	4,679,945	6,614,948	7,200,993	35%
<b>Total Operational Expenditure</b>	15,122,611	12,983,145	15,775,187	16,177,377	20%
<b>Net Operational Expenditure</b>	15,122,611	12,974,391	15,775,187	16,177,377	20%

## COMPONENT (J): Miscellaneous

Sedibeng manages both the Vereeniging and Heidelberg Airports. These are fully functional and for the period under review, Vereeniging has continued to improve its services, amidst old infrastructure, of supply of fuel and general maintenance.

The Heidelberg Airport is operated by the local flying club and a pilot training school is also based at the facility. The former Vanderbijlpark Airport has been deregistered.

## COMPONENT (K): Organisational Performance Scorecard

### ORGANISATIONAL PERFORMANCE

The purpose of this report is to provide summary analysis of Sedibeng District Municipal performance for the 2016/2017 financial year. This is dictated to by the Municipal Systems Act 32 of 2000; which prescribes that the municipality must establish performance management system that is:

- I. Commensurate with its resources
- II. Best suited to its circumstances and:
- III. In line with its priorities, objectives, indicators and targets as contained in the Integrated Development Plan

Currently, Sedibeng is implementing an ePMS; which is in line and compatible with all the legislation that governs performance. The system has been in use for about 5 years now and has become second nature to eligible employees, currently i.e. level 1-4 employees.

The municipality performance system is in line with the vision and mission of the municipality; and also juxtaposed with the 5Rs+2 of the second generation GDS2; which are: Reinvent the Economy; Renew our Communities; Reviving a Sustainable Environment; Reintegrating our Region; Releasing Human Potential; Good and Financial Sustainable Governance; Vibrant Democracy.

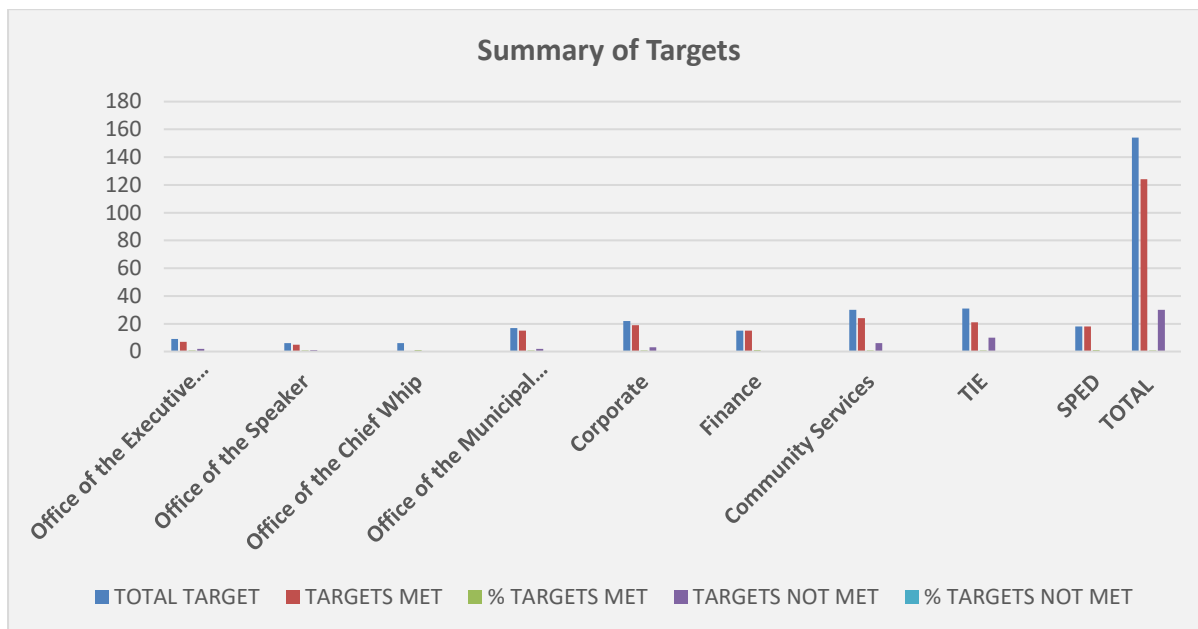
The system allows employees to, on quarterly basis, update progress reports and upload evidence; where continuously the system will indicate through the dashboard, areas of improvement and underperformance.

For the year under review, there is an observation of an improvement as compared to the last financial year. The municipality had intended to achieve 154 targets; however only 124 were ultimately achieved; with 30 targets not met. The reasons for non-achievement varied from financial constraints to non-accountability of evidence, in line with the indicators.

Below is the summarised version of the municipality's performance scorecard:

Cluster/Office	Total Target	Targets Met	% Targets Met	Targets not Met	% Targets not Met
Office of the Executive Mayor	9	7	78%	2	23%
Office of the Speaker	6	5	83%	1	17%
Office of the Chief Whip	6	0	100%	0	0%

Cluster/Office	Total Target	Targets Met	% Targets Met	Targets not Met	% Targets not Met
Office of the Municipal Manager	17	15	88%	2	12%
Corporate	22	19	86%	3	14%
Finance	15	15	100%	0	0%
Community Services	30	24	80%	6	20%
TIE	31	21	68%	10	32%
SPED	18	18	100%	0	0%
<b>TOTAL</b>	<b>154</b>	<b>124</b>	<b>87%</b>	<b>30</b>	<b>13%</b>





## CHAPTER 04:

### ORGANISATIONAL DEVELOPMENT AND PERFORMANCE

#### Overview

Organization development is a system-wide application and transfer of behavioral science knowledge to the planned development improvement, and reinforcement of the strategies, structures, and processes that lead to organization effectiveness.

Because Organizational Development, amongst others focuses on improving organizational effectiveness; which is measured by adaptability, solving problems and resources utilization; the management of the municipality undertook a diagnostic exercise. The primary aim was to identify gaps and determine intervention strategies to improve effectiveness. The outcome of the exercise revealed the following summarized challenges:

- Employees are part of problem not solution
- Municipality is bankrupt
- District not doing what it is supposed to do
- Management has detached itself from employees
- No semblance of unity
- Staff using their political alignment to be unproductive
- No glue / no pulling force towards common direction
- Lack of respect of authority (insubordination)
- Coming to work instead of serving the communities

The intervention strategies developed; for which some of them have been implemented include:

- Re-brand the image of the municipality
- Develop functional structure for efficiency and effectiveness
- Cost Reduction Opportunities
- Improve Risk Management and Internal Controls
- Re-branding of leadership styles
- Change organizational culture
- High level corporate governance
- Skills development
- Build a motivated staff

Some of the interventions implemented include the review of policies and those workshopped to councillors, the meetings of Local Labour Forum, the Finalisation and submission of the Skills Development Plan, training of more than 70 employees to a technical matric course and many workshops with employees through EAP, which included individual financial management.

It is important that the municipality adapts to increasingly complex and uncertain technological, economic, political, and cultural changes; as these invariably proactively influence the strategic direction of the municipality.

## COMPONENT A: INTRODUCTION TO MUNICIPAL PERSONNEL:

### 4.1. EMPLOYEES TOTALS, TURNOVER AND VACANCIES

Description	Employees				
	Year -1	Year 0			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Water		–	–	–	
Waste Water (Sanitation)		–	–	–	
Electricity		–	–	–	
Waste Management		2	2	–	
Housing		3	2	1	
Waste Water (Stormwater Drainage)		–	–	–	
Roads		–	–	–	
Transport		174	165	9	
Planning		8	7	1	
Local Economic Development		8	8	–	
Planning (Strategic & Regulatory)		–	–	–	
Community & Social Services		124	116	8	
Environmental Protection		10	8	2	
Health		–	–	–	
Security and Safety		30	30	–	
Sport and Recreation		4	4	–	
Corporate Policy Offices and Other		299	289	10	
<b>Totals</b>		<b>653</b>	<b>622</b>	<b>31</b>	<b>5</b>

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) %
	No.	No.	%
Municipal Manager	1	0.156	15.60
CFO	1	0	0.00
Other S57 Managers (excluding Finance Posts)	4	0	0.00
Other S57 Managers (Finance posts)	0	0	#DIV/0!
Police officers	0	0	#DIV/0!
Fire fighters	0	0	#DIV/0!
Senior management: Levels 13-15 (excluding Finance Posts)	44	0	0.00
Senior management: Levels 13-15 (Finance posts)	2	0	0.00
Highly skilled supervision: levels 9-12 (excluding Finance posts)	86	0	0.00
Highly skilled supervision: levels 9-12 (Finance posts)	5	0	0.00
<b>Total</b>	<b>143</b>	<b>0.156</b>	<b>0.11</b>

### TURN-OVER RATE

Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
Year -2:-2015/16	622	19	3%
Year -1:-2016/17	623	27	4%
Year 2017/18	665	18	3%

#### COMMENT ON VACANCIES AND TURNOVER:

Sedibeng is a relatively stable municipality. The section 57 employees' contracts have expired on the 31<sup>st</sup> June 2017; and the municipality is in the process of finalizing the appointment of new section 57 managers.

Before then, the Municipal Manager and the Chief Financial Officer were seconded to Emfuleni Local Municipality. One sec 57 manager was suspended in December for insubordination and his case is not yet finalized; while one manager resigned in May 2017; and one manager has been put on special leave.

The municipality, although still shows some vacancies; the staff bill is well above the 35%-65% principle as directed by National Treasury. The biggest challenge with the municipality is not about the staff cost but rather the hierarchical structure as opposed to a flat structure. The district is not implementing but rather coordinating. Therefore the municipality has more employees at higher levels than lower levels and this contributes to high staff costs as there are still critical vacancies to be filled; but this cannot happen due to already bloated structure.

The municipality relatively stability and good relations with organized labour and staff contribute to less than normal turnover rate. Most of the turnover was due to retirements, resignations and deaths.

### **COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE**

#### INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Sec 67 of the Municipal Systems Act requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the Employment Equity Act 1998.

In an effort to uphold the provisions of legislation, the municipality reviewed and workshop were held on policies for councilors. Conducted road shows for staff to reinforce and enlighten them about some crucial systems such biometric for time and attendance, code of conduct; and procedures such as grievance procedures.

#### POLICIES

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Affirmative Action		100%	
2	Attraction and Retention		100%	
3	Code of Conduct for employees		100%	
4	Delegations, Authorisation & Responsibility		100%	
5	Disciplinary Code and Procedures		100%	
6	Essential Services		100%	
7	Employee Assistance / Wellness	100%	100%	26-Nov-14
8	Employment Equity	100%	100%	26-Nov-14
9	Exit Management	100%	100%	26-Nov-14
10	Grievance Procedures		100%	
11	HIV/Aids	100%	100%	26-Nov-14
12	Human Resource and Development	100%	100%	26-Nov-14
13	Information Technology		100%	
14	Job Evaluation		100%	
15	Leave		100%	
16	Occupational Health and Safety		100%	
17	Official Housing		100%	
18	Official Journeys	100%	100%	26-Nov-14
19	Official transport to attend Funerals		100%	
20	Official Working Hours and Overtime		100%	26-Nov-14
21	Organisational Rights		100%	
22	Payroll Deductions	100%	100%	26-Nov-14
23	Performance Management and Development	100%	100%	
24	Recruitment, Selection and Appointments		100%	
25	Remuneration Scales and Allowances		100%	
26	Resettlement	100%	100%	26-Nov-14
27	Sexual Harassment	100%	100%	26-Nov-14
28	Skills Development		100%	
29	Smoking	100%	100%	26-Nov-14
30	Special Skills	100%	100%	26-Nov-14
31	Work Organisation		100%	
32	Uniforms and Protective Clothing	100%	100%	26-Nov-14
33		100%	100%	26-Nov-14
33	Other:			

#### COMMENT ON WORKFORCE POLICY DEVELOPMENT:

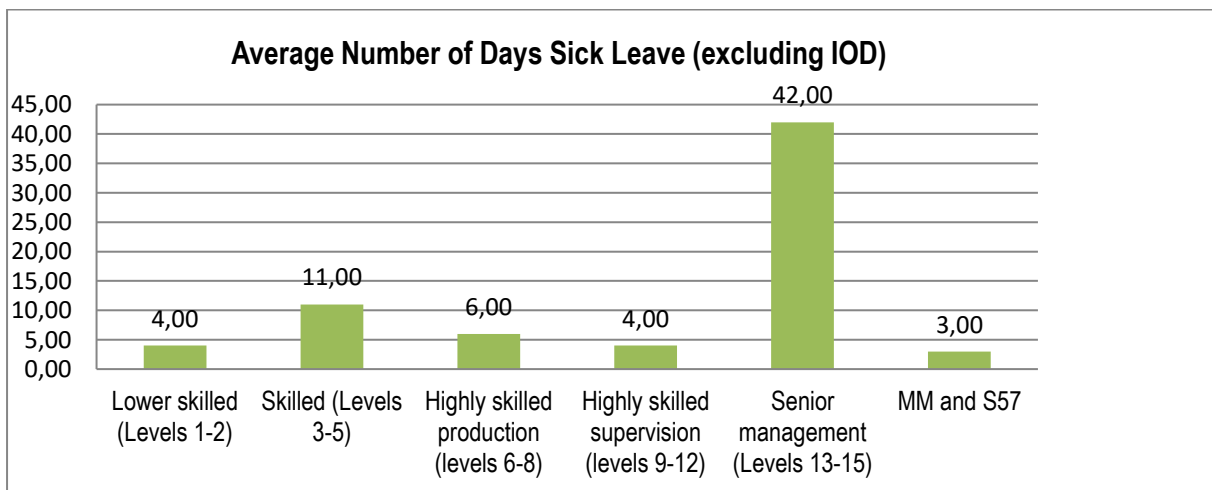
In any organisation, policies are instrumental for orderly and logical carrying of particular duties. The review and development of policies are influenced in the main by the changing circumstances and situations such as the municipality trajectory in pursuing particular vision and information technology.

Most policies carry reviewal period with them; while others are reviewed based on circumstances. The exercise of the development and/or review of policies is not desk- or laptop driven, but rather a concerted, coordinated and synergised effort; where a committee is established to carry out this function; and all and sundry in the municipality is involved.

#### INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken Days	Employees using injury leave No.	Proportion employees using sick leave %	Average Injury Leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only	2	2	100%	0	0
Temporary total disablement	43	1	2%	43	19 952
Permanent disablement	0	0		0	
Fatal	0	0		0	
<b>Total</b>	<b>45</b>	<b>3</b>	<b>7%</b>	<b>9</b>	<b>19 952</b>

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave Days	Proportion of sick leave without medical certification %	Employees using sick leave 7-Jan-00	Total employees in post* No.	*Average sick leave per Employees Days	Estimated cost R' 000
Lower skilled (Levels 1-2)	622	60%	165	188	4.00	
Skilled (Levels 3-5)	1137	40%	106	143	11.00	
Highly skilled production (levels 6-8)	988	30%	100	158	6.00	
Highly skilled supervision (levels 9-12)	179	30%	40	68	4.00	
Senior management (Levels 13-15)	466	1%	11	34	42.00	
MM and S57	3	0%	1	6	3.00	
<b>Total</b>						



### COMMENT ON INJURY AND SICK LEAVE:

Generally the number of injuries on duty remain stable. This may be attributed to the appointment of an Occupational Health and Safety officer' who amongst others, established the committee and is in the process of exposing them to capacity building programmes. At the same time the officer is hard at work in implementing preventative measures against injuries. The officer ensures that whenever an employee gets injured, is attended to promptly and referred, if needs be, to the hospital.

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
Executive Director	Insubordination, bringing the municipality into disrepute, dereliction of duty and dishonest behavior	Nov-16	Hearing sat on the 26 and 30 May 2017 parties are pursuing a settlement agreement.	Contract of employee has ended but the case is not yet finalised

### PERFORMANCE REWARDS

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R' 000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female	n/a	n/a	n/a	n/a
	Male	n/a	n/a	n/a	n/a
Skilled (Levels 3-5)	Female	n/a	n/a	n/a	n/a
	Male	n/a	n/a	n/a	n/a
Highly skilled production (levels 6-8)	Female	n/a	n/a	n/a	n/a
	Male	n/a	n/a	n/a	n/a
Highly skilled supervision (levels 9-12)	Female	n/a	n/a	n/a	n/a
	Male	n/a	n/a	n/a	n/a
Senior management (Levels 13-15)	Female	n/a	n/a	n/a	n/a
	Male	n/a	n/a	n/a	n/a
MM and S57	Female	n/a	n/a	n/a	n/a
	Male	n/a	n/a	n/a	n/a
Total					

### COMMENT ON PERFORMANCE REWARDS:

For the year under review there has not been rewards given to employees, including section 56 and 57 employees/managers.

## **COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE**

### INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

Note: MSA 2000 S68 (1) requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.

Like any other municipality currently in the country, there are no sufficient funds to capacitate employees that need personal development. However, the municipality provided financial assistance (bursary) to employees who needed to further their education; most in line with their Personal Development Plans.

For lower levels, the municipality sent over 70 employees, including Councillors, who did not have the matric to a technical matric course. This is an endeavor to ensure that whenever positions are advertised; employees must meet the minimum requirements.

Some senior and Middle managers who have been enrolled for National Treasury Competency requirements as dictated by the Municipal Finance Management Act have completed the course while the others are still to complete.



## SKILLS DEVELOPMENT AND TRAINING:

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June Year 0											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target
MM and s57	Female		0	0	0	0	0	0	0	0	0	0		0
	Male	5	0	0	0	0	1	0	0	0	0	0	1	0
	Male	55	0	0	0	0	9	0	0	7	0	0	16	0
Technicians and associate professionals*	Female	22	0	0	0	0	0	0	0	3	0	0	3	0
	Male	30	0	0	0	0	3	0	0	1	0	0	4	0
Professionals	Female	102	0	0	0	0	4	0	0	9	0	0	13	0
	Male	70	0	0	0	0	0	0	0	3	0	0	3	0
Sub total	Female	145	0	0	0	0	8	0	0	0	0	0	8	0
	Male	160	0	0	0	0	13	0	0	0	0	0	13	0
Total		307		0	0	0	42	0	0	26		0	68	0

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial Officials</b>						
Accounting officer	0	0	0	0	0	0
Chief financial officer	0	0	0	0	0	0
Senior managers	0	0	0	0	0	0
Any other financial officials	0	0	0	0	0	0
<b>Supply Chain Management Officials</b>						
Heads of supply chain management units	0	0	0	0	0	0
Supply chain management senior managers	0	0	0	1	1	1
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>
Supply chain management senior managers	0	0	0	1	1	1
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>

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	10502	0	0	0	10502	0
	Male	5	0	0	26255	53950	1706	1706	26225	53950
Legislators, senior officials and managers	Female	21	0	0	20307	83550	38947	38947	59254	122497
	Male	55	0	0	53185	247144	133413	132955	186598	380099
Professionals	Female	22	0	0	18040	20090	7555	7555	25595	27645
	Male	30	0	0	24600	74230	4143	4143	28743	78373
Technicians and associate professionals	Female	102	0	0	83640	28482	15354	15354	98994	43836
	Male	70	0	0	57400	0	4143	4143	61543	4143
Clerks	Female	97	0	0	159080	0	3412	3412	162492	3412
	Male	48	0	0	78720	0	3412	3412	82132	3412
Service and sales workers	Female	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0
Elementary occupations	Female	77	0	0	82064	0	0	0	82064	0
	Male	78	0	0	121360	16016	0	0	121360	16016
Sub total	Female	321	0	0	373569	132122	65268	65268	438837	197390
	Male	286	0		361520	391340	146817	146359	508337	537699
Total		607	0	0	735153	523462	212085	211627	947238	735153

### COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:

Like any other municipality currently in the country, there are no sufficient funds to capacitate employees that need personal development. However, the municipality provided financial assistance (bursary) to employees who needed to further their education; most in line with their Personal Development Plans.

For lower levels, the municipality sent over 70 employees, including Councillors, who did not have the matric to a technical matric course. This is an endeavor to ensure that whenever positions are advertised; employees must meet the minimum requirements.

Some senior and Middle managers who have been enrolled for National Treasury Competency requirements as dictated by the Municipal Finance Management Act have completed the course while the others are still to complete.

## **COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE**

### INTRODUCTION TO WORKFORCE EXPENDITURE

Sedibeng District Municipality has one of the highest employees' cost. This is as a result of reducing equitable share, at the same time an increase in Local Government Bargaining Council salary agreements.

This became apparent when the levy was replaced by the equitable share. Since then the equitable share has been reducing annually, disregarding the annual salary increases. As a result, very little is left for operational costs and capital projects

This has forced the municipality to, amongst others, implementing the austerity measures. These are applicable from recruitment to catering, office refreshments and vehicles repairs and maintenance.

Although there are still vacancy, one other compounding the problem is the hierarchical nature of the municipality structure as compared to a flat structure. This means that many employees are the higher levels and increase staff budget; at the same time the municipality did not dispose-off of staff whose functions went to local municipalities during reallocation of powers and functions.

Other challenges the municipality is facing is that of unfunded mandate; where the municipality is carrying out the provincial function without compensation i.e. communication center, heritage sites and sports.

## EMPLOYEE EXPENDITURE

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	n/a
	Male	n/a
Skilled (Levels 3-5)	Female	n/a
	Male	n/a
Highly skilled production (Levels 6-8)	Female	n/a
	Male	n/a
Highly skilled supervision (Levels 9-12)	Female	n/a
	Male	n/a
Senior management (Levels 13-16)	Female	n/a
	Male	n/a
MM and S 57	Female	n/a
	Male	n/a
Total		0

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
0	0	0	0	
0	0	0	0	
0	0	0	0	
0	0	0	0	
0	0	0	0	

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a

### COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:

There were no employees whose salaries were increased because of promotion; as such no upgrading of positions.

### DISCLOSURES OF FINANCIAL INTERESTS

In line with PM Regulations 805 of 2006, Human Resources annually engage employees and the latter signs a disclosure of financial interest form and send for filing by the same department. This practice is also applicable to councillors, through the Office of the Speaker of Council.

## CHAPTER 05:

### FINANCIAL PERFORMANCE

#### Overview

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

As a District Municipality we are completely grant dependent based on the current powers and functions. No other main revenue source is obtainable. Over the past 7 years, as a result of the global financial economic constraints, National Treasury downscaled and implemented austerity measures which resulted in the reduction of main source of revenue namely the equitable share. It should further be noted that in the same period, the main source of revenue for district municipalities, the Regional Services Council Levies (RSC Levies), had been repealed, hence, restricting even further the revenue generating capacity of the municipality. Although the national fiscus does distribute allocations to district municipalities to subsidize this loss of income, the calculation of said subsidy is not based on the same approach as the calculation of the former RSC levies, and hence the municipality's main source of income is shrinking on an annual basis.

Furthermore, the equitable share growth is therefore far less than the CPI rate whereby salary increases negotiated at bargaining council is also higher than the growth of equitable share. The District Municipalities in Gauteng have therefore prepare a consolidated letter to National Treasury in conjunction with Provincial Treasury in order to find a solution towards the current financial constraints within the district.

#### COMPONENT (A): FINANCIAL PERFORMANCE:

##### INTRODUCTION TO FINANCIAL STATEMENTS

This component provides an overview if the financial performance of the municipality and focuses on the financial health of the municipality. The municipality did not manage to collect all anticipated revenue and has spent more than originally budgeted for and therefore close off with an operating shortfall as indicated.

##### **Financial Performance:**

Financial Summary						
R' 000						
Description	Year -1	Current: Year 0			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment Budget
<b>Financial Performance</b>						
Property rates					%	%
Service charges					%	%
Investment revenue	2,519	2,040	1,803	2,138	4.80%	18.61%
Transfers recognized - operational	258,610	266,898	264,898	267,282	0.14%	0.90%
Other own revenue	83,017	96,322	101,061	89,639	-6.94%	-11.30%
<b>Total Revenue (excluding capital transfers and contributions)</b>	344,147	365,260	367,761	359,059	-1.70%	-2.37%
Employee costs	228,998	225,109	240,693	248,917	10.58%	3.42%
Remuneration of councillors	12,432	13,644	12,461	11,500	-15.72%	-7.71%
Depreciation & asset impairment	22,295	25,168	16,896	16,002	-36.42%	-5.29%
Finance charges	1	-	-	-	%	%
Materials and bulk purchases					%	%
Transfers and grants	5,647	-	1,225	2,162	#DIV/0!	76.49%
Other expenditure	120,001	101,296	103,903	111,630	10.20%	7.44%
<b>Total Expenditure</b>	389,374	365,217	375,177	390,211	6.84%	4.01%
<b>Surplus/(Deficit)</b>	(45,227)	42	(7,416)	(31,152)	-73834.03%	320.06%
Transfers recognized - capital					%	%
Contributions recognized - capital & contributed assets					%	%
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	(45,227)	42	(7,416)	(31,152)	-73834.03%	320.06%
Share of surplus/ (deficit) of associate					%	%
<b>Surplus/(Deficit) for the year</b>	(45,227)	42	(7,416)	(31,152)	-73834.03%	320.06%
<b>Capital expenditure &amp; funds sources</b>						
<b>Capital expenditure</b>						
Transfers recognised - capital	151	-	-	46	%	%
Public contributions & donations					%	%
Borrowing					%	%



Financial Summary						
R' 000						
Description	Year -1	Current: Year 0			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment Budget
Internally generated funds	8,883	20,820	9,471	5,572	-73.24%	-41.16%
<b>Total sources of capital funds</b>	9,033	20,820	9,471	5,618	-73.01%	-40.68%
<b>Financial position</b>						
Total current assets	34,692	35,893	35,893	39,408	9.79%	9.79%
Total non-current assets	144,412	98,465	95,394	133,311	35.39%	39.75%
Total current liabilities	131,293	45,093	45,093	163,705	263.04%	263.04%
Total non-current liabilities	–	–	–	–	%	%
Community wealth/Equity	47,811	104,525	95,943	16,168	-84.53%	-83.15%
<b>Cash flows</b>						
Net cash from (used) operating	7,335	25,247	11,621	18,274	-27.62%	57.25%
Net cash from (used) investing	(8,803)	(20,820)	(9,471)	(5,300)	-74.54%	-44.04%
Net cash from (used) financing	(44)	–	–	–		
<b>Cash/cash equivalents at the year end</b>	(1,512)	4,427	2,150	12,974	193.04%	503.49%
<b>Cash backing/surplus reconciliation</b>						
Cash and investments available	8,903	15,261	11,080	21,877	43.35%	97.45%
Application of cash and investments	–	–	–	–	%	%
<b>Balance - surplus (shortfall)</b>	8,903	15,261	11,080	21,877	43.35%	97.45%
<b>Asset management</b>						
Asset register summary (WDV)	144,412	98,465	95,394	133,311	35.39%	39.75%
Depreciation & asset impairment	22,295	25,168	16,896	16,002	-36.42%	-5.29%
Renewal of Existing Assets	–	–	–	–	%	%
Repairs and Maintenance	5,473	3,610	4,577	5,261	45.73%	14.94%
<b>Free services</b>						
Cost of Free Basic Services provided	–	–	–	–	%	%
Revenue cost of free services provided	–	–	–	–	%	%

Financial Summary						
R' 000						
Description	Year -1	Current: Year 0			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment Budget
<b>Households below minimum service level</b>						
Water:	-	-	-	-	%	%
Sanitation/sewerage:	-	-	-	-	%	%
Energy:	-	-	-	-	%	%
Refuse:	-	-	-	-	%	%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1						T 5.1.1

Financial Performance of Operational Services						
R '000						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
<b>Operating Cost</b>						
Water						
Waste Water (Sanitation)						
Electricity						
Waste Management						
Housing	1,810	1,587	1,794	1,569	-1.17%	-14.37%
Component A: sub-total	1,810	1,587	1,794	1,569	-1.17%	-14.37%
Waste Water (Stormwater Drainage)					#DIV/0!	#DIV/0!
Roads						
Transport	(3,194)	(13,852)	(9,319)	3,339	514.80%	379.06%
Component B: sub-total	(3,194)	(13,852)	(9,319)	3,339	514.80%	379.06%
Planning						
Local Economic Development						
Component B: sub-total	-	-	-	-	#DIV/0!	#DIV/0!
Planning (Strategic &Regulatory)	22,941	16,208	16,072	15,730	-3.04%	-2.17%
Local Economic Development	1,467	1,461	1,101	2,335	37.43%	52.85%
Component C: sub-total	24,408	17,669	17,173	18,065	2.19%	4.94%

Financial Performance of Operational Services						
R '000						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Community & Social Services	44,603	40,133	39,092	39,094	-2.66%	0.01%
Environmental Protection	22,333	23,013	22,221	21,660	-6.25%	-2.59%
Health					#DIV/0!	#DIV/0!
Security and Safety	12,712	10,251	7,903	8,183	-25.27%	3.42%
Sport and Recreation					#DIV/0!	#DIV/0!
Corporate Policy Offices and Other	(57,445)	(78,844)	(71,449)	(60,758)	-29.77%	-17.59%
Component D: sub-total	22,203	(5,447)	(2,233)	8,178	166.60%	127.30%
<b>Total Expenditure</b>	<b>45,227</b>	<b>(42)</b>	<b>7,416</b>	<b>31,152</b>	<b>100.14%</b>	<b>76.19%</b>
						T 5.1.2

#### COMMENT ON FINANCIAL PERFORMANCE:

The municipality reports an operating deficit due to revenue not collected based on budgeted figures and has also exceeded the budget allocation on expenditure. Details on these variations are provided on Note 42 to the Annual Financial Statements.

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#### GRANTS

Grant Performance						
R' 000						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
<b>Operating Transfers and Grants</b>						
<b>National Government:</b>	<b>247,909</b>	<b>252,132</b>	<b>252,132</b>	<b>252,168</b>	0.01%	0.01%
Equitable share						
Municipal Systems Improvement	911	–	–	24	100.00%	100.00%
Department of Water Affairs						
Levy replacement	245,760	250,882	250,882	250,882	0.00%	0.00%
Other transfers/grants NDPG						
Other transfers/grants FMG	1,238	1,250	1,250	1,262	0.98%	0.98%
<b>Provincial Government:</b>	<b>10,701</b>	<b>14,766</b>	<b>12,766</b>	<b>15,114</b>		
Health subsidy						
Housing						
Ambulance subsidy						
Sports and Recreation						

MSP						
EPWP grant	1,000	1,000	1,000	666	-50.20%	-50.20%
LED grant						
Other transfers / Grants	2,581	6,305	4,305	7,010	10.06%	38.59%
HIV & AIDS grant	7,120	7,461	7,461	7,438	-0.31%	-0.31%
<b>District Municipality:</b>	-	-	-	-		
<i>[insert description]</i>						
<b>Other grant providers:</b>	-	-	-	-		
<i>[insert description]</i>						
<b>Total Operating Transfers and Grants</b>	<b>258,610</b>	<b>266,898</b>	<b>264,898</b>	<b>267,282</b>		

### COMMENT ON OPERATING TRANSFERS AND GRANTS:

The municipality's main source of revenue is the RSC levy replacement grant and the growth over the past financial years has been below CPI which is having a negative impact on service delivery within the municipality. The provincial grant earmarked for the title deeds to be transferred is seen as a multi-year project based on the difficulties experience in identifying the correct and legal owners of the properties involved.

Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant Year -1	Actual Grant Year 0	Year 0 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
<b>Parastatals</b>						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
<b>Foreign Governments/Development Aid Agencies</b>						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
<b>Private Sector / Organisations</b>						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
<i>Provide a comprehensive response to this schedule</i>						

T 5.2.3

### COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:

The provincial grant earmarked for the title deeds to be transferred is seen as a multi-year project based on the difficulties experience in identifying the correct and legal owners of the properties involved.

## ASSET MANAGEMENT

The District municipality is not involved in infrastructure assets other than the fibre optic network and the bulk of the asset register is comprised of movable assets. Assets are capitalized once procured and will be depreciated over the expected life span of the asset.

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 0				
Asset 1				
Name	Fibre optic-External network			
Description	Optic Fibre network for the district for Information Technology			
Asset Type	Computer Hardware (Own Assets)			
Key Staff Involved	Information Management Department			
Staff Responsibilities				
Asset Value	2013/14	2014/15	2015/16	2016/17
	12,391,429	10,571,129	4,699,366	1,081,757
Capital Implications				
Future Purpose of Asset	IT Communication			
Describe Key Issues				
Policies in Place to Manage Asset	Asset Management- , IT policies			
Asset 2				
Name	Internal Networks			
Description	Cabling of Council buildings to link IT network with different servers and hubs.			
Asset Type	Computer Hardware (Own Assets)			
Key Staff Involved	Information Management Department			
Staff Responsibilities				
Asset Value	2013/14	2014/15	2015/16	2016/17
	845,892	921,147	537,499	490,493
Capital Implications				
Future Purpose of Asset	IT Communication			
Describe Key Issues				
Policies in Place to Manage Asset	Asset Management- , IT policies			
Asset 3				
Name				
Description				
Asset Type				
Key Staff Involved				
Staff Responsibilities				
Asset Value	Year -3	Year -2	Year -1	Year 0
Capital Implications				
Future Purpose of Asset				

**TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 0**

Describe Key Issues

Policies in Place to Manage Asset

T 5.3.2

**COMMENT ON ASSET MANAGEMENT:**

Assets are capitalized once procured and will be depreciated over the expected life span of the asset.

**Repair and Maintenance Expenditure: Year 0**

R' 000

	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	3,610,224	4,577,176	5,261,040	-15%

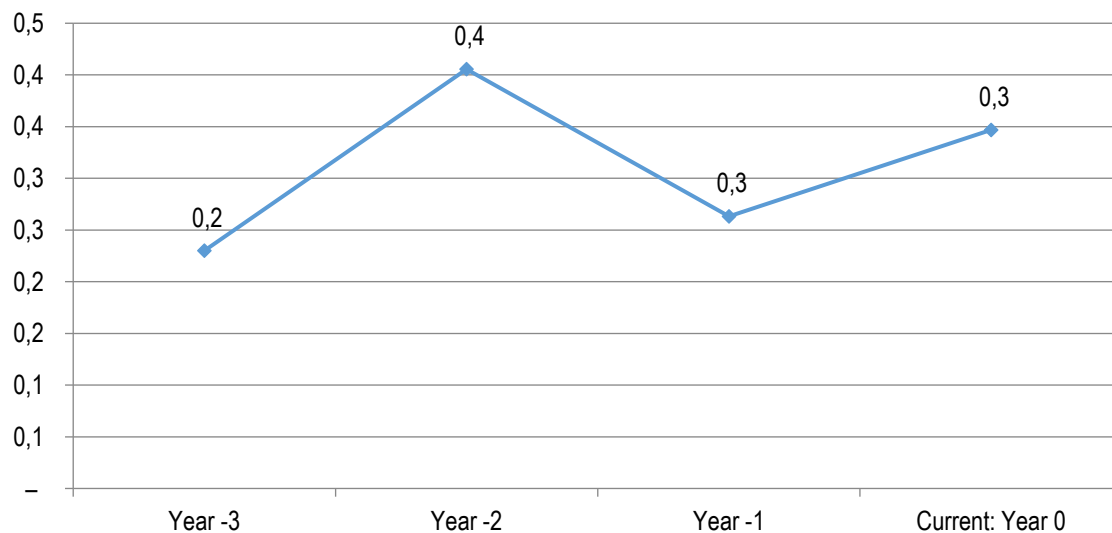
T 5.3.4

**COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:**

Repair and maintenance expenditure is very low due to no infrastructure assets assigned to the District and the majority of maintenance has been for minor building maintenance.

**FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS**

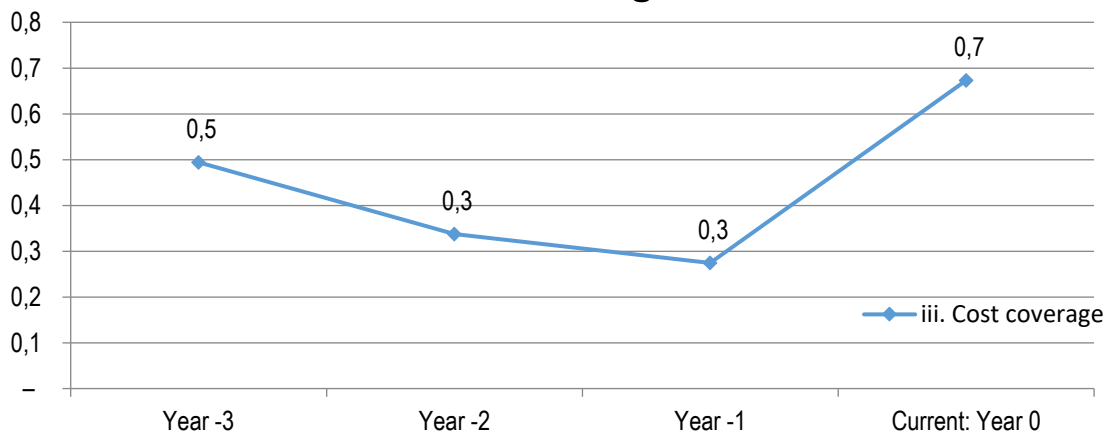
## Liquidity Ratio



Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year ) by the municipality's current liabilities. A higher ratio is better.

Data used from MBRR SA8

## Cost Coverage

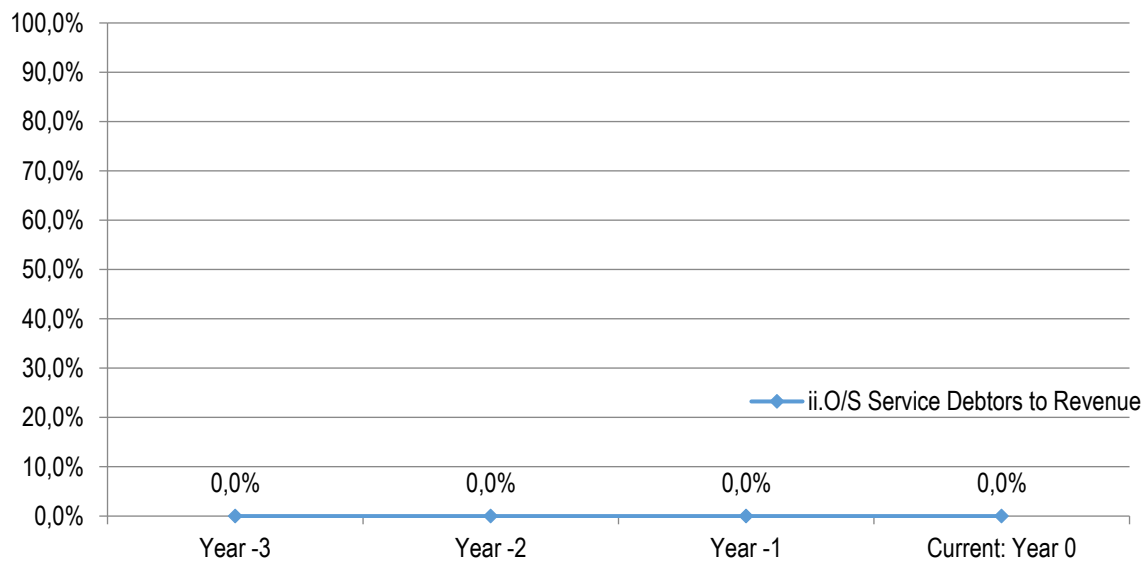


Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

T 5.4.2

## Total Outstanding Service Debtors

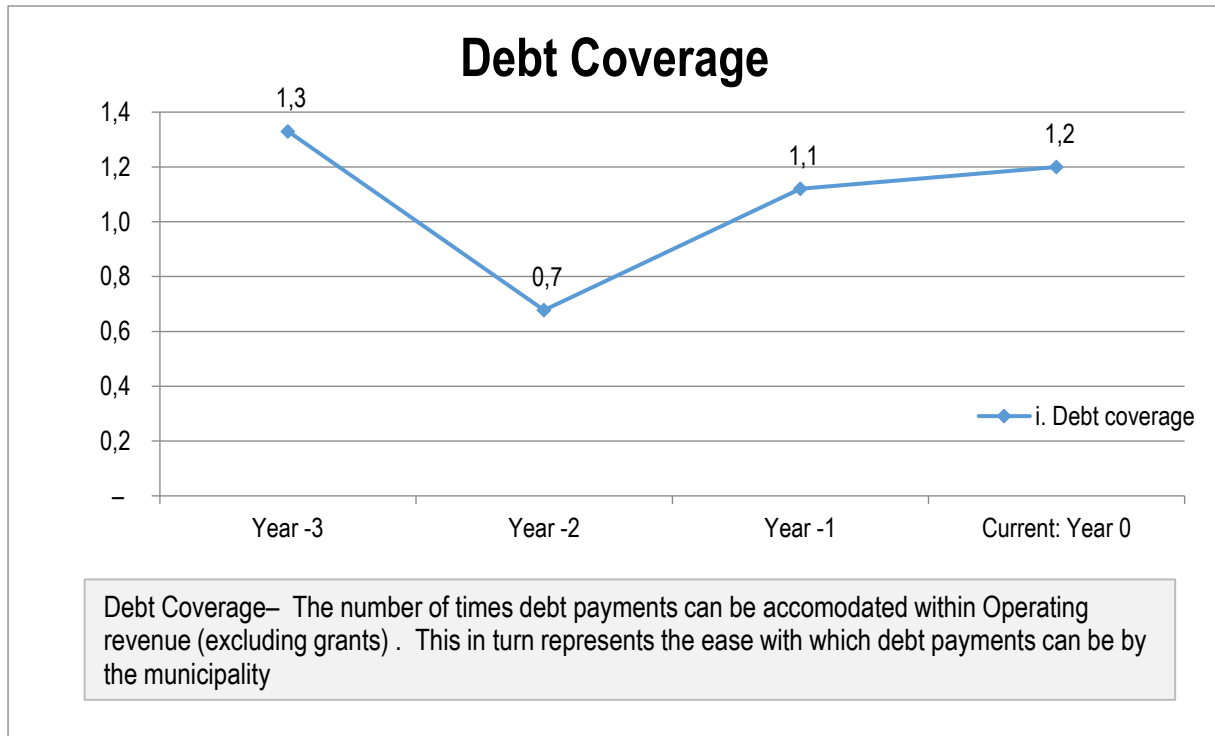


Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.

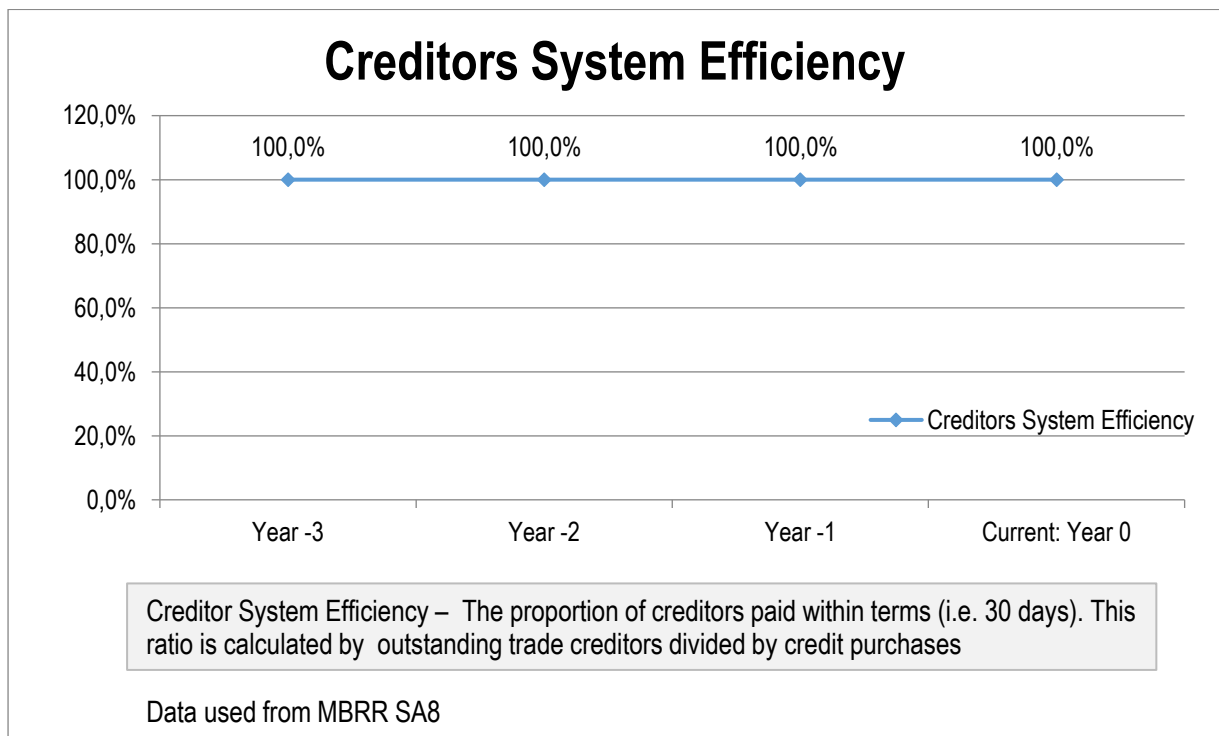
Data used from MBRR SA8

T 5.4.3





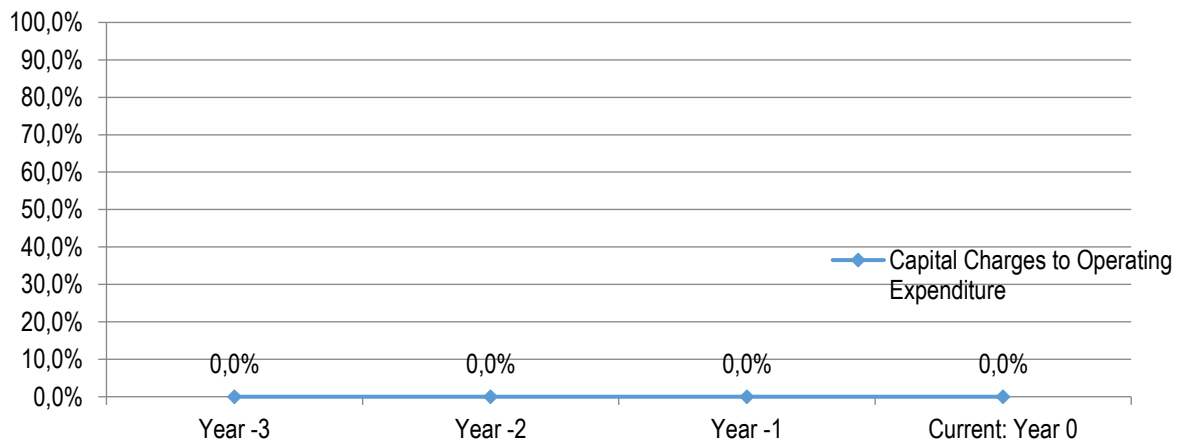
T 5.4.4



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T 5.4.5

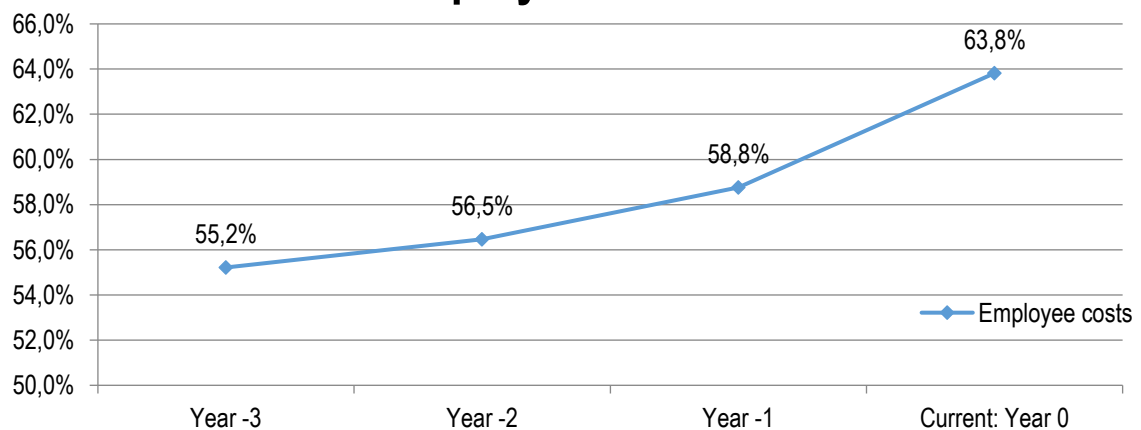
## Capital Charges to Operating Expenditure



Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.  
Data used from MBRR SA8

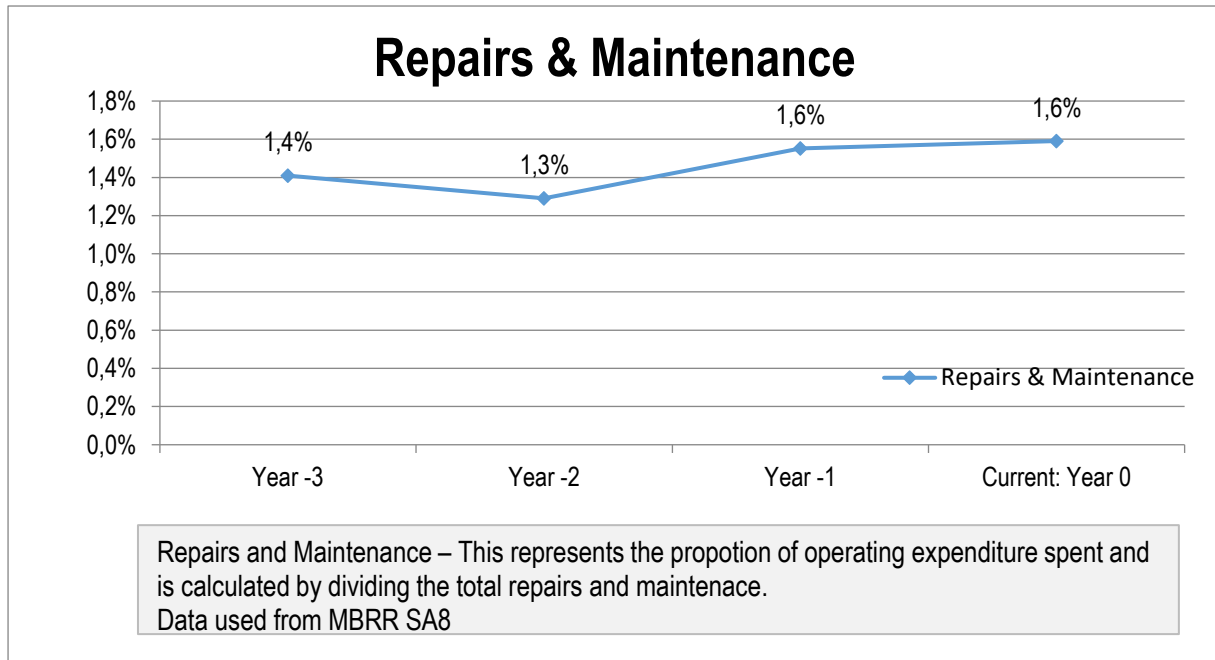
T 5.4.6

## Employee Costs



Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

T 5.4.7



T 5.4.8

#### COMMENT ON FINANCIAL RATIOS:

The ratios above reflect a scenario of employee cost which is far above the norm set while repair and maintenance is below the threshold. As a District municipality we do not have infrastructure assets which need to be maintained and therefore the amount spent will be below the norm. The liquidity ratio indicate that the municipality need drastic improvement and therefore, stricter austerity measures are required in order to improve on the liquidity. The municipality also need to conduct priority based budgeting based on the mandated service delivery needs of the municipality, and enter into service level agreements to recover costs where unfunded/underfunded mandates are performed on behalf of other spheres of government.

## COMPONENT (B): SPENDING AGAINST CAPITAL BUDGET

### INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

As a District Municipality capital expenditure relates mainly to projects that will have value lasting over one year Capital expenditure is funded from operations. Component B deals with capital spending indicating where the funding comes from and whether the municipalities are able to spend the available funding as planned. The municipality does not receive MIG funding for any infrastructure development.

### SOURCES OF FINANCE

Capital Expenditure - Funding Sources: Year -1 to Year 0							
R' 000							
Details		Year -1	Year 0		Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
		Actual	Original Budget (OB)	Adjustment Budget			
Source of finance	External loans						
	Public contributions and donations						
	Grants and subsidies	150,807			46,142		
	Other	8,882,668	20,819,592	8,611,100	5,572,354	-58.64%	-73.24%
<b>Total</b>		<b>9,033,475</b>	<b>20,819,592</b>	<b>8,611,100</b>	<b>5,618,496</b>	<b>-58.64%</b>	<b>-73.24%</b>
Percentage of finance	External loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Public contributions and donations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Grants and subsidies	1.7%	0.0%	0.0%	0.8%	0.0%	0.0%
	Other	98.3%	100.0%	100.0%	99.2%	100.0%	100.0%
Capital expenditure	Water and sanitation						
	Electricity						
	Housing						
	Roads and storm water						
	Other	9,033,475	20,819,592	8,611,100	5,618,496	-170.5%	-136.5%
	<b>Total</b>	<b>9033475</b>	<b>20819592</b>	<b>8611100</b>	<b>5618496</b>	<b>-170.53%</b>	<b>136.55%</b>
Percentage of expenditure							
	Water and sanitation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Electricity	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Capital Expenditure - Funding Sources: Year -1 to Year 0							
R' 000							
Details		Year -1	Year 0		Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
		Actual	Original Budget (OB)	Adjustment Budget			
	Housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Roads and storm water	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Other	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
							T 5.6.1

#### COMMENT ON SOURCES OF FUNDING:

The main source of funding utilized on capital expenses is own funding due to the fact that the municipality do not receive MIG funding for infrastructure. The municipality has not explored the option of raising financing for capital expenses, as the existing market offerings are too expensive.

#### CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current: Year 0			Variance: Current Year 0	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A - Optic Fibre Project	6,040,000	1,200,000	1,081,757	82%	80%
B - Internal Network	700,000	940,000	490,493	30%	-34%
C - MSCOA implementation	3,200,000	1,522,000	1,055,290	67%	52%
D - Name of Project					
E - Name of Project					
* Projects with the highest capital expenditure in Year 0					
<b>Name of Project - A</b>					
Objective of Project	External Networking				
Delays					
Future Challenges	none				
Anticipated citizen benefits	IT Communication				
<b>Name of Project - B</b>					
Objective of Project	Internal IT Networking				
Delays					
Future Challenges	none				
Anticipated citizen benefits	Internal IT connectivity				
<b>Name of Project - C</b>					
Objective of Project	MSCOA compliant by July 2017				
Delays					
Future Challenges	Upgrading of financial system to new technology				
Anticipated citizen benefits					
<b>Name of Project - D</b>					

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current: Year 0			Variance: Current Year 0	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
<b>Name of Project - E</b>					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
T 5.7.1					

### COMMENT ON CAPITAL PROJECTS:

As a District we do not have major infrastructure project. The major project within the District relates to the Optic Fibre project which link with the internal networks.

### BASIC SERVICES AND INFRASTRUCTURE BACKLOGS – OVERVIEW

Service Backlogs as at 30 June Year 2016				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	266 085	98%%	4448	2%
Sanitation	281 962	97 %	8892	3 %
Electricity	272 847	90.8%	26 985	9.2%
Waste management	296 357	99%	4498	1%
% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.				
T 5.8.2				

Service Backlogs as at 30 June Year 2016					
Households (HHs)					
	*Service level above minimum standard			**Service level below minimum standard	
	Total number of HH	No. HHs	% HHs	No. HHs	% HHs
Housing	299 832	278 844	93%	20 988	6.6%
% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.					
T 5.8.2					

Not applicable to the District

Municipal Infrastructure Grant (MIG)* Expenditure Year 0 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
<b>Infrastructure - Road transport</b>				%	%	
<i>Roads, Pavements &amp; Bridges</i>				%	%	
<i>Storm water</i>				%	%	
<b>Infrastructure - Electricity</b>				%	%	
<i>Generation</i>				%	%	
<i>Transmission &amp; Reticulation</i>				%	%	
<i>Street Lighting</i>				%	%	
<b>Infrastructure - Water</b>				%	%	
<i>Dams &amp; Reservoirs</i>				%	%	
<i>Water purification</i>				%	%	
<i>Reticulation</i>				%	%	
<b>Infrastructure - Sanitation</b>				%	%	
<i>Reticulation</i>				%	%	
<i>Sewerage purification</i>				%	%	
<b>Infrastructure - Other</b>				%	%	
<i>Waste Management</i>				%	%	
<i>Transportation</i>				%	%	
<i>Gas</i>				%	%	
<b>Other Specify:</b>				%	%	
				%	%	
				%	%	
				%	%	
<b>Total</b>				%	%	

#### COMMENT ON BACKLOGS:

Not applicable.

## COMPONENT (C): CASH FLOW MANAGEMENT AND INVESTMENTS

Based on the current financial constraints within the municipality it is important to perform cash flow projections on a daily basis in order to ensure proper cash flow management. It is also important to perform projections in order to plan expenses based on the revenue inflow.

Cash Flow Outcomes				
R'000				
Description	Year -1	Current: Year 0		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	301,170	96,362	101,101	284,291
Government - operating	260,958	262,898	260,898	264,250
Government - capital				
Interest	2,519	2,040	1,803	2,138
Dividends				
<b>Payments</b>				
Suppliers and employees	(557,312)	(336,053)	(352,180)	(532,406)
Finance charges				
Transfers and Grants				
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>7,335</b>	<b>25,247</b>	<b>11,621</b>	<b>18,274</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE	231	100	4	319
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
<b>Payments</b>				
Capital assets	(9,033)	(20,820)	(9,471)	(5,618)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(8,803)</b>	<b>(20,720)</b>	<b>(9,467)</b>	<b>(5,300)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits				
<b>Payments</b>				
Repayment of borrowing	(44)			—



Cash Flow Outcomes				
R'000				
Description	Year -1	Current: Year 0		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	(44)	–	–	–
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	(1,512)	4,527	2,154	12,974
Cash/cash equivalents at the year begin:	10,415	10,834	8,903	8,903
Cash/cash equivalents at the year-end:	8,903	15,361	11,057	21,877

Source: MBRR A7

T 5.9.1

### COMMENT ON CASH FLOW OUTCOMES:

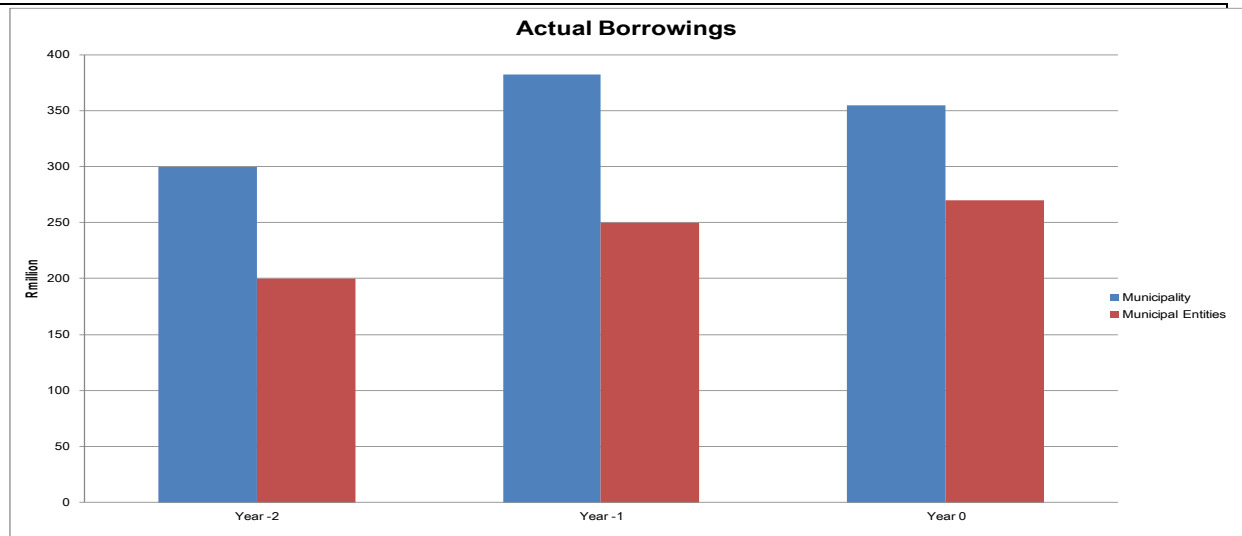
The cash flow show a net increase which is directly linked to an increase in creditors outstanding while the operating deficit within the financial performance will create a financial burden on the municipality.

### BORROWING AND INVESTMENTS

The council does not have any borrowings and no long term investments

Actual Borrowings: Year -2 to Year 0			
R' 000			
Instrument	Year -2	Year -1	Year 0
<b>Municipality</b>			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
<b>Municipality Total</b>	0	0	0
<b>Municipal Entities</b>			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
<b>Entities Total</b>	0	0	0

T 5.10.2



T 5.10.3

Municipal and Entity Investments			
	R' 000		
Investment* type	Year -2	Year -1	Year 0
	Actual	Actual	Actual
<b><u>Municipality</u></b>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
<b>Municipality sub-total</b>	0	0	0
<b><u>Municipal Entities</u></b>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other			

Municipal and Entity Investments			
	R' 000		
Investment* type	Year -2	Year -1	Year 0
	Actual	Actual	Actual
Entities sub-total	0	0	0
Consolidated total:	0	0	0
T 5.10.4			

#### COMMENT ON BORROWING AND INVESTMENTS:

Not applicable.

#### PUBLIC PRIVATE PARTNERSHIPS

None

### **COMPONENT (D): OTHER FINANCIAL MATTERS**

#### SUPPLY CHAIN MANAGEMENT

The Supply Chain Management Unit resides within the Finance Cluster.

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.

The following bid committees were established and are fully functional:

- Bid Specification Committee;
- Bid Evaluation Committee; and
- Bid Adjudication Committee.

All municipal procurement is conducted against the annual procurement plan that has been approved by the Accounting Officer. Demand management performance has been monitored and reported on a monthly basis to the senior management team for oversight and control purposes.

National Treasury have developed a centralised supplier database (CSD) to optimise the efficiency of service delivery. The CSD is interfaced to South African Revenue Service (SARS) to enable tax clearance status verification of suppliers throughout the Procure-to-Pay process and the Companies and Intellectual Property Commission (CIPC) for vetting of business registration and business ownership. All municipalities were required to migrate onto the CSD by 01 July 2016. The SCM unit at the municipality

is registered onto the CSD and the SCM Demand Unit has begun incorporating information from CSD onto the existing Venus database, on an as and when required basis.

The Venus system has the database of suppliers and is updated on a daily basis. It gives effect to all the SCM and legislative requirements. The department receives new applications on a daily basis which show the interest of suppliers in the local economy, while existing suppliers are required to update their vendor information as and when required. The Acquisition Unit has also begun running parallel processes for the sourcing of quotations between R1, 000 up to R30, 000 on both, the Venus database and the CSD in order to not disadvantage any existing suppliers on the municipal database set.

The Executive Mayor provided general political guidance over fiscal and financial affairs of the municipality. He also monitored and oversaw the exercising of responsibilities assigned to the Accounting Officer and the Chief Financial Officer. Municipal policy and national legislation prescribe that Councillors are not permitted to serve as members in any bid committee or participate in the supply chain management processes.

The municipality has established Contracts Management Committee which meets on a quarterly basis to monitor progress on implementation of all available contracts within the municipality. The Committee is coordinated by Corporate Services, and resides in the Directorate: Legal Services

### GRAP COMPLIANCE

GRAP is the acronym for Generally Recognized Accounting Practice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

## CHAPTER 06:

### AUDITOR GENERAL AUDIT FINDINGS

#### Overview

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.

Delete Directive note once comment is completed - Refer to the Annual Financial Statements set out in Volume II and the timescale for the audit of these accounts and the audit of performance and the production of reports on these matters by the Auditor General as set out in this Chapter. If this is the version of the annual report presented to Council in September then the Auditor-Generals statements on this year's submissions will not be available for inclusion in this Chapter and this should be explained.

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

##### AUDITOR GENERAL REPORTS YEAR -1 (PREVIOUS YEAR)

Auditor-General Report on Financial Performance: Year -1	
Audit Report Status*:	
Non-Compliance Issues	Remedial Action Taken
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)	
	T 6.1.1

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

#### COMPONENT B: AUDITOR GENERAL REPORT YEAR 0

Auditor-General Report on Financial Performance Year 0*	
Status of audit report:	
Non-Compliance Issues	Remedial Action Taken
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 table 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.	
	T 6.2.1

Auditor-General Report on Service Delivery Performance: Year 0*	
Status of audit report**:	
Non-Compliance Issues	Remedial Action Taken
* This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Service Delivery Performance Year 0	
** Inclusion of "Status" depends on nature of AG's remarks on Performance Data.	
	T 6.2.2

## AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: YEAR 0

Delete Directive note once comment is completed - Attach report

## COMMENTS ON AUDITOR-GENERAL'S OPINION YEAR 0:

Delete Directive note once comment is completed - Provide comments from the Municipal Manager / CFO on the Auditor-General's opinion. Include comments on year 0 if it provides useful context.

## 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 (Chief Financial Officer)..... Dated

## **GLOSSARY**

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
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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"> <li>• Service delivery &amp; infrastructure</li> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>
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> <ul style="list-style-type: none"> <li>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</li> <li>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</li> </ul>



## APPENDICES

### APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time FT/PT	Committees Allocated	Ward and / or Party Represented	%Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
Cllr Baloyi PB	FT	Gender (1) Council Sitting (10)	DA	Apology	
Cllr Baloyi H	FT	Petitions (3) Council Sitting (10)	EFF	Apology 2 Absent, 1 Apology	
Cllr Buthongo CT	FT	Gender (3) Council Sitting (10)	ANC	1 Apology, 1 Absent	
Cllr Coertze Y	PT	Council Sitting (10)	DA	4 Apology	
MMC Dlangamandla JM	FT	Council Sitting (10) Section 80 Transport & Infrastructure Planning	ANC	1 Absent	
MMC Gamede LSA	FT	Council Sitting (10)	ANC	1 Absent	
SPEAKER Gomba MM	FT	Ethics (2), Rules (1) Council Sitting (10)	ANC		
Cllr Gomes MM	FT	Council Sitting (10)	DA	1 Apology	
MMC Hlongwane NG	FT	Council Sitting (10)	ANC		
Cllr Hlophe NC	PT	Petitions (3) Council Sitting (10)	DA	1 Apology	
Cllr Hoffman JJ	FT	Ethics (2) Rules (1) MPAC (8) Council Sitting (10)	EFF+	Absent 2 Apology, 1 Absent 1 Apology, 2 Absent	
Cllr Jones RF	FT	Ethics (2) MPAC (8) Council Sitting (10)	DA	1 Apology	

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time FT/PT	Committees Allocated	Ward and / or Party Represented	%Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
Cllr Baloyi PB	FT	Gender (1) Council Sitting (10)	DA	Apology	
Cllr Khoali AN	PT	Council Sitting (10)	ANC		
MMC Khomoeasera ML	FT	Council Sitting (10)	ANC		
Cllr Machitje LM	FT	Ethics (2) MPAC (8) Council Sitting (10)	EFF	1 Apology 3 Apology, 1 Absent 1 Apology, 1 Absent	
Cllr Mahlase KM	PT	Ethics (2) Gender (2) MPAC (8) Council Sitting (10)	ANC	3 Apology 1 Absent	
MMC Mahommed YJ	FT	Council Sitting (10)	ANC	1 Apology, 1 Absent	
MMC Maphalla TS	FT	Ethics (2) Rules (1) Council Sitting (10)	ANC	1 Apology	
Cllr Maraka TPE	PT	Ethics (2) MPAC (8) Council Sitting (10)	DA	Absent Apology 1 Apology	
Cllr Masisa LL	PT	Petitions (3) Ethics (2) MPAC (8) Council Sitting (10)	AIC	1 Apology	
Cllr Mkhwanazi OA	PT	MPAC (8) Council Sitting (10)	ANC	1 Apology, 1 Absent	
Cllr Mochawe JS	FT	Ethics (2) MPAC (8) Council Sitting (10)	ANC	Apology Apology	
Cllr Mncube ME		Council Sitting (10)	DA	1 Apology	
Executive Mayor Cllr Modisakeng BJ	FT	Ethics (2) Rules (1) Council Sitting (10)	ANC	Apology Acting (Cllr Gamede)	
Cllr Mofokeng NT	PT	Council Sitting ( )	ANC	1 Apology	
Cllr Mohono S	PT	Council Sitting ( )	EFF		
Cllr Mokoena TA	PT	Council Sitting (10)	DA		

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time FT/PT	Committees Allocated	Ward and / or Party Represented	%Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
Cllr Baloyi PB	FT	Gender (1) Council Sitting (10)	DA	Apology	
Cllr Mollo DS	PT	Ethics (2) Rules (1) Council Sitting (10)	DA	Apology Absent Apology	
Cllr Motaung PM	PT	Rules (1) Gender (1) Council Sitting (10)	EFF	Absent Absent 1 Apology, 2 Absent	
Cllr Motsamai MI	FT	Petitions(3) Council Sitting (10)	DA		
Cllr Motsei LA	PT	Gender(1) Petitions (3) Council Sitting (10)	ANC	Apology 1 Absent	
CHIEF WHIP Mshudulu SA	FT	Ethics (2) Rules (1) Council Sitting (10)	ANC	Apology	
Cllr Mulder M	PT	Council Sitting (10)	DA	1 Apology, 1 Absent	
Cllr Ndlovu MP	PT	Gender (2) Council Sitting (10)	ANC	1 Absent	
Cllr Ntuthu VJ	PT	Ethics (2) Gender(2) MPAC (8) Council Sitting (10)	ANC	Absent 1Apology, 1Absent	
Cllr Nxongo NPG	PT	Petitions (3) Council Sitting (10)	ANC	1 Absent	
Cllr Pretorius PC	PT	Council Sitting (10)	DA	1 Apology	
MMC Raikane MD	FT	Council Sitting (10)	ANC	2 Apology	
Cllr Ramongalo TR	FT	Council Sitting (10)	DA	1 Apology	
Cllr Rapakeng OD	PT	Council Sitting (10) Section 80 Transport & Infrastructure Planning (4)	ANC		
Cllr Raphesu MR	PT	Ethics (2) Council Sitting (10)	EFF	Absent 2 Apology, 1 Absent	
Cllr Seloane LJ	PT	Council Sitting (10)	ANC	2 Absent	

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time FT/PT	Committees Allocated	Ward and / or Party Represented	%Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
Cllr Baloyi PB	FT	Gender (1) Council Sitting (10)	DA	Apology	
Cllr Senekal GM	PT	Gender (1) Petitions(3) Council Sitting (10)	EFF+	1 Absent	
Cllr Senyanya S	PT	Petitions (3) MPAC (8) Council Sitting (10) Gender (1)	ANC	1 Apology	
Cllr Sikhosana TC	PT	Council Sitting (10)	DA	1 Absent	
Cllr Sikukula M	PT	Petitions (3) Council Sitting (10)	ANC	Apology 1 Absent	
Cllr Soxuza DS	PT	Petitions (3) Council Sitting (10)	ANC	Apology	
MMC Tsotetsi PB	FT	Rules (1) Council Sitting (10)	ANC	(Rep Cllr Mahlase KM) 1 Absent	
Cllr Xaba PD	FT	Council Sitting (10)	DA		

## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

### APPENDIX B- COMMITTEES AND COMMITTEE PURPOSES

<i>Committees ( other than Mayoral/Executive Committee) and Purposes of Committees</i>	
Rules committee	<ul style="list-style-type: none"> <li>• Recommends rules and orders to Council concerning the smooth running of its business</li> </ul>
Ethics & Integrity Committee	<ul style="list-style-type: none"> <li>• Promote a culture within the institution which is intolerant to unethical conduct.</li> </ul>
Municipal Public Accounts Committee (MPAC).	<ul style="list-style-type: none"> <li>• Reviews the municipal annual report in line with Auditor –General's findings.</li> <li>• Provide political oversight to financial management and accounts.</li> </ul>
Public Participation & Petitions Committee	<ul style="list-style-type: none"> <li>• Promotes the active involvement of the general public in municipal affairs.</li> <li>• Receive petitions from ordinary community members on service delivery matters.</li> </ul>
Gender Committee	<ul style="list-style-type: none"> <li>• Responsible for gender mainstreaming within the municipal environment.</li> <li>• Monitor gender perspective of policies , programmes, projects and practices in the municipality</li> </ul>
Section 80 Committees	<ul style="list-style-type: none"> <li>• Administrative oversight.</li> </ul>
<i>Note * Councillors appointed on a proportional basis do not have wards allocation to them</i>	
TA	

## APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

THIRD TIER STRUCTURE	
DIRECTORATE	MANAGERS/ASSISTANT MANAGERS (State title and name)
OFFICE OF THE EXECUTIVE MAYOR	T. MALEKA
B. MAJOLA	T. MOROBE
	S. NDLENGETHWA
OFFICE OF THE SPEAKER OF COUNCIL	MOKAKO
M. MPONTSHANE	
OFFICE OF THE CHIEF WHIP OF COUNCIL	J. TSOHO
	MGUDLWA
OFFICE OF THE MUNICIPAL MANAGER	B. RAMAGAGA
M. MATHE	B. MASIBIHLELE
	T. MOKOARI
CORPORATE SERVICES	
G. DEYSEL	C. WIESE
HUMAN RESOURCES	
W. RAMOTSEDISI	TS. MALOKA
	P. MODIMOENG
	L. NKOLI
	C. SERAME
	O. MORAJANE
INFORMATION TECHNOLOGY	C. VISSER
Y. CHAMDA	T. XABA
	N. MONGA
	B. MASHIYA
	HAJ. MANS
FACILITIES	
D. MARANDA	B. JOHNSON
	T. MOKOENA
UTILITIES	
J. TSOTETSI (ACTING DIRECTOR)	M. NKELE
	C. MOKOENA
LEGAL AND SUPPORT	
M. NGAKE (ACTING DIRECTOR)	N. TSHABALALA
STRATEGIC PLANNING AND ECONOMIC DEVELOPMENT	
LED & TOURISM	
K. MBONGO	MD. KANTSO
	R. PELSER
	M. DLADLA
	M. MOKGATLE
	S.P. VAN WYK
DEVELOPMENT PLANNING AND HUMAN SETTLEMENT	
T. MUTLANENG	S. PITSO

THIRD TIER STRUCTURE	
DIRECTORATE	MANAGERS/ASSISTANT MANAGERS (State title and name)
	MAJOLA
TRANSPORT AND INFRASTRUCTURE	M M KHALEMA
TM. MANQA	NS MOFOKENG
LICENSING	
A. MOKONYANE	T. LENAKE
	E VAN ZYL
	A. MSIBI
ENVIRONMENT	
	M.S. DUBE
	Z VAN ZYL
	MF THEKISO
COMMUNITY SERVICES	
HEALTH	
D MAGAGULA	
HIV&AIDS	
B. MOHAPELOA	
DISASTER	
S. HLAPOLOSA	P. NIEWENHEIZE
	MM TAALJARD
SRAC & H	
N. FELIX	B MOSEBI
	S KHUMALO
	A. VAN WYK
SAFETY	
M LEACWE	
FINANCE	
SUPPLY CHAIN	
	NJONGI
FINANCIAL MANAGEMENT	
C STEYN	A LUBBE

## APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
<b>Constitution Schedule 4, Part B functions:</b>		
Air pollution		
Building regulations		
Child care facilities		
Electricity and gas reticulation		
Firefighting services		
Local tourism		
Municipal airports		
Municipal planning		
Municipal health services		
Municipal public transport		
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		
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto		
Stormwater management systems in built-up areas		
Trading regulations		
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems		
Beaches and amusement facilities		
Billboards and the display of advertisements in public places		
Cemeteries, funeral parlours and crematoria		
Cleansing		
Control of public nuisances		
Control of undertakings that sell liquor to the public		
Facilities for the accommodation, care and burial of animals		
Fencing and fences		
Licensing of dogs		
Licensing and control of undertakings that sell food to the public		
Local amenities		
Local sport facilities		
Markets		
Municipal abattoirs		
Municipal parks and recreation		
Municipal roads		
Noise pollution		
Pounds		
Public places		
Refuse removal, refuse dumps and solid waste disposal		
Street trading		
Street lighting		
Traffic and parking		
<i>* If municipality: indicate (yes or No); * If entity: Provide name of entity</i>		<i>T D</i>



## APPENDIX E – WARD REPORTING

NOT APPLICABLE

## APPENDIX F – WARD INFORMATION

## APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0

Municipal Audit Recommendations		
Date of the Committee	Committee recommendations during the year (2016/17 )	Recommendations adopted (enter yes)If not adopted(Provide explanation) .
25 Aug 2016	o Mid year Organisational Performance report 2015/16.	Yes
	o Final Integrated Development Plan (IDP) 2016/17 financial year.	Yes
	o Status quo report: Sedibeng District Municipality's Internal Audit	Yes
	o Report of the 2015/16 Auditor General's key controls dashboard	Yes
	o Fraud Prevention Plan	Yes
	o Final Annual operating and capital MTREF for 2016/2017 to 2018/19 period for Sedibeng District Municipality	Yes
	o Report on the Operation Risk Assessment for the 2015/16 financial year.	Yes
	o Financial overview and comparative analysis report on the Unaudited Annual Financial Statements for year ending 30 June 2016	Yes
	o Draft Annual Report: 2015/2016 financial year.	
	• Sedibeng Draft IDP Framework and Process Plan and Budget for 2018/19 IDP	Yes
	• Annual Internal Audit Plan 2016/17.	Yes
	• Report of the 2015/2016 Auditor-General's key controls	Yes
25 Nov 2016	• Auditor-General's report on the financial statements and performance information for 2015/2016 financial year be noted	Yes
	• Schedule of audit committee meetings: 2016/2017 financial year be approved	Yes
05 Dec 2016	• Internal audit reports be noted	Yes T G
	• Report of the auditor-general to the Gauteng provincial legislature and Sedibeng District Municipality be tabled	Yes



## APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 0 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor		
Member of MayCo / Exco		
Councillor		
Municipal Manager		
Chief Financial Officer		
Deputy MM and (Executive) Directors		
Other S57 Officials		

\* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A

## 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
Vote 1 - Executive and Council	–	17	–	–		
Vote 2 - Finance & Administration	273,186	275,651	279,381	280,705	2%	0%
Vote 3 - Transport, Infrastructure & Environment	63,215	78,172	78,181	64,802	-21%	-21%
Vote 4 - Community & Social Services	7,746	11,406	10,199	10,230	-11%	0%
Vote 5 - Planning & Development	0	14	–	3,427	100%	100%
Example 6 - Vote 6						
Example 7 - Vote 7						
Example 8 - Vote 8						
Example 9 - Vote 9						
Example 10 - Vote 10						
Example 11 - Vote 11						
Example 12 - Vote 12						
Example 13 - Vote 13						
Example 14 - Vote 14						
Example 15 - Vote 15						
<b>Total Revenue by Vote</b>	<b>344,147</b>	<b>365,260</b>	<b>367,761</b>	<b>359,164</b>	<b>-2%</b>	<b>-2%</b>
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3						T K.1

### 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						

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
Service Charges - electricity revenue						
Service Charges - water revenue						
Service Charges - sanitation revenue						
Service Charges - refuse revenue						
Service Charges - other	2,482	–	–	–	#DIV/0!	#DIV/0!
Rentals of facilities and equipment	8,215	9,620	8,020	7,549	-27%	-6%
Interest earned - external investments	2,519	2,040	1,803	2,138	5%	16%
Interest earned - outstanding debtors					#DIV/0!	#DIV/0!
Dividends received					#DIV/0!	#DIV/0!
Fines					#DIV/0!	#DIV/0!
Licenses and permits	61,390	73,801	73,801	60,704	-22%	-22%
Agency services	7,176	6,831	8,063	8,811	22%	8%
Transfers recognised - operational	258,610	266,898	264,898	267,282	0%	1%
Other revenue	3,634	5,969	11,173	12,681	53%	12%
Gains on disposal of PPE	121	100	4	–	#DIV/0!	#DIV/0!
Environmental Protection					#DIV/0!	#DIV/0!
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>344,147</b>	<b>365,260</b>	<b>367,761</b>	<b>359,164</b>	<b>-1.70%</b>	<b>-2.39%</b>
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.						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						
Public Transport Infrastructure and Systems Grant						
<i>Other Specify:</i>						
<b>Total</b>						
* 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

### COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG

**Delete Directive note once comment is completed**– Use this box to provide additional information on grant benefits or conditions and reasons for acceptance:

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

### APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*							
R '000							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	-	-		-	-	-	-
<b>Infrastructure: Road transport - Total</b>	-	-		-	-	-	-
Roads, Pavements & Bridges							
Storm water							
<b>Infrastructure: Electricity - Total</b>	-	-		-	-	-	-
Generation							
Transmission & Reticulation							
Street Lighting							
<b>Infrastructure: Water - Total</b>	-	-		-	-	-	-
Dams & Reservoirs							
Water purification							
Reticulation							
<b>Infrastructure: Sanitation - Total</b>	-	-		-	-	-	-
Reticulation							
Sewerage purification							
<b>Infrastructure: Other - Total</b>	-	-		-	-	-	-
Waste Management							
Transportation							
Gas							
Other							
<b>Community - Total</b>	-	-		-	-	-	-
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							
Table continued next page							

Table continued from previous page

Capital Expenditure - New Assets Programme*							
R '000							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Heritage assets - Total</b>	-	-		-	-	-	-
Buildings							
Other							
<b>Investment properties - Total</b>	-	-		-	-	-	-
Housing development							
Other							
<b>Other assets</b>	-	-		-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
<b>Agricultural assets</b>	-	-		-	-	-	-
List sub-class							
<b>Biological assets</b>	-	-		-	-	-	-
List sub-class							
<b>Intangibles</b>	-	-		-	-	-	-
Computers - software & programming							
Other (list sub-class)							
<b>Total Capital Expenditure on new assets</b>	-	-		-	-	-	-
<b>Specialised vehicles</b>	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							

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

T M.1



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

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
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	-	-		-	-	-	-
Infrastructure: Road transport -Total	-	-		-	-	-	-
Roads, Pavements & Bridges							
Storm water							
<b>Infrastructure: Electricity - Total</b>	-	-		-	-	-	-
Generation							
Transmission & Reticulation							
Street Lighting							
<b>Infrastructure: Water - Total</b>	-	-		-	-	-	-
Dams & Reservoirs							
Water purification							
Reticulation							
<b>Infrastructure: Sanitation - Total</b>	-	-		-	-	-	-
Reticulation							
Sewerage purification							
<b>Infrastructure: Other - Total</b>	-	-		-	-	-	-
Waste Management							
Transportation							
Gas							
Other							
<b>Community</b>	-	-		-	-	-	-
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							
<b>Heritage assets</b>	-	-		-	-	-	-
Buildings							
Other							
Table continued next page							

Table continued from previous page

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Investment properties</b>	-	-		-	-	-	-
Housing development							
Other							
<b>Other assets</b>	-	-		-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
<b>Agricultural assets</b>	-	-		-	-	-	-
List sub-class							
<b>Biological assets</b>	-	-		-	-	-	-
List sub-class							
<b>Intangibles</b>	-	-		-	-	-	-
Computers - software & programming							
Other (list sub-class)							
<b>Total Capital Expenditure on renewal of existing assets</b>	-	-		-	-	-	-
<b>Specialised vehicles</b>	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							

\* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)

T M.2

# APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0

Capital Programme by Project: Year 0					
					R' 000
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
<b>Water</b>					
"Project A"	82	85	92	8%	11%
"Project B"	82	85	92	8%	11%
"Project C"	85	90	95	5%	11%
<b>Sanitation/Sewerage</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Electricity</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Housing</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Refuse removal</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Stormwater</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Economic development</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Sports, Arts &amp; Culture</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Environment</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Health</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Safety and Security</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>ICT and Other</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
					T N

## APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Service Backlogs: Schools and Clinics				
Establishments lacking basic services	Water	Sanitation	Electricity	Solid Waste Collection
<b>Schools (NAMES, LOCATIONS)</b>				
<b>Clinics (NAMES, LOCATIONS)</b>				
Names and locations of schools and clinics lacking one or more services. Use 'x' to mark lack of service at appropriate level for the number of people attending the school/clinic, allowing for the proper functioning of the establishment concerned.				T P

## 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 and Locations	Scale of backlogs	Impact of backlogs
<b>Clinics:</b>		
<b>Housing:</b>		
<b>Licencing and Testing Centre:</b>		
<b>Reservoirs</b>		
<b>Schools (Primary and High):</b>		
<b>Sports Fields:</b>		
		T Q

## APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

Declaration of Loans and Grants made by the municipality: Year 0				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value Year 0 R' 000	Total Amount committed over previous and future years
* Loans/Grants - whether in cash or in kind				T R

## APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

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National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output Improving access to basic services		
Output Implementation of the Community Work Programme		
Output Deepen democracy through a refined Ward Committee model		
Output Administrative and financial capability		
* Note: Some of the outputs detailed on this table might have been reported for in other chapters, the information thereof should correspond with previously reported information.		
T S		



## ANNUAL PERFORMANCE REPORT

2016/17

## SUAMMRY REPORT

CLUSTER/OFFICE	TOTAL TARGET	TARGETS MET	% TARGETS MET	TARGETS NOT MET	% TARGETS NOT MET
Office of the Executive Mayor	13	10	77%	3	23%
Office of the Speaker	6	5	83%	1	17%
Office of the Chief Whip	6	6	100%	0	0%
Office of the Municipal Manager	17	15	88%	2	12%
Corporate	22	19	86%	3	14%
Finance	15	15	100%	0	0%
Community Services	30	24	80%	6	20%
TIE	32	21	66%	11	34%
SPED	18	18	100%	0	0%
<b>TOTAL</b>	<b>159</b>	<b>133</b>	<b>84%</b>	<b>26</b>	<b>16%</b>



**OFFICE OF THE EXECUTIVE MAYOR****KEY PERFORMANCE AREA: GOOD AND FINANCIAL SUSTAINABLE GOVERNANCE MMO5**

<b>DELIVERABLES</b>	<b>INDICATOR</b>	<b>BASELINE</b>	<b>ANNUAL PLAN</b>	<b>ACTUAL</b>	<b>COMMENT</b>
Convene Izimbizo and the State of the District Address to account to communities	2 Izimbizos held	2	2	2	Target Achieved
Observe national and local Commemorative days.	7 Commemorative events to be held	7	7	7	Target Achieved
Develop campaigns for National identity and social cohesion.	1 Signing of the Peace Treaty	1	1	1	Target Achieved
Convene 4 Joint Mayor's Forums	Joint Mayor's Forums convened	1	4	1	Target Achieved
Convene 4 Joint Mayoral Committee engagements	3Joint Mayoral Committees convened	3	4	3	The forth Joint Mayoral Committee could not sit due to competing priorities

## **EXTERNAL COMMUNICATION**

<b>DELIVERABLES</b>	<b>INDICATOR</b>	<b>BASELINE</b>	<b>ANNUAL PLAN</b>	<b>ACTUAL</b>	<b>COMMENT</b>
Develop a Communications Strategy	Draft Communication Strategy developed	1	1	1	A Reviewed communication strategy was developed/drafted. Process was completed sooner and final strategy was developed.
Develop and update Stakeholder Database, Quarterly	Updated stakeholder data base.	New target	4	4	Target Achieved
Develop a Marketing and Branding Strategy	Marketing and Branding database-	New target	1	1	Target Achieved
Review the event management policy	Workshop Draft Policy	New target	1	1	Target Achieved
Review SDM Corporate Identity Manual Align with the marketing and brand strategy	SDM Corporate Identity Manual reviewed	1	1	0	The corporate identity manual is aligned to the draft branding strategy
Develop a Stakeholder Relations Strategy	Stakeholder Relations Developed	1	1	1	The strategy has been developed pending Council approval.
District Communications Forum Meetings convened	10 District Communication Forum meetings held	10	10	10	10 Meetings Held
Support Commemorative, Service Delivery and Other Events	100% Commemorative and service delivery events supported	100%	100%	100%	All Commemorative and service delivery events held were support

**OFFICE OF THE MUNICIPAL MANAGER****KEY PERFORMANCE AREA: GOOD AND FINANCIAL SUSTAINABLE GOVERNANCE MMO3**

<b>DELIVERABLES</b>	<b>INDICATOR</b>	<b>BASELINE</b>	<b>ANNUAL PLAN</b>	<b>ACTUAL</b>	<b>COMMENT</b>
Development and implementation of Internal Audit Plans.	Developed Annual Audit Plan.	1	1	1	Target Achieved
	Audit Reports submitted to the Audit Committee on all audit assignments.	4	1	1	Audit Reports were completed and tabled at the Audit Committee in the 3 <sup>rd</sup> quarter
	Audit reports submitted to the Audit Committee on ad-hoc audits.	4	1	1	Audits were completed to be tabled before the next audit committee

**KEY PERFORMANCE AREA: GOOD AND FINANCIAL SUSTAINABLE GOVERNANCE MMO2**

DELIVERABLES	INDICATOR	BASELINE	ANNUAL PLAN	ACTUAL	COMMENT
Effective Intergovernmental Relations	Joint Municipal Manager's Forum meetings convened	New Target	4	4	Target Achieved.
	District-wide IGR workshop coordinated	New Target	1	1	Target Achieved
Implementation of the Enterprise Risk Management Programmes	2016/17 Risk Implementation Plan developed and approved	New Target	1	1	Target Achieved
	Report on the completed Annual Strategic & Operational Risk Assessment	New Target	2	2	Target Achieved
Implementation of an Anti-fraud and Anti-Corruption Plan	Quarterly reports on Incident Register on fraud and corruption tabled before Risk Management Committee	New Target	4	4	Target Achieved

**KEY PERFORMANCE AREA: GOOD AND FINANCIAL SUSTAINABLE GOVERNANCE MMO1**

DELIVERABLES	INDICATOR	BASELINE	ANNUAL PLAN	ACTUAL	COMMENT
Improve the quality of Performance Management Systems	Reviewed and Approved PMS Policy and Framework.	2	1	1	Target Achieved
Development and approval of the Service Delivery & Budget Implementation Plan.	Developed and approved 2017/18 Service Delivery & Budget Implementation Plan	1	1	1	Target Achieved
Quality assurance and submission for auditing and approval of Quarterly Reports, Mid-year and	4 Quarterly PMS Reports developed, Audited and approved.	4	4	4	Target Achieved

Annual Reports, as per Legislative requirements.					
	Mid-year Report developed, audited and approved	1	1	1	Target Achieved
	Annual Report (Draft & Final) 2015/16 finalised and tabled before Council for Approval	2	2	2	Target Achieved

#### KEY PERFORMANCE AREA: GOOD AND FINANCIALLY SUSTAINABLE GOVERNANCE IDP

DELIVERABLES	INDICATOR	BASELINE	ANNUAL PLAN	ACTUAL	COMMENT
Consolidate Progress Report on the implementation of the 2 <sup>nd</sup> Generation GDS	Progress Report on the implementation of the 2nd Generation GDS consolidated.	GDS2 Flagship projects	4	0	2 <sup>ND</sup> GENERATION GDS is in the process of implementation
Coordinate platform for the development of the third  Sedibeng Growth And Development Strategy (SGDS)	3 <sup>rd</sup> Sedibeng Growth And Development Strategy (SGDS III) Developed and approved.	GDS2	1	0	The report on SGDS III will be submitted in the 2 <sup>nd</sup> Quarter of 2017/2018
Together with local municipalities, develop District IDP Framework guide for 2017/21, IDP Process Plan and Budget for 2017/18.	Approved District Framework Guide for 2017/21, IDP Process Plan and Budget for 2017/18.	District IDP Framework 2012/17, Previous IDP Process Plans and Budget developed in 2012/17 political term of office.	1	1	Target Achieved

Develop 5years Integrated Development Plan for 2017/21.	Approved 5 years Integrated Development Plan for 2017/21	GSD 2Previous IDP's five years 2012/17 and Annual Reviews.	100%	100%	Target Achieved
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#### **OFFICE OF THE SPEAKER OF COUNCIL**

#### **KEY PERFORMANCE AREA: GOOD AND FINANCIAL SUSTAINABLE GOVERNANCE MMO4**

<b>DELIVERABLES</b>	<b>INDICATOR</b>	<b>BASELINE</b>	<b>ANNUAL PLAN</b>	<b>ACTUAL</b>	<b>COMMENT</b>
High level of awareness and mobilization for Public Participation in Governance	4 Meetings with interested and affected stakeholders held.	4	4	4	Target Achieved
Awareness on moral regeneration programmes.	1 Meeting convened in partnership with the Province	1	1	1	Target Achieved
Effective petition management system.	4 meetings were convened	4	4	4	Target Achieved
Effective women's month programme	1 meeting to celebrate the gains and achievements of women during August month convened.	4	1	1	Target Achieved
Improve IGR meetings and put documents in public domain.	2 Stakeholders and report back on the Annual Report and its outcome convened	2	2	2	Target Achieved
Effective functioning of MPAC (Municipal Public Account Committee.	4 MPAC oversight meetings convened	4	4	4	Target Achieved

**OFFICE OF THE CHIEF WHIP OF COUNCIL****KEY PERFORMANCE AREA: GOOD AND FINANCIAL SUSTAINABLE GOVERNANCE**

<b>DELIVERABLES</b>	<b>INDICATOR</b>	<b>BASELINE</b>	<b>ANNUAL PLAN</b>	<b>ACTUAL</b>	<b>COMMENT</b>
Coordination of oversight	4 Caucus meetings convened.	4	4	4	Target Achieved
Facilitate oversight through Study Groups Sittings	12 Study groups meetings held.	14	12	16	Although 16 Study Groups meetings were held, there were no financial implications; there was a need for the group to sit to deliberate on section 80 committee meetings
Co-ordinate 2 Retreats effectively held.	2 Joint Whippery held. 1 district- wide Lekgotla meeting held.	2	2	3	Target Achieved
Coordinate and facilitate benchmark visits	1 Benchmark visits to be undertaken	2	1	1	Target Achieved
Coordinate Caucus forums i.e. Chief Whips, Whippery meetings and Multi Party Forums	4 Chief Whips Forums attended and convened.	4	4	8	Over and above the 3 Chief Whips Meeting; 1 Multiparty and 4 Whippery meetings were held.

Facilitate and coordinate Political Management Team	4 PMT convened.	4	4	5	Target Achieved. The other meeting was urgently convened, amongst other issues, to welcome the new Municipal Manager.
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## **FINANCE**

### **SUPPLY CHAIN MANAGEMENT**

#### **KEY PERFORMANCE AREA: GOOD AND FINANCIALLY SUSTAINABLE GOVERNANCE SCM**

<b>DELIVERABLES</b>	<b>INDICATOR</b>	<b>BASELINE</b>	<b>ANNUAL PLAN</b>	<b>ACTUAL</b>	<b>COMMENT</b>
Implementation of approved tariffs through the selling of bid documents;	100 Percentage implementation of approved tariffs through the selling of bid documents;	100	100%	100%	Target achieved:
Improve procurement systems to eliminate corruption and ensure value for money	5 % Percentage savings on operating budget (controllable cost/general expenditure)	0%	5%	14.35%	Target exceeded. A reduction of R14 million in general expenses compared to previous financial year was achieved
Progressive SDBIP reporting to:- -Provide strategic alignment of operations; -Continuous performance monitoring, reporting and review; -Coaching and mentorship on all reporting levels	100 Percentage compliance	100%	100%	100%	Target achieved: Annual procurement plan is aligned to approved MTREF; progress against procurement plan is reported monthly to GPT; 2 FMG Interns assigned to Financial Management ; 1 FMG Intern appointed to Revenue (Fresh Produce Market); 2x FMG interns appointed in Finance; 1 x FMG interns appointed in Information Management (IT);



					1 x FMG interns resigned;
Improve support to small business and cooperatives	50 Percentage of compliant suppliers on database	50%	50%	50%	Since the migration of the municipal supplier database onto the National Treasury centralised supplier database (CSD), reporting and monitoring on promotion of local suppliers is no longer under the autonomy of the municipality.- The SCM unit has engaged with GPT on the possibility of supplier awareness campaigns to increase access of local suppliers to the CSD. The SCM tender advice center is active in assisting registering on the CSD.
Continual implementation of draft SDM's Procurement Strategy	90 Percentage compliance with NT OCPO reforms	0%	90%	90%	SCM users training took place in October 2016, which resulted in improved access and use of the CSD.  SCM unit has receive training on e-Tender portal from NT
The Integrated SCM Model with local municipalities has been developed however, implementation is subject to the Transition to Metro Governance Model processes to be undertaken in 2016/2017	100 Percentage support & coordination provided to governance transition steering committee	100%	100%	100%	The Integrated SCM Model has not yet been adopted by the Governance Transition Steering Committee as part of the Vaal River City metropolitan governance model.

## **FINANCIAL MANAGEMENT**

### **KEY PERFORMANCE AREA: GOOD AND FINANCIALLY SUSTAINABLE GOVERNANCE**

<b>DELIVERABLES</b>	<b>INDICATOR</b>	<b>BASELINE</b>	<b>ANNUAL PLAN</b>	<b>ACTUAL</b>	<b>COMMENT</b>
Expand monthly internal processes that verify and support credible financial reporting;	12 Monthly reconciliations prepared and reviewed	12	12	12	Target Achieved
Conduct risk assessment of asset base to identify areas requiring improvement in municipal financial and administrative efficiency;	1 Asset risk assessments conducted	1	1	1	Target Achieved
Firmer internal controls to respond to internal audit reports and recommendations more effectively;	4 Quarterly key controls dashboards compiled	4	4	4	Finance cluster implement internal controls- all activities attract risk and therefore Internal controls should be implemented across the municipality on a daily basis in order to ensure compliance with laws and regulations. Reconciliations are performed timeously and submission of compliance reports are done within the prescribed timeframes
Firmer internal controls to respond to external audit reports and recommendations more effectively;	Track and report progress against findings in the Management Letter	New Target	100%	100%	Total no. findings 2015/16 : 32  Completed as at Q4: 29 (90%)  Unresolved Q4: 3 (10%)
Enhance processes to ensure adequate review of financial statements to prevent material misstatements, maintaining clean audit status;	3 Internal reviews of draft AFS.	3	3	3	Financial statements reviewed internally as well as by Provincial Treasury and Internal auditors.  No material misstatements found and submission of Financial Statements

					done within the prescribed timeframe (31 August 2016)  Unqualified audit opinion received for the 15/16 financial year
Intensify Grant funding to support programmes	100 Percentage compliance with donor funding policy	100%	100%	100%	Letter has been drafted in order to address the sustainability of the District to the Provincial Treasury. Follow up meeting conducted with Provincial Treasury whereby a consolidated report was prepared for the Districts.
Align strategy development and budget to create an enabling environment for investment	100 Percentage of Programmes aligned to Budget	100%	100%	100%	Procurement plan on capital budget prepared while internal controls are in place to prohibit overspending on vote numbers.
Initiate and implement SCOA reforms for deadline 1 July 2017	4 Draft, implement and monitor reports on SCOA project plan	0	2	2	A report for the procurement of SOLAR has been approved by Council. The draft MTREF was approved in March and final approval was done in May 2017 based on the MSCOA reform. Reports on the progress was provided to National Treasury during the setup and implementation phases.
Review of the regional tariff and funding model	100 Percentage implementation of approved tariffs	100%	100%	100%	Target 100% achieved. The 16/17 Tariffs adopted as part of 16/17 MTREF and gazetted. FINAL tariffs for the 2017/18 financial year has been adopted by Council as part of the MTREF in Q4 31 May2017

## **CORPORATE SERVICES**

### **HUMAN RESOURCES**

#### **KEY PERFORMANCE AREA: Good and Financially Sustainable Governance**

<b>DELIVERABLES</b>	<b>INDICATOR</b>	<b>BASELINE</b>	<b>ANNUAL PLAN</b>	<b>ACTUAL</b>	<b>COMMENT</b>
Promote equal opportunity and fair recruitment in the Workplace.	4 Central Employment Equity committee meetings held	4	4	4	Target Achieved
	1 Employment Equity report submitted	1	1	1	Target Achieved
Empower employees for efficient and effective execution of duties	50 Licencing and Communications Centre Employees trained on Customer Relations Batho-Pele	0	0	0	Project not undertaken due to reprioritisation of the budget.
Promote Employees' Wellness and Batho-Pele strategies	4 Wellness programmes to be conducted	4	4	4	Target Achieved
	4 Personal financial planning programmes conducted	4	4	4	Target Achieved
Ensure occupational health and safety within the municipality	Reviewed and Signed-off OHS strategy	1	1	1	Target Achieved
	Establishment of Cluster & Central OHS committee	0	1	0	The committee will be established in the 1 <sup>st</sup> quarter of 2017/2018
	Training of Cluster & Central OHS Committee members	0	1	0	Training will happen in the 1 <sup>st</sup> quarter of 2017/2-18

Implement Pay Day Human Resources System.	Number of Human Resources pay day menus populated	4	4	4	Target Achieved
Facilitate the monitoring of individual employee attendance and leave	Number of Reports sent to clusters regarding employee leave balances	12	12	12	Target Achieved

### **INFORMATION TECHNOLOGY**

#### **KEY PERFORMANCE AREA: Good and Financially Sustainable Governance**

<b>DELIVERABLES</b>	<b>INDICATOR</b>	<b>BASELINE</b>	<b>ANNUAL PLAN</b>	<b>ACTUAL</b>	<b>COMMENT</b>
Investment into communication infrastructure and improve information connectivity within the Sedibeng District	Number of sites connected within Sedibeng	5	5	5	Target Achieved
Management of the use of tools of trade	Number of employees assisted with IT-related tools of trade	20	20	20	Target Achieved
Protect Council server	The number of times the server was tested for functionality and risk	12	12	12	Target Achieved

**LEGAL AND SUPPORT****KEY PERFORMANCE AREA: GOOD AND FINANCIALLY SUSTAINABLE GOVERNANCE**

<b>DELIVERABLES</b>	<b>INDICATOR</b>	<b>BASELINE</b>	<b>ANNUAL PLAN</b>	<b>ACTUAL</b>	<b>COMMENT</b>
Ensure effective secretarial Services to Council, Mayoral and related Committee Meetings.	12 Mayoral Committee meetings serviced	12	12	12	Target Achieved
Ensure effective and efficient legal support.	Percentage Contracts completed on time (maximum within 7 days)	100%	100%	100%	Target Achieved
Review and monitor records Management systems.	12 Management reports submitted	12	12	12	Target Achieved

**UTILITIES****KEY PERFORMANCE AREA: GOOD AND FINANCIALLY SUSTAINABLE GOVERNANCE**

<b>DELIVERABLES</b>	<b>INDICATOR</b>	<b>BASELINE</b>	<b>ANNUAL PLAN</b>	<b>ACTUAL</b>	<b>COMMENT</b>
Facilitate, implement and monitor Utilities' Strategies.	12 Monitoring and Progress Reports for Airport, Fresh-Produce Market and Taxi Ranks Submitted.	12	12	12	Target Achieved

	4 Revenue collection reports for Airport and Fresh-Produce Market	4	4	4	Target Achieved
	Quarterly maintenance of the Aviation Fuel System	4	4	4	Target Achieved

## **FACILITIES**

### **KEY PERFORMANCE AREA: Good and Financial Sustainable Governance**

<b>DELIVERABLES</b>	<b>INDICATOR</b>	<b>BASELINE</b>	<b>ANNUAL PLAN</b>	<b>ACTUAL</b>	<b>COMMENT</b>
Improve access to Government and Public Services Facilities	4 Reports submitted regarding improvements, repairs and maintenance	4	4	4	Target Achieved
Ensure safety of users of municipality's facilities	4 Internal Security reports submitted	4	4	4	Target Achieved
Ensure efficient and effective Fleet management	4 Reports submitted regarding Fleet Management.	4	4	4	Target Achieved

**COMMUNITY SERVICES****HEALTH & SOCIAL DEVELOPMENT****KEY PERFORMANCE AREA: RELEASING HUMAN POTENTIAL CS 7**

<b>DELIVERABLES</b>	<b>INDICATOR</b>	<b>BASELINE</b>	<b>ANNUAL PLAN</b>	<b>ACTUAL</b>	<b>COMMENT</b>
Facilitate District Health Council Meetings and Activities	2 District Health Council meetings held	02	02	03	Target Achieved
Support Implementation of Health Programmes	2 Health programmes supported	01	02	04	Target Achieved
Facilitate implementation of Gender and Women programmes	3 Gender and women programmes supported	02	03	09	Target Achieved because of the programme that was conducted in line with calendar events; but no financial implications as all happened in the communities
Support Social Development forum activities	4 Social Development forum activities supported	02	04	05	Target Achieved. Others were in partnerships with departments of health and Social Development
Facilitate Youth Development Programmes	4 Youth Development programmes supported	02	04	13	Target Achieved; and were increased by programmes of the youth month
Facilitate implementation of Youth Advisory Centre programmes	2000 Youth assisted	1200	2000	3720	Target Achieved; and were increased by programmes of the youth month
Facilitate implementation of Sedibeng External Student Financial Support programme	25 External students supported	29	25	26	Target Achieved; and were increased by programmes of the youth month



**EMERGENCY MANAGEMENT SERVICES****KEY PERFORMANCE AREA: RELEASING HUMAN POTENTIAL CS6 (Disaster)**

<b>DELIVERABLES</b>	<b>INDICATOR</b>	<b>BASELINE</b>	<b>ANNUAL PLAN</b>	<b>ACTUAL</b>	<b>COMMENT</b>
Intensification of public awareness and education programs in Disaster Management throughout the region.	4 Public awareness and education programs in Disaster Management rolled out.	02	04	07	Target Achieved and exceeded due to increased educational campaigns; which were prompted by increased risks during winter
Facilitate the Disaster Risk Management Committee	2 DRMC facilitated	04	02	04	Target Achieved; additional meetings were called due to increased risks during winter
Implement Disaster Management Legislation requirements.	Reviewed Disaster Management Plan	01	01	01	Target Achieved

**KEY PERFORMANCE AREA: RELEASING HUMAN POTENTIAL CS1 (Community Safety)**

DELIVERABLES	INDICATOR	BASELINE	ANNUAL PLAN	ACTUAL	COMMENT
Support intergovernmental relations' initiatives towards safer communities	4 IGR meetings convened	04	04	08	Target Achieved; additional meetings were called due to increased risks during winter
Sustain and support the CCTV street surveillance system programme	4 CCTV Maintenance and Repairs Registers completed	04	04	04	Target Achieved
Review and implement the community safety strategy	Reviewed Community Safety Strategy	0	01	01	Target Achieved
Provide support services to the SAPS through participation at the crime combating forum meetings	24 SAPS crime combating forums meetings attended	0	24	26	Target Achieved. Increased crime in the communities prompted these meetings, which were held to avert and educate communities on the safer ways of protecting themselves.

**SRAC &H**

**KEY PERFORMANCE AREA: RELEASING HUMAN POTENTIAL CS4**

DELIVERABLES	INDICATOR	BASELINE	ANNUAL PLAN	ACTUAL	COMMENT
Support Sports and Recreation programmes	4 Sports and Recreation programmes supported	02	04	11	Target Achieved; there was a need for additional programmes, although these incurred no additional financial implications; but rather were organised by the communities/wards

Support Arts and Cultural Programmes	4 Arts and Cultural programmes supported	02	04	05	Target Achieved; there was a need for additional programmes, although these incurred no additional financial implications; but rather were organised by the communities/wards
Support Regional Craft Hub	2 Regional Craft Hub programmes supported	02	02	03	Target Achieved; there was a need for additional programmes, although these incurred no additional financial implications; but rather were organised by the communities/wards
Host commemorative events in partnership with other spheres of government.	6 Commemorative events hosted	06	06	05	Target Achieved
Facilitate the name change process	4 Stakeholder engagements on name change processes facilitated	00	04	04	Target Achieved
Facilitate declaration of Heritage resources	4 Stakeholder engagements for declaration of Heritage resources held	00	04	07	Target Achieved; the urgency of this matter called for more meetings to deliberate and finalise the way forward regarding the declaration of such heritage sites

## HIV&AIDS

### KEY PERFORMANCE AREA: RELEASING HUMAN POTENTIAL

DELIVERABLES	INDICATOR	BASELINE	ANNUAL PLAN	ACTUAL	COMMENT
Coordinating the prevention of new HIV infections	100 000 People tested for HIV	50 000	100 000	172 803	Target Achieved; the more people reached was due to intensified campaigns in the communities, including calendar events
	2 Stigma and discrimination programmes facilitated		2	1	
	600 people reached through CBOs		600	908	Target Achieved; the more people reached was due to intensified campaigns in the communities, including calendar events
	20 Legal initiation schools monitored	0	20	15	Target Achieved; the reduction of the schools is a positive sign since only registered schools were allowed to practice
	2 Calendar events hosted	0	3	02	Financial constraint. The target for hosting of the event was covered through door to door campaigns
Monitoring and Evaluating the overall HIV, STIs and TB programme	4 AIDS Council meetings held	03	4	04	Target Achieved
	8 reports submitted to AIDS Council	04	8	08	Target Achieved
	4 Interdepartmental Committee meetings	04	4	02	Two meetings were cancelled due to unavailability of key stakeholders.

	4 reports submitted to the IDC	04	4	02	Two reports served at the two meetings held.
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### TRANSPORT, INFRASTRUCTURE AND ENVIRONMENT

#### KEY PERFORMANCE AREA: REVIVING OUR ENVIRONMENT TIE 2 (Licencing)

DELIVERABLES	INDICATOR	BASELINE	ANNUAL PLAN	ACTUAL	COMMENT
Establishment of vehicle license renewal points at strategic areas in the Sedibeng region.	Drive-thru and Walking vehicle license renewal points.	0	2	0	The project of drive thru has been put on hold due to the non- availability of funds as the 5% of licensing commission for capital projects in this financial year was not allocated to licensing.
Provide Licensing services in the historically disadvantaged communities.	4 Progress Reports on Construction of Sebokeng DLTC	0	4	4	Target Achieved
Establishment of Customer Waiting Areas at Licensing Service centres.	Two waiting areas in Vereeniging and Meyerton.	0	2	0	The project of drive thru has been put on hold due to the non- availability of funds as the 5% of licensing commission for capital projects in this financial year was not allocated to licensing.
Implementation of the Licensing Revitalisation Project.	Citizen experience strategy.	0	1	1	Target Achieved
Refurbishment and upgrading of licensing infrastructure.	Install axle meters and play detectors at 4 LSC	0	4	4	Target Achieved
Introduction of Back-to Basic culture at licensing services.	Proper identification of licensing staff.	0	4	0	The project is has not started due to the non- availability of funds as the 5% of

					commission for licensing capital projects has not been allocated this financial year
Establishment of licensing document management system.	New license filling system.	0	1	0	The project has not started due to the non- availability of funds as the 5% of commission for licensing capital projects has not been allocated this financial year
Rationalisation and expansion of licensing services.	Expanded driver testing facilities.	0	4	4	Target Achieved
	New Driver Testing Facilities.	0	1	0	The project has not started due to the non- availability of funds as the 5% of commission for licensing capital projects has not been allocated this financial year
	Bulk customer license service facility.	0	1	1	Target Achieved
Introduction of e-licensing services.	Online vehicle license renewal information system/web-page.	0	1	1	Target Achieved

**KEY PERFORMANCE AREA: REVIVING OUR ENVIRONMENT TIE (Infrastructure and Transport)**

DELIVERABLES	INDICATOR	BASELINE	ANNUAL PLAN	ACTUAL	COMMENT
Develop Rural Road Asset Management Plan	Rural roads asset management data	0	1	1	Target Achieved.
Facilitate process of reviewing the IT	Reviewed ITP	0	2	1	The bid Adjudication will be held in the new financial year
Implement Operational License Strategy (OLS).	Implementation of OLS elements	0	2	2	Target Achieved
Implement the Rationalization Plan (RATPLAN)	Implementation of RATPLAN elements	0	2	2	Target Achieved
Facilitate promotion of public transport and modal integration.	Biannual meetings and programs with all modes of transports in the region.	0	2	1	Only one meeting was held with all modes of transports in the region, although struggled to bring all in one roof. The project will continue in the next financial year.
Facilitate, monitor and promote safe operations within the meter taxi industry.	Regular meetings and programs with meter taxi industry Report	0	4	4	Target Achieved
Facilitate, monitor and promote safe operations within the learner transport i industry	Regular meetings and programs with meter taxi industry	2	2	2	Target achieved
Work with PRASA (Passenger Rail of South Africa) for the Development and promotion of rail in the region	Regular meetings and programs with PRASA on rail matters in the region	0	2	1	Meeting held with PRASA and presentation made to section 80 committee. The next meeting will take place in the next financial year
In partnership with Province and Emfuleni Local Municipality, commission a study on the	Support Emfuleni ELM and Province on the study	0	2	2	Target Achieved

feasibility of a freight facility in the region.					
Developing a framework for developing freight plan and freight strategy.	Framework on freight plan and freight strategy	0	1	1	The framework has been completed and incorporated as part of terms of reference for the ITP.
Implement one air quality awareness campaign	Air quality awareness campaign	0	1	1	Target Achieved
Operational SDM Air Quality Monitoring stations reporting to SAAQIS	80% data recovery per quarter	0	80%	80%	Target Achieved
Implement of IWEX project in SDM	30 Industries to participate in the programme	0	30	0	The program has now been elevated to a provincial level and is referred to as the Industrial Symbiosis Program.
Rendering of Municipal Health Services to all communities	90% compliance with National Norms and standard	90%	90%	90%	Target Achieved
Submit bylaws on Municipal Health Services (MHS) for approval	Promulgated MHS By laws	0	1	0	No progress has been achieved up to date. Will engage local municipalities for possible deliberations on By-Laws affecting the region
Implement an Environmental awareness programme for the region	Career Exhibition Week	0	1	0	The career exhibition did not materialized due to financial constraints.
	Tobacco Day awareness programme held.	0	1	1	Target Achieved
	World Wetlands Day awareness programme held.	0	1	1	Target Achieved
	World Environment Day awareness programme held.	0	1	1	Target Achieved



	Arbour week awareness programme held.	0	1	1	Target Achieved
Implementation of Matshepo Khumbane	4 Monitoring reports of food gardens and nursery	0	4	0	No progress during this financial year due to lack of resources.

## **STRATEGIC PLANNING AND ECONOMIC DEVELOPMENT**

### **KEY PERFORMANCE AREA: RENEWING OUR COMMUNITY1**

<b>DELIVERABLES</b>	<b>INDICATOR</b>	<b>BASELINE</b>	<b>ANNUAL PLAN</b>	<b>ACTUAL</b>	<b>COMMENT</b>
Monitor & Co-ordinate housing programmes	Quarterly Reports on housing programmes	0	4	4	Target Achieved
Coordinate Urban Renewal	Quarterly Reports on urban renewal programs	0	4	4	Target Achieved

## **SPATIAL PLANNING**

### **KEY PERFORMANCE AREA: RENEWING OUR COMMUNITY**

<b>DELIVERABLES</b>	<b>INDICATOR</b>	<b>BASELINE</b>	<b>ANNUAL PLAN</b>	<b>ACTUAL</b>	<b>COMMENT</b>
Implement the Spatial Development Framework	Reviewed SDF	0	1	1	Target Achieved
Improve the Geographic Information Systems (GIS).	Launch GIS	0	1	1	Target Achieved
Facilitate the implementation of SPLUMA	Attend 4 SPLUMA meetings	0	4	4	Target Achieved

## LOCAL ECONOMIC DEVELOPMENT

### KEY PERFORMANCE AREA: REINVENTING OUR ECONOMY

DELIVERABLES	INDICATOR	BASELINE	ANNUAL PLAN	ACTUAL	COMMENT
Roll out of EPWP programmes.	10 Monthly reports to Gauteng Department of Infrastructure Department and National Department of Public Works.	0	10	10	Target Achieved
Coordinate FabLab through products simulation.	4 Reports on facilitation of SMMEs in the FabLab programme	4	4	4	Target Achieved
Coordinate the Regional Economic Framework.	Organize informative session with business and other stakeholders on the Regional Economic Framework.	1	1	1	Target Achieved
Facilitate support for the small holding agricultural sector striving towards productivity increase.	Services and maintenance of Tractors and Implements (verify payment)	100%	4	100%	Target Achieved
Facilitate programmes in the value chain of agro processing and value-add markets.	Appointment of the service provider to identify and develop viable agro processing Business Plan	1	1	1	Target Achieved
Facilitate the establishment of Mega Agripark	Reports on establishment of the Mega Agripark	1	1	1	Target Achieved
Coordinate the support for food security programmes, Households and Institutional food nutrition programmes.	50 households and 10 food gardens supplied with seeds and other production inputs.	50	60	250	Target Achieved
Improve participation and coordination of CRDP	2 Reports on CRDP Committee.	1	1	1	Target Achieved

Programme					
Facilitate local economic opportunities.	2 Reports on SMME's participation on Local Opportunities within the District	20	20	300	Target Achieved

## **TOURISM**

### **KEY PERFORMANCE AREA: REINVENTING OUR ECONOMY**

<b>DELIVERABLES</b>	<b>INDICATOR</b>	<b>BASELINE</b>	<b>ANNUAL PLAN</b>	<b>ACTUAL</b>	<b>COMMENT</b>
Support Regional Tourism Organization (Vaal River City Tourism Promotion Company (SOC)	4 Vaal River City Tourism Promotion Company Meetings held	0	4	5	Target Achieved
Create tourism demand through targeted tourism marketing initiatives	4 Tourism marketing initiatives	0	4	4	Target Achieved
Tourism Supply – Skills development and products in the tourism industry	4 Skills development workshops held	4	4	7	Target Achieved
Promote the development and maintenance of Tourism infrastructure.	4 Infrastructure Forum meetings held	4	4	5	Target Achieved



**Sedibeng District Municipality  
Financial statements  
for the year ended 30 June, 2017**

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2017

## General Information

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<b>Nature of business and principal activities</b>	District Municipality – DC42
<b>Capacity of Municipality</b>	Medium capacity Municipality
<b>Accounting Officer</b>	Mr S Khanyile (Appointed June 2017)  Mr TL Mkaza (Acting since May 2016 till April 2017)
<b>Chief Financial Officer</b>	Mr CE Steyn (Acting)  Ms KZ Wiese (Acting)  Mr BJ Scholtz (Seconded to Emfuleni Local Municipality since January 2016)
<b>Registered office</b>	Municipal Offices Civic Centre Cnr. Beaconsfield & Leslie street Vereeniging 1930
<b>Business address</b>	Municipal Offices Civic Centre Cnr. Beaconsfield & Leslie street Vereeniging 1930
<b>Postal address</b>	PO Box 471 Vereeniging 1930
<b>Bankers</b>	Standard Bank
<b>Auditors</b>	Auditor General
<b>Executive Mayor</b>	Councillor BJ Modisakeng
<b>Speaker</b>	Councillor MM Gomba
<b>Chief Whip</b>	Councillor SA Mshudulu
<b>Members of Mayoral Committee</b>	Councillor PB Tsotetsi  Councillor MD Raikane  Councillor TS Maphalla  Councillor LSA Gamede  Councillor NG Hlongwane  Councillor ML Khomoeasera  Councillor YJ Mahommed  Councillor JM Dlangamandla

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2017

## Index

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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 Act	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
GAMAP	Generally Accepted Municipal Accounting Practice
PPE	Property Plant and Equipment
SCM	Supply Chain Management

## Accounting Officer's Responsibilities and Approval

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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 financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the 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 engaged to express an independent opinion on the financial statements and was given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The 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 deficit 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 endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behavior 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 2018 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.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The financial statements set out on pages 4 to 50, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August, 2017 and were signed on its behalf by:

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**Mr. S Khanyile**  
**Municipal Manager**

## Accounting Officer's Report

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The accounting officer submits his report for the year ended 30 June, 2017.

### 1. Incorporation

The municipality was incorporated on 1 January 1988 and obtained its certificate to commence business on the same day.

### 2. Going concern

We draw attention to the fact that at 30 June, 2017, the municipality had accumulated surplus of R 16,423,373 and that the municipality's total assets exceed its liabilities by R 16,423,373.

The ability of the municipality to continue as a going concern is dependent on a number of factors. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The 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.

### 4. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality	Changes
Mr Yunus Chamda	RSA	Resigned - 31 December 2016
Mr Stanley Khanyile	RSA	Appointed - 01 June 2017

### 5. Bankers

Standard Bank has been appointed as the Municipality's banker

### 6. Auditors

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



## Statement of Financial Position as at 30 June, 2017

Figures in Rand	Note(s)	2017	2016 as restated
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	6	355,001	249,326
Receivables from exchange transactions	7	39,561,024	19,605,030
VAT receivable	8	-	102,710
Construction of assets in progress	5	561,118	5,740,270
Cash and cash equivalents	9	21,876,871	8,902,708
		<b>62,354,014</b>	<b>34,600,044</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	2	127,392,098	138,993,953
Intangible assets	3	1,456,168	955,129
Heritage assets	4	4,462,880	4,462,880
		<b>133,311,146</b>	<b>144,411,962</b>
<b>Total Assets</b>		<b>195,665,160</b>	<b>179,012,006</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation		-	-
Payables from exchange transactions	13	163,750,790	114,852,494
VAT payable	14	2,020,344	-
Unspent conditional grants and receipts	11	13,470,653	16,502,439
Provisions	12	-	-
<b>Total Current Liabilities</b>		<b>179,241,787</b>	<b>131,354,933</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation		-	-
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>179,241,787</b>	<b>131,354,933</b>
<b>Net Assets</b>		<b>16,423,373</b>	<b>47,657,073</b>
<b>Net Assets</b>			
Accumulated surplus		16,423,373	47,657,073

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2017

## Statement of Financial Performance

Figures in Rand

	Note(s)	2017	2016 as restated
<b>Revenue</b>			
Sale of goods		3,241,227	2,481,633
Rental of facilities and equipment		7,548,591	8,215,160
Agency services		8,810,807	7,176,292
Licenses and permits		60,703,760	61,390,138
Other income	16	9,440,206	3,646,890
Interest received - investment	17	2,137,929	2,518,866
Government grants & subsidies	19	267,281,891	258,610,416
<b>Total revenue</b>		<b>359,164,411</b>	<b>344,039,395</b>
<b>Expenditure</b>			
Employee related costs	20	(248,917,352)	(228,998,467)
Remuneration of councillors	21	(11,499,650)	(12,431,722)
Depreciation and amortisation	22	(16,002,138)	(22,294,572)
Finance costs	23	-	(503)
Lease rentals on operating lease		(7,662,583)	(6,345,251)
Debt Impairment	24	(2,187,194)	(332,213)
Public participation		(332,061)	(360,868)
Repairs and maintenance	10	(5,261,040)	(5,425,032)
Contracted services	25	(38,969,039)	(42,445,799)
Transfers and Subsidies	18	(2,161,972)	(5,578,604)
Sale of goods/Inventory	27	(2,792,045)	(2,130,447)
General Expenses	26	(54,253,356)	(63,345,112)
<b>Total expenditure</b>		<b>(390,038,430)</b>	<b>(389,688,590)</b>
<b>Operating deficit</b>		<b>(30,874,019)</b>	<b>(45,649,195)</b>
Gain (loss) on disposal of assets and liabilities		(170,059)	120,662
<b>Deficit for the year</b>		<b>(31,044,078)</b>	<b>(45,528,533)</b>

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2017

## Statement of Changes in Net Assets

Figures in Rand	Note	Accumulated surplus	Total net assets
Opening balance as previously reported		93,158,083	93,158,083
Adjustments (Change in accounting policy)	33.2	-	-
Correction of errors	33.1	147,368	147,368
<b>Balance at 1 July, 2015 as restated*</b>		<b>93,305,451</b>	<b>93,305,451</b>
Changes in net assets			
Transfer from / (to) reserves		(119,845)	(119,845)
Net income (losses) recognised directly in net assets		(119,845)	(119,845)
Surplus (Deficit) for the year		(45,528,533)	(45,528,533)
Total recognised income and expenses for the year		(45,648,378)	(45,648,378)
<b>Opening balance as previously reported</b>		<b>47,811,472</b>	<b>47,811,472</b>
Adjustments (Change in accounting policy)	33.2	-	-
Correction of errors	33.1	(154,396)	(154,396)
<b>Balance at 1 July, 2016 as restated*</b>		<b>47,657,076</b>	<b>47,657,076</b>
Changes in net assets			
Surplus (Deficit) for the year		(31,044,078)	(31,044,078)
Transfer from / (to) reserves		(189,625)	(189,625)
Total recognised income and expenses for the year		(31,233,703)	(31,233,703)
<b>Balance at 30 June, 2017</b>		<b>16,423,373</b>	<b>16,423,373</b>

## Cash Flow Statement

Figures in Rand

	Note(s)	2017	2016 as restated
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Grants		264,250,405	260,958,411
Interest income		2,137,929	2,518,866
Other receipts		42,702,189	64,487,924
License Receipts		241,589,199	236,681,853
		<b>550,679,722</b>	<b>564,647,054</b>
<b>Payments</b>			
Employee costs		(260,417,002)	(242,148,786)
Suppliers		(148,781,108)	(159,037,478)
Licensing Authority		(123,207,761)	(156,126,030)
		<b>(532,405,871)</b>	<b>(557,312,294)</b>
<b>Net cash flows from operating activities</b>	<b>29</b>	<b>18,273,851</b>	<b>7,334,760</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(4,414,887)	(8,844,818)
Proceeds from sale of property, plant and equipment	2	318,808	230,879
Purchase of other intangible assets	3	(1,203,609)	(188,657)
<b>Net cash flows from investing activities</b>		<b>(5,299,688)</b>	<b>(8,802,596)</b>
<b>Cash flows from financing activities</b>			
Finance lease payments		-	(43,963)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>12,974,163</b>	<b>(1,511,799)</b>
Cash and cash equivalents at the beginning of the year		8,902,708	10,414,507
<b>Cash and cash equivalents at the end of the year</b>	<b>9</b>	<b>21,876,871</b>	<b>8,902,708</b>

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2017

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
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Figures in Rand

### Statement of Financial Performance

#### Revenue

##### Revenue from exchange transactions

Sale of goods	3,000,000	-	<b>3,000,000</b>	3,241,227	<b>241,227</b>
Rental of facilities and equipment	9,619,800	(1,599,758)	<b>8,020,042</b>	7,548,591	<b>(471,451)</b>
Agency services	6,831,418	1,231,301	<b>8,062,719</b>	8,810,807	<b>748,088</b>
Licenses and permits	73,801,268	-	<b>73,801,268</b>	60,703,760	<b>(13,097,508)</b>
Other income - (rollup)	2,969,148	5,203,594	<b>8,172,742</b>	9,440,206	<b>1,267,464</b>
Interest received - investment	2,040,000	(237,484)	<b>1,802,516</b>	2,137,929	<b>335,413</b>
<b>Total revenue from exchange transactions</b>	<b>98,261,634</b>	<b>4,597,653</b>	<b>102,859,287</b>	<b>91,882,520</b>	<b>(10,976,767)</b>

##### Revenue from non-exchange transactions

##### Transfer revenue

Government grants & subsidies	266,898,000	(2,000,000)	<b>264,898,000</b>	267,281,891	<b>(2,383,891)</b>
<b>Total revenue</b>	<b>365,159,634</b>	<b>2,597,653</b>	<b>367,757,287</b>	<b>359,164,411</b>	<b>(8,592,876)</b>

#### Expenditure

Personnel	(225,108,501)	(15,584,101)	<b>(240,692,602)</b>	(248,917,352)	<b>(8,224,750)</b>
Remuneration of councillors	(13,644,056)	1,183,471	<b>(12,460,585)</b>	(11,499,650)	<b>500,935</b>
Depreciation and amortisation	(25,168,452)	8,272,377	<b>(16,896,075)</b>	(16,002,138)	<b>893,937</b>
Lease rentals on operating lease	(5,521,330)	(2,044,238)	<b>(7,565,568)</b>	(7,662,583)	<b>(97,015)</b>
Debt impairment				(2,187,194)	<b>(2,187,194)</b>
Public Participation	(518,000)	176,677	<b>(341,323)</b>	(322,061)	<b>9,262</b>
Repairs and maintenance	(3,610,224)	(966,952)	<b>(4,577,176)</b>	(5,261,040)	<b>(683,864)</b>
Contracted Services	(36,038,647)	(2,940,349)	<b>(38,978,996)</b>	(38,969,039)	<b>9,957</b>
Transfers and Subsidies	-	(1,225,000)	<b>(1,225,000)</b>	(2,161,672)	<b>(936,972)</b>
Sale of goods/Inventory	(1,999,200)	(346,330)	<b>(2,345,530)</b>	(2,792,045)	<b>(446,515)</b>
General Expenses	(53,608,975)	3,514,504	<b>(50,094,471)</b>	(54,253,356)	<b>(4,158,885)</b>
<b>Total expenditure</b>	<b>(365,217,385)</b>	<b>(9,959,941)</b>	<b>(375,177,326)</b>	<b>(390,038,430)</b>	<b>(14,861,104)</b>

<b>Operating deficit</b>	<b>(57,751)</b>	<b>(7,362,288)</b>	<b>(7,420,039)</b>	<b>(30,874,019)</b>	<b>(23,453,980)</b>
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Gain on disposal of assets and liabilities	100,000	(96,000)	<b>4,000</b>	(170,059)	<b>(174,059)</b>
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<b>Deficit before taxation</b>	<b>42,249</b>	<b>(7,458,288)</b>	<b>(7,416,039)</b>	<b>(31,044,078)</b>	<b>(23,628,039)</b>
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<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>42,249</b>	<b>(7,458,288)</b>	<b>(7,416,039)</b>	<b>(31,044,078)</b>	<b>(23,628,039)</b>
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# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2017

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
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Figures in Rand

### Statement of Financial Position

#### Assets

##### Current Assets

Inventories	-	-	-	355,001	355,001
Receivables from exchange transactions	35,892,998	-	35,892,998	39,561,024	(3,668,026)
Construction of assets in progress	-	-	-	561,118	561,118
Cash and cash equivalents	15,261,059	(5,511,811)	9,749,248	21,876,871	12,127,623
	<b>51,154,057</b>	<b>(5,511,811)</b>	<b>45,642,246</b>	<b>62,354,014</b>	<b>(16,711,768)</b>

##### Non-Current Assets

Property, plant and equipment	98,464,538	(3,070,345)	95,394,193	127,392,098	31,997,905
Intangible assets	-	-	-	1,456,168	1,145,168
Heritage assets				4,462,880	4,462,880
	<b>98,464,538</b>	<b>(3,070,345)</b>	<b>95,394,193</b>	<b>133,311,146</b>	<b>37,916,953</b>

<b>Total Assets</b>	<b>149,618,595</b>	<b>(8,582,156)</b>	<b>141,036,439</b>	<b>195,665,160</b>	<b>54,628,721</b>
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#### Liabilities

##### Current Liabilities

Payables from exchange transactions	45,093,278	-	45,093,278	163,750,790	118,657,512
Unspent conditional grants and receipts	-	-	-	13,470,653	13,470,653
VAT Payable	-	-	-	2,020,344	2,020,344
	<b>45,093,278</b>	<b>-</b>	<b>45,093,278</b>	<b>179,241,787</b>	<b>134,148,509</b>

<b>Total Liabilities</b>	<b>45,093,278</b>	<b>-</b>	<b>45,093,278</b>	<b>179,241,787</b>	<b>134,148,509</b>
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<b>Net Assets</b>	<b>104,525,317</b>	<b>(8,582,156)</b>	<b>95,943,161</b>	<b>16,423,373</b>	<b>(79,519,788)</b>
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#### Net Assets

##### Net Assets Attributable to Owners of Controlling Entity

##### Reserves

Accumulated surplus	104,525,317	(8,582,156)	95,943,161	16,423,373	(79,519,788)
<b>Total Net Assets</b>	<b>104,525,317</b>	<b>(8,582,156)</b>	<b>95,943,161</b>	<b>16,423,373</b>	<b>(79,519,788)</b>

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2017

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Financial Performance</b>								
Investment revenue	2,040,000	(237,484)	1,802,516	1,802,516	2,137,929	335,413	119%	105%
Transfers recognised - operational	266,898,000	(2,000,000)	264,898,000	264,898,000	267,281,891	2,383,891	101%	100%
Other own revenue	96,321,634	4,739,137	101,060,771	101,056,771	89,744,591	(11,316,180)	89%	93%
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>365,259,634</b>	<b>2,501,653</b>	<b>367,761,287</b>	<b>367,761,287</b>	<b>359,164,411</b>	<b>8,872,174</b>	<b>98%</b>	<b>98%</b>
Employee costs	(225,108,501)	(15,584,101)	(240,692,602)	(240,692,602)	(248,917,351)	(8,224,749)	103%	111%
Remuneration of councillors	(13,644,056)	1,183,471	(12,460,585)	(12,460,585)	(11,499,650)	960,935	92%	84%
Debt impairment	-	-	-	-	(2,187,194)	(2,187,194)		
Depreciation and asset impairment	(25,168,452)	8,272,377	(16,896,075)	(16,896,075)	(16,002,138)	893,937	95%	64%
Finance charges	-	-	-	-	-	-		
Transfers and grants	-	(1,225,000)	(1,225,000)	(1,225,000)	(2,161,972)	(936,972)	176%	
Other expenditure	(101,296,376)	(2,606,688)	(103,903,064)	(103,903,064)	(109,440,184)	(5,537,120)	105%	108%
<b>Total expenditure</b>	<b>(365,217,385)</b>	<b>(15,690,835)</b>	<b>(375,331,841)</b>	<b>(375,331,841)</b>	<b>(390,208,489)</b>	<b>(15,031,163)</b>	<b>104%</b>	<b>107%</b>
<b>Surplus/(Deficit) for the year</b>	<b>42,249</b>	<b>(7,416,039)</b>	<b>(7,416,039)</b>	<b>(7,416,039)</b>	<b>(31,044,078)</b>	<b>(23,903,337)</b>	<b>419%</b>	<b>(734.79)%</b>

## Appropriation Statement

Figures in Rand

	<b>Original budget</b>	<b>Budget adjustments (i.t.o. s28 and s31 of the MFMA)</b>	<b>Final adjustments budget</b>	<b>Final budget</b>	<b>Actual outcome</b>	<b>Variance</b>	<b>Actual outcome as % of final budget</b>	<b>Actual outcome as % of original budget</b>
<b>Capital Expenditure and funds sources</b>								
Total capital expenditure	20,819,592	(11,348,492)	9,471,100	9,471,100	5,618,496	(917,266)	59%	27%
<b>Sources of capital funds</b>								
Transfers recognised - capital	-	-	-	-	46,142	150,807		
Internally generated funds	20,819,592	(11,348,492)	9,471,100	9,471,100	5,572,354	(1,068,073)	59%	27%
<b>Total sources of capital funds</b>	<b>20,819,592</b>	<b>(11,348,492)</b>	<b>9,471,100</b>	<b>9,471,100</b>	<b>5,618,496</b>	<b>(917,266)</b>	<b>91%</b>	<b>66%</b>
<b>Cash Flows</b>								
Net cash from (used) operating	25,246,976	(13,626,017)	11,620,959	11,620,959	18,273,851	6,652,892	157%	72%
Net cash from (used) investing	(20,819,592)	11,348,492	(9,471,100)	(9,471,100)	(5,299,688)	4,171,412	56%	25%
Net cash from (used) financing	-	-	-	-	-	-		
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,427,384</b>	<b>(2,277,525)</b>	<b>2,149,859</b>	<b>2,149,859</b>	<b>12,974,163</b>	<b>10,824,304</b>	<b>603%</b>	<b>293%</b>
Cash and cash equivalents at the beginning of the year	10,833,676	(1,903,968)	8,929,708	8,929,708	8,902,708	(27,000)	100%	82%
<b>Cash and cash equivalents at year end</b>	<b>15,261,060</b>	<b>(4,181,493)</b>	<b>11,079,567</b>	<b>11,079,567</b>	<b>21,876,871</b>	<b>10,797,304</b>	<b>197%</b>	<b>143%</b>



**Notes to the Financial Statements**

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restated**Accounting Policies****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.

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.

The following GRAP standards have been approved and are effective:

GRAP 1 -	Presentation of financial statements
GRAP 2 -	Cash flow statements
GRAP 3 -	Accounting policies, changes in accounting estimates and errors
GRAP 4 -	The effects of changes in foreign exchange rates
GRAP 5 -	Borrowing costs
GRAP 6 -	Consolidated and separate financial statements
GRAP 7 -	Investments in associates
GRAP 8 -	Interest in joint ventures
GRAP 9 -	Revenue from exchange transactions
GRAP 10 -	Financial reporting in hyperinflationary economies
GRAP 11 -	Construction contracts
GRAP 12 -	Inventories
GRAP 13 -	Leases
GRAP 14 -	Events after the reporting date

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GRAP 16 -	Investment property
GRAP 17 -	Property, plant and equipment
GRAP 19 -	Provisions, contingent liabilities and contingent assets
GRAP 20 -	Related party disclosure
GRAP 21 -	Impairment of non-cash generating assets
GRAP 23 -	Revenue from non-exchange transactions
GRAP 24 -	Presentation of budget information
GRAP 25 -	Employee Benefits
GRAP 26 -	Impairment of cash generating assets
GRAP 31 -	Intangible assets
GRAP 103 -	Heritage assets
GRAP 104 -	Financial instruments
GRAP 100 -	Discontinued operations
GRAP 27 -	Agriculture

The following GRAP statements have been approved but are not yet effective:

GRAP 18 -	Segment reporting
GRAP 105 -	Transfer of functions between entities under common control
GRAP 106 -	Transfer of functions between entities not under common control
GRAP 107 -	Mergers
GRAP 108 -	Statutory Receivables
GRAP 32 -	Service Concession Arrangements: Grantor
iGRAP 17 -	Service concession arrangements where a grantor controls a significant residual interest in an asset
Directive 11 -	Changes in measurement bases following the initial adoption of standards of GRAP

### 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.

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### 1.3 SIGNIFICANT ESTIMATES, JUDGMENTS AND ASSUMPTIONS

#### 1.3.1 Going Concern

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

#### 1.3.2 Significant Estimates, Judgments and Assumptions

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 2, 3 & 4: PPE, Intangible assets and Heritage assets useful lives estimates

Note 12: Provisions

Note 28: Contingencies

Note 10: Lease classification

Note 24: Debt Impairment

### 1.4 GOVERNMENT GRANT

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

### 1.5 PROPERTY, PLANT & EQUIPMENT

#### 1.5.1 Recognition and Subsequent Measurement

An item of property, plant and equipment which qualifies for recognition as an asset has been initially measured at cost 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 asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at date of acquisition.

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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 available for use.

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. Depreciation of these assets, on the same basis as other property assets, commences when the assets are available 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.

### 1.5.2 De-recognition, Sale & Disposal

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.

### 1.5.3 Depreciation

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:

<b>Community Assets</b>	<b>Years</b>
Community halls	30
Recreation facilities	20 – 30

<b>Other Assets</b>	<b>Years</b>
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.

### 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 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.

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### 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 is less than 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. 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.

A 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 net assets are removed from net assets 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 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 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.

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### 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.

### 1.9 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or un-collectability.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

De-recognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

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A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavorable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre specified terms and conditions.

Loans payable are financial liabilities, other than short term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non derivative financial assets or non derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;



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- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking;
  - non derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

### 1.10 INVENTORIES

Inventories are initially measured at cost, where cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Unsold aviation fuel are valued at the lower of cost and net realisable value on a specific identification cost basis. Fuel are recognized as inventory when purchased, and then charged to expense when sold. Aviation fuel are sold in line with the applicable tariff as promulgated.

### 1.11 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 with banks. Short term investments are included. Bank overdrafts are recorded on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

### 1.12 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.

The necessary disclosures have been made for non-recognition of provisions that form part of the cost of an asset.

### 1.13 EMPLOYEE BENEFITS

#### 1.13.1 Short-term employee benefits

The cost of short-term employee benefits, which include salaries and wages 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.

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### 1.13.2 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.

### 1.13.3 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.

### 1.13.4 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.

### 1.13.5 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.

The municipal post-employment medical care is also on the 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.

## 1.14 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.

### 1.14.1 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.

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### Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of the principle has been quantified.

The income recognised is in terms of the agency agreement.

Collection charges are recognised when such amounts are incurred.

### 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.

#### 1.14.2 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.

#### 1.14.3 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.

#### 1.14.4 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.

### 1.15 VALUE ADDED TAX

The municipality accounts for Value Added Tax on the cash basis.

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### 1.16 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.

### 1.17 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), and 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.

### 1.18 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.

### 1.19 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.

### 1.20 CONSTRUCTION OF ASSETS IN PROGRESS

Construction of assets in progress is capital projects done on behalf of the Local Municipalities from the proceeds of conditional grants received and internal contributions. These projects are only handed over after full completion of the project and therefore all those uncompleted capital projects will be shown as Construction of assets in progress until date of transfer.

### 1.21 RELATED PARTIES

Related parties are identified and disclosed in terms of GRAP 20. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party and another entity are subject to common control.

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Associates (as per GRAP 7 - Investments in Associates);
- Joint ventures (as per GRAP 8 - Interests in Joint Ventures)
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Management, and close members of the family of management; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the two bullets above, or over which such a person is able to exercise significant influence.

Each municipality and its own municipal entities are related parties. A municipality is not related to another municipality as

# Sedibeng District Municipality

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they are not under common control, except where there exist a service level agreement to perform a specific function on behalf of the other municipality.

The national government does not control provinces or municipalities for accounting purposes, although funding may be received from the national government.

Emfuleni Local Municipality, Midvaal Local Municipality and Lesedi Local Municipality are category B municipalities which in terms of the Constitution of South Africa, section 155 (1) (b) means, "A Municipality that shares executive and legislative authority in its area with a category C municipality within whose area it falls." Sedibeng District Municipality is performing agency services on behalf of the Local Municipalities.

The Municipality does not have and associates nor any joint ventures or any other form of association that may be defined as related party relation.

### 1.22 HERITAGE ASSETS

A heritage asset is as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held indefinitely for the benefit of present and future generations. The entity recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and the cost or fair value of the asset can be measured reliably. Heritage assets are measured at cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition. The cost of a purchased heritage asset comprises:

- Heritage assets are subsequently measured at cost, less accumulated impairment losses. Where a heritage asset is acquired through a non exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.
- Transfers to heritage assets are made only when the asset meets the definition of a heritage asset and transfers from heritage assets are made only when the asset no longer meets the definition of a heritage asset. Transfers to and from heritage assets are done at the carrying amount of the assets transferred at the date of transfer.
- Most heritage assets have an indefinite useful life as they are to be preserved for current and future generations and might appreciate in value over time due to their cultural, environmental, historical, natural, scientific, technological and/or artistic significance. Based on this analysis, there is no finite limit to the period over which a heritage asset is expected to be held by the entity. The useful life of the heritage asset is therefore likely to be indefinite or the annual depreciation is likely to be immaterial.
- The entity derecognises heritage asset on disposal, or when no service potential are expected from its use or disposal.
- The gain or loss arising from derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

### 1.23 BUDGET INFORMATION

The municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01 Jul 2016 to 30 Jun 2017.

The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts (see page 9 - 10)

# Sedibeng District Municipality

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### 2. Property, plant and equipment

	2017			2016		
	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	73,661,234	(20,188,742)	53,472,492	73,661,234	(17,793,412)	55,867,822
Furniture and fixtures	18,020,961	(15,455,552)	2,565,409	17,659,149	(14,567,065)	3,092,084
Motor vehicles	6,869,660	(5,589,981)	1,279,679	9,369,971	(7,631,622)	1,738,349
Electronic equipment	75,251,607	(57,761,713)	17,489,894	72,938,041	(47,885,768)	25,052,273
Infrastructure	74,478,492	(65,802,459)	8,676,033	73,791,814	(64,114,901)	9,676,913
Other property, plant and equipment	10,845,871	(8,632,851)	2,213,020	9,964,278	(8,123,614)	1,840,664
Specialised vehicles	699,972	(303,481)	396,491	699,972	(273,204)	426,768
<b>Total</b>	<b>301,735,532</b>	<b>(174,343,434)</b>	<b>127,392,098</b>	<b>299,992,194</b>	<b>(160,998,241)</b>	<b>138,993,953</b>

#### Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Land	41,299,080	-	-	-	41,299,080
Buildings	55,867,822	-	-	(2,395,330)	53,472,492
Furniture and fixtures	3,092,084	368,064	(1,003)	(893,736)	2,565,409
Motor vehicles	1,738,349	-	(425,037)	(33,633)	1,279,679
Electronic equipment	25,052,273	2,445,468	(46,288)	(9,961,559)	17,489,894
Infrastructure	9,676,913	686,678	-	(1,687,558)	8,676,033
Other property, plant and equipment	1,840,664	914,677	(16,539)	(525,782)	2,213,020
Specialised vehicles	426,768	-	-	(30,277)	396,491
<b>Total</b>	<b>138,993,953</b>	<b>4,414,887</b>	<b>(488,867)</b>	<b>(15,527,875)</b>	<b>127,392,098</b>

#### Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Land	41,299,080	-	-	-	41,299,080
Buildings	57,422,551	794,783	-	(2,349,512)	55,867,822
Furniture and fixtures	3,493,047	819,807	(40,356)	(1,180,414)	3,092,084
Motor vehicles	2,020,513	-	-	(282,164)	1,738,349
Electronic equipment	30,618,594	6,401,149	(60,364)	(11,907,106)	25,052,273
Infrastructure	15,134,020	-	-	(5,457,107)	9,676,913
Other property, plant and equipment	1,509,841	829,079	(9,497)	(488,759)	1,840,664
Specialised vehicles	457,133	-	-	(30,365)	426,768
<b>Total</b>	<b>151,954,779</b>	<b>8,844,818</b>	<b>(110,217)</b>	<b>(21,695,427)</b>	<b>138,993,953</b>

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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.

### 3. Intangible assets

	2017			2016		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	8,424,066	(6,967,898)	1,456,168	7,220,457	(6,265,328)	955,129

#### Reconciliation of intangible assets - 2017

	Opening balance	Additions	Amortisation	Total
Computer software, other	955,129	1,203,609	(702,570)	1,456,168

#### Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortisation	Total
Computer software, other	1,636,268	188,657	(869,796)	955,129

### 4. Heritage assets

	2017			2016		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	1,076,880	-	1,076,880	1,076,880	-	1,076,880
Historical monuments	3,386,000	-	3,386,000	3,386,000	-	3,386,000
<b>Total</b>	<b>4,462,880</b>	<b>-</b>	<b>4,462,880</b>	<b>4,462,880</b>	<b>-</b>	<b>4,462,880</b>

#### Reconciliation of heritage assets 2017

	Opening balance	Total
Art Collections, antiquities and exhibits	1,076,880	1,076,880
Historical monuments	3,386,000	3,386,000
	<b>4,462,880</b>	<b>4,462,880</b>

#### Reconciliation of heritage assets 2016

	Opening balance	Total
Art Collections, antiquities and exhibits	1,076,880	1,076,880
Historical monuments	3,386,000	3,386,000
	<b>4,462,880</b>	<b>4,462,880</b>

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### 5. Construction of assets in progress

Sharpeville police station	561,118	561,118
Construction community sidewalks zone 14	-	2,988,018
Installation of street lights Zone 14	-	2,191,134
	<b>561,118</b>	<b>5,740,270</b>

The Sharpeville police station transaction needs finalization from the Local Municipality before final transfer can take place which is anticipate to take place in the 2017/18 financial year.

### 6. Inventories

Fuel – Airport

Both AVGAS and JET A1 are sold at the Vereeniging Aerodrome

Aviation Fuel

Less: Accumulative provision for write off

1,244,099	950,230
(889,098)	(700,904)
<b>355,001</b>	<b>249,326</b>

### 7. Receivables from exchange transactions

Trade debtors	1,164,033	2,856,720
Employee cost recoverable	821,213	549,173
VAT on Accruals	3,692,216	3,615,571
SETA Refund	52,622	38,335
Insurance claims	236,300	114,669
Recoverable fruitless and wasteful expenditure	54,497	174,595
Bank Error	-	103,392
Local Municipalities - Agency services	33,540.143	11,616,241
HIV and AIDS Bridging Finance	-	536,334
EPWP Bridging Finance	-	-
	<b>39,561,024</b>	<b>19,605,030</b>

#### Trade debtors

Current (0 – 30 days)	1,160,970	710,765
31 – 60 days	-	-
61 – 90 days	-	2,000,000
>91	2,082,561	226,453
Less: Provision for Debt Impairment	(2,079,498)	(80,498)
<b>Total Trade Debtors</b>	<b>1,164,033</b>	<b>2,856,720</b>

#### Employee cost recoverable

Current (0 – 30 days)	272,040	549,173
>91	549,173	-
<b>Total Employee cost recoverable</b>	<b>821,213</b>	<b>549,173</b>

#### VAT on Accruals

Current (0 – 30 days)	587,317	512,034
>91 days	3,104,899	3,103,537
<b>Total VAT on Accruals</b>	<b>3,692,216</b>	<b>3,615,571</b>

#### SETA Refunds

Current(0-30 days)	52,622	38,335
>120 days	-	-
<b>Total SETA Refunds</b>	<b>52,622</b>	<b>38,335</b>

#### Insurance claims

Current (0-30days)	236,300	114,669
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	2017	2016 as restated
<b>Recoverable fruitless and wasteful expenditure</b>		
Current (0 – 30 days)	54,497	174,595
<b>Bank Error</b>		
Current (0 – 30 days)	-	103,392
<b>Local Municipalities Agency services</b>		
Current (0 – 30 days)	1,900,875	1,526,959
31 – 60 days	5,341,883	1,103,826
61 – 90 days	1,494,353	764,391
91 – 120 days	1,527,571	716,794
>120 days	23,275,461	7,504,271
<b>Total Local Municipalities Agency services</b>	<b>33,540,143</b>	<b>11,616,241</b>
<b>HIV &amp; AIDS Bridging Finance</b>		
Current (0 – 30 days)	-	536,334

### 8. VAT receivable

VAT	-	102,710
Council is registered on the cash basis for VAT, This amount is due from SARS based on submitted returns		

### 9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	42,325	42,325
Cash book balances	21,575,850	8,614,156
Investment deposits	258,696	246,227
	<b>21,876,871</b>	<b>8,902,708</b>

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June, 2017	30 June, 2016	30 June, 2013	30 June, 2017	30 June, 2016	30 June, 2013
ABSA BANK - Previous Primary Account	350,236	949,950	283,245	350,236	944,694	283,245
ABSA BANK - Licensing Function	927,213	501,621	727,895	927,213	501,621	727,895
STANDARD BANK - Primary Account	1,868,560	1,481,914	2,562,246	1,705,707	1,472,194	2,501,900
STANDARD BANK - Licensing Account	18,592,694	5,695,647	6,623,621	18,592,694	5,695,647	6,623,621
<b>Total</b>	<b>21,738,703</b>	<b>8,629,132</b>	<b>10,197,007</b>	<b>21,575,850</b>	<b>8,614,156</b>	<b>10,136,661</b>

### 10. Repair & Maintenance

Buildings, Fences and Sites	2,727,440	3,678,801
Plant and Equipment	781,322	682,394
IT Infrastructure	912,100	380,131
IT Equipment	214,451	182,091
Vehicle	625,727	501,615
	<b>5,261,040</b>	<b>5,425,032</b>

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It is municipality policy to lease certain motor vehicles under finance leases.

The average lease term was 3 years and the average effective borrowing rate was 9% (2016: 9%).

Interest rates are at the contract date.

### 11. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

Provincial Grants	13,263,193	16,260,092
National Grants	-	35,887
DLG Grants	206,460	206,460
	<b>13,618,022</b>	<b>16,502,439</b>

#### Movement during the year

Balance at the beginning of the year	16,502,439	19,824,811
Additions during the year	13,368,105	15,198,411
Income recognition during the year	(16,399,891)	(13,879,783)
Grant Reversal / forfeit		(4,641,000)
	<b>13,470,653</b>	<b>16,502,439</b>

The nature and extent of government grants recognised in the 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.

See note 19 for reconciliation of grants from National/Provincial Government.

### 12. Provisions

#### Reconciliation of provisions – 2017

	Opening Balance	Utilised during the year	Reverse during the year	Total
Performance Bonus	-	-	-	-

#### Reconciliation of provisions – 2016

	Opening Balance	Utilised during the year	Reverse during the year	Total
Performance Bonus	187,610	(182,597)	(5,013)	-

### 13. Payables from exchange transactions

	2017	2016 as restated
Trade payables	20,476,446	9,410,053
Accrued leave pay	20,597,316	17,376,194
Department of Transport (License fees)	69,120,411	42,853,303
Local Municipalities Accounts	29,222,174	17,893,590
Retention on Capital Projects	287,500	437,665
Insurance Claims	-	175,961
Mayoral Event	41,928	98,800
Ambulance fees in advance	-	84,445
Refundable town hall rental deposits	176,879	175,476
Unclaimed Salaries	11,112	-

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	2017	2016 as restated
Salaries in arrears	8,247	124,193
Unknown deposits	92,412	-
Deferred Asset Transfer to Locals	561,118	5,740,270
Department of Transport (Arrears)	19,095,958	19,095,958
VAT on Debtors	4,059,289	1,386,586
	<b>163,750,790</b>	<b>114,852,494</b>

### 14. VAT payable

Tax refunds payables	2,020,344	-
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### 15. Revenue

Sale of goods	3,241,227	2,481,633
Rental of facilities and equipment	7,548,591	8,215,160
Agency services	8,810,807	7,176,292
Licenses and permits	60,703,760	61,390,138
Other income	9,440,206	3,646,890
Interest received - investment	2,137,929	2,518,866
Government grants & subsidies	267,281,891	258,610,416
	<b>359,164,411</b>	<b>344,039,395</b>

The amount included in revenue arising from exchanges of goods or services are as follows:

Sale of goods	3,241,227	2,481,633
Rental of facilities and equipment	7,548,591	8,215,160
Agency services	8,810,807	7,176,292
Licenses and permits	60,703,760	61,390,138
Other income	9,440,206	3,646,890
Interest received - investment	2,137,929	2,518,866
	<b>91,882,520</b>	<b>85,428,979</b>

The amount included in revenue arising from non-exchange transactions is as follows:

#### Taxation revenue

#### Transfer revenue

Government grants & subsidies	267,281,891	258,610,416
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### 16. Other income

Communication Centre fees recovered	3,125,946	329,700
Ad-hoc Income	5,678,025	2,706,930
Skills Levy Income	411,303	383,472
Tender Income	68,799	53,136
Commission on Salaries	156,133	173,652
	<b>9,440,206</b>	<b>3,646,890</b>

### 17. Investment revenue

#### Interest revenue

Bank	2,137,929	2,518,866
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### 18. Grants and subsidies paid

#### Other subsidies

Grants paid to Local Municipalities	2,161,972	5,578,604
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# Sedibeng District Municipality

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### 19. Government grants and subsidies received

#### Operating grants

Equitable share	250,882,000	245,760,000
Support Grants	16,399,891	12,850,416
	<b>267,281,891</b>	<b>258,610,416</b>

#### Equitable Share

Current-year receipts	(250,882,000)	(245,760,000)
Conditions met - transferred to revenue	250,882,000	245,760,000
	-	-

#### Provincial Grants

Balance unspent at beginning of year	16,260,091	13,887,422
Current-year receipts	12,118,106	13,018,411
Conditions met - transferred to revenue	(15,114,004)	(10,645,742)
	<b>13,264,193</b>	<b>16,260,091</b>

Conditions still to be met - remain liabilities (see note 11).

#### Reconciliation of Unspent Conditional Grants

	Opening Balance July 2016	Grants Received 2016/17	Grants Spent 2016/17	Unspent Grants June 2017
LED Project	119,378			119,378
HIV/AIDS	-	7,416,000	(7,392,865)	23,135
Establishment of Shared Services	350,000	-	-	350,000
Agriculture	2,818,452	-	(2,815,428)	3,024
Transfer of Informal Settlements	12,972,261	-	(611,836)	12,360,425
Licensing revitalization	-	1,305,000	(1,305,000)	-
EPWP Grant	-	1,000,000	(665,769)	334,231
Precinct Project	-	47,106	(47,106)	-
Rural Roads	-	2,350,000	(2,276,000)	74,000
	<b>16,260,091</b>	<b>12,118,106</b>	<b>(15,114,004)</b>	<b>13,264,193</b>

#### National Grants

	2017	2016 as restated
Balance unspent at beginning of year	35,887	12,189,697
Current-year receipts	1,250,000	2,180,000
Conditions met - transferred to revenue	(1,285,887)	(2,159,922)
Grant Reversal / Forfeit	-	(4,641,000)
	-	<b>35,887</b>

Conditions still to be met - remain liabilities (see note 11).

#### Reconciliation of Unspent Conditional Grants

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			2017	2016 as restated
	Opening Balance July 2016	Grants Received 2016/17	Grants Spent/Forfeit 2016/17	Unspent Grants June 2017
Municipal Improvement Systems Grant	23,565	-	(23,565)	-
Municipal Finance Management Grant	12,322	1,250,000	(1,262,322)	-
	<b>35,887</b>	<b>1,250,000</b>	<b>(1,285,887)</b>	<b>-</b>

### DLG Grants

	2017	2016 as restated
Balance unspent at beginning of year	206,460	1,280,579
Conditions met - transferred to revenue	-	(1,074,119)
	<b>206,460</b>	<b>206,460</b>

Conditions still to be met - remain liabilities (see note 11).  
Reconciliation of Unspent Conditional Grants

	Opening Balance July 2016	Grants Received 2016/17	Grants Spent 2016/17	Unspent Grants June 2017
Sharpeville Public Library	206,460		-	206,460
	<b>206,460</b>		<b>-</b>	<b>206,460</b>

### Changes in level of government grants.

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

### 20. Employee related costs

Employee related cost exclusive of Section 57 employees	153,475,450	141,161,883
Medical aid - company contributions	15,124,155	13,110,035
UIF	1,046,188	990,939
WCA	1,405,860	1,193,409
SDL	2,056,515	1,935,788
Other payroll levies	2,703,190	2,459,959
Leave pay provision charge	5,535,936	4,747,646
Defined contribution plans	28,770,301	26,724,288
Overtime payments	7,778,101	6,213,343
13th Cheques	10,578,079	10,115,537
Car allowance	9,690,504	9,151,352
Housing benefits and allowances	1,379,607	1,334,227
Telephone Allowances	28,020	4,300
Standby Allowance	637,732	663,987
	<b>240,209,638</b>	<b>219,806,693</b>

### Remuneration of Municipal Manager

Annual Remuneration	1,585,202	1,295,441
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	2017	2016 as restated
Car Allowance	15,000	119,784
Performance Bonuses	-	-
Contributions to UIF, Medical and Pension Funds	63,088	104,339
Other	-	291,414
	<b>1,663,290</b>	<b>1,810,978</b>

The Municipal Manager position was occupied by an acting MM during the financial year until May 2017 whereby the newly appointed MM has taken office the 1<sup>st</sup> of June 2017

### Remuneration of Chief Financial Officer

Annual Remuneration	875,100	833,541
Car Allowance	117,968	144,000
Performance Bonuses	-	-
Contributions to UIF, Medical and Pension Funds	168,581	220,815
Other	-	4,800
	<b>1,161,649</b>	<b>1,203,156</b>

The Chief Financial Officer was seconded for the full period of the financial years whereby the figures reflected is sed on the employees acting within this position during the financial year

### Remuneration of Executive Directors

Annual Remuneration	3,544,463	3,696,119
Car Allowance	513,357	532,357
Performance Bonuses	-	-
Contributions to UIF, Medical and Pension Funds	539,055	562,298
Other	20,904	20,472
	<b>4,617,779</b>	<b>4,811,246</b>

### Remuneration of Chief Operating Officer

Annual Remuneration	1,092,939	1,304,247
Performance Bonuses	-	-
Contributions to UIF, Medical and Pension Funds	172,056	62,147
	<b>1,264,995</b>	<b>1,366,394</b>
<b>Total personnel cost</b>	<b>248,917,352</b>	<b>228,998,467</b>

### 21. Remuneration of councillors

Executive Major	767,467	878,479
Mayoral Committee Members	4,851,804	5,457,449
Speaker	644,061	651,303
Councillors	3,778,087	3,973,570
Councilors' pension contribution	1,033,421	1,069,386
Housing Allowance	-	-
Telephone Allowance	424,810	401,535
	<b>11,499,650</b>	<b>12,431,722</b>

### In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker 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 and Speaker have use of a Council owned vehicle for official duties.

The Executive Mayor and Speaker have full-time bodyguards

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### 22. Depreciation and amortisation

Property, plant and equipment	15,299,568	21,424,776
Intangible assets	702,570	869,796
	<b>16,002,138</b>	<b>22,294,572</b>
Offset depreciation against Government grant reserve	228,307	270,651
	<b>16,230,445</b>	<b>22,565,223</b>

### 23. Finance costs

Finance leases	-	503
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### 24. Debt impairment

Inventory	187,194	56,745
Debtors	2,000,000	80,498
	<b>2,187,194</b>	<b>137,243</b>

### 25. Contracted services

Specialist Services	17,453,021	17,481,018
Other Contractors	21,516,018	24,964,781
	<b>38,969,039</b>	<b>42,445,799</b>

# Sedibeng District Municipality

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### 26. General expenses

Advertising	616,732	503,028
Assessment rates & municipal charges	1,654,809	5,862,631
Auditors remuneration	2,569,351	2,375,783
Bank charges	2,049,623	2,723,233
Computer expenses	1,003,126	1,308,378
Consulting and professional fees	3,398,271	4,524,892
Consumables	785,570	867,771
Entertainment	9,496	7,647
Insurance	2,200,870	1,188,101
Magazines, books and periodicals	2,664	89,823
Fuel and oil	1,380,899	1,243,293
Postage and courier	2,376	2,271
Printing and stationery	2,036,680	1,886,668
Promotions	539,171	635,068
Protective clothing	417,312	246,289
Royalties and license fees	2,503,844	5,501,319
Staff welfare	189,000	259,317
Subscriptions and membership fees	2,370,212	2,195,288
Telephone and fax	5,124,407	4,907,697
Training	1,446,223	582,067
Subsistence & Travel	1,314,046	2,028,939
Loss due to theft	-	2,644,529
Office refreshments	186,449	362,157
Workshops	5,778,235	9,373,869
Congresses & Meetings	181,007	174,854
Expenses from Grants	15,529,617	9,894,550
External Bursaries	525,540	463,729
Donations & Grants	136,139	729,089
Catering Expenses	301,687	762,832
	<b>54,253,356</b>	<b>63,345,112</b>

### 27. Cost of sales

#### Sale of goods

Cost of Aviation fuel	2,792,045	2,130,447
Aviation fuel (JET A1 and AVGAS) are sold at the Vereeniging Aerodrome.		

### 28. Auditors' remuneration

Fees	2,569,351	2,375,783
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### 29. Cash generated from operations

Deficit	(31,044,078)	(45,528,533)
<b>Adjustments for:</b>		
Depreciation & Amortisation	16,002,138	22,294,572
Loss / (Gain) on sale of assets and liabilities	170,059	(120,662)
Finance costs - Finance leases	-	503
Debt impairment Inventory	2,187,194	332,213
Movements in provisions	-	(187,610)
Asset Movement GGR	38,684	150,808
<b>Changes in working capital:</b>		
Inventories	(105,675)	48,860
Receivables from exchange transactions	(19,955,994)	(6,857,572)
Debt impairment inventory	(2,187,194)	(332,213)
Assets under construction	5,179,152	12,803,412
Payables from exchange transactions	48,898,297	25,703,158



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VAT	2,123,054	2,350,196
Unspent conditional grants and receipts	(3,031,786)	(3,322,372)
	<b>18,273,851</b>	<b>7,334,759</b>

### 30. 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.

Categories of Financial Instruments	2017	2016 as restated
<b>Financial Assets</b>		
Cash and cash equivalents	21,876,871	8,902,708
Inventories	355,001	249,326
Trade and other receivables from exchange transactions	39,407,026	19,605,030
VAT Receivable	-	102,710
	<b>61,638,898</b>	<b>28,859,774</b>
<b>Financial Liabilities</b>		
Unspent conditional grants and receipts	13,470,653	16,649,807
Provisions	-	-
VAT Payable	2,020,344	-
Finance lease obligation	-	-
Trade and other payables from exchange transactions	163,143,487	109,112,224
<b>Total Liabilities</b>	<b>178,634,434</b>	<b>125,762,031</b>

If the interest rates received on investments increase or decrease by 100 basis points, the effect on the Statement of Financial performance would be as follows:

		2017		2016
Floating Rate Financial Assets	Rate %	Effect on Surplus	Rate %	Effect on Surplus
Cash and cash equivalents	1%	218,769	1%	89,027
Inventories	1%	3,550	1%	2,493
Trade and other receivables from exchange transactions	1%	395,610	1%	196,050
<b>Floating Rate Financial Liabilities</b>				
Unspent conditional grants and receipts	1%	(134,707)	1%	(166,498)
Provisions	1%	-	1%	-
Trade and other payables from exchange transactions	1%	(1,652,100)	1%	(1,091,112)

# Sedibeng District Municipality

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### 31. Commitments

#### 31.1 Contracted capital and operating expenditure

##### Unspent conditional grants and receipts

Provincial Grants	13,264,193	16,260,092
National Grants	-	35,887
DLG Grants	206,460	206,460
	<b>13,470,653</b>	<b>16,502,439</b>

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.

##### Capital commitments arising as a result of contractual obligation:

Fibre Optic Project	-	2,179,535
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#### 31.2 Operating leases - as lessee (expense)

##### Minimum lease payments due

within one year	7,142,800	5,521,330
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Operating lease payments represent rentals payable by the municipality for certain of its office properties.

### 32. Contingencies

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 being issued against those claims.

The rates and taxes account with Emfuleni is currently under dispute where the Vereeniging Aerodrome is registered at the deeds office as one whereby rates accounts is currently being subdivided into different stands. Charge out of fees to a separate account was also done whereby certain accounts are not payable by Sedibeng District Municipality. The amount currently in dispute amounts to R 18,037,030

Contingencies arising from pending litigation on wage curve agreement - On 21 April 2010 SALGA signed the "Categorisation and job evaluation wage curves collective agreement" (wage curve agreement) with IMATU and SAMWU on behalf of municipalities. The agreement established the wage curves and wage scales to be used by municipalities in determining the wages of municipal employees, based on an evaluation of employees' jobs per the TASK job evaluation system. Subsequent to the signing of the agreement, the unions declared a dispute with the agreement. The dispute was referred to the Labour Court and the court delivered a ruling on 22 June 2012 that employees receive a salary increase backdated with effect from 1 July 2010 instead of 1 July 2011. SALGA, on behalf of municipalities, applied for leave to appeal this ruling and was granted the right to appeal against the judgment on 29 August 2012. To date this Labour Court of Appeal case has not been finalised. As a result of the uncertainties arising from the dispute declared by the unions and the pending litigation regarding the wage curve agreement, the municipality may have an additional receivable/ payable for employee wages, depending on the outcome of the pending litigation. It is not practicable to reliably estimate the amount of this receivable/ payable prior to the outcome of the pending litigation. The wage curve agreement have not yet been implemented at the Sedibeng District Municipality as job evaluations have not yet been done and therefore it is consequently impracticable to reliably measure the obligation that might exist as a result of the wage curve agreement.

#### Contingent assets

The municipality had a loss due to theft whereby an amount of R2,644,528 might still be recoverable through legal processes currently ongoing.

The municipality has dismissed an employee due to absenteeism and therefore need to recover the amount paid to the employee for the period of being absent.

# Sedibeng District Municipality

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### 33. Prior year amendments

#### 33.1 Prior period errors

A VAT review has resulted in a refund received during the year which relate to prior periods. The amount recovered amounts to R251,612 while understated creditors not taken into consideration in the prior year of R553,378 was not taken into consideration. LED Unspent grants was also overstated with R147,368 during the previous financial years

#### 33.2 Change in accounting policy (Adjustments)

None

The correction of the error(s) and change in accounting policy results in adjustments are as follow:

<b>Statement of changes in net assets</b>	
<b>Closing balance 1 July 2016</b>	<b>93,158,083</b>
LED Grants unspent overstated	147,368
<b>Restated Closing balance 1 July 2016</b>	<b>93,305,451</b>
<b>Surplus (Deficit) for the year 2016</b>	<b>(45,226,767)</b>
Expenditure (VAT Review)	251,612
Airport Fuel expenses understated	(194,970)
Contracted services (Creditor understated)	(358,408)
<b>Restated Surplus (Deficit) for the year 2016</b>	<b>(45,528,533)</b>

<b>Revenue</b>	<b>2016 Restated</b>	<b>2016 Previous Year Stated</b>	<b>Variance</b>
Other income	3,646,890	3,633,612	-13,278
<b>Expenditure</b>			
Lease rentals on operating lease	-6,345,251	-6,438,176	-92,925
Debt Impairment	-332,213	-137,243	194,970
Repairs and maintenance	-5,425,032	-5,473,452	-48,420
Contracted services	-42,445,799	-42,087,391	358,408
Transfers and Subsidies	-5,578,604	-5,646,927	-68,323
General Expenses	-63,345,112	-63,373,779	-28,667
<b>Deficit for the year</b>	<b>-45,528,533</b>	<b>-45,226,767</b>	<b>301,766</b>

### 34. Going concern

We draw attention to the fact that at 30 June, 2017, the municipality had accumulated surplus of R 16,423,373 and that the municipality's total assets exceed its liabilities by R 16,423,373.

The 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.

# Sedibeng District Municipality

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As a District Municipality based on our powers and functions we are completely grant dependent. No other main revenue source is obtainable. Over the last 6 years, as a result of the global financial economy constraints, National Treasury downscaled and implemented austerity measures which resulted in the reduction of our main source of revenue, the Equitable share. It is as a result of the global financial constraint that the equitable share over the last 6 years were reduced far lessor than the CPI for each financial period. In addition salary increases for the South African Local Bargaining Council was implementing salary increases more than the equitable share growth allocated to municipalities over the last 6 years – UNCONTROLABLE to municipalities. The reduction has been reported to National Treasury as our revenue source diminished. It was based on this reason that the District Municipality implemented austerity measures over the last 5 years which is still in place (HR dashboard-attrition, leave management, etc and financial snapshot position of municipality performed monthly. The municipality performs daily, weekly and monthly cash flow reconciliations with projections to ensure that we are able to meet our obligations based on the grants received. The grants has been ring-fenced and are adequately apportioned for its main purpose. The municipality adopted a pro-poor budgeting approach and followed National Treasury budget guide as a principle for provision on depreciation and employee cost.

We draw further attention to the fact that at 30 June, 2017, the municipality's current liabilities exceed its current assets with R116,887,773. In addition the anticipated unfunded mandate of R13,5 million for Emergency Medical services rendered to the Provincial Department of Health is still owed to Sedibeng District Municipality which is currently been shown as a contingent asset.

The municipality also had operating loss in the current financial year of R31,044078 (previous financial year loss of R45,528,533) which resulted in a decline in the net asset value.

The Municipality is busy with a process of aligning the current powers and functions assigned to the District and the Locals in order to regain sustainability within the District. Drastic cost saving measures will be implemented starting with a process of restructuring the organization based on the assigned powers and functions.

The municipality does not have any fixed-term borrowing or short term loans and therefore does not put reliance on borrowings.

The municipality does have comprehensive insurance on its assets as set out in the asset register.

### 35. Events after the reporting date

It has been identified that land is incorrectly registered at the Deeds Office in the name of Sedibeng District Municipality. These properties still need to be transferred to their rightful owner, Emfuleni Local Municipality.

### 36. Unauthorised expenditure

The municipality is having an operating deficit resulting from overspending on the operating budget during the financial year to the amount of R14,863,674

### 37. Fruitless and wasteful expenditure

Possible fruitless and Wasteful expenditure are investigated and where applicable recovered from the Employee / Councillor concern. An amount of R 174,595 is currently being recovered from employees related to training cost. See annual report for details on all recoveries during the year.

Opening balance	723,768	143,141
Paid off during the year	(139,623)	(111,949)
Fruitless and wasteful expenditure identified during the year	19,525	692,576
	<b>603,670</b>	<b>723,768</b>

### 38. Irregular expenditure

Irregular expenditure was incurred in the previous financial year based on an appointment made in deviating from the SCM legislation. The tender specifications were amended during the adjudication stage to accommodate an additional service. For all the expenditure incurred goods or services were received.

Opening balance	-	-
Paid off during the year	-	-

# Sedibeng District Municipality

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Irregular expenditure identified during the year	-	375,366
	-	<b>375,366</b>

### 39. Accumulated surplus

#### Ring-fenced internal funds within accumulated surplus - 2017

Government Grant Reserve	Movement of ring-fenced internal funds	Total
Opening balance	1,184,053	1,184,053
Offsetting of depreciation	(228,307)	(228,307)
Capital grants used to purchase property, plant and equipment	46,142	46,142
Asset Disposal	(7,463)	(7,463)
	<b>894,425</b>	<b>894,425</b>

#### Ring-fenced internal funds within accumulated surplus – 2016

Government Grant Reserve	Movement of ring-fenced internal funds	Total
Opening balance	1,303,898	1,303,898
Offsetting of depreciation	(270,652)	(270,652)
Capital grants used to purchase property, plant and equipment	150,807	150,807
Asset Disposal	-	-
	<b>1,184,053</b>	<b>1,184,053</b>

### 40. Additional disclosure in terms of Municipal Finance Management Act

#### 40.1 PAYE and UIF & Skills levy

Current year subscription / fee	41,522,244	35,677,739
Amount paid - current year	(41,522,244)	(35,677,739)
	-	-

#### 40.2 Pension and Medical Aid Deductions

Current year subscription / fee	66,695,652	61,193,971
Amount paid - current year	(66,695,652)	(61,193,971)
	-	-

#### 40.3 VAT

VAT receivable	-	102,710
VAT payable	2,020,344	-
	<b>2,020,344</b>	<b>102,710</b>

All VAT returns have been submitted by the due date throughout the year.

#### 40.4 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	51	51 sets were used for the full year;
Rented or leased television sets	-	
Number of sets donated/ alienated	-	
<b>TOTAL</b>	<b>51</b>	

# Sedibeng District Municipality

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### 40.5 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 8,305,351
Midvaal Local Municipality	R 505,456

The Local Municipalities is rendering Municipal Health services and specialized fire services on behalf of the Sedibeng District Municipality. The expenses incurred amounts to R 17,420,681 as shown in note 25 (specialist services).

The Municipality is rendering an agency service on behalf of the Department of Transport for the performance of registering and testing authority functions (RA, DLTC and VTS functions) – see license and permit income where R60,703,760 was paid for services rendered in the 2016/17 financial year.

Councillors and specifically the Executive Mayor and Speaker remuneration in terms of the government gazette are shown separately in note 21.

Section 57 employees' (Key Management) remuneration packages are shown separately in note 20. Section 57 employees are required to enter into an annual performance contract where pre-determined objectives are linked to the integrated development Plan. Councillors and all officials must annually declare their interests and the interest of close family members to Council.

The Council is in the process of establishing a State Owned Company (SOC), "The Vaal River City Tourism Promotion Company SOC" which will operate as a municipal entity to render the local tourism function. The CIPC Commissioner has registered the entity taking effect as from 30 August 2013, however, the establishment of the entity as per section 84(2) MFMA have as yet not been concluded and operations were not undertaken in terms of sections 85 through to 104 MFMA and hence there are no further disclosures to be made in terms of section 92 MFMA for the year ended 30 June 2017.

## Financial Statements for the year ended 30 June, 2017

#### 40.6 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.

**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 36,710

## 2. Awards to persons in the service of the state

[illegible]

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2017

## Notes to the Financial Statements

### 41. Deviation from 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 hereunder have been condoned.

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 financial statements.

Applicable paragraph in SCM Policy		Name of Supplier	Transaction Date	Reason for Deviation	Approved by	Cluster	Amount	SCM Comments
36(1)(a)(v)	Any exceptional cases where it is impractical or impossible to follow the official procurement processes	Amtronics/Diamond Corner	23-Jul-16	Emergency procurement of hiring of, marquee tables chairs and PA System for Executive Mayor to address the community as a result of unrest in the Midvaal area	MM	Office of the Executive Mayor	R 129 485.00	Urgent request. Supplier listed on the database
36(1)(a)(v)	Any exceptional cases where it is impractical or impossible to follow the official procurement processes	BK's IT Solution	2-Aug-16	Procurement of school shoes for 450 needy school children.	AMM	Community Services	R 100 206.00	The Supply chain process to procure the services required through convenient methods which include direct negotiations,(MF MA SCM



**Notes to the Financial Statements**

Applicable paragraph in SCM Policy		Name of Supplier	Transaction Date	Reason for Deviation	Approved by	Cluster	Amount	SCM Comments
								Regulation 36(a)(v).
36(1)(a)(v)	Any exceptional cases where it is impractical or impossible to follow the official procurement processes	Mahamotsa Trading Enterprise CC	26-Oct-16	The Provincial Department of SRACH is participating with SDM for the launch of the book SDM will be responsible for ordering and purchase of the book for distribution to Councillors and Senior Managers, whilst the Dept takes responsibility for marketing and the actual launch.	MM	Office Of The MM	R 10 000.00	Urgent request. Supplier listed in the database.
36(1)(a)(v)	Any exceptional cases where it is impractical or impossible to follow the official procurement processes	Basadi ba Pitsa Trading CC-R145 872.90 Parting Success CC-R144 292.00	21-Dec-16	The Tender advert was issued in a form of formal written quotation process, Due to the urgency of the Project the bid could not be advertised for 14 days.	MM	Office of the Executive Mayor	R 290 164.90	Deviation: Due to time constraints the formal written quotation process was followed (7days)
36(1)(a)(v)	Any exceptional cases where it is impractical or impossible	Velmore Hotel	09-Jan-17	The Tender advert was issued in a form of Competitive bidding process, three bidders	MM	Office of the Chief Whip	R 299 521.00	Supply chain process was followed as a form of Competitive

**Notes to the Financial Statements**

Applicable paragraph in SCM Policy		Name of Supplier	Transaction Date	Reason for Deviation	Approved by	Cluster	Amount	SCM Comments
	to follow the official procurement processes			were received the bidders could not reach the minimum threshold as per Technical Evaluation Criteria.				bidding Process and all bids were found to be non-compliant with technical evaluation requirements.
36(1)(a)(v)	Any exceptional cases where it is impractical or impossible to follow the official procurement processes	Velmore Hotel	15-Mar-17	Due to time constraints, three quotations competitive bidding process was followed, rather than a formal written quotation for Sedibeng District Wide-IDP/Budget Lekgotla.	MM	Office of the Municipal Manager	R 197 150.00	Deviation from the SCM Process was authorised by the Acting Municipal Manager
36(1)(a)(v)	Any exceptional cases where it is impractical or impossible to follow the official procurement processes	Khaya Electronic Advertising	12-May-17	Videography was not budgeted for in the Human Rights budget hence the deviation.	MM	Office of the Executive Mayor	R 299 521.00	Is it was impractical to follow the official procurement processes, the user department was not aware that the SLA expired.
	Any acquisition of special works	Sign Language	08-June-2017	Procurement processes of Artists for the State of	AMM	Office of the Executive	R 6 000.00	It was impractical to follow the

# Sedibeng District Municipality

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## Notes to the Financial Statements

Applicable paragraph in SCM Policy	Name of Supplier	Transaction Date	Reason for Deviation	Approved by	Cluster	Amount	SCM Comments
36(1)(a)(iii)	of art or historical objects where specifications are difficult to compile.		the District Address		Mayor		official procurement processes.
	interpreter (Ivvy)						
	Masedi za					R 5 000.00	
	African Sweet Melodies					R 3 000.00	
	LTKKGT Mining (Pty) Ltd					R 35 000.00	
	Mandla Zwane					R 10 000.00	
	Lucia Music Entertainment & Events (Pty) Ltd					R 5 000.00	
	Mzet						
	Teboho						
	Programme Directors (Lebema					R 15 000.00	

## Sedibeng District Municipality

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### Notes to the Financial Statements

Applicable paragraph in SCM Policy		Name of Supplier	Transaction Date	Reason for Deviation	Approved by	Cluster	Amount	SCM Comments
		Media Pty Ltd)					R 25 000.00	
							R 5 000.00	
Total Amount							R1,435,047.90	

## Notes to the Financial Statements

### 42. Budget differences

#### **Actual versus Budget (revenue and Expenditure) for the year ended 30 June 2017**

Figures in Rand	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	% Variance	Explanation of Significant Variances greater than 10% versus Budget
<b>Revenue</b>					
Sale of goods	3,000,000	3,241,227	241,227	8.04%	More fuel sold than budget due to demand of fuel at the Vereeniging Aerodrome
Rental of facilities and equipment	8,020,042	7,548,591	(471,451)	-5.88%	
Income from agency services	8,062,719	8,810,807	748,088	9.28%	More revenue based on additional needs identified by local municipalities
Licenses and permits	73,801,268	60,703,760	(13,097,508)	-17.75%	Decrease in licensing fees as a result of increase in collection agencies instituted by Department of Transport
Other income - (rollup)	8,172,742	9,440,206	1,267,464	15.51%	Increase in revenue due to claims on seconded staff to Emfuleni and air quality fees collected
Interest received - investment	1,802,516	2,137,929	335,413	18.61%	Interest higher than anticipated based on investments made
<b>Total revenue from exchange transactions</b>	<b>102,859,287</b>	<b>97,777,279</b>	<b>(10,976,767)</b>	<b>-10.67%</b>	
<b>Taxation revenue</b>					
Government grants & subsidies	264,898,000	267,281,891	2,383,891	0.9%	
<b>Total revenue</b>	<b>367,757,287</b>	<b>359,164,411</b>	<b>(8,592,876)</b>	<b>-2.37%</b>	

## Notes to the Financial Statements

### Actual versus Budget (revenue and Expenditure) for the year ended 30 June 2017

Figures in Rand	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	% Variance	Explanation of Significant Variances greater than 10% versus Budget
<b>Expenditure</b>					
Personnel	(240,692,602)	(248,917,352)	(8,224,750)	(3.42%)	
Remuneration of councillors	(12,460,585)	(11,499,650)	960,935	7.71%	
Depreciation and amortisation	(16,896,075)	(16,002,138)	893,937	5.29%	
Lease rentals on operating lease	(7,565,568)	(7,662,583)	(97,015)	(1.28%)	
Debt impairment		(2,187,194)	(2,187,194)	(100%)	No budget provision made
Public Participation	(341,323)	(332,061)	9,262	2.71%	
Repairs and maintenance	(4,577,176)	(5,261,040)	(683,864)	(14.94%)	Increase in expenses due to emergency repairs to be performed
Contracted Services	(38,978,996)	(38,969,039)	9,957	0.03%	
Transfers and Subsidies	(1,225,000)	(2,161,972)	(936,972)	(76.49%)	Expenses done on behalf of Local Municipalities
Sale of goods/Inventory	(2,345,530)	(2,792,045)	(446,515)	(19.04%)	More fuel sold than budget due to demand of fuel at the Vereeniging Aerodrome
General Expenses	(50,094,471)	(54,253,356)	(4,158,885)	(8.30%)	.
<b>Total expenditure</b>	<b>(375,177,326)</b>	<b>(390,038,430)</b>	<b>(14,861,104)</b>	<b>(3.96%)</b>	
<b>Operating deficit</b>	<b>(7,420,039)</b>	<b>(30,874,019)</b>	<b>(23,453,980)</b>		
Gain on disposal of assets and liabilities	4,000	(170,059)	(174,059)		
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>(7,416,039)</b>	<b>(31,044,078)</b>	<b>(23,735,850)</b>		

# Report of the auditor-general to the Gauteng Provincial Legislature and the council on the Sedibeng District Municipality

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Sedibeng District Municipality (SDM) set out on pages x to x, which comprise the statement of financial position as at 30 June 2017, the statement of financial performance, the statement of changes in net assets, the cash flow statement and the statement of comparison of budget and actual amounts and appropriation statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Sedibeng District Municipality as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2016 (Act No. 3 of 2016) (DoRA).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Material uncertainty relating to financial sustainability

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. I draw attention to note 34 in the financial statements, which indicates that the municipality incurred a net loss of R31 044 078 during the year ended 30 June 2017 and, as of that date, the municipality's total liabilities exceeded its total assets by R116 887 773.

### **Emphasis of matter**

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

### **Material uncertainties**

9. With reference to note 32 to the financial statements, the municipality is the defendant in various lawsuits. The outcome of these matters cannot presently be determined and/or reliably measured, therefore no provision for any liabilities that may result has been made in the financial statements.

### **Other matter**

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

### **Unaudited disclosure notes**

11. In terms of section 125(2) (e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

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

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and the DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless there is an intention either to liquidate the municipality or to cease operations, or there is no realistic alternative but to do so.

### **Auditor-general's responsibilities for the audit of the financial statements**

14. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.



## Introduction and scope

16. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
17. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
18. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2017:

Objectives	Pages in the annual performance report
Objective 1 - Transport, Infrastructure and Environment	x – x
Objective 2 - Strategic Planning and Local Development - Local Economic Development	x – x
Objective 3 - Strategic Planning and Local Development – Tourism	x – x
Objective 4 - Strategic Planning and Local Development – Housing	x – x
Objective 5 - Strategic Planning and Local Development – Spatial planning	x – x
Objective 6 - Community Services – Health and Social Development	x – x
Objective 7 - Community Services – Sports, Arts and Culture and Heritage	x – x
Objective 8 - Community Services – Aids Health and Social Development	x – x
Objective 9 - Corporate Services – Information Technology	x – x

19. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
20. The material findings in respect of the usefulness and reliability of the selected objectives are as follows:

## **Objective 1 - Transport, Infrastructure and Environment**

### **In rationalisation and expansion of licensing services - expanded driver testing facilities**

21. The source information and method of calculation for the achievement of the planned indicator was not clearly defined, as required by the Framework for Managing Programme Performance Information (FMPPPI).

## **Objective 2 - Strategic Planning and Local Development - Local Economic Development**

### **Various indicators**

22. The systems and processes to enable reliable reporting of the actual service delivery against the indicators were not adequately designed and implemented as required by the FMPPPI. As a result, I was unable to obtain sufficient appropriate audit evidence to support the reported reasons for the variances as well as for the reported achievements of the indicators listed below due to these limitations placed on the scope of my work. I was unable to confirm the reasons for the variances and the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reasons for the variances and to the reported achievements of these indicators.

Indicator description
Coordinate Fab Lab through products simulation
Facilitate support for the small holding agricultural sector striving towards productivity increase.
Improve participation and coordination of CRDP Programme
Facilitate local economic opportunities.

### **Households and institutional food nutrition programmes**

23. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of 250 households and institutional food nutrition programmes. This was due to a lack of proper performance management systems and processes and documented systems descriptions that predetermined how the achievement would be measured, monitored and reported, as required by the FMPPPI. I was unable to confirm that the reported achievement of this indicator was reliable by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement of 250 households and institutional food nutrition programmes.

## **Objective 4 - Strategic Planning and Local Development – Housing**

### **Various indicators**

24. The source information and method of calculation for the achievement of the planned indicator was not clearly defined, as required by the FMPPI.

Indicator description
Monitor & Co-ordinate housing programmes
Co-ordinate Urban Renewal

## **Objective 5 - Strategic Planning and Local Development - Spatial planning**

### **Implement Integrated Spatial Development and Land Use Management**

25. The source information and method of calculation for the achievement of the planned indicator was not clearly defined, as required by the FMPPI.

### **Various indicators**

26. The FMPPI requires that performance indicators should be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use. The following indicators were not well defined:

Indicator description
Implement the Spatial Development Framework
Improve the Geographic Information Systems (GIS)
Implement Integrated Spatial Development and Land Use Management

### **Implement Integrated Spatial Development and Land Use Management**

27. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of target to Implement Integrated Spatial Development and Land Use Management. This was due to a lack of proper performance management systems and processes and documented systems descriptions that predetermined how the achievement would be measured, monitored and reported, as required by FMPPI. I was unable to confirm that the reported achievement of this indicator was reliable by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement of one report.

## **Objective 6 - Community Services – Health and Social Development**

### **Various indicators**

28. The source information and method of calculation for the achievement of the planned indicator was not clearly defined, as required by the FMPPI.

<b>Indicator description</b>
Support Social Development forum activities
Facilitate Youth Development Programmes
Facilitate implementation of Youth Advisory Centre programmes
Facilitate implementation of Sedibeng External Student Financial Support programme

## **Objective 8 - Community Services – Aids Health and Social Development**

### **Various indicators**

29. The indicators and targets reported as per the table below were approved in the integrated development plan, but not reported in the annual performance report. This is not in line with the requirements of section 41(c) of the Municipal Systems Act, 2000 (Act No. 32 of 2000).

<b>Indicator description</b>
Coordinating ward-based HIV, STIs and TB programmes - 500 000 people reached through door to door programme
Coordinating ward-based HIV, STIs and TB programmes - 2 ward based expos hosted
Coordinating ward-based HIV, STIs and TB programmes - 1 calendar events hosted
Monitoring and Evaluating the overall HIV, STIs and TB programme - 2 AIDS council meetings held
Monitoring and Evaluating the overall HIV, STIs and TB programme - 8 reports submitted to AIDS council
Monitoring and Evaluating the overall HIV, STIs and TB programme - 4 reports submitted to the IDC.

### Various indicators

30. The source information and method of calculation for the achievement of the planned indicator was not clearly defined, as required by the FMPPI.

Indicator description
Coordinating ward-based HIV, STIs and TB programmes - 500 000 people reached through door to door programme
Coordinating ward-based HIV, STIs and TB programmes - 2 ward based expos hosted

### Various indicators

31. The indicators and targets reported as per the table below were approved in the integrated development plan, but not reported in the annual performance report. This is not in line with the requirements of section 41(c) of the Municipal Systems Act, 2000 (Act No. 32 of 2000).

Indicator description
Coordinating the prevention of new HIV infections - 20 Legal initiation schools monitored
Coordinating ward-based HIV, STIs and TB programmes - 500 000 people reached through door to door programme
Coordinating ward-based HIV, STIs and TB programmes - 2 ward based expos hosted
Monitoring and Evaluating the overall HIV, STIs and TB programme - 4 reports submitted to the IDC.

### Various indicators

32. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of targets to 100 000 People tested for HIV and 600 people reached through community based organisations This was due to a lack of proper performance management systems and processes and documented systems descriptions that predetermined how the achievement would be measured, monitored and reported, as required by the Framework for managing programme performance information. I was unable to confirm that the reported achievement of these indicators were reliable by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement of 172803 and 908 respectively.

33. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following objectives:

- Objective 3 - Strategic planning and local development (SPED) - local economic development – tourism
- Objective 7 - Community services – sports, arts and culture and heritage
- Objective 9 - Corporate services – information technology

#### **Other matters**

34. I draw attention to the matters below.

#### **Achievement of planned targets**

35. Refer to the annual performance report on pages x to x for information on the achievement of planned targets for the year and explanations provided for the under achievement of a number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs xx to xx of this report.

#### **Adjustment of material misstatements**

36. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of the selected objectives. As management subsequently corrected only some of the misstatements, I reported material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

### **Report on the audit of compliance with legislation**

#### **Introduction and scope**

37. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

38. The material findings on compliance with specific matters in key legislations are as follows:

#### **Procurement and contract management**

39. Competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with Municipal Supply Chain Management regulation 29(2).

## Expenditure management

40. Effective steps were not taken to prevent irregular expenditure amounting to R3 190 756 as disclosed in note 38 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by inadequate SCM processes which did not meet the requirements of SCM regulation 29(2).

## Budgets

41. Effective steps were not taken to prevent unauthorised expenditure amounting to R14 861 104, as disclosed in note 36 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused non-cash items and compensation for employees which were not budgeted for correctly.

## Other information

42. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report thereon and those selected objectives presented in the annual performance report that have been specifically reported on in the auditor's report.
43. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
44. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
45. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate, however, if it is corrected this will not be necessary.

## Internal control deficiencies

46. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the performance report and the findings on compliance with legislation included in this report.

## Leadership

47. The accounting officer did not adequately exercise oversight responsibility regarding financial and performance reporting. The municipality did not have sufficient monitoring controls to ensure that performance reports submitted for audit were accurate and complete.

## Financial and performance management

48. Senior management did not ensure that sufficient controls were in place to prepare accurate and complete performance reports that are supported and evidenced by reliable information.
49. Senior management did not implement adequate control disciplines over performance reporting and compliance with key legislation.

### Other reports

50. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

## Investigations

51. An internal forensic investigation was conducted at the request of the municipality. The investigation was initiated based on a cyber-hacking on the financial system. The investigation was still ongoing at the reporting date.

*Auditor-General*

Johannesburg

30 November 2017



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



## **Annexure – auditor-general's responsibility for the audit**

- 1.** As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected objectives and on the municipality's compliance with respect to the selected subject matters.

### **Financial statements**

- 2.** In addition to my responsibility for the audit of the financial statements as described in the auditor's report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
  - obtain an understanding of internal control relevant to the audit 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 municipality's internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
  - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sedibeng District Municipality's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a municipality to cease continuing as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### **Communication with those charged with governance**

- 3.** I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

## POLITICAL LEADERSHIP



**Cllr. Busisiwe Modisakeng**  
Executive Mayor  
Sedibeng District Municipality



**Cllr. Melina Gomba**  
Speaker of Council  
Sedibeng District Municipality



**Cllr. Assistance Mshudulu**  
Chief Whip of Council  
Sedibeng District Municipality

## MEMBERS OF MAYORAL COMMITTEE



**Cllr. J Dlangamandla**  
Transport & Infrastructure



**Cllr. I Gamede**  
Environment & Clean Air



**Cllr. G Hlongwane**  
Local Economic Development  
& Tourism



**Cllr. M Khomoeasera**  
Housing &  
Development Planning



**Cllr. Y Mohammed**  
Sports, Recreation, Arts, Culture,  
Heritage & Community Safety



**Cllr. S Maphalla**  
Administration



**Cllr. M Ralkane**  
Health & Social Services



**Cllr. P Tsotetsi**  
Finance

## ADMINISTRATION TEAM



**S. Khanyile**  
Municipal Manager



**K. Wiese**  
Chief Financial Officer



**M. Makhutle**  
Executive Director  
Corporate Services



**Z. Majola**  
Executive Director  
Strategic Planning &  
Economic Development



**J Nxumalo**  
Executive Director  
Community Services



**N. Baleni**  
Executive Director  
Transport, Infrastructure  
& Environment



**A. Mokonane**  
Director  
Office of the Executive Mayor



**M. Mpontshane**  
Director  
Office of the Speaker



**J. Tsoho**  
Director  
Office of the Chief Whip



**S. Mpeta**  
Director  
Office of the Municipal Manager