

**EXTRACT OF THE MINUTES OF THE 121st COUNCIL MEETING HELD
ON 29 JANUARY 2020**

"A2024 ANNUAL REPORT: 2018/19 FINANCIAL YEAR

(15/1/8/1/1)

Office of the Municipal Manager

RESOLVED

THAT the contents of the Annual Report, attached as Annexure "A", be hereby approved."

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

Council held on: 29 JANUARY 2020
Signed by: MALUSBO MURALE
Designation: ACTING DIRECTOR
Legal And Support Services

2018/2019

ANNUAL REPORT

Volume I

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Introduction

INTRODUCTION

According to the Municipal Finance Management Act 56 of 2003, sec 121 (2); the purpose of the Annual Report, is:

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

Section 127(2) of the MFMA, 56 of 2003; dictates that the Executive Mayor must within seven months after the end of the financial year, table the Annual Report of the Municipality in Council. In addition, sec 46 of the Municipal Systems Act, 44 of 2003, requires that:

- (1) A municipality must prepare for each financial year an Annual 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 target 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 the Municipal Finance Management Act, Chapter 12.

Therefore, Sedibeng District Municipality presents and tables the Annual Report for 2018/2019 financial year. This report was prepared in compliance with Section 121(4) (a), (b), (e), (g) and (h) of the MFMA, 56 of 2003. Amongst others, this Annual Report includes the following:

- The Municipal Annual Performance Report;
- The Annual Financial Statements of the Municipality;
- The Auditor General's report on municipal performance and financial audit report, including corrective action taken or to be taken by the Municipality on issues raised in the Audit Reports.

This report provides information about the administration's operational performance and financial for the period under review. It also reflects on the municipal progress against the objectives of its Integrated Development Plan (IDP). The content of this Annual Report is structured around the five R's plus two strategic focus areas (pillars) and their underlying objectives, as contained in the municipality's five-year IDP.

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CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD



VISION

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

MISSION

To promote and sustain Integrated Service Delivery that enhances and supports the Municipality to achieve growth and development for its community.

The District Municipality is strategically focused:

- To promote efficient and effective Integrated Services that addresses the Socio-Economic and Environmental Development imperatives of the Region.
- To implement prudent and cost-effective Financial Management and sustainability;
- To ensure good governance and sound management practices; and
- To ensure effective service delivery.
- To promote coordination and integration of Local Municipalities.

KEY POLICY DEVELOPMENTS

Sedibeng District Municipality is committed to address the current social challenges – high unemployment rate, inequality, poverty and drug abuse; as well as the economic impasse – low investment levels and declining economy within the District. The aim is to promote Agriculture, Tourism and Logistics, protect and expand the Manufacturing Industry in line with the Premier's Gauteng City Region (GCR) vision 2055, the Gauteng Spatial Development Framework and the Gauteng Transformation Modernisation and Reindustrialisation (TMR) Strategy. To date the following key strategy interventions have taken place; in line with Southern Corridor Development Approach:

- 2016 – 2021 Integrated Development Plan (IDP) – 5 Year Plan (reviewable each and every year)
- Southern Corridor Implementation Plan—whereby more than 40 projects were rigorously assessed for investment and implementation readiness, resulting into 13 projects across the region.
- The district is at its final stage of developing the 3rd Generation of Sedibeng Growth and Development Strategy 2030.

Sedibeng District Municipality still remains the “hydrotropolis” focusing on and developing economies around water and “Agrotropolis” – focusing on and developing economies around agriculture. It is critical to note that in order to strive and thrive in our policy direction and implementation, the five (5) pillars of Local Government Back to Basics will serve as anchor in our citizen/stakeholders and government interface approach.

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KEY SERVICE DELIVERY IMPROVEMENT

I am happy to share the number of service delivery successes and improvements with the people of Sedibeng region, namely:

- Our District Municipality has supported and got involved in the initiation programme together with the Department of Health; and as a result, lives of young people have been saved through this partnership with the Department and other Stakeholders.
- During the outbreak of Listeriosis, the District Primary Health units showed its resilience, focused and showed the mettle in monitoring, reporting, managing incidents and engaging diverse stakeholders mostly affected.
- SANTAM partnership is bearing fruits – more than 33 Old Age Homes and Children's Homes have been installed with fire hazards and rescue equipment, and a donation of firefighting equipments to the three fire station in the region. We intend to pursue this partnership further.
- Amicably resolved the disputes between Morning Star Taxi Association, Meyerton Taxi Association and Gauteng Small Buses Operations Company.
- Number of informal traders benefited from BenBen Technologies CSI project; with a donation of more than 50 eco-trolley, to provide mobile, multi-use and supporting infrastructure to improve informal entrepreneurship. This programme is the continuation from the previous financial year.
- The International Day against Drug Abuse and Illicit Trafficking was commemorated in our region with an increase of subsidised beds at Jamela Rehabilitation Centre; to address increased demand for substance abuse in-patient treatment services
- The commencement of the implementation of Sedibeng District Municipality Agri-Parks Master Plan and its Implementation.

PUBLIC PARTICIPATION

Local governance as a cornerstone, rests on both representative and participatory democracy. Since the inception of the Service Delivery War Room by the provincial government, Sedibeng District Municipality has strengthened its community engagement. This has been done to increase public awareness on service delivery and accountability to the communities. The following instruments were used to achieve the above mandatory responsibility:

- Ntirhisano Community outreach Programme
- Section 80 Oversight Visits
- Sector-focused forums such as Community Safety Forums, Agriculture Forum et cetera.
- A newly launched Fraud and Corruption hotline (0860 061 022)

FUTURE ACTIONS

In order to execute our mandatory responsibility of Good Governance, Financial Viability and continuous enhanced Services Delivery, the municipality will engage on the following issues:

- Continuous supportive role to local municipalities, particularly Emfuleni and Lesedi Local Municipalities
- Application for housing accreditation in terms of the National Housing Code;
- Relentless pursue for reassignment of Powers and Functions to the Municipality; as per section 84 of the Municipal Structures Act.
- Explore various potential avenues in order to improve the financial viability of the municipality;
- Speedy and closer focus into agriculture infrastructure and creative sector projects; and
- The development of the Multi-Purpose Government Precinct
- Pursuance of the Metropolitan status of the Municipality

Chapter 1

AGREEMENTS / PARTNERSHIPS

“Local government is everyone’s business” said the late Minister, Mr. Sicelo Shiceka. It still remains true today. And the regulatory framework encourages the local government to use innovative, sustainable and ethical approaches to build capacity and serve our citizens. The following agreements/partnerships have been entered into to achieve the service delivery obligation, namely:

- National Youth Development Agency – to provide skills and empowerment programmes for youth across the region for the next 10 years in all our Youth Advisory Centres;
- Agreement with Gauteng Provincial Government, Department of Sports, Recreation, Arts and Culture to fund Boipatong Memorial Centre for the next 2 years – purposed for heritage and youth development;
- Public-Private Partnership with S-Trading (Pty) Ltd towards the implementation of the “Multi-purpose Government Precinct” flagship project.
- Agreement with Department of Rural Development and Land Reform regarding Sedibeng Agri-Parks Master Plan implementation
- Contract Bus Service Intergovernmental Authorisation Agreement with GPG, Department of Roads and Transport;

(Signed by :) _____

Mayor/Executive Mayor

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COMPONENT B: EXECUTIVE SUMMARY



1.1. MUNICIPAL MANAGER'S OVERVIEW

BACKGROUND:

It is once again my pleasure to report and give highlights of how the municipality has performed 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. This report comes at the time when Sedibeng District Municipality had made tremendous improvement on Operational Systems for 2018/19 financial year.

OUR ALIGNMENT WITH COUNCIL PRIORITIES:

The administrative team worked together with the political pillar in developing the 2018/19 Integrated Development Plan (IDP). The Integrated Development Plan (IDP) is a "super-plan" for the District as a whole that lays down an overall framework for development. It aims to co-ordinate the work of District Municipality, Local Municipalities and other Spheres of Government in a coherent plan to improve the quality of the lives of the people of Sedibeng District Municipality. The year on which this report is based has been quite a challenging year, in that the Municipality, had to do with a slightly reduced budget as a result of the full implementation of Austerity Measures and yet the service delivery challenges were never reducing.

IDP reflects Council's vision for the long term development of the Municipality with special attention on critical developmental issues and internal transformation needs. It is a five-year strategic tool used to address and measure the level of service delivery in the District.

While we are still deliberating on best possible ways to address the current set up with existing practices of Powers and Functions which have financially handicapped this District Municipality, we continue to implement the Austerity Measures as approved by the Council and re-examine some of its policies and practices as resources come under extreme pressure.

With the appointed Management of Sedibeng District Municipality, we are committed to improving the Auditor General Audit Reports from an Unqualified Audit Opinion to an even better Audit outcome in this Financial Year.

Sedibeng District Municipality has so much developmental potential yet it is under-developed and heavily dependent on grants. However, we are committed to turnaround the situation by putting the Municipality in a state that it will be able to attract investors through other Local Economic Development Initiatives.

SERVICE DELIVERY & BUDGET IMPLEMENTATION PLAN (SDBIP) 2018/19:

The Sedibeng District Municipality has successfully integrated its Integrated Development Planning with the Performance Management System. This has made it possible for the Municipality to monitor, measure and report against all set deliverables in its IDP. Sedibeng District Municipality is fully compliant with Section 38 of the Local Government: Municipal Systems Act, 32 of 2000, which states that:

All Municipalities must establish Performance Management System that is:

- Commensurate with its resources;
- Best suited to its circumstances; and
- In line with the priorities, objectives. Indicators and targets contained in our integrated development plan.

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The establishment, development, monitoring and general management of performance at a municipal level is governed by stipulations in Chapter 6 of the Local Government: Municipal Systems Act, No. 32 of 2000.

The electronic IDP-SDBIP alignment makes it possible for all Clusters in SDM to put together reports and collate evidence against the set Deliverables. These reports are consolidated on Quarterly, Mid-Year and Annual Basis, and measured against the set 'SMART' targets. The Performance Management system has an inherent monitoring tool in a form of dashboards, thus on continuous basis showcase areas of performance and under-performance. This tool gives progress status against the set Deliverables in all Clusters and affords early detection and intervention in areas of need.

OUR SERVICE DELIVERY:

In the context of this Financial Year with regard to service delivery, as a District we have developed the 12 Months Plan which outlines the various projects. These projects include:

- Sedibeng/Vereeniging Government Precinct,
- Sedibeng/ Vereeniging Fresh Produce Market,
- Sedibeng Regional Sewer Scheme,
- Freight & logistic hub,
- Township Economic Revitalisation,
- Tourism
- Agriculture,
- Vereeniging Airport

These projects will also unlock investment; create economic and long-term sustainable job opportunities in our District Municipality. We will continue to intensify our support to Local Municipalities and promote integration of our regional programs.

Our Financial cluster is currently conducting monthly reporting on two parallel platforms to ensure MFMA section 71 reports are MSCOA compliant.

The Municipality successfully compiled and approved their 18/19 MTREF on MSCOA, and will initiate the drafting of the 18/19 MTREF on MSCOA in Q3 with the guidance and support provided by National and Provincial Treasury.

BACK TO BASICS:

The Back to Basics (B2B) Programme was launched at Presidential Local Government Summit on 14 September 2014. The programme is aimed at strengthening the local sphere of government, improve service delivery and promote economic growth and development at the local level.

The Gauteng CoGTA and Provincial Treasury revealed a number of challenges facing the Municipalities. The challenges are mainly Service Delivery, Governance and Finance related. In addressing the challenges, the support packages based on 8 Back to Basics pillars have been identified for implementation. Those pillars are:

- Putting People First,
- Delivery Basic Service and Infrastructure,
- Good Governance and Accountability,
- Sound Financial Management,
- Building Institutional and Administrative Capabilities,
- Spatial Planning and IDPs,
- Local Economic Development,
- Building Resilience for Climate Change

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Circular No 47 of the Department of Cooperative Governance requires all the Municipalities to furnish the Minister of COGTA with information on monthly basis to assist the Minister in the analysis of the state of Local Government in our country, and afford COGTA the opportunity to make an informed assessment to support and intervene where needed in Municipalities.

As a District Municipality we are fully complying with the Circular by constantly submitting Back to Basics monthly reports.

PROCESS TOWARDS SINGLE WINDOW AUTHORITY:

The Municipal Demarcation Board announced officially on 07 August 2013, that through the demarcation process, that proposal DEM- 4059-3 was endorsed and that the formation of a Metro that comprised of an amalgamation of the Sedibeng District, the Emfuleni Local and the Midvaal Local Municipalities would be undertaken. In respect of the above, processes began to unfold towards the establishment of a Vaal Metro in 2016. Following the announcement of the MDB, the MEC for COGTA in Gauteng issued a 14(5) Notice on 31 March 2014.

For the period 2016-2021, the Sedibeng District Municipality will consider measures and processes that lead us to becoming a Metro during the next local government elections.

These processes include but not limited to:

- Setting up of transitional processes towards the metro.
- Compliance with Section 14 of the Municipal Structures Act 117 of 1998 in relation to assets and liabilities as well as staffing matters.
- Engagements with Municipal Demarcation Board
- Interaction with the Local Municipalities and the Independent Electoral Commission towards the realization of the single authority.

REVIEW OF POWERS AND FUNCTIONS:

One of the key engagements that will need to be continuously undertaken even during the 2019/20 financial year would be the review of Powers and Functions. As a District Municipality we are still continuing in having further discussions with both the MEC for Gauteng Provincial COGTA and Gauteng Provincial Treasury, seeking their support in pursuing the review of Powers and Functions.

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.

.....
Mr S. Khanyile
Municipal Manager

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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.
- (g) Regulation of passenger transport services.
- (h) Municipal airports serving the area of the district municipality as a whole.
- (i) Municipal health services.
- (j) 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 firefighting 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-

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- (i) Planning, co-ordination and regulation of fire services
- (ii) Specialised firefighting 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.

1.2.2. BACKGROUND AND POPULATION

The Sedibeng District Municipality is classified as a Category C municipality by the Municipal Demarcation Board in terms of Section 4 of the Local Government Municipal Structures Act, 1998 (Act 117 of 1998). The Municipality was established in the year 2000 through the integration of various councils that had previously served the Vaal and the surrounding areas.

The municipality is the only area in Gauteng province that is situated at the southern tip of the provinces, and strategically borders three provinces, namely, Free State, North West and Mpumalanga. The other fact and strategic niche is that the municipality is the only one in the province that is located on the banks of Vaal River and Vaal Dam; covering the area formerly known as the Vaal Triangle.

Sedibeng is a stone throw away from Johannesburg. Legally, the municipality is comprised of three Local Municipalities i.e. Emfuleni Local Municipality, Midvaal Local Municipality and Lesedi Local Municipality. The District municipality also includes areas of historical epochs such as Sebokeng, Evaton, Sharpeville, Boipatong, Bophelong, Ratanda and towns which include Vereeniging, Vanderbijlpark, Meyerton and Heidelberg.



Sedibeng offers a variety of cultural, heritage attractions and historical experiences. Some of these are the heritage sites related to South Africa Wars OF 1899-1902 and the two World Wars that followed. The Sharpeville Precinct still stands as the reminder and the hallmark of the Sharpeville Massacre of 21 March 1960, when 68 people lost their lives during the pass laws protests.

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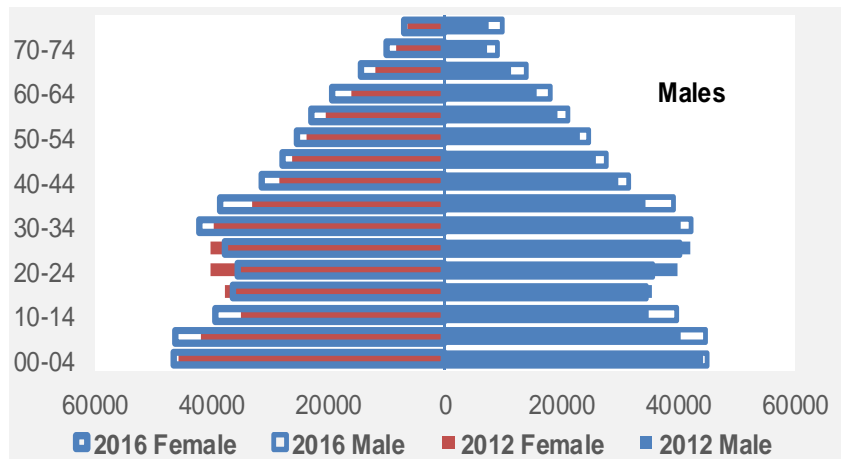
The Vaal River on the southern border of Sedibeng constitutes one of the most important sources of water in South Africa. Water from the river meets the residential, industrial and agricultural needs for much of Gauteng. The River is also a key supplier of other tributaries located in Mpumalanga, the 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.

Population

The total population of the District is 916 484. Lesedi has a population of 99 520, Midvaal 95 301 and Emfuleni 721 663. Source: (Stats SA, 2011). The population density of the District as a whole is 198 people per km². 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 Evatona). In terms of IHS Global Insight, 2016, the population structure of the Sedibeng region (including its local municipalities) has changed notably between 2005 and 2016.

Figure 1: Population Pyramid in 2012 & 2016



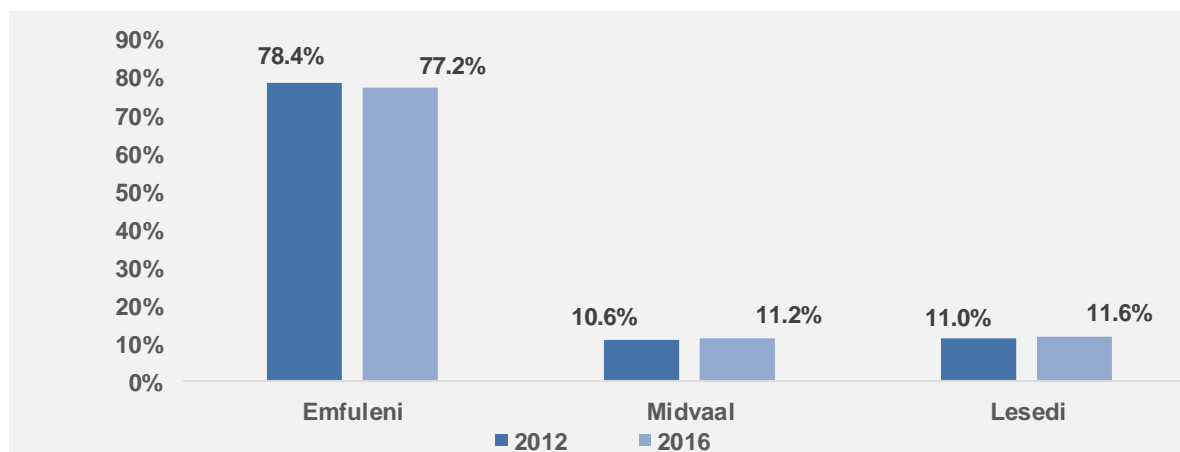
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Figure above shows the population pyramid of the Sedibeng region by gender for 2012 and 2016. The region has a population bulge between 15 and 64 years of age, which is part of the actively productive years of age population. However, it has another bulge from 0 to 9 years old, indicating that supporting children is a significant factor for the average working-age person in the region. The region's population grew at an average of 1.4 per cent between 2012 and 2016. In the two review years, there were more males than females in the district municipality

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 2016, whilst the same male population age cohorts have increased during the same period. Comparing local municipalities, Emfuleni is the only municipality with declines in population, particularly for 15-19 and 20-24 age cohorts.

In Midvaal and Lesedi Local Municipalities, population increased between 2005 and 2016, 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.

Figure 2: Population Shares in 2012 & 2016



Source: IHS Markit, 2017

Figure above shows the local municipalities' share of the total regional population for 2012 and 2016. Of the total population in the Sedibeng district municipality, more than 70 per cent was in Emfuleni. In 2012, about 77.2 per cent of the population was living in Emfuleni, this rose to 78.41 per cent in 2016. Midvaal local municipality accounted for 10.6 per cent of the total regional population in 2012, which rose to 11.2 per cent in 2016. Lesedi accounted for 11 per cent in 2012 and increased to 11.6 per cent in 2016.

The region's rapid increase in their population is a cause of concern, especially when this growth occurs at a higher rate than GDP. This growth in the region's population could have dire environmental, social and economic consequences if it remains out of bound.

Table 2.1 below summarises the status quo of the population situation in Gauteng and the Sedibeng region. The last row of Table 2.3 provides an executive summary.

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Table 1: Provincial, District and Local population figures

| Year | Gauteng | | Sedibeng | | Emfuleni | | Midvaal | | Lesedi | |
|-------------------|---|--|---|--|--|--|---|--|--|--|
| | Population | Population growth rate | Population | Population growth rate | Population | Population growth rate | Population | Population growth rate | Population | Population growth rate |
| 1996 | 8 139 176 | | 746 676 | | 623 136 | | 57 359 | | 66 181 | |
| 1997 | 8 351 962 | 2.61 | 752 447 | 0.77 | 627 613 | 0.72 | 58 487 | 1.97 | 66 347 | 0.25 |
| 1998 | 8 566 079 | 2.56 | 758 588 | 0.82 | 632 022 | 0.70 | 59 827 | 2.29 | 66 739 | 0.59 |
| 1999 | 8 771 354 | 2.40 | 764 209 | 0.74 | 635 589 | 0.56 | 61 340 | 2.53 | 67 280 | 0.81 |
| 2000 | 8 975 132 | 2.32 | 769 883 | 0.74 | 638 835 | 0.51 | 63 031 | 2.76 | 68 017 | 1.10 |
| 2001 | 9 189 869 | 2.39 | 776 441 | 0.85 | 642 448 | 0.57 | 64 962 | 3.06 | 69 031 | 1.49 |
| 2002 | 9 408 139 | 2.38 | 783 517 | 0.91 | 646 149 | 0.58 | 67 068 | 3.24 | 70 300 | 1.84 |
| 2003 | 9 626 243 | 2.32 | 790 753 | 0.92 | 649 676 | 0.55 | 69 277 | 3.29 | 71 799 | 2.13 |
| 2004 | 9 857 202 | 2.40 | 799 066 | 1.05 | 653 780 | 0.63 | 71 677 | 3.46 | 73 610 | 2.52 |
| 2005 | 10 101 566 | 2.48 | 808 499 | 1.18 | 658 516 | 0.72 | 74 239 | 3.58 | 75 744 | 2.90 |
| 2006 | 10 348 748 | 2.45 | 818 410 | 1.23 | 663 306 | 0.73 | 76 910 | 3.60 | 78 193 | 3.23 |
| 2007 | 10 628 223 | 2.70 | 832 076 | 1.67 | 670 692 | 1.11 | 79 900 | 3.89 | 81 485 | 4.21 |
| 2008 | 10 903 317 | 2.59 | 845 966 | 1.67 | 677 909 | 1.08 | 82 915 | 3.77 | 85 141 | 4.49 |
| 2009 | 11 214 648 | 2.86 | 861 891 | 1.88 | 686 747 | 1.30 | 86 092 | 3.83 | 89 052 | 4.59 |
| 2010 | 11 555 339 | 3.04 | 878 112 | 1.88 | 695 879 | 1.33 | 89 419 | 3.86 | 92 813 | 4.22 |
| 2011 | 11 907 709 | 3.05 | 893 603 | 1.76 | 704 382 | 1.22 | 92 839 | 3.82 | 96 382 | 3.84 |
| 2012 | 12 250 534 | 2.88 | 908 025 | 1.61 | 712 064 | 1.09 | 96 185 | 3.60 | 99 775 | 3.52 |
| 2013 | 12 574 211 | 2.64 | 921 802 | 1.52 | 719 504 | 1.04 | 99 311 | 3.25 | 102 987 | 3.22 |
| 2014 | 12 874 997 | 2.39 | 934 707 | 1.40 | 726 516 | 0.97 | 102 201 | 2.91 | 105 990 | 2.92 |
| 2015 | 13 151 268 | 2.15 | 946 817 | 1.30 | 733 176 | 0.92 | 104 858 | 2.60 | 108 783 | 2.64 |
| 2016 | 13 427 665 | 2.10 | 959 955 | 1.39 | 740 967 | 1.06 | 107 430 | 2.45 | 111 558 | 2.55 |
| Status quo | Increase in population to over 13 million people in the last two years. | Annual growth rate from 1996-2016: 3.25% | Population also increasing significantly during past 6 years. | Annual growth rate from 1996-2016: 1.43% | Population increased with 14 451 people in the last 3 years. | Annual growth rate from 1996-2016: 0.95% | Population increase with over 30 000 people in the last 10 years. | Annual growth rate from 1996-2016: 4.36% | Population also continuously increasing. | Annual growth rate from 1996-2016: 3.43% |

Source: IHS Global Insight (2016)

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1.2.3. ENVIRONMENTAL OVERVIEW

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.

Lack of environmental skills in the region is addressed through the implementation of career exhibition programs which are supported by various stakeholders.

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

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

Waste:

Sedibeng’s history with regards to waste management is not that different to the South African situation in general. The issue of waste as with most local, provincial and national departments, has many facets including economical, physical, social and political. Waste management has traditionally taken place on an ad-hoc basis to meet the current needs, with very little foresight into the future needs of an ever-increasing population. Identification of landfill sites has generally taken the form of

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unplanned site location with little or no thought of design to reduce potential impacts to the environment, neighbouring communities, etc.

However, with the development of the minimum requirements by the Department of Water Affairs and Forestry (DWAF) for waste disposal by landfills; the identification of landfill sites has now taken a much more pro-active approach in reducing further negative consequences.

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. Sedibeng District's Integrated Waste Management Plan was approved by the Province for inclusion in the IDP as per the November 2014 Waste Act; 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 and Midvaal Local Municipalities. These municipalities 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 their areas. Lesedi local Municipality is also included in the second declared priority area, the Highveld Priority Area which includes areas in Mpumalanga and Ekurhuleni. Particulates matter have been identified as a pollutants of concern within the region and the major contributors for particulate matter (PM10) is both industrial 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 the quality of air within the region.

The municipality is currently faced with challenges with regards 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.

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Despite these 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 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.

Biodiversity

Biodiversity is the shortened form of two words "biological" and "diversity". It refers to all the variety of life that can be found on Earth (plants, animals, fungi and micro-organisms) as well as to the communities that they form and the habitats in which they live. Biodiversity boosts ecosystem productivity where each species, no matter how small, all have an important role to play. For example, a larger number of plant species means a greater variety of crops. Greater species diversity ensures natural sustainability for all life forms.

Sedibeng District Municipality has various critical biodiversity areas and protected areas which play critical role in biodiversity conservation. The biodiversity areas include Suikerbosrand Nature Reserve (situated in the north eastern edge of Midvaal Local Municipality and north western portion of Lesedi Local Municipality), Alice Glockner Nature Reserve (Located in the south of Heidelberg in Lesedi Local Municipality, The Kliprivier, Vaal Dam and Vaal river).

Sedibeng District Municipality falls within priority areas identified in the National Spatial Biodiversity Assessment (NSBA, Driver et al. 2004), and is home to a disproportionately high percentage of rare and threatened species and threatened ecosystems.

It is therefore critical that Sedibeng District Municipality develops a Bioregional Plan for the conservation of biodiversity in the region. Bioregional plan is one of a range of tools provided for in the Biodiversity Act that can be used to facilitate biodiversity conservation in priority areas and outside the protected area network. The purpose of a bioregional plan is to inform land-use planning, environmental assessment and authorizations, and natural resource management.

Climate Change:

The Sedibeng District Municipality has developed a Climate Change Response Plan in 2016. The plan was developed through assessing vulnerability risks assessment focusing on Agriculture, Biodiversity, Environment, Human Health, Human Settlement and Water. The vulnerability risks assessment focused on the following parameters:

- Exposure,
- Adaptive capacity,
- Sensitivity

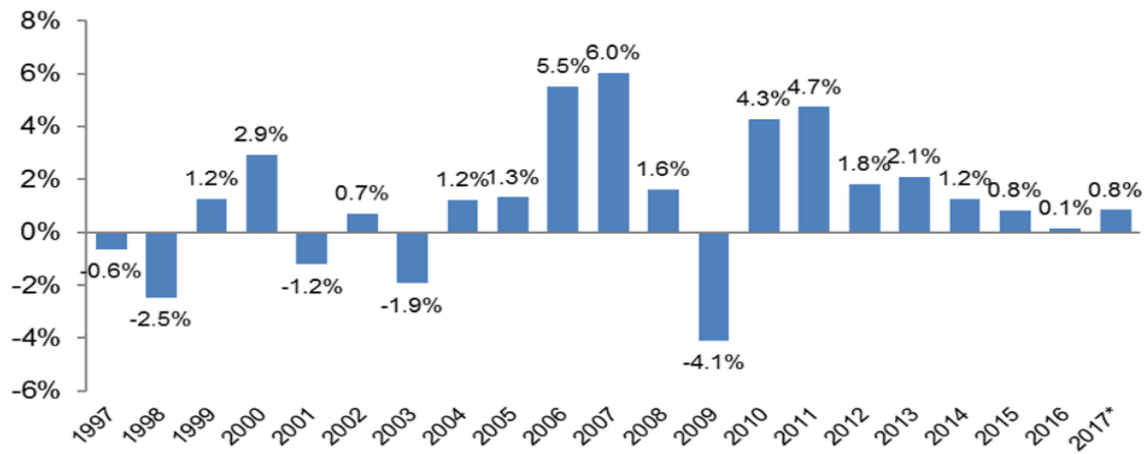
1.2.4. Economic Performance of the Region

This section focuses on the economic performance, its drivers, employment and regional strengths and weaknesses of the Sedibeng district and its local municipalities; and how promoting these sectors can assist with achieving the GPG's economic goals. Latter in this narrative, the other section focuses on trade Developments.

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The economic performance of South Africa has been negatively affected by the continued slow recovery of the world economy in 2016. The South African economy is estimated to have grown by 0.3 percent in that year, but is forecast to rise to 0.7 per cent in 2017 and 1.1 in 2018. The Gauteng province's economy is estimated to have grown by 1 percent in 2016. This largely disappointing growth was mainly due to low commodity prices, weak capital flows and slow global trade.

Figure 3: Annual Growth in GDP-R for Sedibeng

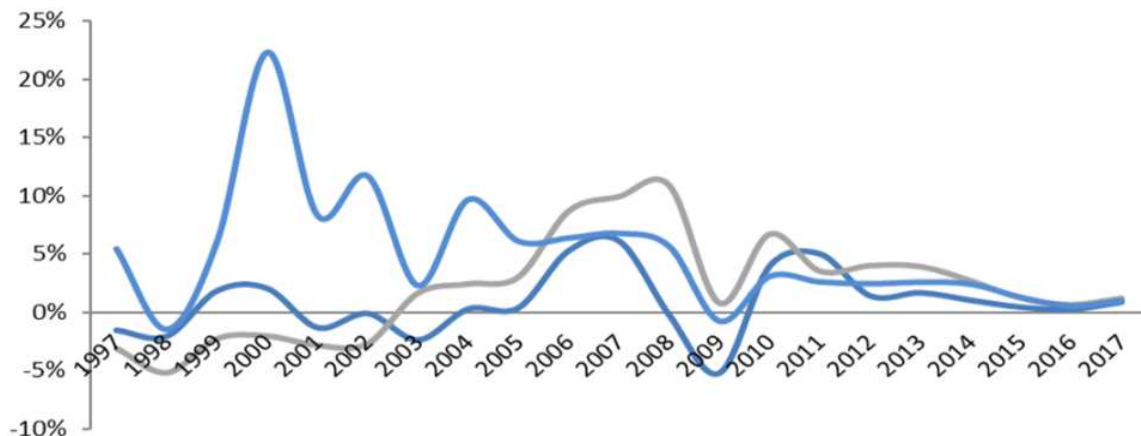


Source: IHS Markit, 2017

Notes: * indicates forecasts

The figures above and below (Annual Growth in GDP-R for Sedibeng) depicts the growth rate of GDP-R from 1997 to 2016, with an estimate for 2017 for the Sedibeng district municipality. The district's GDP-R growth rate has been on a slowdown since the post-global financial crisis economic recovery, although peaked at 4.7 per cent in 2011. In the succeeding years, growth gradually declined in each year, up to its lowest point of 0.1 per cent in 2016. However, in 2017 it estimated to recover to 0.8 per cent.

Figure 4: Annual Growth in GDP-R for Sedibeng Locals

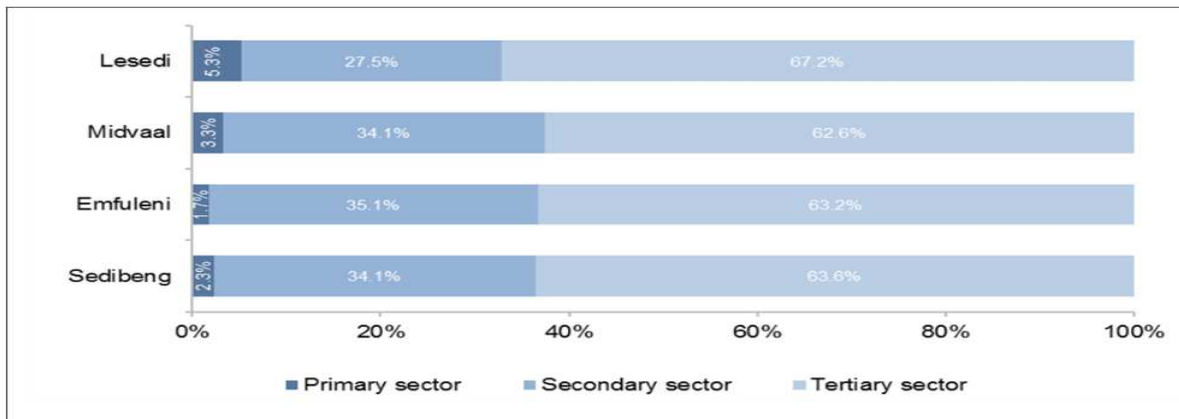


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Source: IHS Markit, 2017

The figure above (Annual Growth in GDP-R for Sedibeng Locals) shows the growth rates of GDP-R from 1997 to 2016, with an estimate for 2017 for Emfuleni, Midvaal and Lesedi. With the decline of the steel industry in the Southern Corridor, the municipalities of Sedibeng have experienced significant deindustrialization. This has had major negative effects on the region's economic growth rate

Figure 5: Sectoral Contribution to GVA-R in 2016



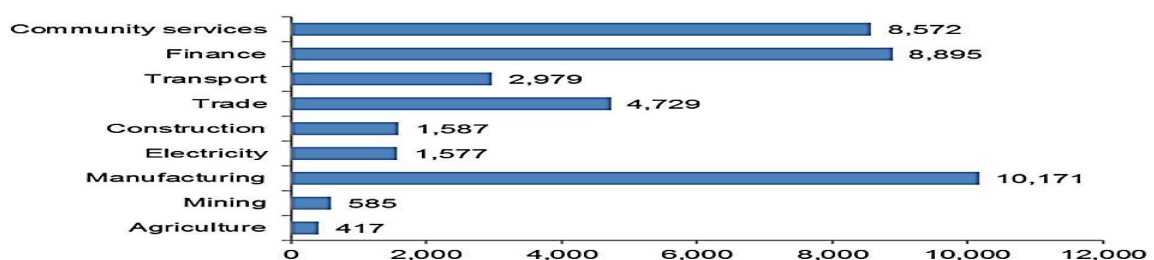
Source: IHS Markit, 2017

Despite being significantly smaller, at an estimated R5.2 million in 2016, the economy of Lesedi has a strong agricultural presence. Its real contribution to the municipality's GVA in that year was estimated at R315 million accounting for 5.1 percent of economic activity, compared to R136 million in Midvaal (2.2 percent) and R327 million (0.9 percent) in Emfuleni. Economic activity in Emfuleni is dominated by manufacturing, at R16.9 billion, it accounts for 36.5 percent of the municipality's GVA-R and 87 percent of the Sedibeng district's total manufacturing output.

Sedibeng has a manufacturing presence, with a share of 32 percent of total GVA-R. Due to its focus on manufacturing, the district is vulnerable to issues common to the country as a whole, such as electricity supply constraints and labour unrest. At 16 percent and 15 percent respectively, finance and community services also account for a large portion of the Sedibeng districts economy.

Generally, the tertiary sector which includes finance & business services, trade & retail, government services, and transport, accounts for most economic activity across all Sedibeng's local municipalities. This is followed by the secondary sector which comprises of manufacturing, electricity and construction, and the primary sector, which includes agriculture and mining.

Figure 6: Broad Economic Sectors contribution to GVA-R in 2016

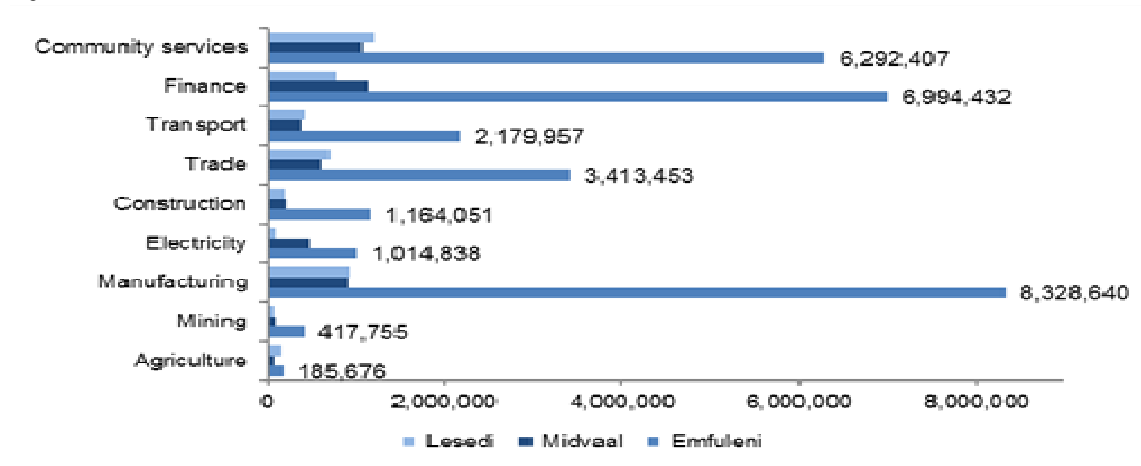


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Source: IHS Markit, 2017

Sedibeng has a manufacturing presence, with a share of 32 percent of total GVA-R. Due to its focus on manufacturing, the district is vulnerable to issues common to the country as a whole, such as electricity supply constraints and labour unrest. At 16 percent and 15 percent respectively, finance and community services also account for a large portion of the Sedibeng districts economy

Figure 7: 2016 Broad Economic Sectors Contribution to GVA-R for the Locals



Tourism:

The Sedibeng region has a number of areas with intrinsic potential for tourism. These include areas such as Suikerbosrand nature reserves, the Vaal dam area, areas along the Vaal River, sites in Sharpeville, Boipatong and Sebokeng and numerous other historical sites.

To unlock and maximize the tourism potential; a Tourism Development Strategy for the region was developed and adopted in 2003; and tourism 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 the 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 in relation to their respective roles taking the strengths and weaknesses of the Sedibeng tourism sector in consideration.
- Build the capacity of the three major stakeholder groupings (government, private sector and community) to grow tourism and subsequently economic and job opportunities.

In order to realize these objectives, the following key performance areas have been identified:

- Tourism Policy, Strategy, Regulations, Monitoring and Evaluation
- Tourism Institutional Arrangements
- Tourism Demand: Destination Marketing
- Tourism Supply: Product and Skills Development

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Promotion of the development of Tourism Infrastructure

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

Tourism Potential:

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.

The classification is based on the following:

- Natural Resources
- Cultural Heritage Resources
- Scenic Attractions
- Close proximity to Johannesburg and major travelling routes
- Proximity to markets and airports
- Strong infrastructure
- Inland water resources
- Tertiary Education Facilities
- Quality medical facilities

Competitive Advantage:

Accommodation ranging from 4-star hotels, guest houses, bed and breakfast establishments, tented camps, backpackers, house boats, and resorts.

Catering for every taste, such as corporate events, weddings, fine dining, and township experiences and gaming at the casino.

- There are 47 graded establishments in the region and 202 non-graded establishments. Approximately 4,785 beds (1,473 graded and 3,312 none graded), ranging from luxury to budget accommodation, are on offer to tourists.
- There are 78 Conference and Function venues with capacity for 20 to 4000 pax, of which 68 are also wedding venues and 28 are party venues.
- There are 11 cruises and houseboats, which include 2 houseboats for visitors to hire as an alternative accommodation option, as well as 9 cruises.
- Restaurants total 113 in the region.
- There are 47 registered taverns listed.
- There are 34 active art and crafters;
- Day spas' total 31.
- 7 Markets are listed on the tourism database, which are open every weekend or on specific recurring days.
- 9 Golf courses are located in Sedibeng.
- The region has 27 sport stadiums and facilities.
- Travel agents,
- 26 tour operators and 2 registered tourist guides are in Sedibeng.

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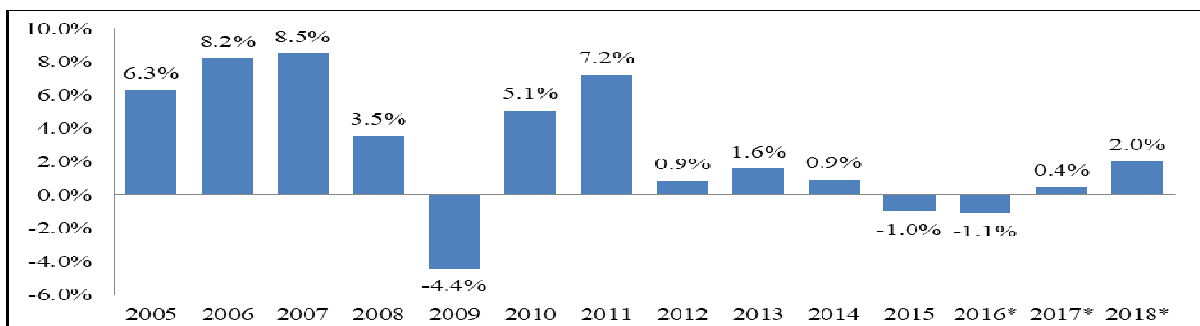
- There is a comprehensive database of Black-owned tourism products and businesses in the region, which total 194.
- There are 7 tourism associations.
- There are 193 youth listed who have tourism qualifications
- Proximity to major road networks

This section addresses the tourism sector within Gauteng, Sedibeng and the three local municipalities. The sub-sections addressed include the total number of tourism trips within the various regions' (compromising of holiday and business trips), tourism spending and tourism's percentage share of GDP.

All of the regions in the comparison have seen an increase in the total number of tourism trips to each area. Midvaal and Lesedi Local Municipalities have seen the largest increase in the growth rate of tourism trips in 2016, as well as the largest increase in the annual growth rate. With regards to tourism spending, all municipalities have shown a larger increase in the growth of tourism spending than that of the Sedibeng district and the Gauteng province. In addition, Emfuleni Local Municipality is the largest contributor to Sedibeng's total tourism spending, and has surpassed Sedibeng in 2016, as illustrated in the graph.

With regards to tourism's percentage share of GDP, all regions in the comparison have shown an increase in tourism's share in 2016, however all regions have shown a negative annual growth rate from 2001. Tourism has the largest share of GDP in Midvaal Local Municipality where from 2001 to 2016 tourism as a percentage of GDP has been more than of Gauteng.

Figure 8: Annual Growth in GDP-R for Sedibeng

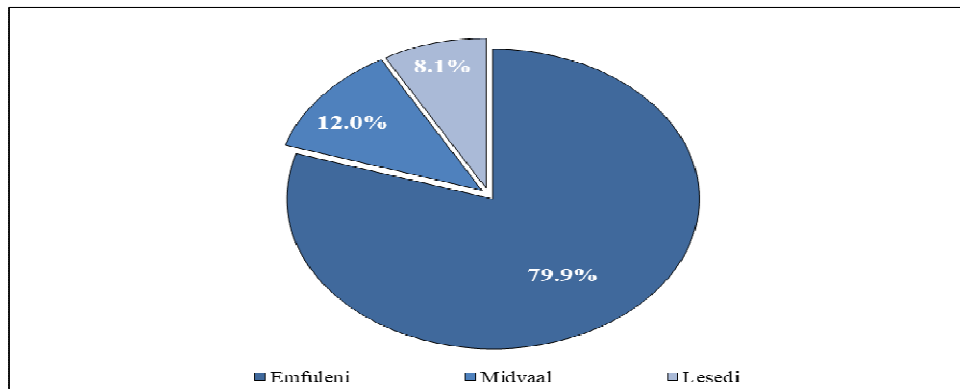


Source: IHS Global Insight (2016)

The graph indicates 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.

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Figure 9: Share of Sedibeng GDP-R 2015



Source: IHS Global Insight (2016)

The Gross Domestic Product by Region (GDP-R) of the Sedibeng district municipality is estimated to have declined to R61.8 billion in 2015 from R62.1 billion in 2014, but accounted for 6 percent of the provinces of R1.1 trillion GDP in that year despite a decline in GDP-R growth rate. Emfuleni remain the center of economic activity of the district, accounting for 79.9 per cent of Sedibeng's GVA-R. With an estimated GDP-R of R7.3 billion in 2015, Midvaal was the second largest economy of the local municipalities, followed by Lesedi, which accounts for 8.1 per cent of Sedibeng GVA-R.

Economic Base Analysis (Location Quotient analysis)

This Section provides an analysis of the location quotient (LQ) for the District compared with Gauteng Province. The location quotient is an important indicator of the level of specialization and concentration within a region. LQ is a measurement of the comparative advantage of a region compared to another region where the 9 main economic sectors are compared.

It should be noted that the economic base sectors namely agriculture, mining, manufacturing and utilities are more important sectors compared to non-basic economic sectors (construction, trade, transport, finance, and community/government services). Economic base sectors have the potential for export and net export usually results in economic growth and development. The LQ scoring system is summarised in the table below:

Table 2: LQ Scoring System

| LQ score | Label | Explanation |
|-------------|-----------|--|
| 0 to 0.99 | Low | Local needs are not met. The sector is importing more than exporting. |
| 1.0 to 1.50 | Medium | The local needs of the region are met, and some export is taking place. |
| 1.51 to 2.0 | High | The sector is exporting and there is significant concentration and specialization in the sector. A score of 2 indicates that the sector is producing double of what could be locally consumed. |
| 2.1 to 5.0 | Very high | High levels of specialization, leading to local dependence on the sector. |

Source: IHS Global Insight (2016)

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Tress Index (Level of Diversification of the Economy)

The Tress index is a measurement of the level of diversification of the economy of a region. The more diversified, the lower the impact on the economy if one or more of the sectors are affected. The index ranges from 0 to 100. A score of 0 means that the economy is totally diversified and all 9 main sectors are equally contributing to the economy. A score of 100 indicates that one of the 9 economic sector dominates the economy. If this

1.2.5. Labour Force Overview

It is observed that unemployment rate in the region continues to spiral out of control. Amongst others, the contributing factors are the same as every municipality; where external and global circumstances have influence in the growth/decline in the local economy.

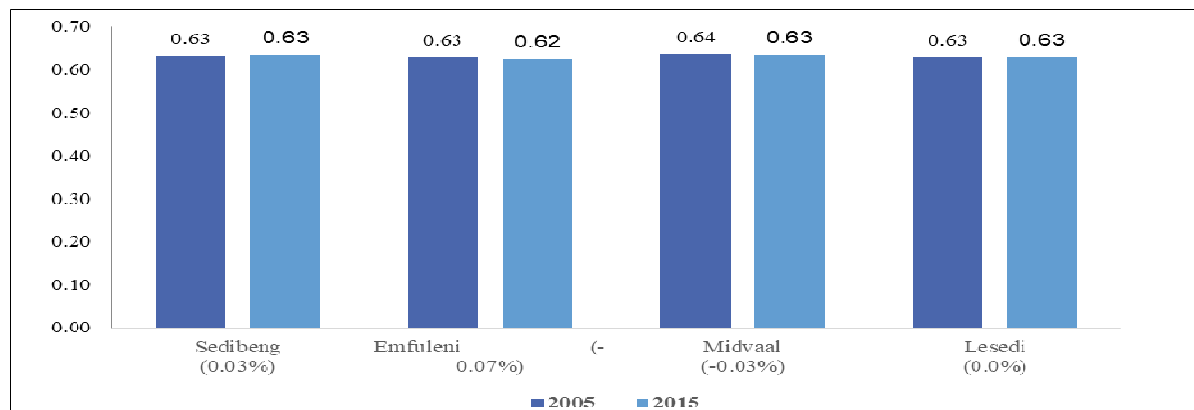
The unemployment rate is currently appalling since 2010 ranging at 32.2% to 50.2% in 2016; according to IHS Markit, and this is of particular concern as our district has large youth population. The employment decreased in 2016, falling by 2.6% and not yet showing recovery. It is however believed that with mega projects lined up to stimulate the economy growth, more employable people will have opportunities to work.

Development Indicators

Income inequality (Gini Coefficient)

This section analyses income inequality in Gauteng and Sedibeng regions. The figure below 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.

Regional Gini coefficients in 2005 & 2015



Source: IHS Global Insight (2016): Note: Percentages in brackets indicate average annual growth rate between 2005- 2015

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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 at Local Municipalities level; there are direct services mandated by legislation, which the Sedibeng District Municipality provides. These include the following as outlined below:

- 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. During the year under review a joint operations unit has been established between the GDRT and SDM to coordinate antifraud 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 and Vereeniging Civic Theatres)

The Mphatlalatsane Theatre is a multi-purpose facility for the Sebokeng and neighbouring communities. It is therefore of great concern that the infrastructure is deteriorating rapidly. The Sedibeng District invested in emergency repairs to keep the facility functional in the past, a long term strategy for refurbishment is needed as a matter of urgency.

Although functional, the Vereeniging Civic Theatre is under-utilised by the arts community, and thus it generates very low revenue compared to its potential. It is also underperforming in relation to its income potential and needs a long term strategy to improve its revenue commensurate with its potential.

Chapter 1

- 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 and are also based at the facility. An Agency agreement is needed between Sedibeng and Lesedi Local Municipality.

A former landing strip in Vanderbijlpark is now deregistered as it ran alongside a residential community and was 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 drinkable water in Midvaal). In the event of a large scale disaster, the District is 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 and shortage of staff. The Sharpeville Heritage precinct is functional. The 'handover' of the Boipatong Memorial Site into our portfolio is completed and the centre is functional.

- Taxi ranks

The non-usage of the Bophelong Intermodal hub remains a pressing challenge for the Municipality. The SDM does maintenance and cleaning of Taxi ranks across the District; and the overlap on infrastructure maintenance and cleaning between the district and local municipalities 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 expedited by the Provincial Government.

Chapter 1

Core Support Functions:

- Support to Local Municipalities

The Sedibeng District continues to support the local municipalities, wherever possible, and is willing to avail human resources wherever possible. The shrinking Capital Budget of the District has seen diminishing support in capital projects.

- Facilitating Development

This remains one of the key areas that the District plays in both the socio-economic development, the District stimulates investment and facilitates development. Interventions and facilitation of developments such as Savannah City and the regional cemetery.

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 2018/19.

1.4. FINANCIAL HEALTH OVERVIEW

For the financial year ended 30 June 2019, the municipality's total liabilities (R231 million) exceeded the municipality's total assets (R140 million) and the municipality has moved from a negative (deficit) position in the prior year of R56.6 million to a deficit net worth position (R89.9 Million). This places the municipality in an unattractive standing on the open investment market.

The municipality further declares an operating deficit of R31 million where the total revenue of R371 million was insufficient to meet the operational expenditure of R 402.8 million for the financial year ending 30 June 2019. This is primarily attributed to the municipality's limited ability to grow and raise revenue from rendering of municipal functions as assigned, as well as from the disproportionate staff structure, which is the primary operating cost of the municipality.

| Financial Overview: Year 0 | | | |
|----------------------------|-----------------|-------------------|-------------|
| | | | R' 000 |
| Details | Original budget | Adjustment Budget | Actual |
| Income: | | | |
| Grants | 277,241,000 | 278,713,386 | 277,892,099 |
| Taxes, Levies and tariffs | 11,466,405 | 11,481,520 | 11,032,560 |
| Other | 87,218,905 | 87,487,576 | 82,548,836 |
| Sub Total | 375,926,310 | 377,682,482 | 371,473,495 |
| Less: Expenditure | 386,211,037 | 401,764,011 | 420,107,493 |
| Net Total* | -10,284,727 | -24,081,529 | -48,633,998 |
| * Note: surplus/(deficit) | | | T 1.4.2 |

Chapter 1

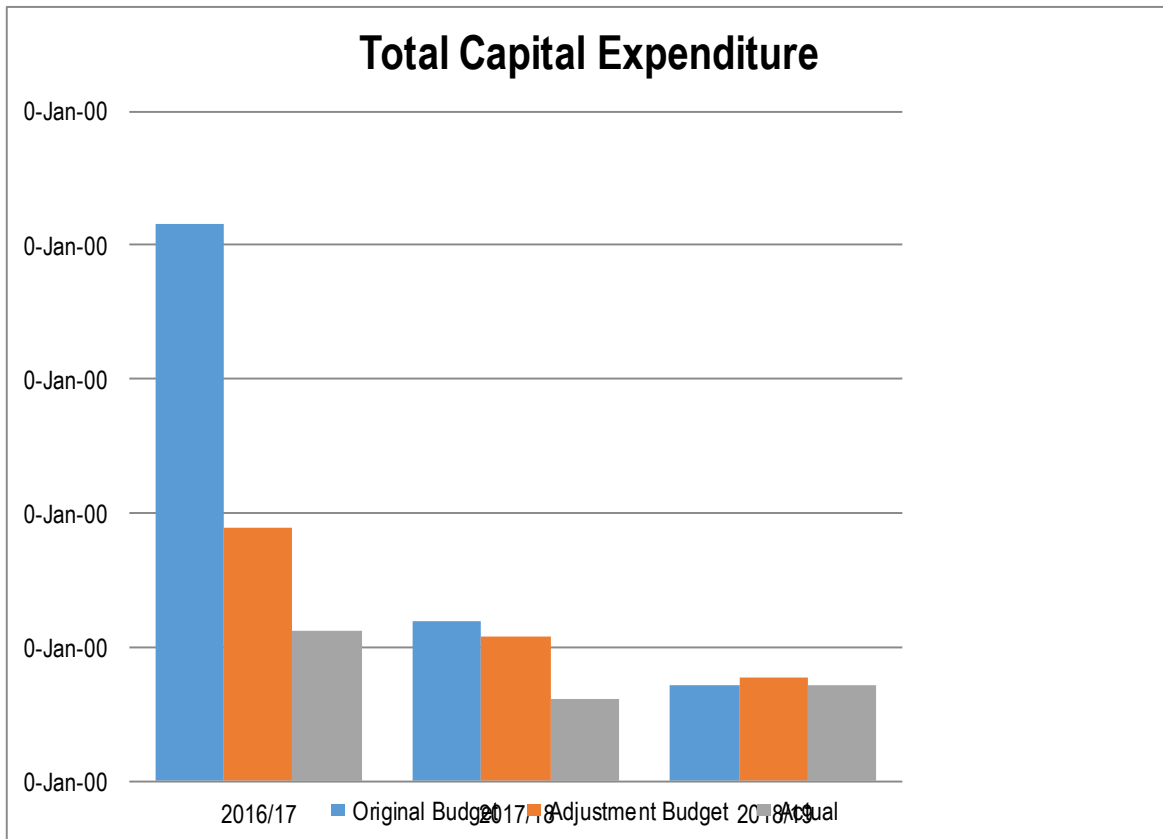
| Operating Ratios | |
|------------------------------|----------------|
| Detail | % |
| Employee Cost | 75% |
| Repairs & Maintenance | 2% |
| Finance Charges & Impairment | 0% |
| | <i>T 1.4.3</i> |

Employee costs is expected to be approximately 30% to total operating cost; 'Repairs and maintenance' 20%; Finance Charges and Impairment 10%.

The Municipality's employee cost is much higher than the expected percentage and therefore the reduction in repair and maintenance cost and general expenses in order to compensate for the employee cost, while the impairment cost is the main driver towards a higher than expected level with a contribution towards bad debts for the Emfuleni Local Municipality arrear account.

| Total Capital Expenditure: Year -2 to Year 0 | | | |
|--|------------|-----------|----------------|
| | R'000 | | |
| Detail | 2016/17 | 2017/18 | 2018/19 |
| Original Budget | 20,819,592 | 6,000,000 | 3,600,000 |
| Adjustment Budget | 9,471,100 | 5,349,717 | 3,885,589 |
| Actual | 5,618,496 | 3,038,221 | 3,529,932 |
| | | | <i>T 1.4.4</i> |

Chapter 1



COMMENT ON CAPITAL EXPENDITURE:

The District Municipality is not capital intensive based on the current power and functions. The lower than expected capital amount is due to the current unfavorable financial situation

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

For the period under review, the Human Capital of Sedibeng District Municipality comprised of 573 appointed employees, excluding 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 Section 57 Managers have been appointed
- Based on the changing circumstances and the world of work emerging trends, some new policies were developed while other existing ones were reviewed. These were tabled at various council fora for noting and approval at certain levels.

Chapter 1

- The district managed to gather and consolidate individual employees' Personal Development Plans, in line with individual job description; and subsequently developed and submitted the Workplace Skills plan for review and soliciting of funds for training.
- The municipality electronic clocking system is been implemented; with electronic leave management adhered to by all employees. We are in the process of synergising the electronic biometric, the electronic leave management system and the financial system to ensure effective leave management which will assist in accountability of employees and correct leave credits.
- Through the Employees Assistance Programme roadshows, employees were empowered on psycho-social and economic programmes as well as work-related enhancement programmes.
- For the period under review, there are no fatalities emanating from work-related accidents; as will be observed in the table relating to workplace injuries.
- Participation by employees on Employee Equity Programme is implemented; although the municipality is still on a drive to establish committees.
- The Local Labour Forum is fully functional and issues are deliberated and resolved at that level; which has assisted effective delivery of services
- The municipality is in the process of finalizing Job descriptions and Job Evaluation, in line with the TASK systems.
- However, financial constraints invariably delay human development for career-pathing, individual development and talent searching and succession plans.

1.6. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: YEAR 0 (CURRENT YEAR)

The municipality has received an unqualified audit opinion with material findings in the performance information and material non-compliance with laws and regulations, indicating regression as opposed to prior year due to repeat findings that have been identified during this audit cycle and further non-compliance relating to asset management.

The issue of financial sustainability of the municipality remained a challenge in the period under review. The Municipality sustained a net liability position in the current year under review as its liabilities now exceed its assets. Note that the dull audit report is contained in chapter 6 of the Annual Report as an Annexure.

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 |

Chapter 1

| | | |
|----------------|---|------------------------|
| 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 | December |
| 16 | Council adopts Oversight report | |
| 17 | Oversight report is made public | |
| 18 | Oversight report is submitted to relevant provincial councils | |
| 19 | Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input | January |
| <i>T 1.7.1</i> | | |

Chapter 2

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

The relationships between all spheres of government are regulated by the Constitution of the Republic of South Africa, Act 106 of 1996, which directs all spheres of government to perform as per the provisions as envisaged in the same Constitution. These provisions ensure that all spheres of government perform optimally and to the best of their abilities to help ameliorate the lives of the citizens.

Sections 40 of the Constitution provide that:

- (1) In the Republic, government is constituted as national, provincial and local spheres of government which are distinctive, interdependent and interrelated.
- (2) All spheres of government must observe and adhere to the principles in this Chapter and must conduct their activities within the parameters that the Chapter provides.

The same Constitution, in section 151 (2); directs that the Executive and Legislative authority of a municipality is vested in its municipal council; while section 156 (1) impress that a municipality has executive authority in respect of, and has the right to administer –

- The local government matters listed in Part B of Schedule 4 and Part B of Schedule 5 (of the Constitution); and
- Any other matter assigned to it by national or provincial legislation.

Other pieces of legislation, although not exhaustive, that governs government, and local government in particular are:

- 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

Therefore, in summary, Sedibeng Council is the governing body of the Municipality, and the custodian of both legislative and administrative powers, duties and functions. Chapter 7, Section 160 (1) of The Constitution of the Republic of South Africa, Act 106 of 1996, defines the role of the Council as being:

- Making decisions concerning the exercise of all the powers and the performance of all the functions of the municipality;
- Electing its chairperson;
- Subject to national legislation; electing an executive committee and other committees of Council;
- Employing personnel that are necessary for the effective performance of its functions.

The Sedibeng Municipality Council comprises the governing and the decision making bodies. Council determines the direction for the municipality by setting the course and allocating the necessary resources. Council develops the policies, and municipality staff ensures that all those are implemented.

Chapter 2

Following the Local Government Elections, which took place on the 3rd August 2016, 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. Therefore, Sedibeng Council consists of the following;

- 49 Councillors arranged as follows:
 - Twenty (20) Proportional representatives,
 - Twenty nine (29) seconded Councillors where:
 - 23 (twenty three) councillors were seconded by Emfuleni Local Municipality,
 - 3 (three) councillors were seconded by Midvaal Local Municipality, and
 - 3 (three) councillors seconded by 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 Councillor |
| FF + | 2 Councillor |
| Total | 49 Councillors |

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

Therefore in line with section 33 of the Local Government Structures Act of 1998, the Committees of Council established are as follows:

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.

- An Audit Committee is also established and hosts meetings and special meetings should the need arise. This committee of Council deals with all audits of the municipality, performance issues, risk management, and provides advice and reports to Sedibeng District Council.
- The Risk Management Committee identifies all risks and oversees processes in managing and mitigation.
- All Supply Chain Management Bid Committees have been established and operational, i.e. Bid Specification Committee, Bid Evaluation Committee and Bid Adjudication Committee.



Chapter 2

2.1. POLITICAL GOVERNANCE

It is fitting that time and again a reference is made to legislative imperative that should prevail in the running of the municipality. Therefore Chapter 7 of the Constitution of the Republic of South Africa implores that the legislative and executive functions of a municipality are vested within its Municipal Council.

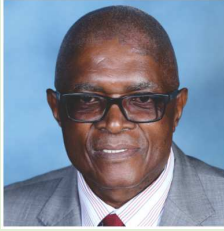
Sedibeng District Municipality exercised its mandate by separating executive and legislative functions. This it did by delegating certain executive powers to its Executive Mayor. With the introduction of the Municipal Public Accounts (MPAC) and its implied oversight role, there has been a further implied split between the two functions. The MPAC, as a structure of the legislative function, which is Council; assist by providing an oversight role over the executive function (the Executive Mayor). The Speaker leads Council which is constituted of all 49 Councillors. Below is the narrative relating to political structures of the municipality.

Political Structures and Functions:

| Political Head | Functions |
|---|--|
| <p data-bbox="220 862 533 891">Cllr. Busisiwe Joyce Modisakeng</p>  | <p data-bbox="735 862 895 891"><u>Executive Mayor</u></p> <ul data-bbox="783 936 1412 1406" style="list-style-type: none"> • Besides the powers and functions accorded to the Executive Mayor in terms of legislation i.e. the MSA, MFMA and others, the Executive Mayor is delegated with the executive function of the Council, as the appointed head of the executive function. • The Executive Mayor exercises political oversight of the administration, except for the Office of the Speaker. • The Executive Mayor presides over the Mayoral Committee Meetings. • Recommends to the Municipality 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 |
| <p data-bbox="220 1417 405 1447">Cllr. Melina Gomba</p>  | <p data-bbox="735 1417 916 1447"><u>Speaker of Council</u></p> <ul data-bbox="783 1491 1412 1899" style="list-style-type: none"> • Perform the duties and exercises the powers delegated to the speaker in terms of section 59 of the Local Government: Municipal Systems Act, 2000(Act no 32 of 2000); • Presides over Council meetings, and advice on major legislative compliance issues. • Ensures that the council meets at least quarterly; • Maintains order during meetings • Ensures compliance in the council and council committees with the Code of Conduct set out in Schedule 1 of the Local Government Municipal Systems act 32 of 2000; and • Ensures that council meetings are conducted in accordance with the standing rules and orders of the council. |

Chapter 2

Cllr. Assistance Mshudulu



Chief Whip of Council:

- The Chief Whip of Council is the chairperson of the ruling party Caucus, Whippers, Multiparty, and PMT in council and also the advisory to the Speaker of Council.
- The Chief whip is responsible for allocation of Councillors in different committees of Council and to ensure the attendance and participation is maximal in those committees.
- The Chief Whip is responsible for administering the Whipping system that ensure that members of the party attend and vote in Council as the party leadership desire.
- The following functions are delegated by Council to the Whip of Council, in terms of national conventions on the duties and functions of the Whippers. The Whip of Council is required to:
 - Ensure the effective and efficient functioning of the Whips Committee and the Whippers system;
 - Assist with the smooth running of Council meetings by:
 - Determining, prior to Council meetings, items on the agenda which political parties may wish to discuss and advising the Speaker accordingly;
 - Ensuring that all political parties have nominated councillors to represent their parties and lead discussion on those areas identified by the party, and forwarding such names to the Speaker at least 12 hours before the time set for the Council meeting to commence.
 - Allocating speaking times for each of the political parties, in line with the principles of democracy.

MEMBERS OF MAYORAL COMMITTEE

Name & Surname

Portfolio


Councillor S. Maphalla



MMC for Administration

- Provides Political Oversight on the rendering of centralised Human Resources Services; Information Communication and Technology support services; Municipal Buildings and Sites; Management of Fleet, General Workers; Protection Services; and Corporate and Secretariat support.

Chapter 2

| | |
|--|--|
| <p>Councillor P.B. Tsotetsi</p>  | <p><u>MMC for Finance</u></p> <ul style="list-style-type: none"> Provides Political Oversight on the rendering supply chain management and financial management services and the increase of revenue collection |
| <p>Councillor Y. Mahommed</p>  | <p><u>MMC for Sports, Recreation, Arts, Culture, Heritage & Community Safety</u></p> <ul style="list-style-type: none"> Provides Political Oversight on the facilitation and coordination of efficient and effective public safety; promoting a proper understanding and the preservation of local/region history and its impact on the society; coordinating and strategically facilitate sports, arts, culture and recreational facilities development; |
| <p>Councillor Z. Raikane</p>  | <p><u>MMC for Social Development</u></p> <ul style="list-style-type: none"> Provide Political Oversight on the provision of comprehensive, integrated, sustainable and high quality health and social development; and the development and implementation of holistic and integrated disaster management planning and practice in a cost effective and participatory manner. |
| <p>Councillor M. Khomoeasera</p>  | <p><u>MMC for Human Settlement and Development Planning</u></p> <ul style="list-style-type: none"> Provide Political Oversight on the coordination of Human Settlement, and Development Planning |
| <p>Councillor G.Hlongwane</p>  | <p><u>MMC for Local Economic Development and Tourism</u></p> <ul style="list-style-type: none"> Provide Political Oversight on the coordination Integrated Development Planning (IDP), Local Economic development and Tourism |
| <p>Councillor L. Gumede</p>  | <p><u>MMC for Environment and Clean Energy</u></p> <ul style="list-style-type: none"> Provide Political Oversight on the establishment of a safe environment with clean energy and build partnerships to ensure integrated environmental awareness, planning and management: |

Chapter 2

Councillor J.Dlangamandla



MMC for Transport and Infrastructure

- Provide Political Oversight on provision of safe, efficient, effective and integrated public transport system and facilities.

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 quarterly basis.

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)

The Municipal Public Accounts Committee (MPAC) plays an Oversight role for Council in respect of the Annual Report, and its Oversight Report is submitted and published in accordance with the MFMA requirements and guidance. It also ensures 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. The MPAC consist of members of the majority and opposition parties.

- 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 Petitions Committee has been established as a Section 79 Committee reporting directly to Council. The committee meets at intervals not exceeding six months to submit to 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. The Committee helps the Speaker with the performance of the delegated functions; while it also exists to create a clear road map on the implementation of rules within the Sedibeng District Municipality.

It enforces 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.

Chapter 2

- Remunerations Committee

The Remuneration Committee is established and functional; although it has not set for some time. It is chaired by the Executive Mayor, and is constituted by other members of the Mayoral Council and opposition parties. 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.

Other Committees include:

- Audit/Performance and Risk Committee

The Audit and Risk Committee was functional for the first and second quarter of the 2018/19 Financial Year. This was due to the resignation of the two Audit Committee Members. As such the Audit Committee did not meet for the third and fourth quarters of the financial year as a quorum could not be formed.

In June 2019, two new Audit Committee Members were appointed by Council and the Audit Committee is fully operational. The previous Audit Committee had approved the 2018/19 Internal Audit Plan, Internal Audit Charter and Audit Committee Charter. The subcommittee on Risk Management ensured that the Risk Management activities such as development of a strategic Risk register together with the mitigation plans were developed.

As per the legislative mandate, the Internal Audit Plan was executed by the Internal Audit team, with reports noted with recommendations by the Audit Committee. These reports included the Performance Information, Finance and Operational Audits. The committee also emphasized the need for management to implement remedial plans timeously to effect the changes required to improve the municipality's internal control environment.

- Section 80 (MSA 32 of 2000) Committees

All 8 Section 80 Committees were established, chaired by relevant members of Mayoral Council, and fully operational.

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.

Political Decision-Making:

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, they recommend to the Mayoral Committee and Council for resolutions of Council. It is common and acceptable, based on the Rules of Council; that Councillors submit motions for consideration by full Council. By law, all Municipal council meeting should be open to the public.




Chapter 2

Municipal Council passes, amongst others, the following:





- Approving budget and monthly expenditure
- Approving Council Policies
- By-Laws
- Tariffs

2.2. ADMINISTRATIVE GOVERNANCE




Legislatively, the Executive Mayor exercises political oversight over the administration, except for the Office of the Speaker. Furthermore, MFMA section 60 (b) directs that the Municipal Manager of a municipality is the Accounting Officer of the municipality; and must provide guidance on compliance with this Act to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality. The administrative wing of governance consists of the Municipal Manager, five Executive Directors. As the Accounting Officer executing his statutory functions. The Municipality; for some time now, has roped in the Directors from Political Offices to form part of the Management Committee, extending the committee to 10 Management Committee members, namely (MANCO). These members constitute a Management Committee (MANCO) which sits on a fortnightly basis to address both strategic and operational issues.

| Name and Surname | Position and Functions |
|--|---|
| <p>Mr. S. Khanyile</p>  | <p><u>Municipal Manager:</u></p> <p><u>Purpose:</u> The formulation, development and management of an economical, effective and accountable administration, in accordance with the Local Government: Municipal Structures Act, 1998 and other applicable legislation</p> <ul style="list-style-type: none"> • Finance Cluster • Corporate Services Cluster • Community Services Cluster • Strategic Planning and Economic Development Cluster • Transport Infrastructure and Environment |
| <p>Mr. J. Kasvosve</p>  | <p><u>Chief Financial Officer</u></p> <p><u>Purpose:</u> To render accounting supply chain management and financial management services for the Sedibeng District Municipality, and to increase revenue collection.</p> <ul style="list-style-type: none"> • Financial Management and Budgets • Organisational Supply Chain Management |
| <p>Mr. M. Makhutle</p>  | <p><u>Executive Director: Corporate Services</u></p> <p><u>Purpose:</u> To execute functions relating to the rendering of a centralised Human Resources Service; Information Communication and Technology support services; Municipal Buildings and Sites; Management of Fleet, General Workers; Protection Services; and Corporate and Secretariat support:</p> <ul style="list-style-type: none"> • Human Resources • Information and Communication Technology Management • Corporate and Secretariat Services • Protection Services • Facilities Management |

Chapter 2

| | |
|--|---|
| <p>Ms. J. Medupe</p>  | <p><u>Executive Director: Community Services</u></p> <p><u>Purpose:</u> To execute functions relating to the provision of comprehensive, integrated, sustainable and high quality health and social development; facilitating and coordinating efficient and effective public safety; promoting a proper understanding and the preservation of local/region history and its impact on the society; coordinating and strategically facilitate sports, arts, culture and recreational facilities development; developing and implementing holistic and integrated disaster management planning and practice in a cost effective and participatory manner.:</p> <ul style="list-style-type: none"> • Health and Social Development • Community Safety • Disaster Management • Sports, Recreation, Arts, Culture and Heritage |
| <p>Mr. Z.J. Majola</p>  | <p><u>Executive Director: Strategic Planning and Economic Development</u></p> <p><u>Purpose:</u> To execute functions relating the coordination of Strategic Planning and Economic Development; which include Human Settlement, Integrated Development Planning (IDP) Land use management (LUMS), Precinct developments, Local Economic development and Tourism:</p> <ul style="list-style-type: none"> • Local Economic Development • Development Planning • Human Settlement |
| <p>Ms. N. Baleni</p>  | <p><u>Executive Director: Transport, Infrastructure and Environment</u></p> <p><u>Purpose:</u> To execute functions relating to the provision of safe, efficient, effective and integrated public transport system and facilities; the establishment of a safe environment where all people can develop to their full potential; and build partnerships to ensure integrated environmental awareness, planning and management:</p> <ul style="list-style-type: none"> • Transport • Infrastructure Planning • Environment • Clean Energy |
| <p>Mr. A. Mokonane</p>  | <p><u>Director: Office of the Executive Mayor</u></p> <p><u>Purpose:</u> To execute functions relating to members of the public who approach it for assistance on issues that concern them. The office looks after the Executive Mayor's political projects and campaigns; and provide political oversight on all Council events:</p> <ul style="list-style-type: none"> • Protocol • Research • HIV&AIDS • Service Delivery Monitoring • Youth Programmes • Stakeholders Management • Communications |
| <p>Mr. M. Mpontshane</p> | <p><u>Director: Office of the Speaker of Council</u></p> |

Chapter 2

| | |
|---|---|
|  | <p><u>Purpose:</u> To execute functions relating to Councillors Welfare; Public Participation; Capacity Building; Committees; Research and MPAC:</p> <ul style="list-style-type: none"> • Councillors Welfare • Capacity Building • Public Participation • Research • Committees |
| <p>Mr. J. Tsoho</p>  | <p><u>Director:</u> Office of the Chief Whip of Council</p> <p><u>Purpose:</u> To execute functions relating to Caucus, Whippery, Multiparty, and allocation of Councillors in different committees of Council and to ensure the attendance and participation is maximal in those committees.</p> <ul style="list-style-type: none"> • Committees • Research & Protocol • Caucus and Capacity Building |
| <p>Ms. S. Mpeta</p>  | <p><u>Director:</u> Office of the Municipal Manager</p> <p><u>Purpose:</u> To execute functions relating to Risk Management; Organisational Performance Management; and Internal Audit.</p> <ul style="list-style-type: none"> • Risk Management • Internal Audit • Organisational Performance • IGR |

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

As envisaged by the MSA section 3; the municipality must exercise its executive and legislative authority within the constitutional system of co-operative governance envisaged in the Constitution (section 41).

Like other municipalities, Sedibeng District Municipality endeavours to forge and sustain good intergovernmental relations with its municipalities, the Provincial Government, National Government and other organs of state; including agencies and intergovernmental bodies, such as Premiers Coordinating Forum, MEC/MMC IGR fora, SALGA, administrative working committees and other community establishments as and when they are formed and are fully functional.

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.

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The 'unqualified 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

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delivery of desired services towards realization of the growth and development strategy. The following Forums have been established and are 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.

2.4. 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; and the District Municipality's Communication Department played a major role to reach all stakeholders, physically and through electronic media, including website information.

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- 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 and was successful. This where 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.

| Public Meetings | | | | |
|---|--|---------------------------------------|--------------------------|--|
| Number of Participating Municipal Councillors | Number of Participating Municipal Administrators | Number of Community members attending | Issue addressed (Yes/No) | Dates and manner of feedback given to community |
| 10 Councillors | 14 Administrators | 116 | YES | Presentation of Municipal Future development plans and sourcing inputs and comments for stakeholders. |
| 10 Councillors | 14 Administrators | 58 | YES | Presentation of Municipal Future development plans and seeking partnership with business for investment opportunities at hand. |
| 10 Councillors | 14 Administrators | 90 | YES | Feedback session from Municipality on actual plans in line with budgets and resources committed. |
| | | | | T 2.4.3 |

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2.5 IDP PARTICIPATION AND ALIGNMENT

| IDP Participation and Alignment Criteria* | Yes/No |
|--|---------|
| Does the municipality have impact, outcome, input, output indicators? | Yes |
| Does the IDP have priorities, objectives, KPIs, development strategies? | Yes |
| Does the IDP have multi-year targets? | Yes |
| Are the above aligned and can they calculate into a score? | Yes |
| Does the budget align directly to the KPIs in the strategic plan? | Yes |
| Do the IDP KPIs align to the section 57 Managers | Yes |
| Do the IDP KPIs lead to functional area KPIs as per the SDBIP? | Yes |
| Were the indicators communicated to the public? | Yes |
| Were the four quarter aligned reports submitted within stipulated time frames? | Yes |
| * Section 26 of Municipal Systems Act 2000 | T 2.5.1 |

| 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 | Feedback given to community |
|--|--------------------|-------------------------------------|--|---------------------------------------|-------------------------|----------------------------------|
| IDP stakeholders engagements | 30 April 2019 | 8 | 24 | 159 | Yes | Oral feedback and Presentations |
| IDP stakeholders engagements | 7 Nov 2018 | 8 | 21 | 63 | Yes | Oral feedback and Presentations |
| IDP Mayoral Business Breakfast meeting | 30 April 2019 | 8 | 22 | 58 | Yes | Oral feedback and Presentations. |

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.

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

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which requires involvement of all Treasury (State of Economic Review and Outlook-SERO) to compile its final IDP document, which was successfully approved by Council three spheres of government, the SDM engaged all government departments and other stakeholders like Stats SA and Provincial on 4 June 2018.

COMPONENT D: CORPORATE GOVERNANCE

Although Sedibeng District Municipality subscribes to King IV principles; it is noted that in the main that not all are applicable to the local government as most are not in line with the MFMA, except some that talks to ethical governance, implementation of controls to prevent fraud and corruption, management of risk, and others.

2.6 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:

- Declining economy within the region
- Difficult in fulfilling the district mandate
- Fraud and Corruption
- Inadequate Disaster Management for the District
- Threat to quality of life
- Financial unsustainability

Sedibeng District Municipality has a strong governance system. All political and administrative structures are setup in terms of relevant legislations and most aligned in operation to the revised King IV 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 in house Internal Audit Function working close with the Audit Committee and headed by the Chief Audit Executive, who was appointed in May 2019. The office of the Municipal Manager and its Risk Management Unit, manages and deals decisively with issues of Fraud and Corruption. 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.

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- 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

2.7. ANTI-FRAUD AND ANTI-CORRUPTION

Sedibeng District Municipality (SDM) subscribes to the principles of good corporate governance, which requires conducting business in an honest and transparent manner. The Municipality is also 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 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.

The top 5 Fraud Risks are:

- Procurement Fraud
- Electronic Transaction Fraud
- Non-Compliance to Disciplinary Code resulting in financial loss
- Theft of documents and assets due to unauthorised access to municipal buildings\collusion between municipal officials and members of the public

2.8 SUPPLY CHAIN MANAGEMENT

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.

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:

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

All municipality 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.

2.9 BY-LAWS

For the year under review, no new By-Laws were developed, but there were Municipal Tariffs reviewed by the municipality.

| By-laws Introduced during Year 0 | | | | | |
|----------------------------------|-------------------|--|-------------------------------|----------------------------|---------------------|
| Newly Developed | Revised | Public Participation Conducted Prior to Adoption of By-Laws (Yes/No) | Dates of Public Participation | By-Laws Gazetted* (Yes/No) | Date of Publication |
| | Municipal Tariffs | Yes | During IDP process | Yes | 18-Jul-19 |
| *Note: See MSA section 13 | | T 2.9.1 | | | |

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2.10. WEBSITES

Legislation requires that the municipality publishes its business activities in the website. This assists 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 monthly basis, the information to be uploaded in the website.

Corporate Services Cluster has 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. The unit is on the verge of finalizing the revamped Council website; which will still provide easy access to the communities and stakeholders.

| MUNICIPAL WEBSITE: CONTENT AND CURRENCY OF MATERIAL | | |
|---|--------|---------------------|
| Documents published on the Municipality's / Entity's Website | Yes/No | Date of Publication |
| Current annual and adjustments budgets and all budget-related documents | Yes | 05/11/2019 |
| All current budget-related policies | Yes | 05/11/2019 |
| The previous annual report (Year -1) | Yes | 29/10/2019 |
| The annual report (Year 0) published/to be published | Yes | 05/11/2019 |
| All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards | Yes | 07/11/2019 |
| All service delivery agreements (Year 0) | Yes | 29/10/2019 |
| All long-term borrowing contracts (Year 0) | N/A | |
| All supply chain management contracts above a prescribed value (100 000) for Year 0 | N/A | |
| 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 | N/A | |
| Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section | | 07/11/2019 |
| 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 | 29/10/2019 |
| <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> | | |

The SDM website performance has vastly improved in this financial year in as far as the MFMA requirements are concerned. Great strides have been made in the collection of the documents 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 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. It may also be noted that 507063533 Gigabytes of data has been transferred between 1 July 2018 to 30 June 2019:

| ACTIVITY | |
|--------------------------|---------|
| HITS | |
| Total Hits | 5573297 |
| Average hits per day | 12352 |
| Average hits per visitor | 17 |
| Visitors | |

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| | |
|--------------------------------------|-----------|
| Total Visitors | 214999 |
| Average visitors per day | 612 |
| Average time spent | 3 minutes |
| Total Unique IPs | 14752 |
| Resources Accessed | |
| Total Page views | 867629 |
| Average Page Views per Day | 1668 |
| Total File Downloads | 4789332 |
| Average File Downloads per day | 10185 |
| Average File Downloads per visitor | 16 |
| Other Resources | |
| Total other Resources per Day | N/A |
| Total other resources per Visitor | N/A |
| Images | |
| Total Images | 85 |
| Average images per day | 5 |
| Average images per Visitor | 8 |
| Bandwidth | |
| Total Data Transfer | 507063533 |
| Average Data Transferred per Day | 1103868 |
| Average Data Transferred per Hit | 1519 |
| Average Data Transferred per Visitor | 30662 |

The Public can access information on www.sedibeng.gov. 24 hours a day by viewing some information on respective pages. Some other information is available as downloads i.e. PDFs (Readable with Acrobat Reader). In addition, the district has also established an Anti-Fraud and Corruption hotline. 0860 061 022; which is linked to the Office of the Municipal Manager.

2.11. PUBLIC PARTICIPATION

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

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

COMPONENT A: BASIC SERVICES

This Chapter provides information and gives account of 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 IDP and SDBIP; and all are also outlined in the 5+2 Pillars of 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

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 on agency basis
- Emergency Medical Services
- Facilities e.g. Theatre, Hall

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

3.1. WATER PROVISION

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

3.2. WASTE WATER (SANITATION) PROVISION

This services is a primary function of local municipality.

3.3. ELECTRICITY PROVISION

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

3.4. WASTE MANAGEMENT

Local Municipalities' primary function is to provide waste management.

3.5. HOUSING

Schedule 4 of our Constitution stipulates what functions each sphere of government is responsible for. It states that housing is a function of our National and Provincial Governments. But in reality, although the finance for housing development is provided by National Government, through Provincial Government, the management of the implementation of housing projects has become the responsibility of Sedibeng District Municipality. Because of the resources required to take on this responsibility, this is often referred to as an under-funded or unfunded mandate, which are mandates or responsibilities where Sedibeng performs certain functions or activities for which they do not have any clear source of funds. In particular, Sedibeng is expected to carry out functions that are not specified or not allocated in the Constitution.

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 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.

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| Financial Performance Year 0: Housing Services | | | | | | | | | |
|---|--|--|---|---|---|---|---|---|---|
| Housing Service Policy Objectives Taken From IDP | | | | | | | | | |
| Service Objectives | Outline Service Targets | Year 0 | | Year 1 | | | Year 2 | Year 3 | |
| | | Target | Actual | Target | | Actual | Target | | |
| | | *Previous Year | | *Previous Year | *Current Year | | *Current Year | *Current Year | *Following Year |
| Service Indicators (i) | (ii) | (iii) | (iv) | (v) | (vi) | (vii) | (viii) | (ix) | (x) |
| Service Objective xxx | | | | | | | | | |
| Provision for housing for all households | Additional houses provided during the year (Houses required at year end) | xxxxxx additional houses (xxxxxx houses required) | xxxxxx additional houses (xxxxxx houses required) | xxxxxx additional houses (xxxxxx houses required) | xxxxxx additional houses (xxxxxx houses required) | xxxxxx additional houses (xxxxxx houses required) | xxxxxx additional houses (xxxxxx houses required) | xxxxxx additional houses (xxxxxx houses required) | xxxxxx additional houses (xxxxxx houses required) |
| Housing (Human Settlements) and urban renewal programmes coordinated and delivered | Coordinate and Monitor the implementation of housing and urban renewal programmes and report quarterly | Coordinate and Monitor the implementation of housing and urban renewal programmes and report quarterly | 50% of the Target was achieved as only 2 of the 4 reports were submitted. | 50% of the Target was achieved as only 2 of the 4 reports were submitted. | Target was not Achieved | Target was not Achieved | n/a | n/a | n/a |
| R'000 | | | | | | | | | |
| Details | | Year - 1 | Year 0 | | | | | | |
| | | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget | | | |
| Total Operational Revenue | | | | | 612 | 100% | | | |
| Expenditure: | | | | | | | | | |
| Employees | | 1,380 | 1,463 | 1,429 | 1,429 | -2% | | | |
| Repairs and Maintenance | | | | | | #DIV/0! | | | |
| Other | | 11 | 12 | 18 | 18 | 36% | | | |
| Total Operational Expenditure | | 1,391 | 1,620 | 1,816 | 2,198 | 26% | | | |
| Net Operational Expenditure | | 1,391 | 1,620 | 1,816 | 1,586 | -2% | | | |
| 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. | | | | | | | T 3.5.5 | | |

3.6. FREE BASIC SERVICES AND INDIGENT

These are local municipalities' competence

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COMPONENT B: ROAD TRANSPORT

3.7. ROADS

The provision of roads planning and infrastructure resides within local municipalities in the district. The Sedibeng district municipality is however developing the rural roads asset management system for the local municipalities. This digital system helps the municipality to better manage the road infrastructure and develop preventative maintenance plans.

3.8. TRANSPORT (INCLUDING LICENSING AND PUBLIC BUS OPERATIONS)

Transport

The Sedibeng District Municipality is currently not providing the bus services. The Public bus services in the district is provided by the Gauteng Provincial Government through the Department of Roads and Transport.

The Sedibeng District Municipality is currently developing the Sedibeng District Integrated Plan (DITP) inclusive of the associated local municipalities ITP's consisting of Emfuleni, Lesedi and Midvaal Local municipalities. The plan will include but not limited to:

- Commuter Rail Information
- Rail Infrastructure
- Road based public transport information
- Transport needs assessment

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.

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| Transport Service Policy Objectives Taken From IDP | | | | | | | | | |
|---|---|---|---|---|--|--|---------------|---------------|-----------------|
| Service Objectives | Outline Service Targets | Year -1 | | Year 0 | | Year 1 | Year 3 | | |
| | | Target | Actual | Target | | Actual | Target | | |
| | | *Previous Year | | *Previous Year | *Current Year | | *Current Year | *Current Year | *Following Year |
| (i) | (ii) | (iii) | (iv) | (v) | (vi) | (vii) | (viii) | (ix) | (x) |
| Service Objective xxx | | | | | | | | | |
| | | | | | | | | | |
| To promote efficient and effective Integrated Service that addresses the socio-economic and environmental development imperatives of the region | Review Integrated Transport plan and submit to council for approval | Review Integrated Transport plan and submit to council for approval | Delay in the processes and the municipality relies on Dept. of Transport for guidance and support" Vs." ITP developed but not taken to Council for approval | Review Integrated Transport plan and submit to council for approval | The Target of Revising One (1) integrated Transport Plan was not achieved due to delays in the processes and the municipality relies on Dept. of Transport for guidance and support. | The Target of Revising One (1) integrated Transport Plan was not achieved due to delays in the processes and the municipality relies on Dept. of Transport for guidance and support. | n/a | n/a | n/a |

| 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 | | | | | #DIV/0! |
| 4 - 6 | | | | | #DIV/0! |
| 7 - 9 | 2 | 2 | 2 | 0 | 0% |
| Total | 2 | 2 | 2 | 0 | 0% |

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| Financial Performance Year 0: Transport Services | | | | | | R'000 |
|--|---------|-----------------|-------------------|---------|--------------------|-------|
| Details | Year -1 | Year 0 | | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget | |
| Total Operational Revenue | 60,727 | 72,032 | 72,032 | 66,156 | -9% | |
| Expenditure: | | | | | | |
| Employees | 54,393 | 55,170 | 56,480 | 56,193 | 2% | |
| Repairs and Maintenance | | | | | #DIV/0! | |
| Other | 4,977 | 5,889 | 6,309 | 5,635 | -5% | |
| Total Operational Expenditure | 59,370 | 61,059 | 62,789 | 61,828 | 1% | |
| Net Operational Expenditure | (1,357) | (10,973) | (9,243) | (4,329) | -153% | |

3.9. WASTE WATER (STORM WATER DRAINAGE)

These services is provided by Local municipalities

COMPONENT C: PLANNING AND DEVELOPMENT

3.10 PLANNING

Municipal planning is a function assigned to municipalities in terms of 156 of the Constitution of the Republic of South Africa read with part B of Schedule 4 and in terms of which municipalities have both executive authority and a right to administer to the extent set out in section 155.

The local government planning horizon for IDPs traditionally spans a five year of term of office period in accordance with the legal framework, however, it must be recognized that each of these periods contributes to the achievements of the municipality's longer term growth and development plan or vision which is derived from the national intergovernmental plans.

A long range plan/GDS is a plan with 20 year plus time horizon setting out the vision of the municipality in achieving its development objectives. This plan is directly linked to the IDP. The municipal five-year IDPs then translate these desired outcomes into medium-term programmes for implementation in that term of office. On an annual basis, the IDP is reviewed and business plans are developed, detailing short term operational plans. These are linked to annual budgets and the municipal annual Service Delivery and Budget Implementation Plan.

Sedibeng District Municipality 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. The district 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).

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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.

The Vaal Regional Spatial Development Framework (VRSDF) project has currently stalled due to the changes of the Spatial Planning and Land Use Management (SPLUM) function being moved from DRDLR to the Monitoring and Evaluation Department. This shift has caused confusion on which Minister should promulgate and declare the area as a region in line with the act.

Sedibeng District Rural Development Plan (SDRDP)

SDM in partnership with the Department of Rural Development and Land Reform (DRDLR) have developed a 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.



Land Summit

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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 has been developed.

The district has sourced external funding for Government Precinct for feasibility studies as well as upgrading of Fresh Produce Market

Geographic Information Systems (GIS)

An integrated GIS system was 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 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.

| Planning Policy Objectives Taken From IDP | | | | | | | | | |
|---|---|---|--|---|---|---|-------------------------|-----------------------|------------------------|
| Service Objectives Service Indicators (i) | Outline Service Targets (ii) | Year -1 | | Year 0 | | | Year 1 | 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) |
| Regional Southern Corridor Projects reporting. | Coordinate the implementation of the Southern Corridor Regional Implementation Plan and produce four reports. | Coordinate the implementation of the Southern Corridor Regional Implementation Plan and produce four reports. | The 100% Target of Sourcing funding for the implementation of Southern Corridor projects and reports were achieved | Coordinate the implementation of the Southern Corridor Regional Implementation Plan and produce four reports. | Coordinate the implementation of the Southern Corridor Regional Implementation Plan and produce four reports. | Target of 100% was achieved as the Coordination and the implementation of the Southern Corridor Regional Implementation Plans were achieved and four reports were produced in the FY. | n/a | n/a | n/a |
| SPLUMA Implementation | Coordinate the Implementation of SPLUMA in the region and produce four reports | Coordinate the Implementation of SPLUMA in the region and produce four reports | The 100% Target of SPLUMA report being produced for four quarters of the FY was achieved. | Coordinate the Implementation of SPLUMA in the region and produce four reports | Coordinate the Implementation of SPLUMA in the region and produce four reports | The Target of 100% to Coordinate the Implementation of SPLUMA in the region was achieved four reports were produced for the FY. | n/a | n/a | n/a |

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| 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 | 2 | 0 | 0% |
| 4 - 6 | | | | | #DIV/0! |
| 7 - 9 | 1 | 1 | 1 | 0 | 0% |
| Total | 3 | 3 | 3 | 0 | 0% |

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

Introduction

Sedibeng District Municipality forms the Southern Corridor of the Gauteng City Region (GCR) Vision 2055. The corridor has been touted as the corridor responsible for food Security through Agriculture related activities and industries; a tourism destination by utilising the Vaal River and Vaal Dam and also as Logistic Hub due to its close proximity to the Aerotropolis and Tambo Springs node.

This therefore means that Sedibeng has the responsibility to prioritise projects that are related to "Agricultural", Tourism" and "Logistics" space. It is also imperative to employ a shift in paradigm in aid of diversifying the regional economy and implement catalytic projects that will have a greater GCR impact.

The projects below are key strategic game-changer projects which have been identified as catalytic of change in the region:

Immediate Priority Projects

These are projects of which the district municipality is pursuing and lobbying for funds in order to implement them

1. Sedibeng Government Precinct
2. Sedibeng Fresh Produce Market
3. Sedibeng Mega Agri-Hub
4. Doornkuil Precinct

Agriculture

Through DGARD programmes we have had immense support of local farmers and processes towards establishment of a Mega Agripark. A business plan for Farmer Production Support Unit within the Mega-Agripark is completed. The Feasibility study for Milling Plant is completed. SDM has sourced external funding for Milling Plant project.

On the initiative of creating access to markets on agro-processing opportunities for Co-operative's, small & medium farmers and SMME's, Department of Rural Development & Land Reform in partnership with Sedibeng DM organised a session for local farmers to access its procurement opportunities. The small scale to medium scale farmers in the district continues to

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receive mechanisation support through the assistance of the province to the district from the period when farmers received tractor services and implements.

More than 250 households were identified and supplied with food gardening supplies i.e. Starter packs of production inputs and garden tools

Expanded Public works Programme (EPWP)

The total number of beneficiaries employed in 2018/2019 was 89 from the beginning of the financial year. Sedibeng District Municipality even though under budget constraints has further included the area of Mamello/Vaal Marina as part of rural development support programme.

Small Medium Enterprises (SMMEs)

The development and support of SMMEs and Cooperatives remains critical to sustain economic growth and job creation targets. The provision of non-financial support to SMMEs is also key. Sedibeng District Municipality in partnership with the Provincial Department of Economic Development and Coca Cola Beverage South Africa (CCBSA) facilitated a Grow My Business Workshop Training at Saul Tsoetsi Hall, Sebokeng on the 25 June 2019. Over and above, as seen below in the picture, the SMMEs were handed Eco-Trolleys for their daily activities to enhance their development.



TOURISM

Through, amongst others, the Gauteng Tourism Authority (GTA), South African Tourism (SAT) (both tourism destination organisations for the province and the country, respectively), and the Gauteng Department of Economic Development (GDED), various marketing initiatives have been developed for tourism products to take advantage of.

In the first quarter of 2018/2019, Sedibeng District Municipality has facilitated a number of marketing initiatives and Tourism workshops; which include:

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- “Travel Fridays” and “Sho’t Left Travel Week” (SAT programmes);
- The facilitation of art and crafters to exhibit at Decorex Joburg 2018 with GDED;
- The capturing of live video footage of the Vaal River Meander Wine Route and water sport activities for use in promotional material for GTA.



Travel Fridays

The “Travel Fridays” initiative is an opportunity for tourism business and service providers (e.g. tour operators, hotel groups, bed & breakfast establishments and any other tourism experiences) to engage with various South African Tourism team members in order to present their respective products and services to them.

From Friday, 31st of August 2018, tourism businesses can request an appointment with SAT team members to present their businesses and to engage with them. This engagement session will be held on a monthly basis.

Objective

The purpose of this initiative is to ensure that SAT is aware of a bigger range of South African products, and is therefore fully equipped when selling South Africa both domestically and internationally.

Sedibeng Tourism Stakeholders

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The Tourism Department of the Sedibeng District Municipality distributed the invitation to all tourism stakeholders, respective tourism associations and the Tourism Departments in the local municipalities in the region so as to encourage tourism businesses and products to take advantage of this initiative.

Thus far, the following tourism businesses have showed interest in the “Travel Fridays” initiative:

- Flight Centre River square;
- Dark City Tours.

Sho’t Left Travel Week

The “Sho’t Left Travel Week” is a SAT initiative, in partnership with provincial authorities, to promote travel in South Africa to South African residents (Domestic travel). “Sho’t Left Travel Week” will be held from 24 to 30 September 2018, as part of national Tourism Month.

Objective

Tourism businesses are encouraged to list discounted deals on services and packages, such as accommodation and travel in South Africa, ranging up to 50% off. The validity period of the deals will be at the discretion of the respective tourism business, and deals must be available to book from 24 to 30 September 2018. The deals will target South African residents to promote domestic tourism. Seasonality of offers means tourism businesses can offer discounts to consumers during quieter tourist periods. The initiative ensures an improved provincial spread, where provinces and regions, that usually get fewer visitors, will have the opportunity to showcase their offerings and affordability to a much wider audience.

Benefits for Tourism Businesses

Participating tourism businesses receive extensive marketing support from SAT to the value of R12million spread across TV, outdoor advertising, radio, digital and social media.

Further, collateral support is given to promote participating businesses and to showcase their deals on their own marketing platforms (e.g. websites, social media platforms, etc).

Sedibeng Tourism Stakeholders

The Tourism Department of the Sedibeng District Municipality distributed the invitation to all tourism stakeholders, respective tourism associations and the Tourism Departments in the local municipalities in the region in order to encourage tourism businesses and products to take advantage of this initiative.

The following 6 packages and travel deals, which are situated in the Sedibeng region, have been listed on the “Sh’ot Left” website (www.shotleft.co.za):

- Vaal Party Bus Experience;
- Emerald Resort Getaway and Lunch Cruise for 2;
- Vaal River Cruise and Emerald Casino Weekend Getaway;
- Luxury Houseboat Weekend Stay on the Vaal River;
- Luxury Houseboat Overnight Experience for 4 on the Vaal River;
- Luxury Sunday Lunch Cruise for 2 on the Vaal River.

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Furthermore, art and craft businesses in the Sedibeng region were selected to exhibit with GDED at Decorex Joburg 2018, as they met GDED's criteria for selection:

- Humble Africa Arts and Crafts;
- Mollo Arts;
- Boiketlobaka Art Gallery.



Sharpeville Craft Exhibition

Sharpeville Craft Exhibition

Digital Marketing Platforms of Gauteng Tourism Authority GTA make use of various digital marketing platforms to promote Gauteng as a destination of choice for local and international tourists. These are:

- GTA website (www.gauteng.net);
- Blog and events posts, which are shared on the website and social media platforms;
- Promotional videos;
- Social media platforms, such as Facebook, Instagram, YouTube, Twitter and Pinterest.

GTA appointed a communications agency, Flow Communications, to manage and create content for their digital marketing platforms. The content created and shared is at the discretion of the communications agency. The Tourism Department regularly shares information on regional events and other tourism related information with them. This information, especially information related to events, is based on what the Tourism Department receives from the tourism stakeholders in the region.

In addition, Midvaal Treetop Adventures has indicated their interest to participate in the initiative by developing joint packages with other local tourism products to ensure an all-inclusive experience for visitors.

Decorex Joburg 2018

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“Decorex South Africa” is South Africa’s premier décor, design and lifestyle exhibition and is showcased in three cities on an annual basis, namely Durban, Cape Town and Johannesburg. “Decorex Joburg” was hosted on 8 to 12 August 2018 in Midrand.

The Gauteng Department of Economic Development (GDED), through its tourism unit, participated at the event and requested 20 products within the arts, craft and creative spaces in Gauteng to apply to exhibit at Decorex Joburg. Support was given by GDED for exhibition space for successful applicants.

Gauteng Tourism’s Blog

The Gauteng Tourism’s blog, which is an online publication on their website and features interesting tourism products and packages in the province, has featured the following blogs related to tourism in Sedibeng:

- “Hyena Cubs join Animal World Zoo” (featuring the Animal World at Emerald Resort);
- “Holiday Fun for Kids in Gauteng” (featuring Kariba Ranch);
- “Birds of a Feather Watch Birds Together” (featuring the Vaal Birding Route);
- “My Run on every Sunday at the Emerald Resort”;

Weekly “What’s on in Gauteng” posts, which include upcoming events in the region, such as:

- 4th Sedibeng Spring Festival;
- Sharpeville Food Fest;
- Stonehaven Spring Beer Festival;
- Sharpeville Arts and Crafts Market; and
- Vaal Meander Wine Route.

Visual Content

Flow Communications is in the process of creating live, visual content of attractions in Gauteng for GTA. This will be in the form of a promotional video. Flow Communications requested the Tourism Department to assist with an opportunity to capture live video content in Sedibeng. They specifically requested to capture footage that is related to the Vaal Meander Wine Route and water sport activities on the Vaal River. Stonehaven on Vaal agreed to allow footage of the Vaal Meander Wine Route and water sport activities to be taken at their premises on 25 August 2018.

Local Publications

The Tourism Department also regularly shares information on regional events and other tourism related information with tourism specific publications in Sedibeng, namely the “Vaal Explorer” (a digital publication:

(www.vaalexplorer.co.za) and the “Vaal Meander” (a digital and print publication:

(www.vaalmeander.co.za). this information is published at their own discretion. Both publications also make use of social media platforms to market tourism products and events in the region.

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| Job creation through EPWP* projects | | |
|-------------------------------------|---------------|------------------------------------|
| Details | EPWP Projects | Jobs created through EPWP projects |
| | No. | No. |
| Year -2 | 40 | 2,000 |
| Year -1 | 50 | 2,900 |
| Year 0 | 66 | 4,500 |
| * - Extended Public Works Programme | | T 3.11.6 |

| Local Economic Development Policy Objectives Taken From IDP | | | | | | | | | |
|---|--|---|---|--|--|---|-------------------------|-----------------------|------------------------|
| Service Objectives | Outline Service Targets | Year -1 | | Year 0 | | Year 1 | Year 3 | | |
| | | Target | Actual | Target | | Actual | Target | | |
| Service Indicators (i) | (ii) | *Previous Year (iii) | (iv) | *Previous Year (v) | *Current Year (vi) | (vii) | *Current Year (viii) | *Current Year (ix) | *Following Year (x) |
| Service Objective xxx | | | | | | | | | |
| Ensure that adequate financial and non-financial assistance is provided to SMMEs and Cooperatives | Number of SMMEs and Cooperatives capacitated | The Target of 100 SMME's and Cooperatives required to be supported by SDM | The Target of 100 SMME's and Cooperatives required to be supported by SDM was Underachieved by 50 as only 50 of SMME's and Cooperatives were targeted Making it a total achievement of 50%, Management cited budgetary constraints. | Co-ordinate Capacitation and support 30 SMME's and Cooperatives (including small scale farmers) and produce four (4) reports | Co-ordinate Capacitation and support 30 SMME's and Cooperatives (including small scale farmers) and produce four (4) reports | The set Target of 30 (100%) was exceeded. 78 SMMEs & Cooperatives were targeted instead of 30 exceeding the Target by 48 additional SMME's and Cooperatives who were provided with support. | n/a | n/a | n/a |
| Creating work opportunities in public social programmes | Number Expanded Public Works Program (EPWP) beneficiaries employed | The Target of 100 EPWP were set. | The Target of 100 EPWP were set and a total of 125 was achieved-exceeding the target by 25% making an actual target of 125% | Employ 100 EPWP beneficiaries | Employ 100 EPWP beneficiaries | Only target of 92% was achieved, due to budget allocation constraints. | n/a | n/a | n/a |

| Employees: Local Economic Development 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 | 1 | 1 | 1 | 0 | 0% |
| 4 - 6 | 3 | 3 | 3 | 0 | 0% |
| 7 - 9 | 1 | 1 | 1 | 0 | 0% |

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| | | | | | |
|-------|---|---|---|---|----|
| Total | 5 | 5 | 5 | 0 | 0% |
|-------|---|---|---|---|----|

| 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 | 3,146 | 5,436 | 5,436 | 4,588 | -18% |
| Expenditure: | | | | | |
| Employees | 21,266 | 22,413 | 23,490 | 23,158 | 3% |
| Repairs and Maintenance | | | | | #DIV/0! |
| Other | 3,687 | 5,402 | 5,691 | 4,943 | -9% |
| Total Operational Expenditure | 24,952 | 27,815 | 29,181 | 28,101 | 1% |
| Net Operational Expenditure | 21,807 | 22,379 | 23,745 | 23,513 | 5% |
| <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 3.11.9 |

COMPONENT D: COMMUNITY & 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 priority areas of this cluster include the following:

- Promoting and building safer communities
- Promoting disaster resilient communities
- Promoting efficient delivery of primary health care, social development and gender and women programs
- Promoting and building safer communities
- Promoting disaster resilient communities
- Promoting sports, recreation, arts and culture
- Preserve heritage and museums, including promotion of historical commemorative days
- Facilitate geographical name change process

The following delivery areas outline indicative measures put in place during the year to improve performance and service delivery for the communities of Sedibeng.

3.12 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.

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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.

It should however; be noted some of the afore-mentioned facilities falls within the competencies of the Local Municipalities (Emfuleni, Lesedi and Midvaal), and therefore; that Sedibeng District Municipality is expected to coordinate intergovernmental relations, including external stakeholders in pursuit of attaining efficient service delivery for the communities.

The issue of powers and functions is currently being discussed by the regional and provincial political leadership with the aim of relocating certain key functions to the district municipalities in Gauteng for financial sustainability of the category of the local government system. As a result; some of the afore-mentioned components may be affected by the ultimate outcome of this engagement.

| Details | Year -1 | Year 0 | | | |
|--|---------|-----------------|-------------------|--------|--------------------|
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 463 | 2,964 | 4,490 | 4,501 | 34% |
| Expenditure: | | | | | |
| Employees | 27,141 | 28,056 | 26,478 | 26,731 | -5% |
| Repairs and Maintenance | | | | | #DIV/0! |
| Other | 551 | 704 | 2,309 | 2,376 | 70% |
| Total Operational Expenditure | 27,692 | 28,759 | 28,787 | 29,107 | 1% |
| Net Operational Expenditure | 27,229 | 25,796 | 24,297 | 24,606 | -5% |
| <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 3.12.5 |

3.13 CEMETORIES AND CREMATORIIUMS

These services are assigned to local municipalities and implemented as such at that level

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

The main service delivery priorities of the Directorate are to promote social development of our communities, support and facilitate implementation of youth development including women and gender programmes.

Child care facilities is a local municipality function in terms of Powers and Functions of municipalities, However, child care facilities and Aged care for the District refers only to the surveillance of such premises in order to ensure a safe and healthy environment which comply with the minimum health requirements.

The Surveillance of Premises programme is managed by the District as one of the nine programs under Municipal Health Services. The district has an updated data base on these premises which is monitored in terms of the National Norms and Standards on Environmental Health as promulgated by the Minister of Health.

The service is rendered to the beneficiaries through a service level agreement with the local municipalities who perform the function on behalf of the District. The registration of these facilities is done by the Department of Social Development. The

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SDM assists the DSD and Department of Health with the issuing of health certificates on request and also play a role in the adjudication and implementation of the feeding scheme for learners at ECD's. These premises are done on a routine basis by Environmental health Officers based at the local municipalities

Various programmes have been implemented in conjunction with the locals focused on the designated groups i.e. youth, children, women and gender and people with disability.

Issues relating to children care services are a core functionality of the Province in accordance to the Child Care Act. However; the SDM continues to provide relevant support in conjunction with the locals through the Early Child Development Steering Committee (ECD). Three (03) ECD Steering Committee meetings were held to develop and review the strategy for the Integrated ECD strategy during this period.

Top delivery priorities:

- Routine inspections at all premises to monitor compliance
- Issuing of certificates to all premises which meet the minimum standards
- Education / training of all facilities on health and hygiene

The following are key delivery areas identified for this financial year (2018/19):

Facilitate implementation of gender and women programmes

To ensure that this key delivery area is supported; Six (06) women and gender programmes were implemented. This includes amongst others, Father and Sons, women trafficking in person for stakeholder, community awareness and National Youth Service (NYS) learnership within the SDM, all this took place from March, September, October and December 2018 where a big march took place against Gender Base Violence (GBV), which advanced to a formal workshop addressing the scourge of GBV and trafficking in person which was facilitated by Commission for Gender Equality (CGE) and National Prosecuting Authority (NPA). In March 2019 Sedibeng District Municipality in partnership with the Department of Rural Development and Land Affairs held a five (05) days' workshop at Emerald Resort and Casino whereby fifty (50) young women who aspires to be farmers on Water Resource Management were trained. As part of Youth Month, SDM in partnership with the National Youth Development Agency (NYDA) trained fifty (50) young women on business acumen, reproductive health and gender based violence.

SOCIAL DEVELOPMENT PROGRAMMES

These are programmes aimed at educating and providing relevant services to address social ills within our communities. Department of Social Development established the Local Drug Action Committees (LDAC) on behalf of the Local Municipalities. SDM was thus; tasked with the responsibility of coordinating management and operations of these LDACs. Relevant Members of Mayoral Committees (MMCs) were thus engaged accordingly through a successful consultative process with SDM and Gauteng Department of Social Development during August – September 2018. LDACs were officially handed over to the local municipalities for the execution of day-to-day administrative responsibilities.

Sedibeng People with Disability (PWD) Technical Committee has been established and is fully functional. It holds its meetings on quarterly basis for implementation and monitoring of its programme of action. An Annual General Meeting of the Vaal Disability Forum where new forum Office Bearers were nominated and following the AGM the VDF members were trained on the roles and responsibility of being in that office and this was held in September 2018 at Ratanda Hall.

In July 2018, Community Dialogue programme targeting PWD and community members was conducted whereby 100 people with disability participated. The PWD talent show was held at Ratanda hall during September 2019 and this show is where the talent is identified and nurtured through the transfer to the relevant people, one of the judges was a well-known gospel singer from the region. PWD from the region are also very active in sports through the support of Gauteng Department of

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Sport Arts and Culture. They participated at PWD's Annual Sports Event held in November 2019. They also attended International Day of PWD that was held in NASREC December 2018 with the assistance and support of SDM.

Facilitate youth development programmes

In July 2018 SDM entered into a Memorandum of Agreement (MOA) with the NYDA for the establishment of Regional Youth Centre. SDM and NYDA has a ten years (10) agreement for the development of youth programmes in the region. Four employees of SDM were seconded to NYDA, to be capacitated in youth development field, including the operations and management of the Youth Advisory Centres. The medium-term goal is to enrol all the seven employees who were employed at the Youth Advisory Centres on NYDA payroll as per the MOA.

Consultative meetings were held with the various youth structures in the region, including Ward Councillors within which the Regional Youth Centre has been established. This process produced positive outcomes as the majority of the youth structures shows interest and excitement of this new development of having a fully functional Sedibeng NYDA Full Service Office in the region. This Sedibeng NYDA Full Service Office was officially launched at Thusong Centre in Mafatsane, Evaton on the 26 June 2019. Leading to the launch of this Full Service Office, four (04) build-up programmes in the form of an Expo were conducted throughout the region in June 2019. This was part of promoting and marketing the Full Service Office to ensure that the youth of Sedibeng are made aware of its key mandate.

Youth development is regarded as a critical area that will ensure that youth readiness for self-sustenance and growth is achieved. This is facilitated through various developmental programmes that are implemented in partnership with the Province and the Private sector support, which includes programmes such as; Youth entrepreneurship development, Life Skills programme, Financial Management, ICT empowerment programmes, Tshepo 1 Million, and work readiness programme, Youth Expo's and Learnership programmes. To date through these collaborative, 100 were placed for the learnership programme with the National Youth Services (NYS) for a period of 24 months which began in April 2017 to March 2019. The contract was extended from April 2019 to March 2020 and Sedibeng has now 54 learners and one of the learners exit to ANOVA Health through the support and assistance of SDM.

| Key Strategic Objective: "Promote efficient delivery of primary health care and social development" | | | | | | | | | |
|--|--|---------------------|--------|--------------------|--------------------|--------|----------------------|--------------------|---------------------|
| Service Objectives | Outline Service Targets | 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: Facilitate implementation of primary health care services and social development | | | | | | | | | |
| District Health Council meetings held | Facilitate District Health activities | 04 | 04 | 04 | 04 | 04 | 04 | 04 | 04 |
| Health programmes supported | Promote efficient delivery of Primary Health Care | 04 | 04 | 04 | 04 | 04 | 04 | 04 | 04 |
| Gender and women programmes supported | Facilitate implementation of gender and women programmes | 03 | 06 | 04 | 03 | 06 | 06 | 06 | 06 |
| Youth development programmes supported | Facilitate youth development programmes | 04 | 06 | | 04 | 06 | 06 | 06 | 06 |

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| Employees: Health & Social Development | | | | | |
|--|-----------|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level | Year -1 | Year 0 | | | |
| Administrators | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| Director: Health & Social Development (Job level 02) | 01 | 01 | 0 | 01 | 100% |
| Coordinator: Social Development (Job level 05) | 0 | 01 | 0 | 01 | 100% |
| Coordinator: Bursary & Youth Programmes (Job level 05) | 01 | 01 | 01 | 0 | 0% |
| Coordinator: Health Care Services (Job level 05) | 01 | 01 | 01 | 0 | 0% |
| Coordinator: Gender & Women (Job level 05) | 01 | 01 | 01 | 0 | 0% |
| Senior YAC Officer (Job level 08) | 01 | 02 | 01 | 02 | 80% |
| Career Guidance Officer (Job level 09) | 03 | 0 | 03 | 0 | 100% |
| Outreach Officer (Job level 09) | 03 | 0 | 03 | 0 | 100% |
| Ex-combatants Liaison officers(Job level 07) | 07 | 05 | 05 | 02 | % |
| Total | 10 | 07 | 07 | 05 | |

The performance of child care, aged care, social programmes overall

The overall performance of Social Services for this period has been successful. The department units have respectively achieved most of its objectives as stipulated in the service delivery and budget implementation plan (SDBIP) for 2018/19 financial year.

The expected outcome of coordination and support to promote social development of our communities has been achieved through collaboration with various stakeholders from our communities including the local municipalities and the provincial departments relevant for empowerment of our communities.

Number of programmes such as forum meetings, awareness programmes and stakeholder technical engagements were implemented during this period. Issues relating to children care services are a core functionality of the Province in accordance to the Child Care Act. The District continues to provide relevant support in conjunction with the locals including the ECD Steering Committee (ECD).

COMPONENT E: ENVIRONMENTAL PROTECTION

3.15. POLLUTION CONTROL

The Pollution control programme is managed by the District as one of the nine programs under Municipal Health Services. The service is rendered through a service level agreement with the local municipalities who perform the function on behalf of the District. Pollution control activities do not differentiate between communities and the service is rendered equally throughout the District.

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Priority is given to all related complaints and referred to relevant departments (where applicable) for attention and action. All communities living in poverty has access to the service.

The top priorities within the program are:

- Water Pollution Control

The water sample program of the District is effective and serve as an early warning system with respect to the quality of drinking water. Special attention is paid to those communities where drinking water is available through stand pipes or water stored and provided via storage tanks. All complaints are handled swiftly and referred to the relevant authorities where applicable.

- Air Pollution

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 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.

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

Sedibeng District Municipality has various critical biodiversity areas and protected areas which play critical role in biodiversity conservation. The biodiversity areas include Suikerbosrand Nature Reserve (situated in the north eastern edge of Midvaal Local Municipality and north western portion of Lesedi Local Municipality), Alice Glockner Nature Reserve (Located in the south of Heidelberg in Lesedi Local Municipality, The Kliprivier, Vaal Dam and Vaal river).

The Sedibeng District Municipality falls within priority areas identified in the National Spatial Biodiversity Assessment (NSBA, Driver et al. 2004), and is home to a disproportionately high percentage of rare and threatened species and threatened ecosystems.

It is therefore critical that Sedibeng District Municipality develops a Bioregional Plan for the conservation of biodiversity in the region. Bioregional plan is one of a range of tools provided for in the Biodiversity Act that can be used to facilitate biodiversity conservation in priority areas and outside the protected area network. The purpose of a bioregional plan is to inform land-use planning, environmental assessment and authorizations, and natural resource management.

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 coordinate and support 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 within Emfuleni and one is located in Lesedi.

Primary Health Care Facilities (Clinics) are clustered more in urban and area, 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 (05) clinics and four (04) mobile units. In Lesedi there are eight (08) clinics and three (03) mobile units and 69 Ward Base Outreach Teams attached to the health facilities.

The following are key delivery areas identified for this financial year (2018/19):

Facilitate implementation of Primary Health Care Services

Primary Health Care (PHC) is the competency of Provincial Government, whilst SDM coordinates and support the Sedibeng District Health Committee (DHC) and the Primary Health Care Facility Committee (PHCFC) towards good governance and efficient service delivery for the communities. This process emanates from the National Health Act 61 of 2003 Chapter Five (05), and is therefore implemented accordingly. District Health Council Technical Community was also established and to date is still functional, and meets quarterly to prepares the agenda for the broader meeting of the DHC. As a result; three (03)

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DHC meetings were successfully during this year, with various reports being presented for monitoring and oversight purposes by Councilors.

3.17 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 Sediberg 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.

| Employees: Health & Social Development | | | | | |
|--|-----------|--------|-----------|----------------------------------|-----------------------------------|
| Job Level | Year -1 | Year 0 | | | |
| Administrators | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| Director: Health & Social Development (Job level 02) | 01 | 01 | 0 | 01 | 0% |
| Coordinator: Social Development (Job level 05) | 0 | 01 | 0 | 01 | 0% |
| Coordinator: Bursary & Youth Programmes (Job level 05) | 01 | 01 | 01 | 0 | 100% |
| Coordinator: Health Care Services (Job level 05) | 01 | 01 | 01 | 0 | 100% |
| Coordinator: Gender & Women (Job level 05) | 01 | 01 | 01 | 0 | 100% |
| Senior YAC Officer (Job level 08) | 01 | 02 | 01 | 02 | 80% |
| Career Guidance Officer (Job level 09) | 03 | 0 | 03 | 0 | 100% |
| Outreach Officer (Job level 09) | 03 | 0 | 03 | 0 | 100% |

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| | | | | | |
|---|-----------|-----------|-----------|-----------|-----|
| Ex-combatants Liaison officers(Job level 07) | 06 | 01 | 05 | 01 | 99% |
| Total | 10 | 07 | 07 | 05 | |

The concern we have is the average patient waiting time and total medical staff availability on an average day are obtained but sampling staff and patients on different days at different times at regular intervals throughout the day.

3.18 AMBULANCE SERVICES

This service is now rendered at the provincial level, after provincialisation process which was finalized in September 2012. Ambulance services and other related cross cutting issues, are subsequently addressed through Sedibeng's Emergency Services Forum which is led by Disaster Management Service. The forum meets quarterly.

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

Sedibeng District Municipality Environmental Department prioritized surveillance of premises and food hygiene within the region. The municipality prioritized 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.

Metropolitan and District Municipalities must ensure that appropriate municipal health services are effectively and equitably provided within their areas of jurisdiction as per Section 32 of the National Health Act of 2004. The following health inspection services /programs are rendered within the district:

- Water quality monitoring
- Food hygiene control
- Health surveillance of premises
- Waste management
- Surveillance and prevention of communicable diseases
- Vector control
- Environmental pollution control
- Disposal of the dead
- Chemical safety

The 3 top service delivery programmes are: Water quality monitoring, food hygiene control and health surveillance of premises. An audit by the National Department of health revealed that the District is in compliance with the national norms and standards for environmental health.

The SDM was able to render the above services to all the citizens within the district to all communities and as per the norms and standards for environmental health services. The services do not discriminate between rich or poor communities. However, improvement in the direct environment where poor communities live and work do have a huge impact on their health and well-being. Complaints and concerns from residents' re-environmental health issues are prioritized and attended to within 24 hours throughout the district. Complaints which cannot be addressed by the District is referred to the relevant municipal or provincial department.

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The Service level agreement between the SDM and local municipalities, who render the service on behalf of the District, provides for a monitoring protocol and a reporting regime. All the programmes are monitored for compliance with the National norms and standards on environmental health on a monthly and quarterly basis. Major efficiencies can be reported as the ability of the SDM to render MHS despite the severe resource constraints, in compliance with the national norms and standards and the fact that all citizens have access to the service. The SDM do not have any municipal abattoirs within its area of jurisdiction. However, all privately owned abattoirs fall within the jurisdiction of the Province (Veterinary services). Food control relates to a mandatory regulatory activity of enforcement to provide consumer protection and ensure that food:

- is handled in a hygienic manner during production, storage, processing, distribution and sale;
- is safe, wholesome and fit for human consumption and conforms to safety, nutrition and quality requirements;
- is honestly and accurately labeled as prescribed by law.

This includes the following but is not limited to:

- Issuing of certificates of acceptability in terms of Regulation R638
- Inspection of formal and informal food premises and vehicles .
- Compliance monitoring in terms of legislative requirements and provisions and instituting remedial and preventative measures.
- Examination, sampling and analysis of foodstuffs.
- Examination of food labels for compliance to the Foodstuffs, Cosmetics and Disinfectants Act
- Hygiene control and the inspection of meat products at processing plants and municipal abattoirs.

All food premises are inspected on a routine basis and action taken where there is noncompliance with the minimum health standards. The SDM do not have any municipal abattoirs within its area of jurisdiction. The district was able to comply with the national minimum norms and standards in terms of inspection intervals of all food premises.

The service is rendered on behalf of the District by environmental health officers at the level of the local municipalities. Service priorities are:

- To ensure that all premises comply with the minimum health and hygiene standards for premises
- That all premises are inspected as per the prescribed schedule in the National Norms and Standards for Environmental Health
- That all food premises which are in compliance with the minimum standards are issued with a Certificate of Competency

Communities living in poverty have access to the service across the district. Certificates of compliance are not only issued to the formal sector but also to the informal sector.

COMPONENT G: SECURITY AND SAFETY

3.20 POLICE

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.

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However, Sedibeng District Municipality support strategic objective of the National Development Plan which seeks to “Build safer communities” through integrated community safety programmes which are implemented across the region.

This development and implementation process of programmes is guided by the Sedibeng Community Safety Strategy 2018 – 2022. It is a multi-faceted process undertaken through a Community Safety Forum which comprises of various stakeholders from the Justice, Crime Prevention and Security Cluster across the region and province.

Service Delivery Priorities

It is common knowledge that community safety should be every person’s concern. Various organizations, community groups and the residents are expected to contribute to the development of a safe and cohesive living environments. As a result; Sedibeng District Municipality through its Community Safety IGR Forum has been actively involved in fostering joint crime and violence prevention across the region. These safety programmes include schools’ safety, community police relations, community corrections, gender based violence, social crime prevention, stakeholder relations and road safety programmes.

Implementation of the Community Safety Strategy 2018 - 2022

Implementation of crime prevention programmes is conducted under the umbrella of the Community Safety Strategy 2018–2022. This safety strategy’s vision is to create a region of choice through valued partnerships in pursuit of building safer communities within Sedibeng region. This is done through a coordinated and uniformed system that is led by a multi-disciplinary intergovernmental relations forum on community safety.

The roadmap that has been developed towards the achievement of the afore-mentioned vision, include these key deliveries:

- Promoting institutional arrangements
- Encourage active community participation
- Improve social crime prevention measures
- Promote road safety awareness and education
- Monitor and evaluate impact of the safety programmes implemented

The following achievements has been recorded during the year under review:

Promoting institutional arrangement

Promotion of stakeholder’s relations forms an integral part of the Community Safety Strategy. Community Safety Forum is therefore; regarded as a key programme in pursuance of promoting and enhancing intergovernmental relations within the region. As a result; monthly and quarterly stakeholders’ meetings were held throughout the year, whereby crime prevention programmes were discussed. During these meetings various participating stakeholders present their reports to the MMC: Community Safety for the previous quarter. The MMC: Community Safety plays an oversight role on the implementation of the Safety Strategy and meets on quarterly basis with these stakeholders.

Furthermore; due to its effective Community Safety Forum in the province, Sedibeng District Municipality was nominated to lead SALGA Gauteng’s Public Safety Technical Committee. This structure is aimed at establishing, reviving and capacitating Community Safety Fora within Gauteng.

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As part of capacity building exercise, Sedibeng District Municipality with the assistance of SALGA Gauteng, arranged training for the development of Community Safety Plans for its Local Municipalities. This training was attended by other members of Sedibeng Community Safety Forum which include, Department of Correctional Services, Department of Education, and department of Social Development, South African Police Services, Sedibeng Community Policing Forum Board, Gauteng Road Safety Promotions and the Vaal University of Technology. Delivery areas of this training included empowering delegates with the necessary technical knowledge and skills on how to conduct safety audits towards the development of the Community Safety Plans. These training were held during these periods; 25 – 26 September 2018, 01 – 02 November 2018 and 20 – 21 June 2019.

Improve social crime prevention measures

This approach to crime prevention recognizes the complex social, economic and cultural processes which contribute to crime and victimization. It focuses on reducing the risk factors by strengthening the range of personal, social, health and economic factors which protect families, children and young people from becoming involved in crime and victimization. As a result; various safety programmes were implemented as part of this intervention measure.

Abandoned buildings and open spaces often serve as sites for illicit activities such as rape, murders, drug abuse and trafficking, prostitution, graffiti and vandalism, and this can contribute to generating feelings of insecurity in the neighborhood. As a result; crime prevention through environmental design is very crucial in eliminating and reducing these opportunities of crime. It is on this basis, that on the 18 July 2018, a cleaning campaign was undertaken by members of the Community Safety Forum in Bophelong, Ext. 16.

Gender Based Violence (GBV) is a very sensitive crime, therefore; it needs special attention when responding to it to avoid possible secondary victimization. Victim Friendly Facilities (VFF) are therefore; regarded as a critical component as an intervention tool towards addressing counselling and treating victims of crime. They serve as a first point of treatment for the victims of GBV before they receive professional counselling and treatment. As a result; this facility was officially opened at Boipatong Police Station on the 21 November 2018 to provide the afore-mentioned services to victims of crime at this police station.

16 Days of Activism on no violence against women and children is an annual and national campaign which takes place during the period; 25 November and 10 December. As part of supporting this campaign, Sedibeng Community Safety Forum held a dialogue programme on GBV at Boipatong, Bophelong and De Deur leading to this period. On the 5th of December 2018 the main regional event in the form of a Door to Door Awareness Campaign was held in Sicelo. Approximately 587 people from across the region, especially Midvaal area participated in this programme. There is also Sedibeng Victim Empowerment Programme Forum which is led by Department of Social Development and meets quarterly to discuss issues related to GBV.

The previous year; 2017/18, Sedibeng Community Safety embarked on an Anti-Gangsters and Rape Campaign in Evaton to address gangsterism in the area. This was a huge success, whereby the programme has been extended to other areas in the region. In this instance, focus was more at schools' level to create awareness on issues such as gangsterism and bullying, and crime in general. One of the schools that was visited in this regard was Polokong Primary School in Sebokeng on 30 November 2018. During the period; 15 – 29 January 2019, various schools across the region were also visited to conduct search and seizure operations as a deterrent measure for learners to possess and bring dangerous weapons and drugs at school premises.

During these visits, MMC: Health and Social Development also issued sanitary towels to the girls as part of her social development programme. Some of the schools visited include Radipeu Primary School (De Barrage), Ramosokola Secondary School (De Barrage), Katleho-Impumelelo Secondary School (Sebokeng, Zone 11), Poelano Secondary School

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(Evaton West) and Isizwe Setjhaba Secondary School (Vereeniging). Another schools' safety related programme targeting gangsterism at schools and within our communities was held on the 09 March 2019 at Sebokeng, Zone 07 sports grounds, as "Sports against Crime Campaign".

Encourage active community participation

One of the objects of Local Government is to promote and encourage community involvement in government programmes. As a result; through its community police relations programmes, Sedibeng Community Safety Forum held a victim offender dialogue which was led by Department of Correctional Services on the 13 December 2018 at Phamehlo Primary School in Sebokeng, Zone 07. Follow-up sessions were held on the 27 January 2019 at Sebokeng, Zone 14 and also on the 28 March 2019 in Rustervaal. The purpose of this programme is to create a platform to engage with the Ex-Offenders and Community Members on the re-integration of ex-offenders back into the community.

Some of the programmes held which seek active participation of the communities, included community police relations programmes which were held as follows:

- CPF meetings held on the 04 & 05 February 2019 in Vereeniging.
- Awareness and Prayer against Crime Campaign held on the 17 February 2019 at Methodist Church Zone 13, Sebokeng and Zone 12, Sebokeng.
- Participation at the "Operation Reclaiming our Streets" on the 05 March 2019
- Participating at "Operation O Kae Molao" conducted on the 12 March 2019.

| Key Strategic Objective: "Promote and build safer communities" | | | | | | | | | |
|---|--------------------------------|---------------------|--------|--------------------|--------------------|--------|----------------------|--------------------|---------------------|
| Service Objectives | Outline Service Targets | 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: Implement community safety programmes | | | | | | | | | |
| Implement (12) community safety programmes | 12 Community Safety Programmes | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |

- Road Safety Promotion

Education and awareness programmes, such as road safety campaigns and community outreach programmes are vital in influencing the attitudes and behaviours of all road users. These educational programmes conducted with the aim of reducing road crashes and fatalities on our roads. This include law enforcement through special joint road blocks held at strategic points as determine by relevant traffic services departments.

On the 13 and 20 July 2018, joint awareness and educational programmes were conducted at Joko Tea Section, Bophelong, and Thabong Mall, Sebokeng, respectively. Drivers and pedestrians were issued with educational pamphlets and further engaged on general issues of road safety and traffic law enforcement.

Comment on the performance of Community Safety overall

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The IGR Structure (Community Safety Forum), is highly effective in the region, hence; this attribute was acknowledged by Gauteng Department of Community Safety by awarding the forum with the most effective community safety forum in the province.

Generally, crime statistics as released by the SAPS shows a decline in some problematic crimes in the area. However; emphasis still needs to be directed towards by-law enforcement in the region to address issues of alcohol and drug abuse which are some of the causal factors towards rape, domestic violence and road crashes.

3.21 FIRE

Firefighting services in terms of Schedule 04, Part B of the South African Constitution is the responsibility of local government with national and provincial oversight. The Fire Brigade Services Act (FBSA), 1987 (Act No. 99 of 1987). FBSA is the primary piece of legislation regulating fire services and provides for the establishment, maintenance, employment, co-ordination and standardization of fire brigade services. In terms of the FBSA, local authorities are allowed to establish and maintain a fire brigade service for the following purpose:

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

In terms of Section 85 of the Municipal Structures Act No. 117 of 1998, the MEC has the power to adjust certain powers and functions between category B and C municipalities, which includes firefighting services. The MEC for Local Government in Gauteng opted to make adjustment/divisions for the function and accordingly, Sedibeng District Municipality is only responsible for Section 84 (1) (j) of the Municipal Structures Act 117 of 1998, which includes:

- planning, co-ordination and regulation of fire services;
- specialized firefighting services such as mountain, veld and chemical fire services;
- co-ordination of the standardization of infrastructure, vehicles, equipment and procedures; and
- Training of fire officers.

Top 02 Delivery Priorities

1. Provision of specialized firefighting services (Payment of claims sent by the Local Municipalities).

Claims received from the local municipalities regarding specialized firefighting services as per Section 84 (1) j have been received and processed.

2. Emergency Services Forum sittings.

The main objective of this forum is to strengthen relations within the emergency services. Agenda items include: Training, Public Education & Awareness, Specialised Fire Fighting Services, and Operational Memorandum of Agreement with the Local Municipalities, Disaster Management Operations, Emergency Communication Centre, and Emergency Medical Services & Standard Operation Procedures on Fire & Rescue Services.

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Comment on the performance of fire services overall

In execution of Section 84(1)(j) of the Municipal Structures Act No: 117 of 1998, Sedibeng District Municipality has made efforts through its partnership with Santam to train Fire Officials from its three (03) Local Municipalities in the following courses:

- Fire Instructor Course: 23 Officials
- Fire Officer Course: 22 Officials
- Confined Space Rescue: 21 Officials

Moreover, in ensuring that principles of cooperative governance are promoted as well as integrated and coordinated efforts, the Emergency Services Forum met quarterly for the year under review. All the sittings were convened by the Sedibeng Emergency Management Services Directorate.

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

Introduction to disaster management

The Sedibeng Emergency Management Services, as established within the Community Services Cluster, herewith; presents the annual report for 2018-2019 financial year in compliance with Section 50 of the Disaster Management Act (Act 57 of 2002, as amended). This report provides an overview of the activities undertaken by the directorate across the region during the period under review. It further reflects on the progress made in line with the objective of promoting an integrated and coordinated system of disaster management, with special emphasis on prevention, by organs of state and other role-players involved in disaster management.

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 possible disasters incidents.

Service Delivery Priorities

- Implement mechanisms for Disaster Risk Reduction measures,
- Maintain effective stakeholder participation,
- Ensure the state of readiness and alertness aimed at combating potential disaster situations within the region, and
- Ensure effective response and recovery efforts.

Implementation mechanisms for Disaster Risk Reduction measures

In order to enable the implementation of public awareness programmes, the Disaster Management Directorate in collaboration with Provincial Disaster Management Centre (PDMC), Santam and other sector departments, developed a capacity building action plan with the aim to strengthen disaster management through increased capacity for disaster preparedness, risk reduction, early warning systems. The focus is on addressing local risk dynamics, building capacity within

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communities, instil the culture of risk avoidance, improve response mechanisms and even share indigenous knowledge in dealing with incidents. Advocacy and public awareness, as defined in Enabler 2 of the Disaster Management Policy Framework, mandates us to promote the culture of risk avoidance through integrated education, training and public awareness. During the 2018/2019 financial year, the following Disaster Risk Reduction Programmes were rolled out:

1. Public awareness program Sibonile Primary School for the blind within Midvaal Local Municipality (MLM).

Sedibeng Disaster Management Centre with Midvaal Fire and Rescues Services held an awareness campaign on the 17th September 2018 at Sibonile Primary School for the visually impaired, in collaboration with MLM Social Development, Health Department, Randwater and Act of Life Foundation. The campaign focused on disseminating information to teachers and learners on encouraging the culture of risk avoidance. Learners were made aware about their surrounding risks starting at foundation phase to enable them to foster disaster risk reduction and teachers were made aware of the need to teach hazard awareness and disaster preparedness, and where possible, include some concepts related to disaster education. Key activities that were rolled out during the campaign includes the following:

- Emergency Communication
- Stop, Drop and Roll (Fire Safety)
- Wellness
- Dignity and Hygiene lifestyle

Stakeholders that took part in the campaign included the following:

- Gauteng Department of Education
- Department Social Development (Midvaal)
- Midvaal Fire & Rescue
- Department of Health (Health Promotion Unit)

2. International Day for Disaster Risks (IDDR) Vaal Marina Commemoration

The IDDR commemoration is informed by the United Nations International Strategy for Disaster Risk. In commemoration of 2018 IDDR, the Sedibeng Public Education and Awareness Unit conducted a campaign at Vaal Marina/Mamello settlement on the 30th November 2018. The key purpose of the campaign was to disseminate information to the community and to encourage culture of risk avoidance. Communities were made aware about their surrounding risks to enable them to foster disaster risk reduction. The objectives of the campaign, in accordance with the Sendai Framework of Action included the following:

- To implement disaster risk programmes/mechanisms to reduce risks and mortalities.
- To encourage disaster risk reduction in an effort to build resilience among at risk communities.
- To encourage proactive planning to reduce the impact of disasters and promote emergency preparedness.

The campaign took the form of a public awareness in compliance to the risk reduction approach adopted by the UNISDR for the implementation of the Sendai 7 Campaign. The awareness campaign focused on presentations for the community members of Mamello. Participating role-players in this campaign included among others; Midvaal Fire and Rescue Services, Gauteng Road Safety, Department of Social Development, South African Police Services, ESKOM, Rand Water. Over 100 community members attended the campaign. The benefit of the campaign was to share information through awareness raising and educational initiatives to assist people to make informed decisions and take

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appropriate precautionary actions to lessen the impact of disasters from different aspects. Reducing risk and vulnerability to disasters requires understanding of how they can best protect themselves, as well as their property and livelihood. Greater inclusion of representatives of vulnerable groups in the disaster risk reduction programmes is of paramount importance.

3. Training of Early Childhood Development (ECD) Practitioners in Basic First Aid and Basic Fire Fighting

Sedibeng Disaster Management Centre, in partnership with Santam, Department of Social Development and the Provincial Disaster Management Centre coordinated training of 147 ECD Practitioners in Disaster Management, Basic First Aid and Basic Fire Fighting. The training ran for 05 days and was offered by Red Cross through the partnership that Sedibeng Disaster Management is having with Santam. The main objectives of the training were:

- To ensure that ECD Practitioners are prepared to handle any emergency that may happen in their premises and handle them safely, and
- To ensure that they promote and maintain school-wide safety and minimise the effects of emergencies and other dangerous situations.

4. Winter Awareness Workshop during Child Protection Week at Eldorado Hall in Sebokeng

Sedibeng Disaster Management and the Department of Social Development (Sedibeng Region) held workshops for all registered ECDs within the region as part of winter awareness program and also commemoration of the Child Protection Week. The workshops were held in all the three (03) local municipalities within the region.

The main objectives of the workshop were:

- To capacitate 152 ECD Principals and Practitioners from Emfuleni; 25 principals and practitioners from Lesedi Municipality and 46 Principals and Day Mothers from Midvaal Municipality, with skills and knowledge on emergency evacuation Fire Safety and Basic First Aid,
- To assist in risk reduction and prevention on incidents occurring in the ECDs by improving the staff skills, and
- To provide a safe, healthy and secure place of care to children at ECD centres.

Through the Santam partnership, all the registered ECDs were provided with Fire Blankets and a First Aid Kits.

Major Incidents recorded within Sedibeng region

Sebokeng Floods

During the term in Question, the Sedibeng Region experienced severe flooding during December 2018. On the 30th December 2018 at around 17H00 Emfuleni area experienced heavy down pours which were localized within Sebokeng and the surrounding areas. The heavy downpours triggered a retainer wall (levee) in Zone 6 to collapse sending volumes of litres of water through houses in Zone 06 and Zone 07. Severe damages to property and infrastructure was caused by the heavy flow of water. As required by the Disaster Management Act (Act 57 of 2002, as amended) Disaster Management Officials promptly responded to do assessment in order to determine the severity of the damages incurred and determine the kind of relief needed for the affected families. Coordination and activation of other Relief Agencies was done by Disaster Management. The affected areas included Sebokeng Zone 6 Ext. 03 & 02, Sebokeng Zone 07, Zone 03, Zone 13 and Tshepong Phase 01 & 02.

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Driehoek High School Structural collapse

On the 1st February 2019 around about 08:00 Disaster Management received a call from the community and the school stating that a bridge connecting the main offices and the classrooms had collapsed and that learners are injured and trapped under a concrete slab. Disaster Management Officials, Emergency services functionaries from the Local Municipalities and private ones, the Department of Education, Councillors, Religious Leaders and the community at large responded accordingly to assist with the incident.

In implementing mechanisms for impact assessment of this significant event, the impact and results were as follows:

| Priority | Number of Patients | Transported By |
|---|--------------------|---|
| Priority 4 (Deceased) | 03 | • State pathologist |
| Priority 1 (Patients in need of immediate intensive care) | 05 | • 03 by Netcare Chopper to Union Hospital • 01 by Halo Chopper to Milpark Hospital • 01 by Netcare Ambulance to Emfuleni Medi Clinic |
| Priority 2 (Patients that need treatment, but not very critical) | 14 | • 04 by GPG EMS (02 to Vereeniging Medi Clinic, 01 to Emfuleni Medi Clinic, 01 to Johan Heyns) • 08 by ER 24 (06 to Emfuleni Medi Clinic, 02 to Vereeniging Medi Clinic) • 02 by Netcare (Emfuleni Medi Clinic) |
| Priority 3 (Patients that need medical care, but not severely injured) | 02 | • 02 by Sasol EMS (Vaalpark Netcare) |

Response and Recovery Efforts

Response in disaster management is about meeting the immediate basic needs of people affected by an incident or disaster until more permanent and sustainable solutions can be found. The main responsibility to address these needs and response to incidents or disasters lies with the government or governments in whose territory the disaster has occurred. Involvement of Humanitarian Organizations is also of paramount importance in this phase of Disaster Management Cycle, particularly where there is lack of resources to respond adequately to the needs.

Key objectives for responding to incidents include:

- Facilitating the recovery of the community through the humanitarian assistance;
- Saving and protecting human life;
- Relieving suffering;
- Limiting its escalation or spread and mitigating its impacts;
- Maintaining normal services at an appropriate level; and
- Evaluating the response and recovery effort.

During this term a total of 40 000 litres of drinking clean water was also provided to the communities of Midvaal & Emfuleni where clean and drinking water is scared and difficult to access. Below is a table illustrating relief that has been provided.

This relief emanates from incidents such as fires and floods.

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| Total Relief provided for the period: July 2018 – June 2019 | | | | | | | | |
|---|----------|--------------|-------|----------|------------|-----------|----------|-----------|
| Affected People | Blankets | Food Parcels | Tents | Mattress | Tarpaulins | Water (l) | Sandbags | Incidents |
| 471 | 366 | 79 | 07 | 330 | 10 | 40 000 | 56 | 100 |

| Key Strategic Objective: "Promote disaster resilient communities" | | | | | | | | | |
|---|--------------------------------------|------------------------|--------|-----------------------|-----------------------|--------|-------------------------|-----------------------|------------------------|
| Service Objectives Service Indicators (i) | Outline Service Targets (ii) | Year 01 | | Year 0 | | | Year 02 | Year 03 | |
| | | 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: To conduct community awareness campaigns | | | | | | | | | |
| Intensification of public awareness and education programmes in disaster management throughout the region | Public awareness campaigns conducted | 04 | 07 | 04 | 04 | 04 | 04 | 04 | 04 |

COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT

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 endeavours to create disaster resilient communities within our region is achieving great momentum and 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 during the Sebokeng floods and the Driehoek High School incidents attributed to effective management of the incident.

COMPONENT H: SPORT AND RECREATION

Promote and support sport and recreation in the region

The Sport and Recreation division performs a coordination role by assisting and supporting Provincial DSACR, DE, Tertiary Institutions and Local Municipalities in assessing their development trajectory in the 09 Prioritized Sporting Development Codes identified, including giving priority to the Sports Council's in achieving strategic developmental outcomes of the various sports disciplines which is at different phases of development and maturity within Sedibeng region.

SDM is part of the South Corridor Sports and Recreation Intergovernmental Relations Forum consolidates annual development plans of the various sporting codes in our Region through a comprehensive due diligence of each priority code to ensure that logical process management principles are adhered too on the basis of our annual plans of the IDP and SDBIP.

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Core Responsibilities of Sports and Recreation Division

- Is to assist in developing the 9 priority Sporting Codes as identified in Gauteng Province.
- Create Sports and Recreation as a platform that assist in understanding Cultural Diversity and tolerance in Nation Building and the development of a Patriotic Society through integration.
- Establish and assist with the continued development of Sports in collaboration with the Sports Councils/Confederations in the Region.
- Develop the turnaround strategy of our Region through our Sports Plan.
- Facilitate the impact of the Recreational Policy for the Region once approved.
- Facilitate Strategic Partnerships in pursuance of our goals and objectives.

It should be noted that functions such as establishment and management of community parks, sports fields, sports halls, stadiums, swimming pools, and camping sites are core competencies of our Local Municipalities, namely; Emfuleni, lesedi and Midvaal. The following are the achievements from the 2018/19 financial year:

- The O.R. Tambo/Soncini International games orchestrated through a partnership with the Office of the Premier in Gauteng Province and the Italian Region: Reggio Emilio Authorities as the host of the 2018 Tri- colour games every four years which includes cities from different countries all over the world took place in Italy during the period; 06 – 13 July 2018, of which SDM formed part of the Gauteng delegation.
- The preparation to facilitate the participation of various communities and Regions in the Gauteng Provincial Indigenous Games play-offs on the 4th August 2018 was hosted in our Region at VUT ISAK Steyl Stadium as a consequence of Regional games that took place during June 2018.
- The Rural Sports Development Festival in partnership with the National Department of Rural Development took place on the 29th September 2018 in Devon, Lesedi Local Municipality was successfully co-ordinated by the Sedibeng Sports & Recreation Division.
- The finalisation and process management of the Gauteng Recreational Policy which started in February 2018 is still held in abeyance at the Provincial DSACR which should be processed in the outer years moving forward.
- The Annual Provincial O.R. Tambo/Soncini Social Cohesion Games took place at the Germiston Stadium on the 27th & 28th October 2018 in commemoration of O.R. Tambo's birthday which had a delegation from Reggio Emilio Italy. Sedibeng Team achieved the 4th position in the overall completion with participants looking forward continue in the hope of achieving provincial and national colours including opportunities that could escalate to International Competitions.
- Coordinated an official handing over of the Devon Multi-Purpose Sports Complex by the National Department of Rural Development on the 3rd November 2018.
- The Provincial Disability Sports Festival was successfully hosted on the 24th November 2018 at VUT Isak Steyl Stadium through the coordination of SDM.
- The Annual 10th December 2018 Motsepe Foundation Toy Distribution in Sedibeng at all Local Municipal designated areas went very well notwithstanding the reduction of Toys from 13 000 to 8000 which caused some

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challenges for the recipient communities, the impact and expectations of communities supersedes our capacity which poses a challenge in the distribution.

- During the Human Rights Month 2019 on the 17th March 2019 at George Thabe Stadium, SDM in partnership with Emfuleni Athletics Club successfully hosted a 21km Sharpeville.

Promote and Support Arts & Culture Programmes

The SRACH Directorate in the Arts and Culture Division has the responsibility to manage and operate three major Theatres in the Region being the Vereeniging Theatre, Mphatlalatsane Theatre (Closed as stated earlier) and the Sharpeville Hall/theatre on a daily basis. It also encourages theatrical development of stage productions and plays in the various genres of the art in collaboration with private sector practitioners in the various fields of the Arts and culture. It further consistently defines developmental opportunities with the underprivileged communities by giving them opportunities to express themselves in the arts industry, by working closely with the Provincial DSACR to roll out various programs annually such as Dance Majeko, Inshalazi, Puisano Jazz Festival, numerous Indigenous Gospel and Music genre festivals, as well as hosting various Arts Festivals.

The division is also responsible for the coordination of the Regional Craft Hub at the old Sharpeville Police Station in partnership with the Provincial DSACR and implements in conjunction with the Heritage Division through the Office of the Executive Mayor especially on the Commemorative Days Programs in the Office of the Executive Mayor in collaboration with National and Provincial Government Departments including the Gauteng Carnival as one of the most supportive regions.

The thrust of the Arts and Culture Division is to “Develop the Potential of Communities”

- In the different Genres of the Arts.
- Create an understanding in Cultural Diversity and Tolerance in Nation Building, the creation of a Patriotic Society fully integrated.
- Establish the Development of the Creative Industries as a New Economic Driver that links to Heritage Programs and unique Memorabilia development for the Region.
- Develop the turnaround strategies for Arts & Culture and Theatres in our Region.
- Develop the South Corridor “School of the Arts in our Region.
- Facilitate Strategic Partnerships.

Perhaps the biggest challenge for this Division is to influence the development of the facilities it manages into world class facilities that could generate self-sustainability and procure various major attractions of the Arts into the Sedibeng Region through technical advancements in the sector and modernisation of the current Theatre experiences. The following are the programmes that have been implemented in this 2018/19 year.

- Facilitated the drafting and processing of arts and culture performance contracts of various artists who performed at all our commemorative days’ events during the entire year of 2018/19 such as Human Rights Month, State of the District Address (SoDA), Boipatong Massacre, etc.
- Form part of the Creative Industries Steering Committee that is an initiative led and funded by the Gauteng Department of Economic Development. The Committee seeks to provide workshops, skills and funding to all genres of the Creative Industries, as well as creating a platform for the private sector and artists, in all genres, to collaborate, seek partnerships and funding.

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- Hosted the first annual Intellectual Property and Music Rights Workshops for artists in the Sedibeng Region on 31 August 2018 at the Sharpeville Hall. This was done in partnership with the Creative Industries Steering Committee. Other partners included IP Lawyers, SAMRO etc.
- Participated at an annual Gauteng Social Cohesion Carnival which is held on the 24th September to celebrate National Heritage Day in Tshwane Pretoria. This event is aimed at promoting social cohesion and embracing various cultures and diversity in Gauteng Province.
- Based on the phenomenal success of the five (05) days pilot project, the Directorate of Arts in the Provincial DSACR approached Sedibeng Arts & Culture to support a monthly programme of creating an Arts & Crafts Market around the Sharpeville Monument and Precinct to offer market access to local artists and crafters. These markets have been hosted successfully through 2018/19.
- The Arts and Culture Section has hosted a successful Vaal Comedy Show in partnership with the Vaal Comedy Merchants on the 26 October 2018 at the Vereeniging Civic Theatre.
- It should be noted that the Directorate of Arts & Culture currently manages two Theatre operations daily at both Vereeniging Civic Theatre and Sharpeville Hall, respectively. Various external events have been organized and held at these facilities by external clients.
- On the 21st March 2018 as part of our Human Rights Month programmes we facilitated in collaboration with the Creative Industries Division of DSACR the Sharpeville Arts and Craft Exhibition at the Sharpeville Precinct as a continuum to popularize the growth and opportunity of the Creative Industry through Fashion, Music, Dance, performing genres of the Arts and set pieces of artistic artefacts.
- The Vereeniging Civic Theatre hosted Fine Arts Exhibition during Human Rights Month 2019.
- On 31st March 2019 the Division of Arts and Culture Sedibeng collaborated with DSACR and successfully hosted the Annual Puisano Jaz Festival at the Dlomo Dam in Sharpeville that showcased four (04) local bands sourced by Sedibeng amongst other Gauteng bands which was a highly successful.
- The Puisano Jazz Bands Auditions was conducted at the Sharpeville Hall in the region throughout the year on a quarterly basis with the main festival held at Dhlomo Dam in Sharpeville as part of the Human Rights Month Programme.

One of the key responsibilities of this directorate is support Regional Craft Hub. As a result; the under-mentioned targets were achieved:

- Assisted in the beautification projects i.e. Mural Project around the region that is funded by DSACR.
- Created in collaboration with the DSACR Creative Industries division regular Arts and Craft Markets at the Sharpeville Precinct and the Boipatong South Corridor Craft Market Exhibitions at the Boipatong Museum and Youth Centre.

Preserve heritage and museums of region, including promotion of national and provincial commemorative days

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The SRACH Directorate in the Heritage Division has a direct legislative function in terms of the National Heritage Act 25 of 1999. As a result; this Heritage Division has very broad overarching responsibilities over regional heritage sites and museums. The Heritage & Museum Division manages the Sharpeville Precinct that has acquired National Heritage Status and is currently one of the World Heritage applicant sites through UNESCO under auspices of the “Nelson Mandela Legacy” Projects which incorporates “Lillies Field, Robben Island, Qunu, Constitution Hill (Trails) etc. The Sharpeville Precinct consist of the operation and Management of the “Heroes Acre” and grave sites of the 69 Sharpeville Massacre Victims, the old Sharpeville Police Station and the Sharpeville Memorial centre and Peace Gardens.

The Vaal Technorama Museum which houses the collective artefacts of various Historical Epochs of the Region from the Iron and Stone ages, discovery of coal, Anglo-Boer/South African War, Peace Treaty, Liberation Leaders profiles and the former President F.W.De Klerk entire collection of artefacts during his tenure as President including various Art pieces of note etc., which is also the birth place of a very strategic “Person of Interest” born on the same site as the Museum called “Topville Location” the late stalwart “ Mme Adelaide (Tsukudu) Tambo, wife of O. R. Tambo.

Due to lack of capacity (Human and fiscal), SDM is no longer managing and operating the Heidelberg Transport Museum. However; SDM has been instrumental in facilitating a strategic partnership on BOT with SEDTRADE in restoring and developing Heritage Landscaping around the Witkop Blockhouse in Meyerton.

The Heritage part of the Division has identified eight Liberation Struggle Routes in the Sedibeng Region that spans across various Historical periods/Epochs that is currently part of strategic discussion with Vaal University of Technology to assist with their expertise of their 3D Digital printer on Design and Construct methodologies around the development of Peace Garden Monuments that can be developed into Liberation tourist precincts.

Various Historical sites has been identified and is currently being processed in collaboration with PHRAG, SAHRA and the National Heritage Council to develop Management Preservation Plans and financial support from the National and Provincial Governments for programmes such as the Redan Rock Engravings and Bushmen Paintings on the Vaal River.

Commemorative day’s programmes are also supported as part of our heritage. There are currently six (06) commemorative events that are annually held and supported in the region. Geographical Name Change is another process facilitated by this division, and requires intensive stakeholders’ engagement to ensure balanced public participation.

Core Responsibilities of the Heritage & Museums Division

- Identification, declaration and preservation of heritage sites in the region
- Establishment of heritage struggle routes and research
- Conduct oral history, research and digitization of research findings
- Facilitate geographical name change process
- Reposition Sedibeng historical events impact as “The Cradle Human Rights” and align to National South African History
- Facilitate strategic partnerships with various institutions, businesses, government, Civil Society and Institutions of Higher Learning

The following are heritage programmes that have been implemented in this 2018/19 year.

| PROGRAM | ACTIVITY |
|------------------------------------|---|
| Thanks Giving for Delmas Trialists | Plenary meetings arranged in preparation ofr the Thanks Giving for the Delmas Trialists Event to be hosted by Mr. Popo Molefe who was the |

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| | |
|--|---|
| | chairperson of Transnet. |
| Stakeholder Meeting for PHRA Gauteng | The department successfully hosted the PHRA stakeholder meeting in partnership with the department of SACR. |
| Stakeholder Meetings for Gauteng Geographical Name Change Committee (GNCC) | The department successfully hosted 2 stakeholder meeting for the GNCC in August 2018 and February 2019 |
| Meetings for Declaration of Heritage Sites | A series of meetings were held with the church leadership of St John Apostolic Faith Mission to discuss the nomination and later submitted the completed nomination form to PHRA for the church |
| Museum Visit by Provincial SAPS | In March 2019 the department successfully hosted 500 members of South African Police Service and their Senior Management from the entire Gauteng Province including the Provincial Commissioner |
| Inter School Debate at Museum | In September 2018 the Vaal Teknorama Museum hosted 6 schools who participated in a debate on Heritage matters |
| Tour for Environmental IGR | The Vaal Teknorama Museum hosted the Gauteng Environmental IGR and planted a tree in the yard to symbolize and celebrate Abor day |
| Youth Parliament at Museum | During the Youth Month the Vaal Teknorama Museum hosted the Sedibeng District wide schools as part of Youth Parliament |
| Commemorative Events | The department supported the Office of the Executive Mayor for the hosting of Commemorative Days that include; Vaal Uprising, Signing of the Constitution, Zone 7/Night Vigil Massacre, Human Rights and Boipatong Massacres Commemorations The support was in a form of organizing logistics like tables and chairs, liaising with Facilities Management department for cleaning of hosting venues and facilitating stakeholders meetings |



Heritage Competition Winners

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| 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 0 (2018/2019) | | Year 1 (2019/2020) | | | Year 2 (2020/2021) | | |
| | | Target | Actual | Target | | Actual | Target | | |
| | | (iii) | (iv) | *Previous Year (v) | *Current Year (vi) | (vii) | Previous Year (2016/17) | Current Year (2017/18) | Following Year (2019/20) |
| Service Objective: Promote and develop sports and recreation, arts, culture and heritage of our region | | | | | | | | | |
| 04 Sports and Recreation programmes supported | Support Sports and Recreation programmes | 04 | 11 | 10 | 04 | 09 | 04 | 11 | 04 |
| 04 Arts and Cultural programmes supported | Support Arts and Cultural Programmes | 04 | 05 | | 05 | 05 | | | 04 |
| 02 Regional Craft Hub programmes supported | | 02 | 04 | | 04 | 04 | | | 02 |
| 06 Commemorative events hosted | Host commemorative events in partnership with other spheres of government. | 06 | 06 | 6 | 06 | 6 | 6 | 06 | 06 |
| 04 Stakeholder engagements on name change processes facilitated | Facilitate the name change process | 04 | 06 | 5 | 04 | 5 | 6 | 04 | 04 |
| 04 Stakeholder engagements for declaration of Heritage resources held | Facilitate declaration of Heritage resources | 04 | 05 | 6 | 04 | 5 | 4 | 04 | 04 |

| 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 | 1 | 0 | 0% |
| 4 - 6 | 1 | 1 | 1 | 0 | 0% |
| 7 - 9 | 1 | 1 | 1 | 0 | 0% |
| Total | 3 | 3 | 3 | 0 | 0% |

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| R'000 | | | | | |
|--|-----------|-----------------|-------------------|-----------|--------------------|
| Details | Year -1 | Year 0 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 0 | 0 | 0 | 0 | #DIV/0! |
| Expenditure: | | | | | |
| Employees | 2,765,620 | 2,487,809 | 2,530,654 | 2,530,469 | 2% |
| Repairs and Maintenance | 0 | 0 | 0 | 0 | #DIV/0! |
| Other | 28,728 | 28,463 | 19,741 | 20,493 | -39% |
| Total Operational Expenditure | 2,794,348 | 2,516,272 | 2,550,395 | 2,550,962 | 1% |
| Net Operational Expenditure | 2,794,348 | 2,516,272 | 2,550,395 | 2,550,962 | 1% |
| <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> | | | | | <i>T 3.23.4</i> |

COMMENT ON THE PERFORMANCE OF SPORTS, RECREATION, ARTS, and CULTURE & HERITAGE:

The SRACH Department has met its obligations of the SDBIP for the period with some challenges in Heritage and Museums around the slow process the Municipalities in Sedibeng advances the elements of both Geographic Name Changes and declaration processes that goes through other Provincial and National responding Agencies/Departments, In Arts and Culture we have very serious capacity challenges and financial challenges that impacts the outcome of the division, the same can be classified for Sports and Recreation.

In the main the process of finding additional budgetary resources and the spending of our grants become very cumbersome including the funding for developmental programmes and maintenance of our facilities which is in a serious state of decline.

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.24 EXECUTIVE AND COUNCIL

Executive and Council ensure the municipality has an Integrated Development Plan (IDP) and Budget agreed with all stakeholders, and in which communities have participated, which addresses the triple challenges of unemployment, poverty and inequality; ensure that the community is aware and informed of operations, services and activities of the municipality. 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

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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 |
|--|---|
| Executive Mayor: Cllr. Busisiwe Joyce Modisakeng | <ul style="list-style-type: none"> Presides as the Chair in the Mayoral Committee Meetings. 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 |
| Speaker of Council: Cllr. Melina Gomba | <ul style="list-style-type: none"> Chairs Council meetings, and advice on major legislative compliance issues |
| Chief Whip of Council: Cllr. Assistance Mshudulu | <ul style="list-style-type: none"> Oversee that roles and responsibilities of Councillors are implemented, thus provide full councillors support. |
| MEMBERS OF MAYORAL COMMITTEE | |
| Name | Portfolio Committee |
| Councillor S. Maphalla | <ul style="list-style-type: none"> Administration/Corporate |
| Councillor P.B. Tsotetsi | <ul style="list-style-type: none"> Finance |
| Councillor Y. Mahommed | <ul style="list-style-type: none"> Sport, Arts, Culture and Heritage |
| Councillor Z. Raikane | <ul style="list-style-type: none"> Social Development |
| Councillor M. Khomoeasera | <ul style="list-style-type: none"> Human Settlement and Development Planning |
| Councillor G. Hlongwane | <ul style="list-style-type: none"> Local Economic Development |
| Councillor L. Gumede | <ul style="list-style-type: none"> Environment and Clean energy |
| Councillor Dlangamandla | <ul style="list-style-type: none"> Transport and Infrastructure |

| Details | R'000 | | | | |
|--|--------------------|----------------------|------------|------------|-----------------------|
| | Year -1 Actual | Year 0 | | | Variance to Budget |
| | Original Budget | Adjustment Budget | Actual | | |
| Total Operational Revenue | 0 | 0 | 0 | 0 | #DIV/0! |
| Expenditure: | | | | | |
| Employees | 40,088,830 | 42,420,308 | 41,106,324 | 41,343,198 | -3% |
| Repairs and Maintenance | 0 | 0 | 0 | 0 | #DIV/0! |
| Other | 14,833,661 | 12,545,274 | 15,294,196 | 14,096,067 | 11% |
| Total Operational Expenditure | 54,922,491 | 54,965,582 | 56,400,520 | 55,439,265 | 1% |
| Net Operational Expenditure | 54,922,491 | 54,965,582 | 56,400,520 | 55,439,265 | 1% |
| <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 3.24.5 |

COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL

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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.

3.25 FINANCIAL SERVICES

The District Municipality is not responsible for any bulk services and therefore no billing was done on revenue collection except for IT services rendered on behalf of Emfuleni. The municipal main income is mainly grants.

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| Financial Service Policy Objectives Taken From IDP | | | | | | | | | |
|--|--|--|--------------|--|--|--------------|--|--|--|
| Service Objectives | Outline Service Targets | 2017/18 | | 2018/19 | | 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) |
| (i) | (ii) | (iii) | (iv) | (v) | (vi) | (vii) | (viii) | (ix) | (x) |
| Service Objective xxx | | | | | | | | | |
| To ensure successful implementation of the MSCOA regulations | Implement 100% of MSCOA Regulations on account posting of transactions | New Target | | New Target | Implement 100% of MSCOA Regulations on account posting of transactions | Achieved | Implement 100% of MSCOA Regulations on account posting of transactions | Implement 100% of MSCOA Regulations on account posting of transactions | Implement 100% of MSCOA Regulations on account posting of transactions |
| To provide a realistic financial planning of the municipality | Compile one (01) annual budget and submit to Council for approval | One (1) annual municipal budget in the previous financial year | Achieved | One (1) annual municipal budget in the previous financial year | One (1) annual municipal budget in the previous financial year | Achieved | One (1) annual municipal budget in the previous financial year | One (1) annual municipal budget in the previous financial year | One (1) annual municipal budget in the previous financial year |
| To determine procurement requirements and timeframes | Develop (1) one Annual Procurement Plan | One (01) annual Cape Procurement plan submitted to | Achieved | One (01) annual Cape Procurement plan submitted to | One (01) annual Cape Procurement plan submitted to | Achieved | One (01) annual Cape Procurement plan submitted to | One (01) annual Cape Procurement plan submitted to | One (01) annual Cape Procurement plan submitted to |
| To promote sound financial administration practices | Realise 1% of total annual saving on operating budget within general expenses and produce four reports | 5% cost saving realized in the previous financial year | Achieved | 5% cost saving realized in the previous financial year | 5% cost saving realized in the previous financial year | Achieved | 5% cost saving realized in the previous financial year | 5% cost saving realized in the previous financial year | 5% cost saving realized in the previous financial year |
| To review the effectiveness of the existing tariff structures and the need to for restructuring | Review tariffs for the 2019/20 financial year and submit to Council for approval | One (1) Review of tariff structures conducted in the previous financial year | Achieved | One (1) Review of tariff structures conducted in the previous financial year | One (1) Review of tariff structures conducted in the previous financial year | Achieved | One (1) Review of tariff structures conducted in the previous financial year | One (1) Review of tariff structures conducted in the previous financial year | One (1) Review of tariff structures conducted in the previous financial year |
| To adhere to GEYODI requirements | 1% of total annual jobs awarded and services rendered by people with disabilities and produce one report | 2% jobs awarded to people with disabilities on the previous financial year | Not Achieved | 2% jobs awarded to people with disabilities on the previous financial year | 2% jobs awarded to people with disabilities on the previous financial year | Not Achieved | 2% jobs awarded to people with disabilities on the previous financial year | 2% jobs awarded to people with disabilities on the previous financial year | 2% jobs awarded to people with disabilities on the previous financial year |
| | | 40% jobs awarded to women owned businesses in the previous financial year | Achieved | 40% jobs awarded to women owned businesses in the previous financial year | 40% jobs awarded to women owned businesses in the previous financial year | Achieved | 40% jobs awarded to women owned businesses in the previous financial year | 40% jobs awarded to women owned businesses in the previous financial year | 40% jobs awarded to women owned businesses in the previous financial year |
| | | Increased number of jobs awarded to youth owned businesses | Achieved | Increased number of jobs awarded to youth owned businesses | Increased number of jobs awarded to youth owned businesses | Achieved | Increased number of jobs awarded to youth owned businesses | Increased number of jobs awarded to youth owned businesses | Increased number of jobs awarded to youth owned businesses |
| | | 40% jobs awarded to local SMME's and Co-ops in the previous financial year | Achieved | 40% jobs awarded to local SMME's and Co-ops in the previous financial year | 40% jobs awarded to local SMME's and Co-ops in the previous financial year | Achieved | 40% jobs awarded to local SMME's and Co-ops in the previous financial year | 40% jobs awarded to local SMME's and Co-ops in the previous financial year | 40% jobs awarded to local SMME's and Co-ops in the previous financial year |
| | | | | | | | | | |
| | | | | | | | | | |

Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; * 'Current Year' refers to the targets set in the Year 0 Budget/IDP round. * 'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in

T 3.25.3

Chapter 3

| 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 | 4 | 4 | 0 | 0% |
| 4 - 6 | 6 | 9 | 4 | 5 | 56% |
| 7 - 9 | 7 | 8 | 7 | 1 | 13% |
| 10 - 12 | 1 | 6 | 0 | 6 | 100% |
| 13 - 15 | 1 | 2 | 2 | 0 | 0% |
| 16 - 18 | 0 | 0 | 0 | 0 | #DIV/0! |
| 19 - 20 | 0 | 0 | 0 | 0 | #DIV/0! |
| Total | 17 | 29 | 17 | 12 | 41% |

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

| R'000 | | | | | |
|--------------------------------------|--------------------|---------------------|---------------------|---------------------|--------------------|
| Details | Year -1 | Year 0 | | | Variance to Budget |
| | Actual | Original Budget | Adjustment Budget | Actual | |
| Total Operational Revenue | 262,492,672 | 263,280,579 | 263,549,250 | 266,794,689 | 1% |
| Expenditure: | | | | | |
| Employees | 12,850,888 | 8,851,975 | 8,416,096 | 12,984,825 | 32% |
| Repairs and Maintenance | 0 | 0 | 0 | 0 | #DIV/0! |
| Other | 77,989,098 | 17,848,609 | 5,246,291 | 14,516,565 | -23% |
| Total Operational Expenditure | 90,839,986 | 26,700,584 | 13,662,387 | 27,501,390 | 3% |
| Net Operational Expenditure | 171,652,686 | -236,579,995 | -249,886,863 | -239,293,299 | 1% |

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.

T 3.25.5

| Capital Expenditure Year 0: Financial Services | | | | | |
|--|---------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | Year 0 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 1500000 | 1915259 | 1915259 | 22% | |
| MSCOA/ SOLAR project | 1500000 | 1915259 | 1915259 | 22% | |
| Project B | | | | #DIV/0! | |
| Project C | | | | #DIV/0! | |
| Project D | | | | #DIV/0! | |

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).

T 3.25.6

Chapter 3

COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL:

The variance in the actual performance versus budget amounts is mainly as a result of the impairment of debt related to Emfuleni Local Municipality whereby Sedibeng has provide IT services to Emfuleni and the debt was not settled by Emfuleni. The overspending on salary cost relates to leave provision based on the current value on leave at hand as at 30 June 2019.

3.26 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.

Human resources is viewed as the most valuable asset of the District Municipality; where the vision with regards to human resource services is to render an efficient, effective and competent staff, supporting all clusters within the municipality.

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:

- Reviewed not less than 6 policies, some new and old
- Ensured the functioning of electronic time and attendance register
- 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

Chapter 3

- 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 endeavour 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.

| Human Resource Services Policy Objectives Taken From IDP | | | | | | | | | |
|---|---|---|---|---|---|---|-------------------------|-----------------------|------------------------|
| Service Objectives Service Indicators (i) | Outline Service Targets (ii) | Year -1 | | Year 0 | | | Year 1 | 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) |
| To review employees' Skills and development Training Plan and submit Annual Training Report to LGSETA | Develop one Skills Development and Training plan. | Develop one Skills Development and Training plan. | 1 Skills Development and Training plan was developed | Develop one Skills Development and Training plan. | Develop one Skills Development and Training plan. | 1 Skills Development and Training plan was developed | n/a | n/a | n/a |
| | Provide training for two (2) Senior and Middle Management members on Municipal Finance Management Programme | Provide training for two (2) Senior and Middle Management members on Municipal Finance Management Programme | Only 0.16% of the Target was achieved as (1) of the six (6) Senior Managers was able to attend the Municipal Finance Management Programme | Provide training for two (2) Senior and Middle Management members on Municipal Finance Management Programme | Provide training for two (2) Senior and Middle Management members on Municipal Finance Management Programme | the Target was over-achieved by 1.33% As 3 instead of 2 Senior Management Officials were trained on Municipal Finance Management training | n/a | n/a | n/a |
| To promote good labour relations | 40% Implementation of the LLF Resolutions | 40% Implementation of the LLF Resolutions | 100% Target Achieved | 40% Implementation of the LLF Resolutions | 40% Implementation of the LLF Resolutions | 100% Target Achieved | n/a | n/a | n/a |

| 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 | 2 | 3 | 3 | 1 | 33% | |
| 4 - 6 | 6 | 18 | 6 | 12 | 67% | |
| 7 - 9 | 5 | 7 | 5 | 2 | 29% | |
| Total | 13 | 28 | 14 | 15 | 54% | |

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| Financial Performance Year 0: Human Resource Services | | | | | |
|---|-----------|-----------------|-------------------|-----------|--------------------|
| Details | Year -1 | Year 0 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 425,295 | 420,614 | 420,614 | 442,602 | 5% |
| Expenditure: | | | | | |
| Employees | 9,356,970 | 10,062,149 | 9,280,646 | 9,069,818 | -11% |
| Repairs and Maintenance | 0 | 0 | 0 | 0 | #DIV/0! |
| Other | 379,979 | 243,967 | 631,891 | 553,952 | 56% |
| Total Operational Expenditure | 9,736,949 | 10,306,116 | 9,912,537 | 9,623,770 | -7% |
| Net Operational Expenditure | 9,311,654 | 9,885,502 | 9,491,923 | 9,181,168 | -8% |

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

ICT is a generic term referring to technologies that are used for collecting, storing, editing and communicating information in various forms. These three entities work as an entity to act as an enabler. The SDM ICT Department work to establish viable and sustainable resources to allow opportunities for participating fully in the information society and knowledge economy.

The strategic use of ICT in the Municipality is to:

- Enable Council and employees to best serve their clients
- Increase the efficiency of our resources
- Deliver information and services to colleagues and the community
- Increase community access to information
- Ensure the availability and security of the network and systems
- Enable ease of obtaining and sharing of information
- Offer flexibility in the workplace
- Achieve ICT standardization

As ICT is crosscutting and an enabler for development and growth, the ICT Department focussed on the following outputs in line with the approved 2018/2019 Integrated Development Plan:

Ensure functionality of the ICT Steering Committee

A tracking log tool was developed by the Information and Communication Technology Operational Steering Committee (ICTOSC) to keep track of the progress made on decisions taken by the ICTOSC. The tracking of decision with a tool also helps in saving time and improving productivity. Determining the status of the resolution is the most common benefit. Forecasting is a derived benefit. The ICTOSC can reasonably forecast future performance of projects, budgets and ICT investments by extrapolating the current performance. Furthermore, risks can be analysed and assist with Risk Resolution preparation while doing tracking. The tracking tool is maintained by the ICT Department and fully utilized by the ICTOSC.

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Maintain the Council's optic fibre network ensuring high availability and efficient and effective

Sedibeng has approximately 110 km of fibre underground for fibre-optic communication purposes. Fibre-optic communication is a method of transmitting information from one place to another by sending pulses of light through an optical fibre. Fibre provides high bandwidth over long distance, thus effectively linking the main building to all off-site offices of SDM and providing data, internet communication, and electronic mail services to off-site locations.

The fibre optic network performed well in the period, with a total availability time of 96%. Down time was caused by a major power disruption, which affected the whole Vereeniging. Further downtime was caused during the sewer spillage in the basement office of the ICT Department. During the financial year the ICT Department maintained the fibre infrastructure at a cost of R 1.36 million and spent R 1.2 million on expanding the fibre footprint.

Coordinate and implement ICT shared service connectivity with local municipalities

The objective of the agreement is to establish an official commitment between SDM and the Gauteng Provincial Government (GPG) Department e-Government in respect of advancing and promoting effect ICT, skills development and the provision of government services in the province of Gauteng. Furthermore, increasing citizens' and business' trust in government and providing e-Government services which are safe, secure and effective are primary objectives of this Memorandum of Understanding (MOU). The purposes envisioned by GPG covers both the Emfuleni and Midvaal Local Municipalities as well, and therefore GPG signed duplicate agreements with these entities.

Broadband has been identified as a key foundation in the province's e-government strategy, which aims to modernise government operations and service delivery through technology. The Gauteng Broadband Network project falls under the stewardship of finance MEC and head of the e-government department. In the period under review, the GPG maintained the resources located in the main building, which serves users in the Sedibeng District Municipality. This MOU with the GPG will realise substantial benefits for SDM in the future. The MOU formalises the already good working relationship the SDM ICT Department has with GPG.

To this effect, a summary of the performance of the ICT Department follows.

SDM require ICT costs to be low and focused on value for money. To this effect three tenders were prepared for advertising in the 209/2020 financial year. The tenders include (i) hardware peripherals; (ii) cartridges and (iii) mobile communication peripherals and data. Through implementing a contracted service, economies of scale are used to harness savings.

Systems availability for the period was 100% for the period. After the sewer spillage on 6 March 2019, major repairs were done which caused major disruptions to daily operations. Staff increased their effort and all were committed to push through these difficult circumstances to ensure that end-users have full access to all systems and that production run without interruption.

A permanent solution is still outstanding. In the year, 2,567 calls were logged and resolved at the ICT help desk. Computer hardware were maintained on an ongoing basis. A total of R1, 357,779 (100% of budget) was spent on repair and maintenance. An internal audit commenced in May/June of 2019. The recommendation of the report will assist the ICT Department with preparing for the AG audit due to commence in August/September of 2019.

All service level agreements entered into by the ICT Department are subject to the outcome of performance reviews at regular intervals as agreed upon in the SLA with each vendor. Service targets and performance metrics include standard and specialized critical success factors to ensure the successful management of the SLA. The performance metrics include (i) Critical success factors; (ii) Key result areas; (iii) Key performance areas, and (iv). Parameters for achievement. The ICT

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Department currently has four contracts in place. This include contracts for networking, high-mast rental, internet and firewall services as well as telecommunication. The vendors were evaluated in terms of their SLA's and are performed in line with the agreed performance targets. Total expenditure on contracts for the year amounted to R 5,452,349.

Fibre optic cabling offers significant reliability advantages over other forms of connectivity, because fibre is much stronger than copper. Fibre-optic cabling is not susceptible to inclement weather conditions, which can damage or stall data transmission on other mediums of transportation. During the year, low downtime was experienced, and no vandalism occurred due to the extra precautions taken to seal and hide inspection holes and connection vaults.

Output of ICT Services

Fibre network performance

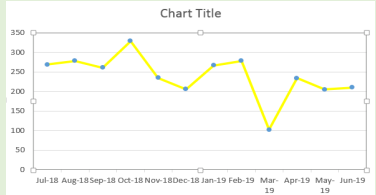
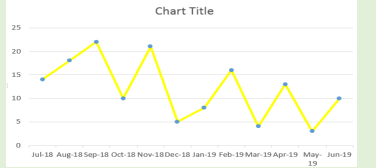
| | |
|---------------------|---|
| Uptime | 96% uptime for the period |
| Links down | Vereeniging main nodal point |
| Reason for downtime | Extended power interruptions and sewage spill lasting in excess of 3 working days |

Operational Performance of IT Servers – July 2018 - June 2019

| Server | Description | Performance | Downtime reason |
|------------------------------|--|-------------|--|
| Sedibeng VLX 03 (SDM-VLX-01) | Main data server, E-Directory (Novell) | 95.16% | Power Failures, Repairs on generator and Power Shut-off due to sewage leak |
| Venus Financial System | Financial system including Venus and Payday software | 97.00% | |
| Sedibeng02 (SDM-VLX-02) | GroupWise email server, Post Office And Domain | 95.16% | |
| Sedibeng03 (SDM-VLX-03) | Old main data server (back-up), Primary Domain, Monitor | 95.16% | |
| Sedibeng04 (SDM-VLX-07) | Sentinel audit report server, SMT update server | 95.16% | |
| Sedibeng05 (SDM-VLX-05) | GroupLink e-HelpDesk | 95.16% | |
| Sedibeng06 (SDM-VLX-06) | GroupLink e-HelpDesk | 95.16% | |
| WServ1 - 9 | Eset anti-virus software (WServ1) Quidity software and data (WServ4) ePMS performance management (WServ5) Backup services (WServ6) Payday time and attendance (WServ9) | 95.16% | |

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The table below summarises the alignment of the imperatives with the ICT environment

| Imperative | Operational Requirements | ICT Environment |
|---------------|---|---|
| Affordability | SDM require ICT costs to be low and are focused on value for money. | <ul style="list-style-type: none"> ICT expenditure in the quarter included: <ul style="list-style-type: none"> Internet and data/bandwidth – R 621,436 Document management system – R 35,700 High mast rental – R 107,646 SABC TV License and DSTV – R 67,374 Software licenses –R2 805,510 Hardware – R647,933 Consumables – R876,445 Hardware and networks is maintained on a regular basis to ensure optimal functionality. Total expenditure on repair and maintenance for the year: R668,617 |
| Ease of use | The ICT technology should be easy to use for all users. | <ul style="list-style-type: none"> In the year 2018/19, 2,874 calls were logged at the ICT help desk. Total calls logged to date = 2,874  <ul style="list-style-type: none"> AV support delivered to 144 events in the quarter. Total AV functions supported for the year = 144  |
| Reliability | Systems need to functions as intended at all times | <ul style="list-style-type: none"> Systems availability for the period were 95.16% for the year 2018/19, thereby being available, effective and efficient. |
| Security | Unauthorized access to the personal data of citizens and staff should be prevented. | <ul style="list-style-type: none"> Data is kept in a valid, accurate and complete manner. Firewalls, anti-virus programs and facilitation of administrators' rights should are in place and monitored. |

TELEPHONES

| Number of landlines | Expenditure |
|---------------------|-------------|
| 339 | R3 575,762 |

NETWORKS

| Number of network installed | Expenditure |
|-----------------------------|-------------|
| 120 | R524,329 |

COMPUTERS

| Number of laptops procured | Expenditure |
|----------------------------|-------------|
| 23 | R460,000 |

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COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

Overall, the ICT Department succeeded in supporting all of Council's service delivery objectives and the Department performed excellent in reaching the objectives set for ICT in the SDBIP and IDP. The Department is also set to achieve all three of the IDP objectives set for the period. Apart from the IDP objectives discussed above, the Department supports the day-to-day functionality of the municipality in an effective and efficient manner.

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

The topic addresses Property, Legal, Risk Management and Procurement Services. Each of these functions is managed in different departments. This comment will therefore address only the Legal Services function.

Legal Services:

The key objective for Legal Services is to ensure an enabling legal environment for Council to operate in. This is achieved by the, inter alia, rendering of support in the development and vetting of contract, the provision of legal advice to council committees and other functionaries, the perusal of reports and other documents and providing legal comments thereon and the rendering of legal support in the development of by-laws, policies and other documents. Legal Services is also tasked with the management of legal cases instituted by the municipality and the defence of actions that are instituted against the municipality.

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:

Chapter 3

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 number of contracts were drafted and vetted. Monthly Mayoral and Council meetings are attended. Ad hoc committee meetings are also attended. There were litigation matters for the financial year. Some of these matters were instituted against the municipality; while other matters were the municipality instituting proceedings against third parties.

| Details | R'000 | | | | |
|--------------------------------------|------------|-----------------|-------------------|-------------|--------------------|
| | Year -1 | Year 0 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 7,858,550 | 8,420,991 | 8,382,120 | 8,386,126 | 0% |
| Expenditure: | | | | | |
| Employees | 52,612,367 | 49,807,897 | 58,617,466 | 57,614,497 | 14% |
| Repairs and Maintenance | 2,594,669 | 2,846,500 | 2,361,500 | 2,765,130 | -3% |
| Other | 42,626,813 | 41,330,823 | 48,686,203 | 50,212,316 | 18% |
| Total Operational Expenditure | 97,833,849 | 93,985,220 | 109,665,169 | 110,591,943 | 15% |
| Net Operational Expenditure | 89,975,299 | 85,564,229 | 101,283,049 | 102,205,817 | 16% |

COMPONENT J: MISCELLANEOUS

Sedibeng manages both the Vereeniging and Heidelberg Airports; the latter on supposedly agency basis. 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; while the former Vanderbijlpark Airport has been deregistered.

The Heidelberg Airport is operated on agency basis through Lesedi Local Municipality. The Airport is currently managed by the local flying club and a pilot training school is also based at the facility.

Chapter 3

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD


The purpose of this report is to provide summary analysis of Sedibeng District Municipal performance for the 2018/2019 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 a manual PMS; which is in line and compatible with all the legislation that governs performance. The system 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 63 Targets; and 54 were ultimately achieved; with 9 targets not met. The reasons for non-achievement varied from financial constraints to no accountability of evidence, in line with the indicators. A comprehensive and summary of achievements of the performance of the municipality as attached.

|  2018/ 19 ORGANISATIONAL PERFORMANCE MANAGEMENT REPORT SUMMARY: | | | | |
|---|-----------------------|-----------------------|----------|--|
| The tabulation below illustrates that the overall Annual Performance of the municipality for financial year 2018/19 is 86% . Calculation of Annual Achievement was based the overall achievement of targets by as supported by evidence made available for the purposes of this report. | | | | |
| OFFICE /CLUSTER | Total Targets Planned | Total Target Achieved | Variance | Percentage (%) annual Achievements 2018/2019 |
| ADMINISTRATION CLUSTERS | | | | |
| Office of the Municipal Manager | 9 | 8 | 1 | 89% |
| Finance | 9 | 8 | 1 | 89% |
| Corporate Services | 13 | 12 | 1 | 92% |
| Community Services | 13 | 12 | 1 | 92% |
| Transport, Infrastructure & Environment & Licensing | 8 | 6 | 2 | 75% |
| Strategic Planning & Local Economic Development | 11 | 8 | 3 | 73% |
| Overall Organisational Performane | 63 | 54 | 9 | 86% |

Signed - off

MR. S. KHANYILE
MUNICIPAL MANAGER: SEDIBENG DISTRICT MUNICIPALITY

Chapter 4

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

INTRODUCTION TO ORGANISATIONAL DEVELOPMENT AND PERFORMANCE

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.

Management observed that over time, lack of Staff Skills Audit may have the following negative impacts:

- Increase in workload for other staff members;
- Low staff morale;
- Increase in absenteeism
- Increase in operating costs;
- Difficulties in meeting quality standards;
- Difficulties in introducing new working practices,
- Delay in and/or poor service delivery; and
- Increase in outsourced work due to employees' disgruntlement, redundancy and incompetence

The management of the municipality therefore undertook a Staff Skills Audit exercise. The objectives of the Skills Audit; amongst others; were to determine adequacy of available skills; determine skills competency gaps; determine scarce and critical skills and; determine personal development plans of the municipality employees.

During this increasingly complex and uncertain technological, economic, political, and cultural changes; as these invariably proactively influence the strategic direction of the municipality; it was anticipated and envisaged that the findings, conclusions and recommendations of the 2018 Skills Audit; would further assist and enable the municipality to continue embracing transformational change thus enabling a high performing culture with the right people with the right skills in the right positions

The summary of findings of this Skills Audit analysis showed that:

- Sedibeng workforce (who participated) is relatively young (between 30 and 45 years of age); therefore there was a need for further training and skills development across the full range of skills sets within the municipality.
- There is significantly number of employees (who participated), are misplaced across clusters within the municipality
- A high percentage of employees do not have matric, while
- Many employees who participated in the exercise did not have high levels of education, some participants had some knowledge and skills which they had learned from experience, self-taught, or been shown by others.

Given the relative young age groups of employees, their educational levels and the fact that there are some who are misplaced in their current positions; the municipality needs to begin to intensify training programmes and engage those who may be willing to move to where they are relevantly qualified.

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COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

The National Development Plan impresses on the attainment of a capable and developmental state; amongst others, it emphasizes on the right quality and quantity of human resources. Therefore, adequately balanced and skilled workforce invariably enhance the quality and sustainable provision of service by the municipality. Although currently out of reach and seems impossible, the municipality is on a concerted efforts towards an appropriately sized organisation; where skills would match the core functions of the municipality.

4.1 EMPLOYEE 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 | - | - | | | % |
| Housing | - | 3 | 3 | - | - |
| Waste Water (Stormwater Drainage) | 3 | 3 | 3 | - | - |
| Roads | - | - | | | % |
| Transport | - | - | | | % |
| Planning | 171 | 182 | 168 | 14 | 8% |
| Local Economic Development | 7 | 7 | 7 | - | - |
| Planning (Strategic & Regulatory) | 22 | 22 | 21 | 1 | 5% |
| Local Economic Development | - | - | | | 0% |
| Community & Social Services | 77 | 77 | 73 | 4 | 5% |
| Environmental Protection | 7 | 7 | 7 | - | 0% |
| Health | - | - | | | 0% |
| Security and Safety | 21 | 22 | | | 5% |

Chapter 4

| | | | | | |
|--|------------|------------|------------|-----------|-----|
| | | | 21 | 1 | |
| Sport and Recreation | 2 | 3 | 2 | 1 | 33% |
| Corporate Policy Offices and Other | 284 | 305 | 270 | 11 | 4% |
| Totals | 595 | 630 | 575 | 32 | |
| <i>Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June, as per the approved organogram.</i> | | | | | 0 |

| Vacancy Rate: Year 0 | | | |
|---|------------------------------|---|--|
| Designations | *Total Approved Posts No. | *Vacancies (Total time that vacancies exist using fulltime equivalents) No. | *Vacancies (as a proportion of total posts in each category) % |
| Municipal Manager | 1 | 0 | 0.00 |
| CFO | 1 | 1 | 100.00 |
| Other S57 Managers (excluding Finance Posts) | 10 | 1 | 10.00 |
| Other S57 Managers (Finance posts) | 3 | 1 | 33.33 |
| Police officers | 12 | 3 | 25.00 |
| Fire fighters | 20 | 3 | 15.00 |
| Senior management: Levels 13-15 (excluding Finance Posts) | 25 | 5 | 20.00 |
| Senior management: Levels 13-15 (Finance posts) | 6 | 2 | 33.33 |
| Highly skilled supervision: levels 9-12 (excluding Finance posts) | 35 | 8 | 22.86 |
| Highly skilled supervision: levels 9-12 (Finance posts) | 8 | 1 | 12.50 |
| Total | 121 | 25 | 20.66 |

| Turn-over Rate | | | |
|--|---|---|-----------------|
| Details | Total Appointments as of beginning of Financial Year No. | Terminations during the Financial Year No. | Turn-over Rate* |
| Year -2 | | | |
| Year -1 | 616 | 35 | 6% |
| Year 0 | 595 | 21 | 4% |
| <i>* Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year</i> | | | T 4.1.3 |

Chapter 4

It should be acknowledged that Sedibeng, like other municipalities in the country, experiences financial constraints. As such some vacancies, although approved in the organogram, still remain vacant until such time that the municipality's finances improve. It is also commendable that the municipality's vacancy rate is low.

The turnover rate is also at the minimal; where in the main the attrition is caused by normal retirements, resignations and deaths, while very low and insignificant percentage is due to dismissals. Otherwise the average age of the workforce at this municipality is between 30 and 45 years of age; therefore high turnover rate is unlikely.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

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 procures.

4.2 POLICIES

| HR Policies and Plans | | | | |
|-----------------------|--|-----------|----------|--|
| | Name of Policy | Completed | Reviewed | Date adopted by council or comment on failure to adopt |
| | | % | % | |
| 1 | Career Pathing Policy | 100% | new | 5-Dec-18 |
| 2 | Succession Planning Policy | 100% | new | 5-Dec-18 |
| 3 | Retention Policy | 100% | new | 5-Dec-18 |
| 4 | Internship Policy | 100% | new | 5-Dec-18 |
| 5 | Learnership Policy | 100% | new | 5-Dec-18 |
| 6 | Essential Services | 100% | 100% | 26-Nov-14 |
| 7 | Employee Assistance / Wellness | 100% | 100% | 26-Nov-14 |
| 8 | Employment Equity | 100% | 100% | 26-Nov-14 |
| 9 | Exit Management | 100% | 100% | 31-Mar-15 |
| 10 | Grievance Procedures | 100% | 100% | 26-Nov-14 |
| 11 | HIV/Aids | 100% | 100% | 26-Nov-14 |
| 12 | Human Resource and Development | 100% | 100% | 1-Dec-18 |
| 13 | Incapacity Policy | 100% | 100% | 5-Dec-18 |
| 14 | Job Evaluation | 0% | not yet | n/a |
| 15 | Leave | 0% | not yet | n/a |
| 16 | Occupational Health and Safety | 100% | 100% | 26-Nov-14 |
| 17 | Official Housing | 100% | 100% | 26-Nov-14 |
| 18 | Official Journeys | 0% | n/a | n/a |
| 19 | Official transport to attend Funerals | 100% | Yes | 1-Dec-18 |
| 20 | Official Working Hours and Overtime | 0% | not yet | n/a |
| 21 | Organisational Rights | 100% | 100% | 26-Nov-14 |
| 22 | Bereavement Policy | 100% | 100% | 31-Mar-15 |
| 23 | Performance Management and Development | 100% | n/a | n/a |

Chapter 4

| | | | | |
|----|---|------|---------|-----------|
| 24 | Recruitment, Selection and Appointments | 100% | n/a | n/a |
| 25 | Remuneration Scales and Allowances | 100% | 100% | 26-Nov-14 |
| 26 | Resettlement | 100% | 100% | 26-Nov-14 |
| 27 | Sexual Harassment | 0% | not yet | n/a |
| 28 | Skills Development | 100% | 100% | 26-Nov-14 |
| 29 | Smoking | 100% | 100% | 26-Nov-14 |
| 30 | Special Skills | n/a | n/a | n/a |
| 31 | Work Organisation | 100% | 100% | 26-Nov-14 |
| 32 | Uniforms and Protective Clothing | 100% | 100% | 26-Nov-14 |
| 33 | Other: | | | |
| | | | | T 4.2.1 |

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, information technology and other external factors.

Most policies carry review 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 the organised labour plays a very crucial role; thereafter Council approves for the implementation of those policies.

4.3 INJURIES, SICKNESS AND SUSPENSIONS

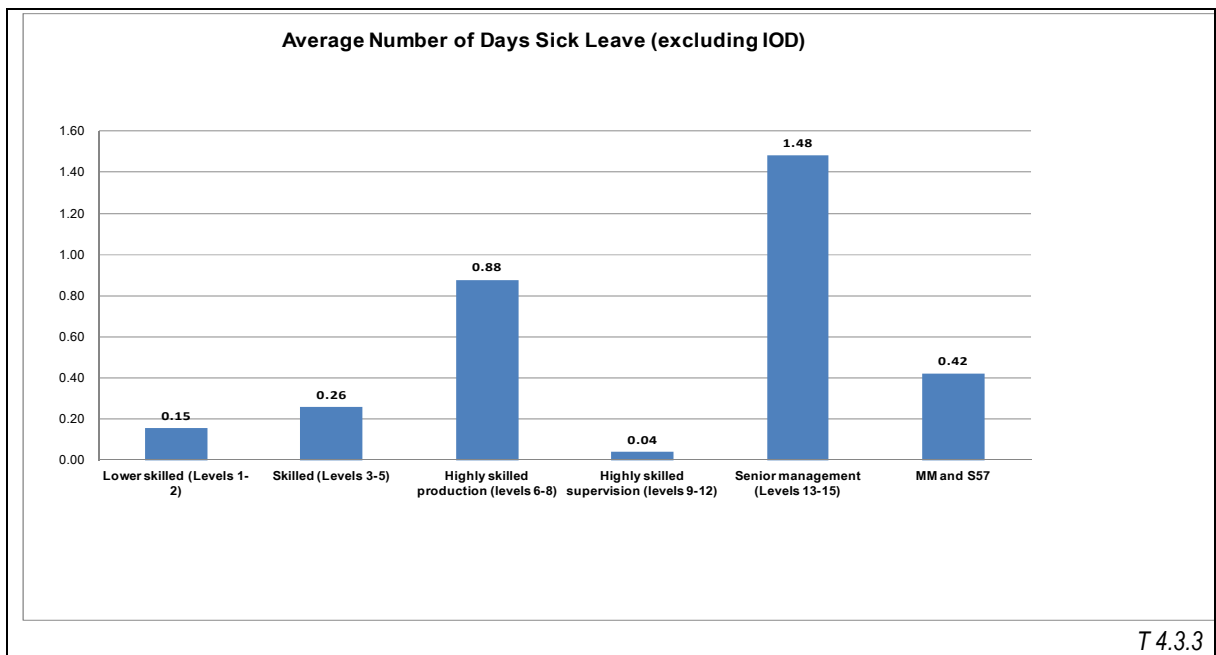
| Number and Cost of Injuries on Duty | | | | | |
|---------------------------------------|--------------------|------------------------------|---------------------------------------|-----------------------------------|----------------------|
| Type of injury | Injury Leave Taken | Employees using injury leave | Proportion employees using sick leave | Average Injury Leave per employee | Total Estimated Cost |
| | Days | No. | % | Days | R'000 |
| Required basic medical attention only | 0 | 0 | 0% | 0 | |
| Temporary total disablement | 5 | 5 | 100% | 1 | |
| Permanent disablement | 0 | 0 | 0% | 0 | |
| Fatal | 0 | 0 | 0% | 0 | |
| Total | 5 | 5 | 100% | 1 | 0 |
| | | | | | T 4.3.1 |

Chapter 4

| Number of days and Cost of Sick Leave (excluding injuries on duty) | | | | | | |
|--|------------------|--|----------------------------|--------------------------|-----------------------------------|----------------|
| Salary band | Total sick leave | Proportion of sick leave without medical certification | Employees using sick leave | Total employees in post* | *Average sick leave per Employees | Estimated cost |
| | Days | % | No. | No. | Days | R' 000 |
| Lower skilled (Levels 1-2) | 809 | 9% | 54 | 119 | 6.70 | |
| Skilled (Levels 3-5) | 1090 | 21% | 122 | 209 | 5.20 | |
| Highly skilled production (levels 6-8) | 466 | 16% | 37 | 89 | 5.50 | |
| Highly skilled supervision (levels 9-12) | 313 | 23% | 33 | 83 | 3.70 | |
| Senior management (Levels 13-15) | 86 | 33% | 14 | 35 | 2.40 | |
| MM and S57 | | | | | | |
| Total | | | | | | |

* - Number of employees in post at the beginning of the year
 *Average is calculated by taking sick leave in column 2 divided by total employees in column 5

T 4.3.2



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| Disciplinary Action Taken on Cases of Financial Misconduct | | | |
|--|---|--|----------------|
| Position | Nature of Alleged Misconduct and Rand value of any loss to the municipality | Disciplinary action taken | Date Finalised |
| Coordinator HIV/AIDS Discrepancies from the Audit report | n/a | Suspended pending disciplinary hearing | Pending |
| | | | |

4.4 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 | none | none | none | none |
| | Male | none | none | none | none |
| Skilled (Levels 3-5) | Female | none | none | none | none |
| | Male | none | none | none | none |
| Highly skilled production (levels 6-8) | Female | none | none | none | none |
| | Male | none | none | none | none |
| Highly skilled supervision (levels 9-12) | Female | none | none | none | none |
| | Male | none | none | none | none |
| Senior management (Levels 13-15) | Female | none | none | none | none |
| | Male | none | none | none | none |
| MM and S57 | Female | none | none | none | none |
| | Male | none | none | none | none |
| Total | | | | | |

T 4.4.1

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

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.

The Skills Development Act, Act no 97 of 1998; inter alia states the purpose of the act as follows:

- (a) To develop skills of the South African workforce

Chapter 4

- (b) To increase the level of investment in education and training in the labour market and to improve return on investment
- (c) To provide employees with opportunities to acquire new skills
- (d) To encourage workers to participate in learnership and other training programmes
- (e) To improve employment prospects of persons previously disadvantaged by unfair discrimination and to redress those disadvantages through training and education.

However, currently in the country, there are no sufficient funds to capacitate employees that need personal development. This has to a large extent been compounded by a lack of a comprehensive, holistic and integrated framework for human capital development that will guide and integrate key processes such as training needs analysis, career pathing and planning, succession planning, management and leadership development, knowledge exchange and innovation. However, the municipality provided financial assistance (bursary) to employees who needed to further their education; mostly in line with their Personal Development Plans.

Human Resources just embarked on a Skills Audit to determine skills gaps to develop the capacity of the workforce. The report was tabled and adopted by Council. Management needs to agree on the process plan towards placing people at relevant positions; the process earmarked for the new financial year.

4.5 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 |
| MM and s57 | Female | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Male | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 1 | 0 | 0 |
| Councillors, senior officials and managers | Female | 22 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 1 | 0 | 0 |
| | Male | 51 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 1 | 0 | 0 |
| Technicians and associate professionals* | Female | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 0 | 0 | 3 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Professionals | Female | 71 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 0 | 0 | 3 | 0 | 0 |
| | Male | 65 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 2 | 0 | 0 |

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| | | | | | | | | | | | | | | |
|-----------|--------|-----|---|---|---|---|---|---|----|---|---|----|---|---|
| Sub total | Female | 97 | 0 | 0 | 0 | 0 | 0 | 0 | 7 | 0 | 0 | 7 | 0 | 0 |
| | Male | 119 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 0 | 0 | 4 | 0 | 0 |
| Total | | 432 | 0 | 0 | 0 | 0 | 0 | 0 | 11 | 0 | 0 | 11 | 0 | 0 |

*Registered with professional Associate Body e.g. CA (SA) T
4.5.
1

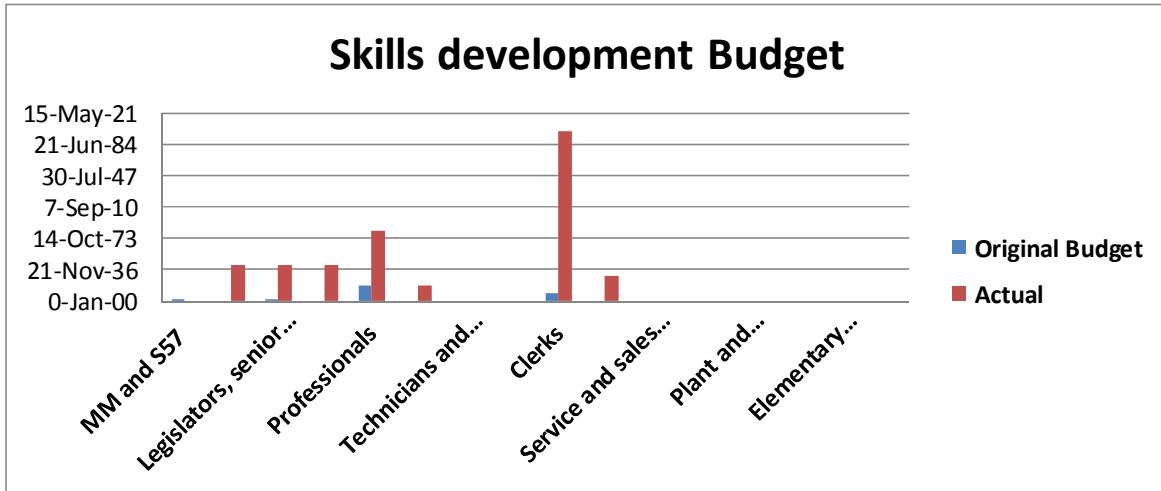
| Financial Competency Development: Progress Report* | | | | | | |
|--|--|--|-----------------------------------|---|---|---|
| Description | A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c)) | B. Total number of officials employed by municipal entities (Regulation 14(4)(a) 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)) |
| Financial Officials | | | | | | |
| <i>Accounting officer</i> | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Chief financial officer</i> | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Senior managers</i> | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Any other financial officials</i> | 0 | 0 | 0 | 0 | 0 | 0 |
| Supply Chain Management Officials | | | | | | |
| <i>Heads of supply chain management units</i> | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Supply chain management senior managers</i> | 0 | 0 | 0 | 1 | 1 | 1 |
| TOTAL | 0 | 0 | 0 | 1 | 1 | 1 |

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| 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 |
| MM and S57 | Female | 1 | 0 | 0 | 0 | 0 | 1000 | 0 | 1000 | 0 |
| | Male | 4 | 0 | 0 | 0 | 0 | | 58000 | | 58000 |
| Legislators, senior officials and managers | Female | 22 | 0 | 0 | 0 | 0 | 2000 | 58000 | 2000 | 58000 |
| | Male | 51 | 0 | 0 | 0 | 0 | | 58000 | | 58000 |
| Professionals | Female | 71 | 0 | 0 | 0 | 0 | 5000 | 110670 | 25000 | 110670 |
| | Male | 65 | 20000 | 20000 | 0 | 0 | | 0 | | 25000 |
| Technicians and associate professionals | Female | 2 | 0 | 0 | 0 | 0 | 5000 | 0 | 25000 | 0 |
| | Male | 0 | 0 | 0 | 0 | 0 | | 0 | | 0 |
| Clerks | Female | 152 | 180000 | 180000 | 0 | 0 | 12000 | 90882 | 12000 | 270882 |
| | Male | 73 | 20000 | 20000 | 0 | 0 | | 19870 | | 39870 |
| Service and sales workers | Female | 0 | 0 | 0 | 0 | 0 | 12000 | 0 | 12000 | 0 |
| | Male | 0 | 0 | 0 | 0 | 0 | | 0 | | 0 |
| Plant and machine operators and assemblers | Female | 0 | 0 | 0 | 0 | 0 | 12000 | 0 | 12000 | 0 |
| | Male | 0 | 0 | 0 | 0 | 0 | | 0 | | 0 |
| Elementary occupations | Female | 73 | 0 | 0 | 0 | 0 | 12000 | 0 | 12000 | 0 |
| | Male | 61 | 0 | 0 | 0 | 0 | | 0 | | 0 |
| Sub total | Female | 321 | 180000 | 180000 | 0 | 0 | 20000 | 111250 | 20000 | 439552 |
| | Male | 254 | 40000 | 40000 | 0 | 0 | | 135870 | | 180870 |
| Total | | 575 | 220000 | 220000 | 0 | 0 | 20000 | 247120 | 20000 | 620422 |
| *% and *R value of municipal salaries (original budget) allocated for workplace skills plan. | | | | | | | | | %* | *R |
| T4.5.3 | | | | | | | | | | |

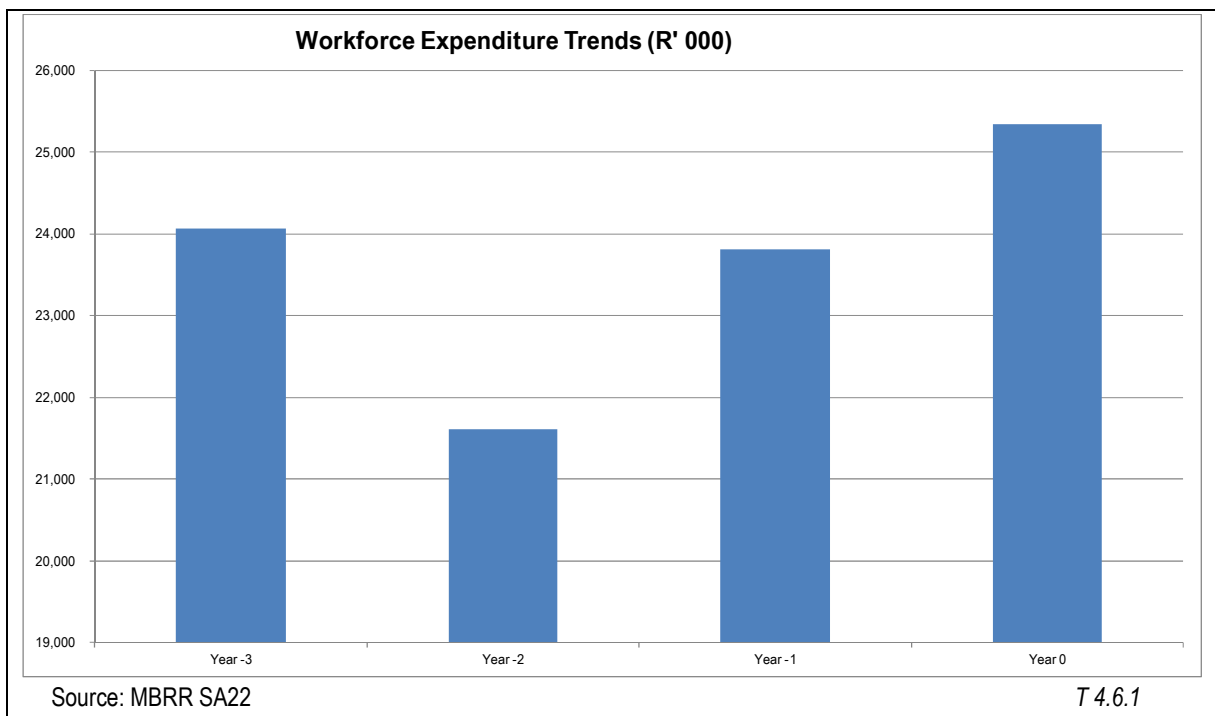
Although we got funds from LGSETA for training, those came late and there is very little progress made with regards to expenditure; as most funds were for external individuals and very few for internal staff.

Chapter 4



COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

4.6 EMPLOYEE EXPENDITURE



Chapter 4

| 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 (Levels9-12) | Female | n/a |
| | Male | n/a |
| Senior management (Levels13-16) | Female | n/a |
| | Male | n/a |
| MM and S 57 | Female | n/a |
| | Male | n/a |
| Total | | 0 |
| <i>Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).</i> | | T 4.6.2 |

Chapter 5

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

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

Delete Directive note once comment is completed - Please explain how your municipality sought to contain inflationary pressures during the financial year. Take the 5 most expensive consultancy arrangements in 2008/09 and explain the costs, the reasons for the engagements and the results. Include such other introductory remarks as you wish.

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

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

This component provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality. The municipality ends up with an operating deficit of R48, 633,988 for the 2018/19 financial year

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

| R' 000 | | | | | | |
|--|----------------|-----------------|-----------------|-----------------|-----------------|--------------------|
| Description | Year -1 | Current: Year 0 | | Year 0 Variance | | |
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustments Budget |
| Financial Performance | | | | | | |
| Property rates | | | | | % | % |
| Service charges | | | | | % | % |
| Investment revenue | 2,836 | 1,680 | 1,900 | 2,944 | 75.25% | 54.96% |
| Transfers recognised - operational | 269,415 | 277,241 | 278,713 | 277,892 | 0.23% | -0.29% |
| Other own revenue | 85,842 | 97,005 | 97,069 | 90,637 | -6.56% | -6.63% |
| Total Revenue (excluding capital transfers and contributions) | 358,094 | 375,926 | 377,682 | 371,473 | -1.18% | -1.64% |
| Employee costs | 255,310 | 256,667 | 260,290 | 264,064 | 2.88% | 1.45% |
| Remuneration of councillors | 12,826 | 13,863 | 13,126 | 13,348 | -3.71% | 1.69% |

Chapter 5

| | | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|----------------|----------------|
| Depreciation & asset impairment | 14,941 | 12,099 | 11,620 | 15,715 | 29.88% | 35.24% |
| Finance charges | – | – | – | – | % | % |
| Materials and bulk purchases | | | | | % | % |
| Transfers and grants | 10,239 | 9,288 | 9,288 | 9,462 | 1.87% | 1.87% |
| Other expenditure | 158,712 | 94,295 | 107,440 | 117,520 | 24.63% | 9.38% |
| Total Expenditure | 452,028 | 386,211 | 401,764 | 420,107 | 8.78% | 4.57% |
| Surplus/(Deficit) | (93,934) | (10,285) | (24,082) | (48,634) | 372.88% | 101.96% |
| Transfers recognised - capital | | | | | % | % |
| Contributions recognised - capital & contributed assets | | | | | % | % |
| Surplus/(Deficit) after capital transfers & contributions | (93,934) | (10,285) | (24,082) | (48,634) | 372.88% | 101.96% |
| Share of surplus/ (deficit) of associate | | | | | % | % |
| Surplus/(Deficit) for the year | (93,934) | (10,285) | (24,082) | (48,634) | 372.88% | 101.96% |
| <u>Capital expenditure & funds sources</u> | | | | | | |
| Capital expenditure | | | | | | |
| Transfers recognised - capital | – | – | – | – | % | % |
| Public contributions & donations | | | | | % | % |
| Borrowing | | | | | % | % |
| Internally generated funds | 3,126 | 3,600 | 3,886 | 3,530 | -1.95% | -9.16% |
| Total sources of capital funds | 3,126 | 3,600 | 3,886 | 3,530 | -1.95% | -9.16% |
| <u>Financial position</u> | | | | | | |
| Total current assets | 21,682 | 70,963 | 70,963 | 28,964 | -59.18% | -59.18% |
| Total non-current assets | 125,075 | 112,364 | 112,650 | 112,827 | 0.41% | 0.16% |
| Total current liabilities | (212,695) | (161,851) | (175,934) | (256,364) | 58.39% | 45.72% |
| Total non-current liabilities | – | – | – | – | % | % |
| Community wealth/Equity | (65,939) | 21,476 | 7,680 | (114,573) | 633.48% | -1591.91% |
| | (132) | | | | | |
| <u>Cash flows</u> | | | | | | |
| Net cash from (used) operating | | | | | -51.45% | -52.26% |

Chapter 5

| | | | | | | |
|--|---------|---------|---------|---------|---------|---------|
| | (2,007) | 16,765 | 17,051 | 8,140 | | |
| Net cash from (used) investing | (3,038) | (3,460) | (3,746) | (3,464) | 0.11% | -7.53% |
| Net cash from (used) financing | - | - | - | - | | |
| Cash/cash equivalents at the year end | (5,046) | 13,305 | 13,305 | 4,676 | -64.85% | -64.85% |
| <u>Cash backing/surplus reconciliation</u> | | | | | | |
| Cash and investments available | 16,828 | 22,807 | 22,807 | 21,504 | -5.71% | -5.71% |
| Application of cash and investments | - | - | - | - | % | % |
| Balance - surplus (shortfall) | 16,828 | 22,807 | 22,807 | 21,504 | -5.71% | -5.71% |
| <u>Asset management</u> | | | | | | |
| Asset register summary (WDV) | 125,075 | 112,364 | 112,650 | 112,827 | 0.41% | 0.16% |
| Depreciation & asset impairment | 14,941 | 12,099 | 11,620 | 15,715 | 29.88% | 35.24% |
| Renewal of Existing Assets | - | - | - | - | % | % |
| Repairs and Maintenance | 6,166 | 10,296 | 9,960 | 7,337 | -28.74% | -26.34% |
| <u>Free services</u> | | | | | | |
| Cost of Free Basic Services provided | - | - | - | - | % | % |
| Revenue cost of free services provided | - | - | - | - | % | % |
| <u>Households below minimum service level</u> | | | | | | |
| 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

Chapter 5

| 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 | |
| Operating Cost | | | | | | | |
| Water | | | | | #DIV/0! | #DIV/0! | |
| Waste Water (Sanitation) | | | | | #DIV/0! | #DIV/0! | |
| Electricity | | | | | #DIV/0! | #DIV/0! | |
| Waste Management | | | | | #DIV/0! | #DIV/0! | |
| | | | | | -1.91% | 0.04% | |
| Housing | 1,391 | 1,475 | 1,446 | 1,447 | | | |
| | | | | | -1.91% | 0.04% | |
| Component A: sub-total | 1,391 | 1,475 | 1,446 | 1,447 | | | |
| Waste Water (Stormwater Drainage) | | | | | #DIV/0! | #DIV/0! | |
| Roads | | | | | #DIV/0! | #DIV/0! | |
| | | | | | -153.50% | -113.54% | |
| Transport | (1,357) | (10,973) | (9,243) | (4,329) | | | |
| | | | | | -153.50% | -113.54% | |
| Component B: sub-total | (1,357) | (10,973) | (9,243) | (4,329) | | | |
| Planning | | | | | #DIV/0! | #DIV/0! | |
| Local Economic Development | | | | | #DIV/0! | #DIV/0! | |
| | | | | | #DIV/0! | #DIV/0! | |
| Component B: sub-total | - | - | - | - | | | |
| | | | | | 4.82% | -0.99% | |
| Planning (Strategic & Regulatory) | 21,807 | 22,379 | 23,745 | 23,513 | | | |
| | | | | | #DIV/0! | #DIV/0! | |
| Local Economic Development | | - | - | - | | | |
| | | | | | 4.82% | -0.99% | |
| Component C: sub-total | 21,807 | 22,379 | 23,745 | 23,513 | | | |
| Community & Social Services | 50,252 | 50,125 | 49,553 | 51,228 | 2.15% | 3.27% | |
| | | | | | -16.54% | 1.66% | |
| Environmental Protection | 4,303 | 4,036 | 3,406 | 3,463 | | | |
| Health | | | | | #DIV/0! | #DIV/0! | |
| | | | | | 25.35% | 27.10% | |
| Security and Safety | 8,219 | 7,839 | 7,655 | 10,501 | | | |
| Sport and Recreation | | | | | #DIV/0! | #DIV/0! | |
| Corporate Policy Offices and Other | 9,320 | (64,596) | (52,480) | (37,189) | -73.70% | -41.12% | |
| | | | | | 109.27% | 70.96% | |
| Component D: sub-total | 72,093 | (2,596) | 8,133 | 28,003 | | | |
| Total net Expenditure | 93,934 | 10,285 | 24,082 | 48,634 | 78.85% | 50.48% | |

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COMMENT ON FINANCIAL PERFORMANCE:

See note 42 within the financial statements for detail on variances above 10%. It must however be mentioned that useful lives of movable assets was adjusted which resulted in an increase in depreciation charges for the 2018/19 financial year while debt impairment of the Emfuleni debtors was not budgeted for.

5.2 GRANTS

| R' 000 | | | | | | |
|--|----------------|----------------|-----------------------|----------------|---------------------------|------------------------------|
| Description | Year -1 | Year 0 | | | Year 0 Variance | |
| | Actual | Budget | Adjustments Budget | Actual | Original Budget (%) | Adjustments Budget (%) |
| Operating Transfers and Grants | | | | | 0.00% | 0.00% |
| National Government: | 256,029 | 260,141 | 260,141 | 260,141 | | |
| Equitable share | | | | | | |
| Municipal Systems Improvement Department of Water Affairs | – | – | – | – | #DIV/0! | #DIV/0! |
| Levy replacement | 254,779 | 258,891 | 258,891 | 258,891 | 0.00% | 0.00% |
| Other transfers/grants NDPG | | | | | 0.00% | 0.00% |
| Other transfers/grants FMG | 1,250 | 1,250 | 1,250 | 1,250 | | |
| Provincial Government: | 13,386 | 17,100 | 18,572 | 17,751 | | |
| Health subsidy | | | | | | |
| Housing | | | | | | |
| Ambulance subsidy | | | | | 0.00% | 0.00% |
| Sports and Recreation MSP | | | | | | |
| EPWP grant | 2,490 | 1,000 | 1,000 | 1,000 | 7.69% | -10.17% |
| LED grant | | | | | | |
| Other transfers / Grants | 3,146 | 7,812 | 9,324 | 8,463 | 0.00% | 0.48% |
| HIV & AIDS grant | 7,751 | 8,288 | 8,249 | 8,288 | | |
| District Municipality: <i>[insert description]</i> | – | – | – | – | | |
| Other grant providers: <i>[insert description]</i> | – | – | – | – | | |
| Total Operating Transfers and Grants | 269,415 | 277,241 | 278,713 | 277,892 | | |

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COMMENT ON OPERATING TRANSFERS AND GRANTS:

Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.

| 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 |
| Parastatals | | | | | | |
| A - "Project 1" | | | | | | |
| A - "Project 2" | | | | | | |
| B - "Project 1" | | | | | | |
| B - "Project 2" | | | | | | |
| Foreign Governments/Development Aid Agencies | | | | | | |
| A - "Project 1" | | | | | | |
| A - "Project 2" | | | | | | |
| B - "Project 1" | | | | | | |
| B - "Project 2" | | | | | | |
| Private Sector / Organisations | | | | | | |
| A - "Project 1" | | | | | | |
| A - "Project 2" | | | | | | |
| B - "Project 1" | | | | | | |
| B - "Project 2" | | | | | | |
| Provide a comprehensive response to this schedule | | | | | | T 5.2.3 |

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

Note: Refer to Note 1.5 and 1.6 of the Annual Financial Statements for further details on asset management accounting policy, as well as notes 2 to 5 on the reconciliation of non-current assets.

The municipality is not involved in infrastructure assets projects 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 as per the accounting policy and asset management policy. Useful lives has been adjusted during the financial year of assets fully depreciated

| 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 | |

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| | | | | |
|-----------------------------------|--|-----------|---------|---------|
| | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
| Asset Value | 4,699,366 | 1,081,757 | 0 | 0 |
| 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 | Cabelling 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 | | | | |
| | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
| Asset Value | 537,499 | 490,493 | 666,624 | 524,329 |
| 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 | | | | |
| | Year -3 | Year -2 | Year -1 | Year 0 |
| Asset Value | | | | |
| Capital Implications | | | | |
| Future Purpose of Asset | | | | |
| Describe Key Issues | | | | |
| Policies in Place to Manage Asset | | | | |
| <i>T 5.3.2</i> | | | | |

| Repair and Maintenance Expenditure: Year 0 | | | | |
|--|-----------------|-------------------|-----------|-----------------|
| | | | | R' 000 |
| | Original Budget | Adjustment Budget | Actual | Budget variance |
| Repairs and Maintenance Expenditure | 10,295,809 | 9,960,497 | 7,336,504 | 26% |
| <i>T 5.3.4</i> | | | | |

Chapter 5

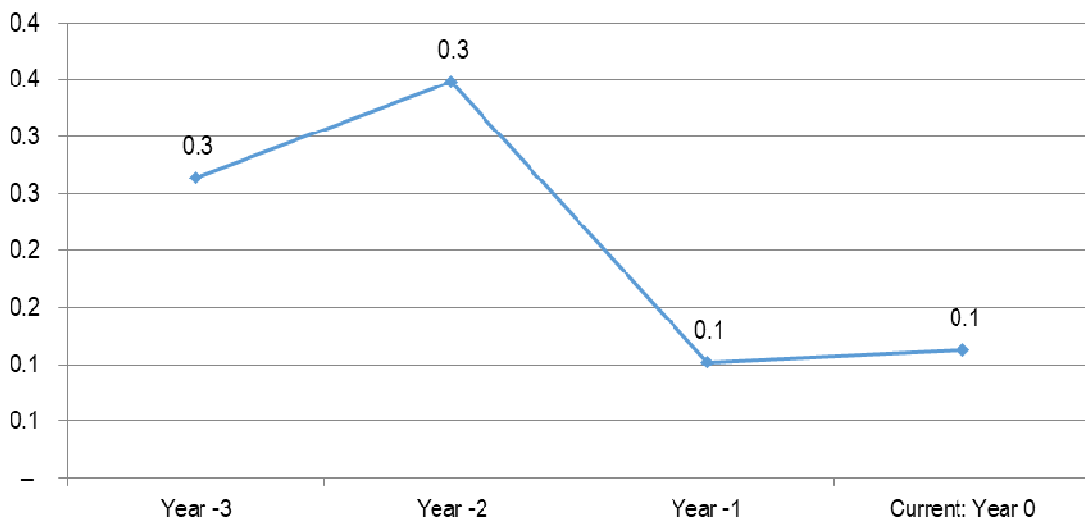
COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

Note: Refer to Note 2 of the Annual Financial Statements for greater detail.

Due to financial constraints, the municipality was not in a position to budget at the 8% benchmark for repairs & maintenance as prescribed by Treasury Norms and Standards.

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

Liquidity Ratio

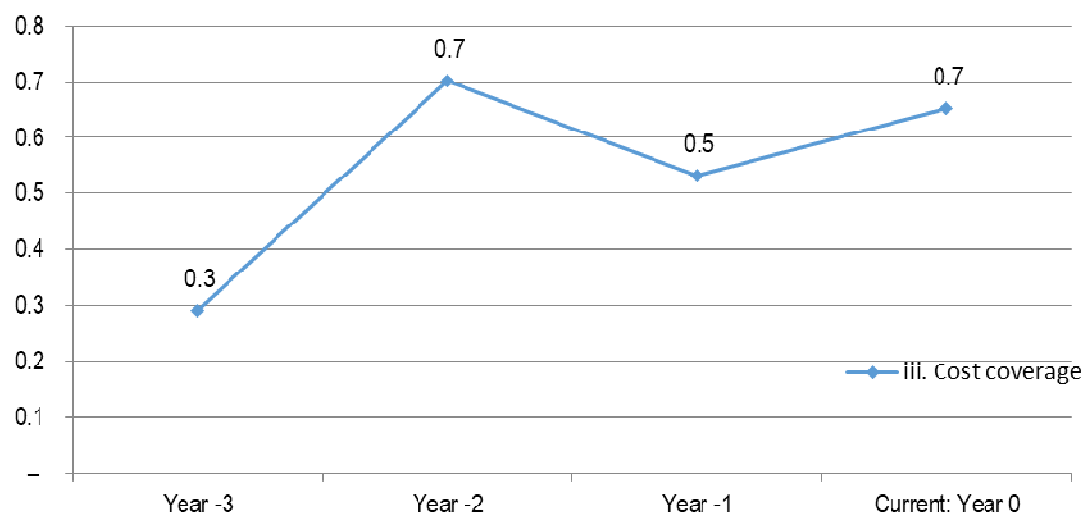


Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality's current liabilities. A higher ratio is better.

Data used from MBRR SA8

Chapter 5

Cost Coverage

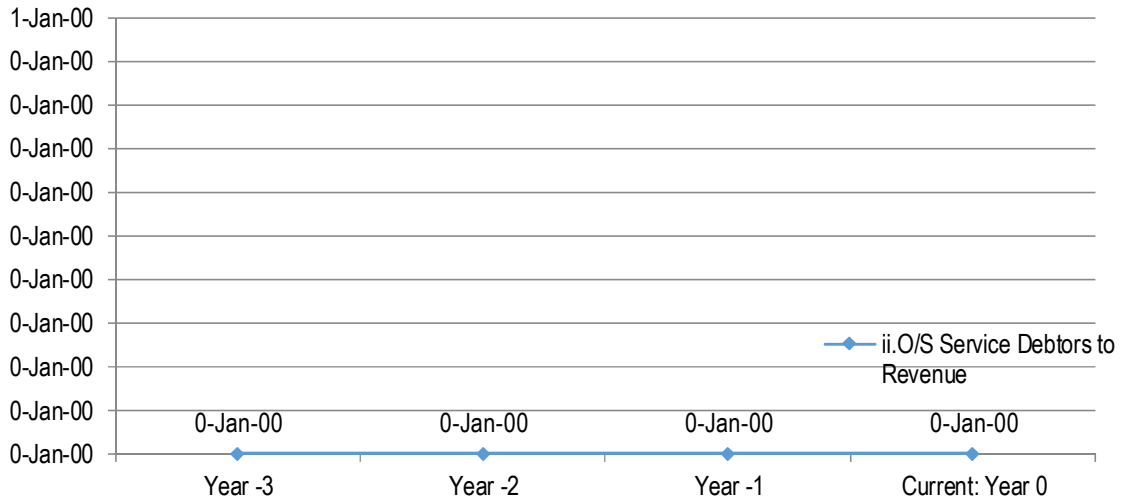


Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

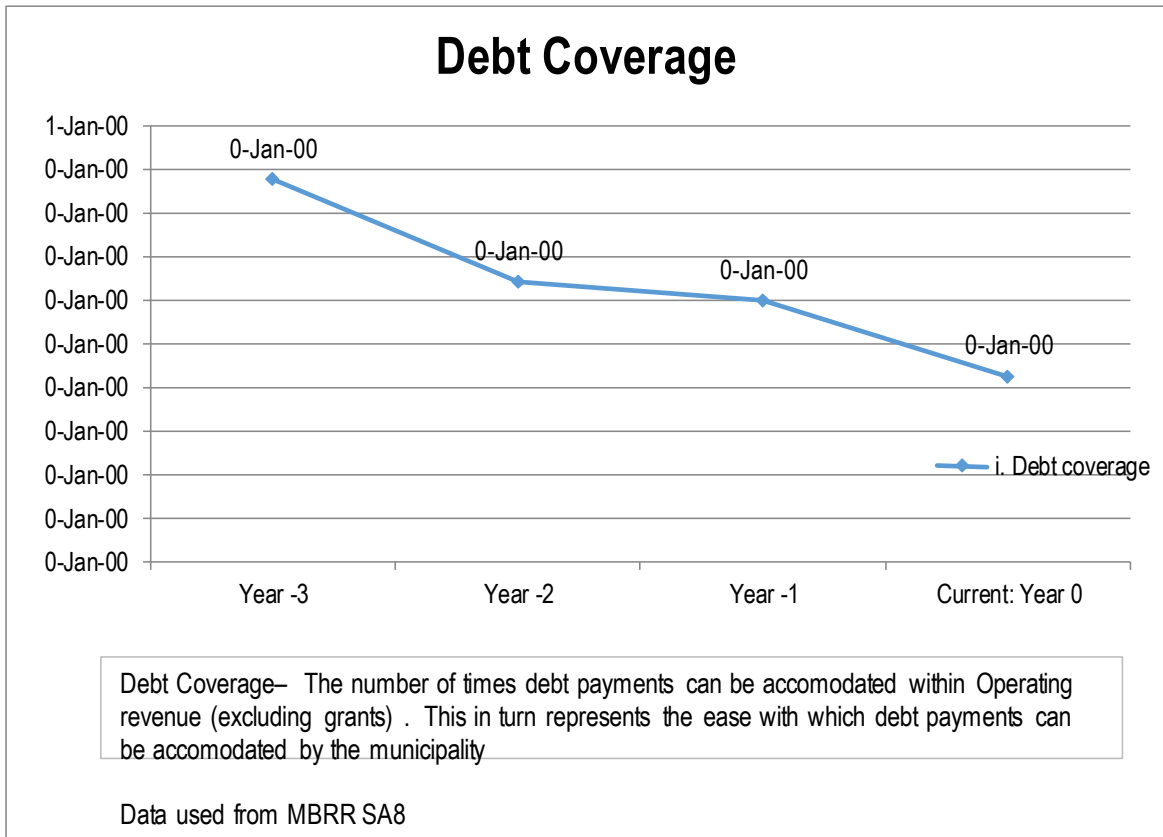
Chapter 5

Total Outstanding Service Debtors



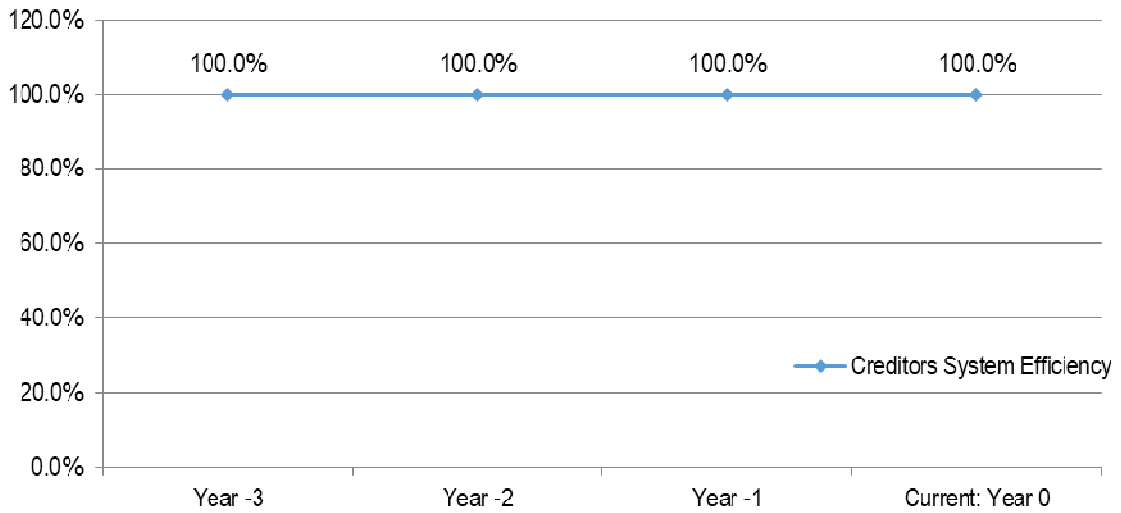
Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower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

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Chapter 5

Creditors System Efficiency

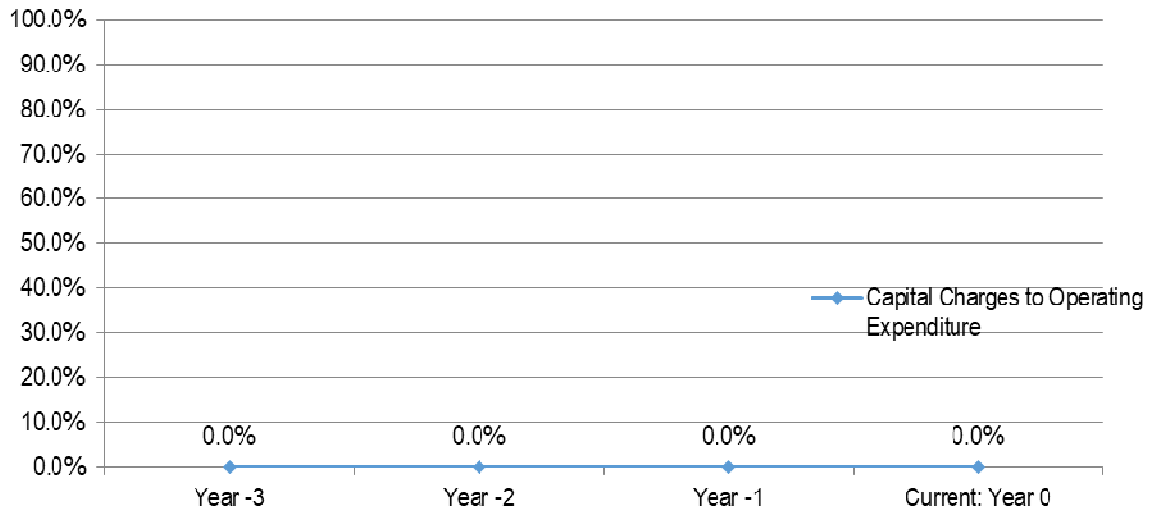


Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

Chapter 5

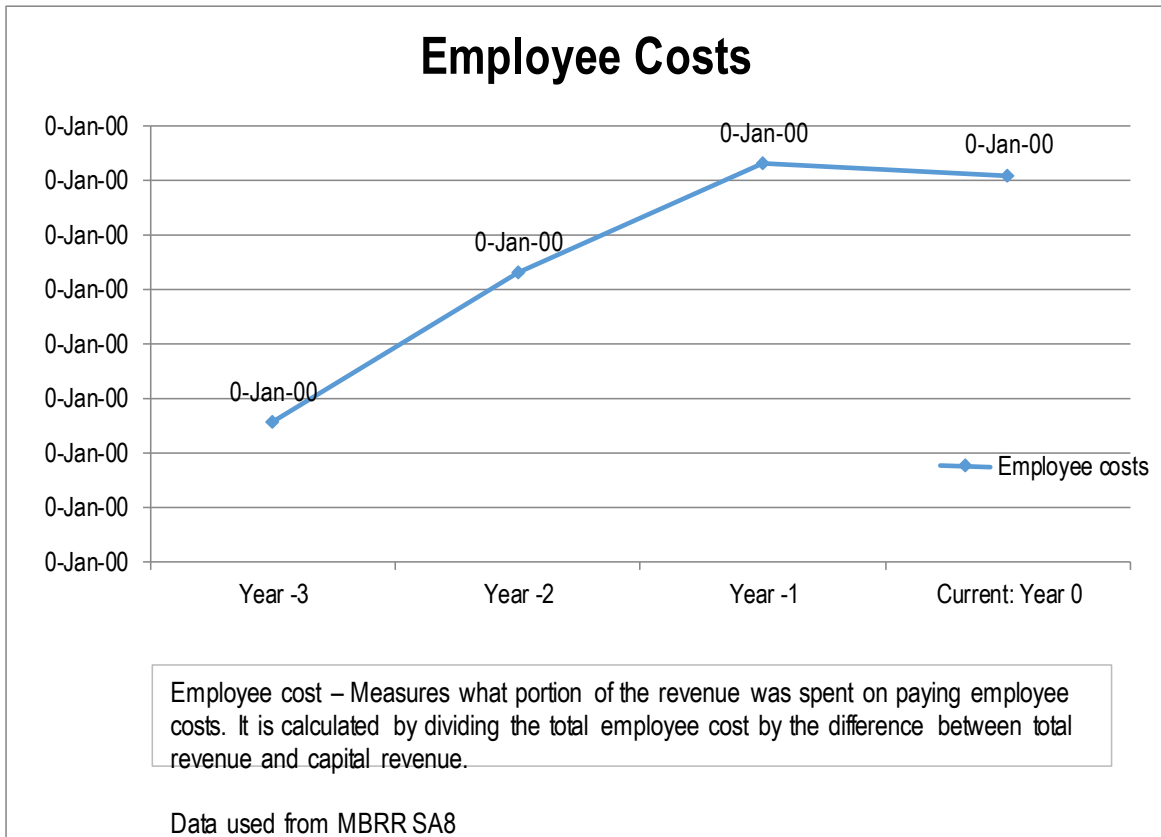
Capital Charges to Operating Expenditure



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

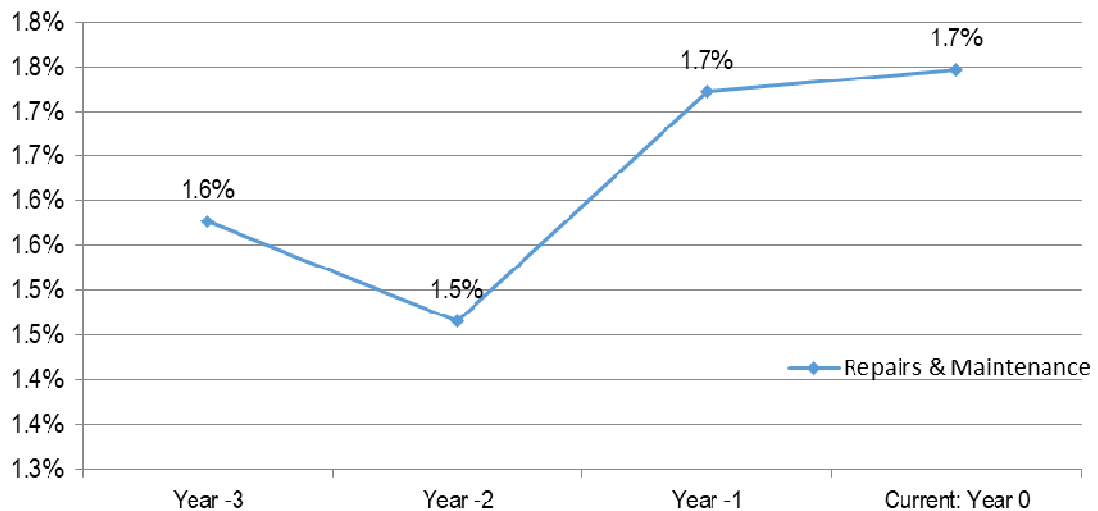
Data used from MBRR SA8

Chapter 5



Chapter 5

Repairs & Maintenance



Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

Data used from MBRR SA8

COMMENT ON FINANCIAL RATIOS:

Ratios are divided into various categories to address the different financial aspects and operations of a municipality or municipal entity.

- Financial Position
- Financial Performance
- Budget Implementation

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

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

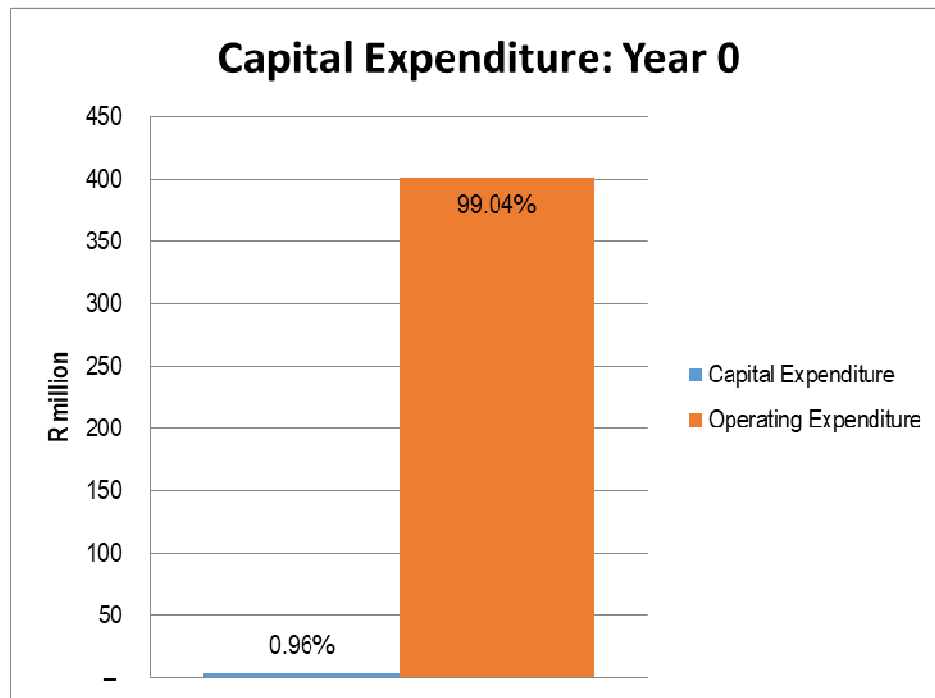
Chapter 5

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

The municipality does not have any bulk infrastructure grant funding and all capital expenditure was budgeted from internal funds. Due to financial constraints, the municipality could not afford to provide for major capital works.

5.5 CAPITAL EXPENDITURE



Chapter 5

5.6 SOURCES OF FINANCE

| Capital Expenditure - Funding Sources: Year -1 to Year 0 | | | | | | | R' 000 |
|--|------------------|----------------------|-------------------|------------------|-------------------------------|---------------------------|--------|
| Details | Year -1 | Year 0 | | | | | |
| | Actual | Original Budget (OB) | Adjustment Budget | Actual | Adjustment to OB Variance (%) | Actual to OB Variance (%) | |
| Source of finance | | | | | | | |
| External loans | | | | | | | |
| Public contributions and donations | | | | | | | |
| Grants and subsidies | | | | | | | |
| Other | 3,125,962 | 3,600,000 | 3,885,859 | 3,529,932 | 7.94% | -1.95% | |
| Total | 3,125,962 | 3,600,000 | 3,885,859 | 3,529,932 | 7.94% | -1.95% | |
| <i>Percentage of finance</i> | | | | | | | |
| 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 | 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% | |
| Capital expenditure | | | | | | | |
| Water and sanitation | | | | | | | |
| Electricity | | | | | | | |
| Housing | | | | | | | |
| Roads and storm water | | | | | | | |
| Other | 3,125,962 | 3,600,000 | 3,885,859 | 3,529,932 | 1259.4% | -5137.9% | |
| Total | 3125962 | 3600000 | 3885859 | 3529932 | 1259.36% | 5137.87% | |
| <i>Percentage of expenditure</i> | | | | | | | |
| 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% | |
| 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% | |
| <i>T 5.6.1</i> | | | | | | | |

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COMMENT ON SOURCES OF FUNDING:

The municipality was not a recipient of capital projects grant funding and the three capital projects were funded internally

5.7 CAPITAL SPENDING ON 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 - Computer Equipment | 650,000 | 800,000 | 644,934 | 1% | -23% |
| B - Internal Network | 1,200,000 | 920,600 | 524,329 | 56% | 23% |
| C - MSCOA implementation | 1,500,000 | 1,915,259 | 1,915,259 | -28% | -28% |
| D - Name of Project | | | | | |
| E - Name of Project | | | | | |
| <i>* Projects with the highest capital expenditure in Year 0</i> | | | | | |
| Name of Project - A | | | | | |
| Objective of Project | External Networking | | | | |
| Delays | | | | | |
| Future Challenges | none | | | | |
| Anticipated citizen benefits | IT Communication | | | | |
| Name of Project - B | | | | | |
| Objective of Project | Internal IT Networking | | | | |
| Delays | | | | | |
| Future Challenges | none | | | | |
| Anticipated citizen benefits | Internal IT connectivity | | | | |
| Name of Project - C | | | | | |
| Objective of Project | MSCOA compliant by July 2017 | | | | |
| Delays | | | | | |
| Future Challenges | Upgrading of financial system to new technology | | | | |
| Anticipated citizen benefits | | | | | |
| Name of Project - D | | | | | |
| Objective of Project | | | | | |
| Delays | | | | | |
| Future Challenges | | | | | |
| Anticipated citizen benefits | | | | | |
| Name of Project - E | | | | | |
| Objective of Project | | | | | |
| Delays | | | | | |
| Future Challenges | | | | | |
| Anticipated citizen benefits | | | | | |
| | | | | | T 5.7.1 |

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COMMENT ON CAPITAL PROJECTS:

The capital budget was increased during the adjustment budget process from R3, 600,000 to R3, 885,859. The amount on the capital budget was financed internally from the accumulated surplus as determined by the GRAP principles and accounting standards.

The three capital projects of the municipality for the year under review were the “SCOA Implementation and system upgrade” and the “IT Fibre Optic / Wi-Fi” project. The SCOA project was partially rolled from 17/18 due to delays in the delivery and commissioning of computer hardware while the Fibre Optic project was reduced during the adjustment budget and the scope was amended in accordance with the MOU entered into between the municipality and Gauteng E-Governance Department. Computer equipment was slightly increase.

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

This area of operations was not conceptualized and implemented by the municipality; but rather the bulk of it lies with local municipalities; as such nothing has been reported regarding this programme.

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Information about cash flows may be useful to users of the municipality’s financial statements in assessing Council’s cash flows, assessing Council’s compliance with legislation and regulations (including authorised budgets) and for making decisions about whether to provide resources to, or enter into transactions with Council.

These users and stakeholders are generally interested in how Council generates and uses cash and cash equivalents. The Municipality needs cash for operations related to service delivery. The Municipality uses cash to pay for the goods and services they consume, to meet ongoing debt servicing costs, and, in some cases, to reduce levels of debt. According to the standards of GRAP all entities are required to present a cash flow statement.

It must be noted that the municipality is heavily dependent on the equitable share as its main source of revenue and cash inflows are determined around the triennial disbursement cycle of the equitable share.

The municipality closed with a cash balance of R21.5 million which shows an increase of cash of R2.6 million from the previous year. The municipality held no investments during the year under review.

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5.9 CASH FLOW

| Description | Year -1 | Current: Year 0 | | |
|---|-----------------|-----------------|-----------------|----------------|
| | Audited Outcome | Original Budget | Adjusted Budget | Actual |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Ratepayers and other | 264,652 | 96,905 | 96,969 | 296,176 |
| Government - operating | 271,807 | 274,828 | 276,297 | 275,701 |
| Government - capital | | | | |
| Interest | 2,836 | 1,680 | 1,900 | 2,944 |
| Dividends | | | | |
| Payments | | | | |
| Suppliers and employees | (541,303) | (356,645) | (358,116) | (566,681) |
| Finance charges | | | | |
| Transfers and Grants | | | | |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | (2,007) | 16,768 | 17,051 | 8,140 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Receipts | | | | |
| Proceeds on disposal of PPE | 88 | 140 | 140 | 66 |
| Decrease (Increase) in non-current debtors | | | | |
| Decrease (increase) other non-current receivables | | | | |
| Decrease (increase) in non-current investments | | | | |
| Payments | | | | |
| Capital assets | (3,126) | (3,600) | (3,886) | (3,530) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (3,038) | (3,460) | (3,746) | (3,464) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Receipts | | | | |
| Short term loans | | | | |
| Borrowing long term/refinancing | | | | |
| Increase (decrease) in consumer deposits | | | | |
| Payments | | | | |
| Repayment of borrowing | - | - | - | - |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | - | - | - | - |
| NET INCREASE/ (DECREASE) IN CASH HELD | (5,046) | 13,308 | 13,305 | 4,676 |
| Cash/cash equivalents at the year begin: | 21,874 | 9,502 | 9,502 | 16,828 |
| Cash/cash equivalents at the year-end: | 16,828 | 22,810 | 22,807 | 21,504 |

COMMENT ON CASH FLOW OUTCOMES:

The municipality over-collected against projections on the sale of aviation fuel but under-collected against rental of municipal facilities, agency services rendered on behalf of the Department of Transport, and gains on disposal of assets. The municipality did not realize higher than anticipated collection on air quality license and permits.

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Grants and subsidies received were lower than projected due to withholding of unspent conditional grants. The municipality overspent on employee costs mostly due to overtime payments which exceeded the budget and adjusted budget.

There was an unfavorable variance of R1.3 million between the budgeted and actual net cash flow

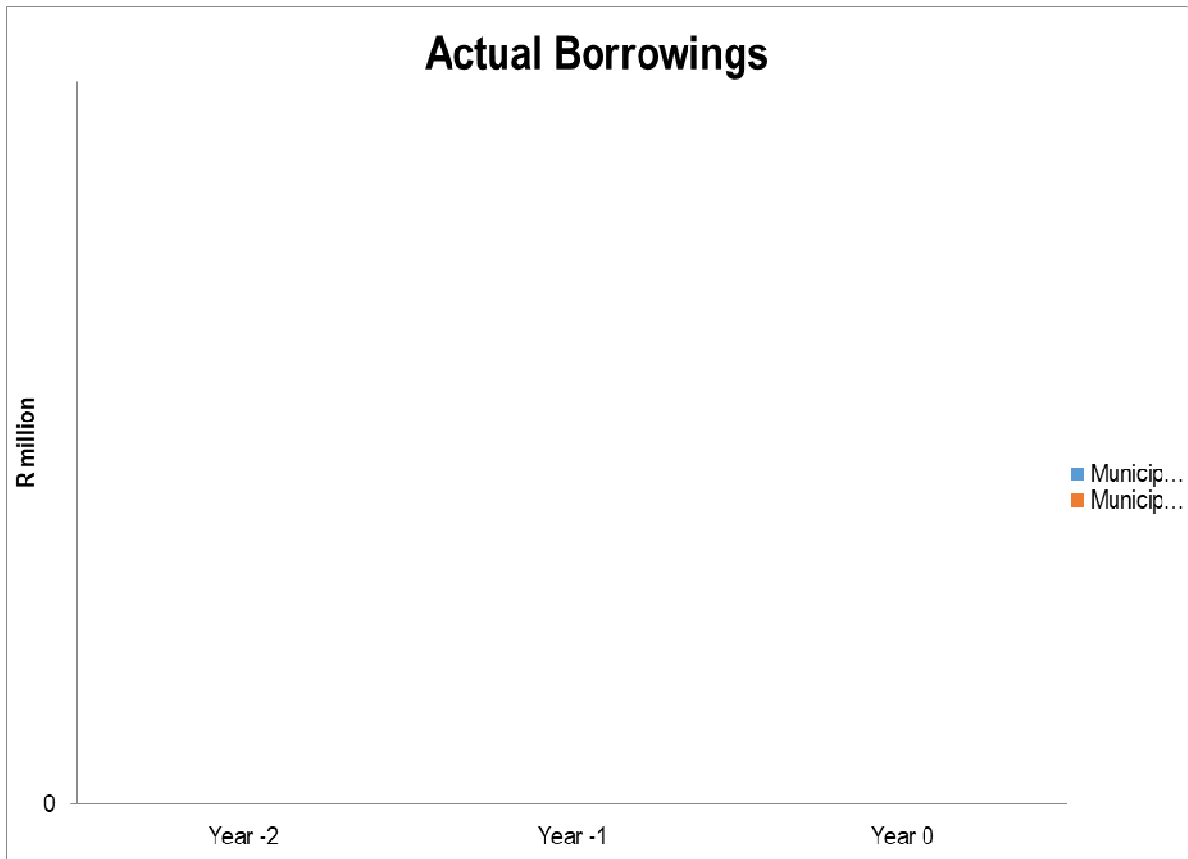
5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

Not applicable as the municipality does not have any borrowing or investments

| Actual Borrowings: Year -2 to Year 0 | | | |
|---|----------------|----------------|-----------------|
| | R' 000 | | |
| Instrument | Year -2 | Year -1 | Year 0 |
| <u>Municipality</u> | | | |
| Long-Term Loans (annuity/reducing balance) | | | |
| Long-Term Loans (non-annuity) | | | |
| Local registered stock | | | |
| Instalment Credit | | | |
| Financial Leases | | | |
| PPP liabilities | | | |
| Finance Granted By Cap Equipment Supplier | | | |
| Marketable Bonds | | | |
| Non-Marketable Bonds | | | |
| Bankers Acceptances | | | |
| Financial derivatives | | | |
| Other Securities | | | |
| Municipality Total | 0 | 0 | 0 |
| <u>Municipal Entities</u> | | | |
| Long-Term Loans (annuity/reducing balance) | | | |
| Long-Term Loans (non-annuity) | | | |
| Local registered stock | | | |
| Instalment Credit | | | |
| Financial Leases | | | |
| PPP liabilities | | | |
| Finance Granted By Cap Equipment Supplier | | | |
| Marketable Bonds | | | |
| Non-Marketable Bonds | | | |
| Bankers Acceptances | | | |
| Financial derivatives | | | |
| Other Securities | | | |
| Entities Total | 0 | 0 | 0 |
| | | | <i>T 5.10.2</i> |

Chapter 5



| Municipal and Entity Investments | | | |
|--|---------|---------|--------|
| | | | R' 000 |
| Investment* type | Year -2 | Year -1 | Year 0 |
| | Actual | Actual | Actual |
| Municipality | | | |
| 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 | | | |
| Municipality sub-total | 0 | 0 | 0 |
| | | | |

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| | | | |
|--|---|---|-----------------|
| Municipal Entities | | | |
| 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 | | | |
| Entities sub-total | 0 | 0 | 0 |
| | | | |
| Consolidated total: | 0 | 0 | 0 |
| | | | <i>T 5.10.4</i> |

COMMENT ON BORROWING AND INVESTMENTS

No comment on the borrowings and investment as the municipality did not involve itself in such due to financial constraints

5.11 PUBLIC PRIVATE PARTNERSHIPS

The municipality currently does not have active Public Private Partnerships

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

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.

Local Government: Municipal Finance Management Act (56 of 2003) Supply Chain Management Regulations effected June 2005 require that in order to perform the oversight role of Council, the Accounting Officer must submit a quarterly report to the Mayor of the municipality on the implementation of the supply chain management policy.

The reviewed Supply Chain Management Policy (review as per Council Resolution A1631 of 31 May 2017 and item R03 of 42nd Special Council sitting on 07 June 2019) was adopted by Council resolution A1532 on 08 June 2016, in line with the prescripts of Section 111, Local Government: Municipal Finance Management Act (56 of 2003). This report is compiled monthly to assist Council to perform this oversight function, as well as to promote the SDM procurement principles of transparency, equal treatment, effectiveness, competitiveness, fairness, ethics, proportionality, uniform application, responsibility, openness, value for money and, commitment to safety, health and the environment.

Chapter 5

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.

The Bid Adjudication Committee was established in terms of the provisions of MFMA SCM Regulation 29. This committee consists of officials with authority to make final recommendation to the Accounting Officer to award bids in accordance with their terms of reference.

Bids were evaluated in accordance with criteria set out in the Preferential Procurement Policy Framework Act (Act No: 5 of 2000), Preferential Regulations published in terms of Government Gazette No. 22549, Broad Based Black Economic Empowerment Act (Act No. 53 of 2003), Construction Industry Development Board Act (Act No: 38 of 2000) and also the criteria set out in terms of Municipal Finance Management Act (Act 56 of 2003) Circular 53.

Other criteria for technicality, capability and functionality are determined at the cross-functional bid specification stage, wherein due consideration is also given to achievement of Council strategy, project risk assessment, and alignment to the national Expanded Public Works Programme (EPWP)

All municipality 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 SOLAR (BCX) database, on an as and when required basis.

The SOLAR (BCX) 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 shows 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 SOLAR (BCX) 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.

Chapter 5

The municipality has an 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 The Office of the Municipal Manager, and resides in the Directorate: Legal Services.

5.13 GRAP COMPLIANCE

GRAP is the acronym for Generally Recognized Accounting Practice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance ensures that municipality 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.

The Minister of Finance has, in terms of General Notice 1290 of 2008 exempted compliance with certain of the 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

GRAP 16 - Investment property

GRAP 17 - Property, plant and equipment

GRAP 19 - Provisions, contingent liabilities and contingent assets

Chapter 5

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

Chapter 6

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

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

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

6.1 AUDITOR GENERAL REPORTS YEAR -1 (PREVIOUS YEAR)

| Audit Action Plan 2017/18 Audit Findings by Auditor General | | | |
|---|---|----------------------------|-------------|
| MANAGEMENT COMMENTS AND CORRECTIVE MEASURES TO ADDRESS ISSUES RAISED IN THE REPORT OD THE AUDITOR GENERAL FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 | | | |
| Finding | Management Comment / Resolution | Implementation Target Date | Status |
| Possible impairment of land | Financial Statements amended and Valuation will be done during the 2018/19 financial year | 31-May-19 | Addressed |
| Impairment and Collectability of Receivables from exchange transactions | Negotiations with Emfuleni Local Municipality to be completed and IT Staff transferred to the done | 31-Mar-19 | In Progress |
| Commitments: Understatement of commitments | Amendment to commitment notes in the AFS | 30-Nov-18 | Addressed |
| Competitive Bidding: Bid committees | Improvement on bid committee minutes to capture all critical elements which could impact on the committee | 01-Dec-18 | Addressed |
| Deviation: Deviation not supported | Amendments made to disclosure note in AFS | 14-Nov-18 | Addressed |

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| Consequence management | Municipal Manager to conduct an investigation on all unauthorised, irregular, fruitless and wasteful expenditure identified and implement recommendations of the report. MM has requested an investigation to be conducted by an independent Law Firm. The results of the investigations have to be tabled to MPAC for noting. Management is awaiting Council meeting to take place, for the report to be discussed. Upon the regularization of the report- the Auditor General findings can be updated. | 30-Jun-19 | Addressed |
| Municipality does not charge interest on debtors in arrears | | 20-Nov-18 | Addressed |
| AOPO: Performance targets not well defined | A management strategic session to be held in order to revise all targets | 31-Jan-19 | Addressed |
| AOPO – Inconsistencies between the Service Delivery Budget Implementation Plan (SDBIP) and the Annual Performance report (APR) | Addressed | 01-Nov-18 | Addressed |
| AOPO – Community services - Provide Financial Assistance to 25 External students | The review of targets will also ensure that the municipality sets realistic targets | 31-Jan-18 | Addressed |
| AOPO: Details on the Annual performance report not completely presented and disclosed | Management will ensure completeness of the performance management report at all times | Ongoing | Addressed |
| AOPO – Community services – HIV and Aids | Management to revise the HIV/AIDS template of the forms to ensure that all the necessary information about the beneficiaries of the programme are captured | Ongoing | Addressed |
| AOPO – Corporate services – maintenance of 12 taxi ranks | The corrected APR was submitted during the audit. | 31-Jan-19 | Addressed |
| AOPO – Corporate services – maintenance of 12 taxi ranks | The review of targets will also ensure that the municipality sets realistic targets | 30-Jan-19 | Addressed |
| AOPO – Corporate services – Utilities management | The corrected APR was submitted do the AG during the audit. | 31-Jan-19 | Addressed |
| AOPO – Transport, Infrastructure and Environment – Licensing | However the municipality will continue to pursuer Department of Transport in order to get the required equipment. | 31-Mar-19 | Addressed |
| AOPO – Transport, Infrastructure and Environment – Licensing | The target was realistic however there were a lot of municipal health challenges in the district that has led the municipality to achieved 2% below the 90% target. | 30-Jun-19 | Addressed |

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| AOPO – Transport, Infrastructure and Environment – Infrastructure | Addressed. All 12 monthly Rural Roads and Asset Management reports were submitted to the AG. | N/A | Addressed |
| AOPO – Community services – Community safety | Management will ensure that necessary evidence and attendance registers for all beneficiaries of community safety programmes are made available for the audit | Ongoing | Addressed |
| Payables from exchange transactions (License Fees) misstated | Reconciliation between the discrepancy between the TAS9 report received from province and actual collection | 20-Nov-18 | Addressed |
| Reclassification of prior year asset balance not disclosed | | 12-Sep-18 | Addressed |
| Profit on disposal of assets incorrectly calculated and allocated. | Corrective journals passed | 31-Oct-18 | Addressed |
| Assets on the asset register not physically located. | Corrective journals passed | 28-Feb-19 | Addressed |
| Contracted Services: Transactions not accounted in accordance with GRAP | Corrective journals passed | 26-Oct-18 | Addressed |
| Payables: Expenditure recognised in the incorrect accounting period | Corrective journals passed | 31-Oct-18 | Addressed |
| VAT receivable: Transactions included at an incorrect VAT rate on the general ledger | Corrective journals passed | 31-Oct-18 | Addressed |
| Transactions in the bank not recorded in the current bank balance | Corrective journals passed | 20-Nov-18 | Addressed |
| Transactions after year end recorded in the current bank balance | Corrective journals passed | 20-Nov-18 | Addressed |
| Heritage assets not complete | Corrective journals passed | 20-Nov-18 | Addressed |
| Incorrect Inventory Valuation at year end | Corrective journals passed | 14-Nov-18 | Addressed |
| Operating Lease Straight Lining not performed | Corrective journals passed | 14-Nov-18 | Addressed |
| Deposits recognized as revenue | Corrected in the financial statements | 20-Nov-18 | Addressed |
| Related party relationships disclosed that do not meet the related party definition | Corrective journals passed | 20-Nov-18 | Addressed |
| General expenses: Transactions not accounted for in accordance with GRAP | Corrective journals passed | 05-Nov-18 | Addressed |

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| Wrong supplier was selected as the winning bidder because points were awarded for B-BBEE submission of certificate that expired before closing date of the tender. | Adjustment made to disclosure note in AFS | 21-Nov-18 | Addressed |
| Employee Costs: Remuneration of the Municipal Manager is not in line with level 4 of Sedibeng District Municipality | Waiver from MEC COGTA | TBC | In Progress |
| Bid awarded to suppliers that was non tax compliant at the date of award | Municipal Manager to conduct an investigation on all unauthorised, irregular, fruitless and wasteful expenditure identified and implement recommendations of the report. MM has requested an investigation to be conducted by an independent Law Firm. The results of the investigations have to be tabled to MPAC for noting. Management is awaiting Council meeting to take place, for the report to be discussed. Upon the regularization of the report- the Auditor General findings can be updated. | 19-Oct-18 | Addressed |
| B-BBEE points awarded to bidders who submitted certificates that are not original or certified copies. | Municipal Manager to conduct an investigation on all unauthorised, irregular, fruitless and wasteful expenditure identified and implement recommendations of the report. MM has requested an investigation to be conducted by an independent Law Firm. The results of the investigations have to be tabled to MPAC for noting. Management is awaiting Council meeting to take place, for the report to be discussed. Upon the regularization of the report- the Auditor General findings can be updated. | 30-Jun-18 | Addressed |
| Contract Management: Contract price above tendered price | Municipal Manager to conduct an investigation on all unauthorised, irregular, fruitless and wasteful expenditure identified and implement recommendations of the report. MM has requested an investigation to be conducted by an independent Law Firm. The results of the investigations have to be tabled to MPAC for noting. Management is awaiting Council meeting to take place, for the report to be discussed. Upon the regularization of the report- the Auditor General findings can be updated. | 30-Jun-19 | Addressed |

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| Contract Management: Reasons for amendment not tabled in council of the municipality | Municipal Manager to conduct an investigation on all unauthorised, irregular, fruitless and wasteful expenditure identified and implement recommendations of the report. MM has requested an investigation to be conducted by an independent Law Firm. The results of the investigations have to be tabled to MPAC for noting. Management is awaiting Council meeting to take place, for the report to be discussed. Upon the regularization of the report- the Auditor General findings can be updated. | 30-Jun-19 | Addressed |
| Contract Management: expansions or variations above threshold | Municipal Manager to conduct an investigation on all unauthorised, irregular, fruitless and wasteful expenditure identified and implement recommendations of the report. MM has requested an investigation to be conducted by an independent Law Firm. The results of the investigations have to be tabled to MPAC for noting. Management is awaiting Council meeting to take place, for the report to be discussed. Upon the regularization of the report- the Auditor General findings can be updated. | 03-Jun-19 | Addressed |
| Contract Management: Reason provided to deviate not justifiable | Municipal Manager to conduct an investigation on all unauthorised, irregular, fruitless and wasteful expenditure identified and implement recommendations of the report. MM has requested an investigation to be conducted by an independent Law Firm. The results of the investigations have to be tabled to MPAC for noting. Management is awaiting Council meeting to take place, for the report to be discussed. Upon the regularization of the report- the Auditor General findings can be updated. | 30-Jun-19 | Addressed |
| Contract Management: Understatement of deviation | Municipal Manager to conduct an investigation on all unauthorised, irregular, fruitless and wasteful expenditure identified and implement recommendations of the report. MM has requested an investigation to be conducted by an independent Law Firm. The results of the investigations have to be tabled to MPAC for noting. Management is awaiting Council meeting to take place, for the report to be discussed. Upon the regularization of the report- the Auditor General findings can be updated. | 30-Jun-19 | Addressed |
| Audit Committee was not in place for the full financial year of 2017/18 | Addressed | None | Addressed |

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| There was no valid audit committee charter in place for the 2017/18 Financial year | Addressed | | Addressed |
| Competitive Bidding: Bid advertised for less than 14 days : Irregular expenditure | Municipal Manager to conduct an investigation on all unauthorised, irregular, fruitless and wasteful expenditure identified and implement recommendations of the report. MM has requested an investigation to be conducted by an independent Law Firm. The results of the investigations have to be tabled to MPAC for noting. Management is awaiting Council meeting to take place, for the report to be discussed. Upon the regularization of the report- the Auditor General findings can be updated. | 30-Jun-19 | Addressed |
| The Acting period of Chief Financial Officer | New CFO has been appointed | 20-Nov-18 | Addressed |
| Executive Directors Salary not in line with the competency framework | Awaiting approval of Waiver form Provincial COGTA | TBC | In Progress |
| Remuneration of Executive Directors | Awaiting approval of Waiver form Provincial COGTA | TBC | In Progress |
| Irregular expenditure: Overstatement of irregular expenditure | Municipal Manager to conduct an investigation on all unauthorised, irregular, fruitless and wasteful expenditure identified and implement recommendations of the report. MM has requested an investigation to be conducted by an independent Law Firm. The results of the investigations have to be tabled to MPAC for noting. Management is awaiting Council meeting to take place, for the report to be discussed. Upon the regularization of the report- the Auditor General findings can be updated. | 30-Jun-19 | Addressed |
| Interest state: Prohibiting on awards to person in the service of state | Municipal Manager to conduct an investigation on all unauthorised, irregular, fruitless and wasteful expenditure identified and implement recommendations of the report. MM has requested an investigation to be conducted by an independent Law Firm. The results of the investigations have to be tabled to MPAC for noting. Management is awaiting Council meeting to take place, for the report to be discussed. Upon the regularization of the report- the Auditor General findings can be updated. | 30-Jun-19 | Addressed |

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| Interest family: Awards to close family members of person in the service of the state | Municipal Manager to conduct an investigation on all unauthorised, irregular, fruitless and wasteful expenditure identified and implement recommendations of the report. MM has requested an investigation to be conducted by an independent Law Firm. The results of the investigations have to be tabled to MPAC for noting. Management is awaiting Council meeting to take place, for the report to be discussed. Upon the regularization of the report- the Auditor General findings can be updated. | 30-Jun-19 | Addressed |
| Interest Other: Suppliers in which partners or associates of employees, councillors/ directors or Mayor has an interest | Municipal Manager to conduct an investigation on all unauthorised, irregular, fruitless and wasteful expenditure identified and implement recommendations of the report. MM has requested an investigation to be conducted by an independent Law Firm. The results of the investigations have to be tabled to MPAC for noting. Management is awaiting Council meeting to take place, for the report to be discussed. Upon the regularization of the report- the Auditor General findings can be updated. | 30-Jun-19 | Addressed |
| There was no Internal Audit Charter in place for the 2017/18 Financial year. | Addressed | 30-Jun-19 | Addressed |
| Termination Benefits Policy | Municipal Manager to conduct an investigation on all unauthorised, irregular, fruitless and wasteful expenditure identified and implement recommendations of the report. MM has requested an investigation to be conducted by an independent Law Firm. The results of the investigations have to be tabled to MPAC for noting. Management is awaiting Council meeting to take place, for the report to be discussed. Upon the regularization of the report- the Auditor General findings can be updated. | 30-Jun-19 | Addressed |
| Change of primary account not declared | Management will ensure that such changes are declared in the future (if any) | 09-Nov-18 | Addressed |

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| Appointment of Director | Municipal Manager to conduct an investigation on all unauthorised, irregular, fruitless and wasteful expenditure identified and implement recommendations of the report. MM has requested an investigation to be conducted by an independent Law Firm. The results of the investigations have to be tabled to MPAC for noting. Management is awaiting Council meeting to take place, for the report to be discussed. Upon the regularization of the report- the Auditor General findings can be updated. | 30-Jun-19 | Addressed |
| There was no Internal Audit work done for the 2017/18 Financial year. | All areas of high risk will be prioritised into the Internal Audit Plan based on what the municipality can afford. | 30-Jun-19 | Addressed |
| Political Party Funding | Municipal Manager to conduct an investigation on all unauthorised, irregular, fruitless and wasteful expenditure identified and implement recommendations of the report. MM has requested an investigation to be conducted by an independent Law Firm. The results of the investigations have to be tabled to MPAC for noting. Management is awaiting Council meeting to take place, for the report to be discussed. Upon the regularization of the report- the Auditor General findings can be updated. Findings can be updated. | 30-Jun-19 | Addressed |
| Overtime worked for VIP's | A policy is being developed in order to introduce a flat rate inconvenience allowance in order to eliminate overtime claims | 30-Jun-19 | Addressed |
| Competitive Bidding: Bid not adjudicated | Municipal Manager to conduct an investigation on all unauthorised, irregular, fruitless and wasteful expenditure identified and implement recommendations of the report. MM has requested an investigation to be conducted by an independent Law Firm. The results of the investigations have to be tabled to MPAC for noting. Management is awaiting Council meeting to take place, for the report to be discussed. Upon the regularization of the report- the Auditor General findings can be updated. | 30-Jun-19 | Addressed |

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| Interest Auditee: Prohibiting on awards to person in the service of state | Municipal Manager to conduct an investigation on all unauthorised, irregular, fruitless and wasteful expenditure identified and implement recommendations of the report. MM has requested an investigation to be conducted by an independent Law Firm. The results of the investigations have to be tabled to MPAC for noting. Management is awaiting Council meeting to take place, for the report to be discussed. Upon the regularization of the report- the Auditor General findings can be updated. | 30-Jun-19 | Addressed |
| Procurement and contract management: Lowest quotation not selected | Municipal Manager to conduct an investigation on all unauthorised, irregular, fruitless and wasteful expenditure identified and implement recommendations of the report. MM has requested an investigation to be conducted by an independent Law Firm. The results of the investigations have to be tabled to MPAC for noting. Management is awaiting Council meeting to take place, for the report to be discussed. Upon the regularization of the report- the Auditor General findings can be updated. | 30-Jun-19 | Addressed |
| | Municipality will consult its counterparts on the best way to manage these vehicles as the nature of the work of the Executive Mayor and that of the Speaker is difficult to predict as they are always on standby to proactively respond on the issues affecting the communities | TBC | Not Addressed |
| Inadequate designed IT strategic plan | An IT Audit to be conducted in order to identify all deficiencies and recommendations will be implemented based on affordability | 30-Mar-19 | Addressed |
| Vacant critical posts within the IT Department | The municipality currently cannot afford new appointments, however, skills audit is being conducted. Where the municipality can identify capacity, training and support can be given in order to assist any material deficiencies | TBC | Not Addressed |
| Inadequately designed IT Security Policy in place | The policy will be reviewed to identify all the gaps and address them. Going Forward, Servers will be protected from any potential crashing so that this finding shall not re-occur | 31 January and Ongoing | Addressed |
| Inadequate password configurations | Password configurations will be corrected. | 31-Jan-19 | Addressed |

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| Inadequate antivirus and patch management process | This was due to migration of the antivirus and patches system to a new server. | Ongoing controls to take place | Addressed |
| Inadequate user management policy (Payday, BAUD and Venus systems) | The policy will be reviewed to identify all the gaps and address them | | Addressed |
| Inadequate program changes management policy | The policy will be reviewed for identify all the gaps and address them | 31-Mar-19 | Addressed |
| Inadequate change management process in place for Venus, BAUD and Payday Application Systems | Procedures to be reviewed and implemented accordingly | 31-Mar-19 | Addressed |
| Disaster recovery (DR) testing not performed | Internal Audit will conduct the test. It is part if the approved Audit Plan | 31-Mar-19 | Addressed |

COMPONENT B: AUDITOR-GENERAL OPINION YEAR 18/19 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT YEAR 18/19

COMMENTS ON AUDITOR-GENERAL'S OPINION YEAR 18/19:

The following were matters of emphasis:-

Restatement of corresponding figures

As disclosed in note 34 to the financial statements, the corresponding figures for 30 June 2018 were restated as a results of errors discovered in the financial statements of the municipality for the year ended, 30 June 2019.

With reference to note 33 to the financial statement, the municipality is the defendant in various lawsuits. The ultimate outcome of the matters cannot be presently determined and no provision for any liability Tat may result, has been made in the financial statements. Note 6 to 25 of the financial statement. Disclosed that the Trade Receivables from exchange transactions' balance has been significantly impaired. The allowance for impairment of trade receivables from exchange transactions' amounts to R 53 361 227 (2017-18: R 44 584 162), which represents 88.7% (2017-18: 95, 57%) of total trade receivables from exchange transactions. The contribution to the provision for debt impairment, as disclosed on note to the financial statement, was R 8 777 064 (2017-18: R44 584 162).

As disclosed in note 35 to the financial statements the municipality incurred a net loss of R 48 633 998 (2018: R 93 934 422) during the year ended 30 June 2019, and as of that date the municipality's current liabilities exceeds its current assets by R 114 572 592 (2018: R 65 938 593). These conditions indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern. The municipality is therefore interacting with the Gauteng Provincial Treasury and COGTA to assist in resolving the current financial constraint the municipality is experience.

Chapter 6

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

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GLOSSARY

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| Accessibility indicators | Explore whether the intended beneficiaries are able to access services or outputs. |
| Accountability documents | Documents used by executive authorities to give “ <i>full and regular</i> ” 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 “ <i>what we do</i> ”. |
| 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 “ <i>what we use to do the work</i> ”. They include finances, personnel, equipment and buildings. |
| Integrated Development Plan (IDP) | Set out municipal goals and development plans. |
| National Key performance areas | Service delivery & infrastructure Economic development Municipal transformation and institutional development Financial viability and management Good governance and community participation |
| Outcomes | The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are “ <i>what we wish to achieve</i> ”. |
| Outputs | The final products, or goods and services produced for delivery. Outputs may be defined as |

GLOSSARY

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| | "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 EPMS 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: | 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. Section 1 of the MFMA defines a "vote" as: <i>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</i> <i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i> |

Appendices

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

| 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 (12) | DA | 75% | 25% |
| Cllr Baloyi H | FT | Petitions (3), Council Sitting (12) | EFF | 60% | 40% |
| Cllr Buthongo CT | FT | Gender (3), Council Sitting (12) | ANC | 80% | 20% |
| Cllr Coertze Y | PT | Council Sitting (12) | DA | 60% | 40% |
| MMC Dlangamandla JM | FT | Council Sitting (12), Section 80 Transport & Infrastructure Planning | ANC | 90% | 10% |
| MMC Gamede LSA | FT | Council Sitting (12) | ANC | 90% | 10% |
| Cllr Gomes MM | FT | Council Sitting (12) | DA | 80% | 20% |
| Cllr Hlanyane BP | FT | Petitions(3), Council Sitting (3) | DA | 100% | 0% |
| MMC Hlongwane NG | FT | Council Sitting (12) | ANC | 100% | 0% |
| Cllr Hlophe NC | PT | Petitions (3), Council Sitting (12) | DA | 90% | 10% |
| Cllr Jones RF | FT | Ethics (2), MPAC (8) & Council Sitting (12) | DA | 90% | 10% |
| Cllr Khoali AN | PT | Council Sitting (12) | ANC | 100% | 0% |
| MMC Khomoeasera ML | FT | Council Sitting (12) | ANC | 90% | 10% |
| Cllr Lubbe AA | FT | Ethics (), Rules (), MPAC () & Council Sitting (3) | EFF+ | 30% | 70% |

Appendices

| | | | | | |
|------------------------|----|---|-----|------|-----|
| Cllr Machitje LM | FT | Ethics (2), MPAC (8), Council Sitting (12) | EFF | 20% | 80% |
| Cllr Mahlase KM | PT | Ethics (2), Gender (2), MPAC (8) & Council Sitting (12) | ANC | 50% | 50% |
| MMC Maphalla TS | FT | Ethics (2), Rules (1), Council Sitting (12) | ANC | 90% | 10% |
| Cllr Maraka TPE | PT | Ethics (2), MPAC (8), Council Sitting (12) | DA | 90% | 10% |
| Cllr Masisa LL | PT | Petitions (3), Ethics (2), MPAC (8), Council Sitting (12) | AIC | 80% | 20% |
| Cllr Mkhwanazi OA | PT | MPAC (8), Council Sitting (12) | ANC | 80% | 20% |
| Cllr Mncube ME | | Council Sitting (12) | DA | 90% | 10% |
| Cllr Mochawe JS | FT | Ethics (2), MPAC (8), Council Sitting (12) | ANC | 100% | 0% |
| MAYOR Modisakeng BJ | FT | Ethics (2), Rules (1), Council Sitting (12) | ANC | 90% | 10% |
| Cllr Mofokeng NT | PT | Council Sitting (12) | ANC | 80% | 20% |
| MMC Mohommed YJ | FT | Council Sitting (12) | ANC | 80% | 20% |
| Cllr Mohono S | PT | Council Sitting (12) | EFF | 90% | 10% |
| Cllr Mokoena TA | PT | Council Sitting (12) | DA | 100% | 0% |
| Cllr Mollo DS | PT | Ethics (2), Rules (1), Council Sitting (12) | DA | 100% | 0% |
| Cllr Motaung PM | PT | Rules (1), Gender (1), Council Sitting (12) | EFF | 60% | 40% |
| Cllr Motsei LA | PT | Gender(1), Petitions (3), Council Sitting (12) | ANC | 90% | 10% |
| SPEAKER Mosai AC | FT | Ethics (), , Rules (), Council Sitting (2) | ANC | 100% | 0% |
| CHIEF WHIP Mshudulu SA | FT | Ethics (2), Rules (1), Council Sitting (12) | ANC | 100% | 0% |
| Cllr Mulder M | PT | Council Sitting (12) | DA | 70% | 30% |

Appendices

| | | | | | |
|-------------------|----|---|-----|------|-----|
| Cllr Ndlovu MP | PT | Gender (2), Council Sitting (12) | ANC | 70% | 30% |
| Cllr Ntuthu VJ | PT | Ethics (2), Gender(2), MPAC (8), Council Sitting (12) | ANC | 70% | 30% |
| Cllr Nxongo NPG | PT | Petitions (3), Council Sitting (12) | ANC | 70% | 30% |
| Cllr Pretorius PC | PT | Council Sitting (12) | DA | 90% | 10% |
| MMC Raikane MD | FT | Council Sitting (12) | ANC | 80% | 20% |
| Cllr Ramongalo TR | FT | Council Sitting (12) | DA | 90% | 10% |
| Cllr Rapakeng OD | PT | Council Sitting (12) Section 80 Transport & Infrastructure Planning (4) | ANC | 80% | 20% |
| Cllr Raphesu MR | PT | Ethics (2), Council Sitting (12) | EFF | 50% | 50% |
| Cllr Selobane LJ | PT | Council Sitting (12) | ANC | 80% | 20% |
| Cllr Senekal GM | PT | Gender (1), Petitions(3), Council Sitting (12) | FF+ | 80% | 20% |
| Cllr Sikhosana TC | | Council Sitting (12) | ANC | 80% | 20% |
| Cllr Sikukula M | PT | Petitions (3) Council Sitting (12) | ANC | 90% | 10% |
| Cllr Sinyanya SS | PT | Petitions (3), MPAC (8), Council Sitting (12), Gender (1) | ANC | 80% | 20% |
| Cllr Soxuza DS | PT | Petitions (3), Council Sitting (12) | ANC | 80% | 20% |
| MMC Tsotetsi PB | FT | Rules (1), Council Sitting (12) | ANC | 90% | 10% |
| Cllr Xaba PD | FT | Council Sitting (12) | DA | 100% | 0% |

Appendices

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

| Committees (other than Mayoral/Executive Committee) and Purposes of Committees | |
|--|--|
| Rules committee | Recommends rules and orders to Council concerning the smooth running of its business |
| Ethics & Integrity Committee | Promote a culture within the institution which is intolerant to unethical conduct. |
| Municipal Public Accounts Committee (MPAC) | Reviews the municipal annual report in line with Auditor -General's findings. Provide political oversight to financial management and accounts |
| Public Participation & Petitions Committee | Promotes the active involvement of the general public in municipal affairs. Receive petitions from ordinary community members on service delivery matters |
| Gender Committee | Responsible for gender mainstreaming within the municipal environment. Monitor gender perspective of policies , programmes, projects and practices in the municipality. |
| Section 80 Committees | Administrative oversight. |
| <i>Note * Councillors appointed on a proportional basis do not have wards allocation to them</i> | |

Appendices

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

| THIRD TIER STRUCTURE | | |
|-------------------------------------|--|---------------------|
| DIRECTORATE | MANAGERS/ASSISTANT MANAGERS (State title and name) | |
| OFFICE OF THE EXECUTIVE MAYOR | | |
| A MOKONANE (DIRECTOR) | T MALEKA | (ASSISTANT MANAGER) |
| | S KGASWANE | (ASSISTANT MANAGER) |
| | S NDLENGETHWA | (ASSISTANT MANAGER) |
| | B MOHAPELOA | (ASSISTANT MANAGER) |
| OFFICE OF THE SPEAKER OF COUNCIL | | |
| M. MPONSHANE (DIRECTOR) | MOKAKO | (MANAGER) |
| OFFICE OF THE CHIEF WHIP OF COUNCIL | | |
| J. TSOHO (DIRECTOR) | MGUDLWA | (MANAGER) |
| OFFICE OF THE MUNICIPAL MANAGER | | |
| S. MPETA (DIRECTOR) | T. MOKOARI | (ASSISTANT MANAGER) |
| R. MHLWATIKA (DIRECTOR) | L. NGAKE | (MANAGER) |
| FINANCE | | |
| SUPPLY CHAIN | E. LOUW | (ASSISTANT MANAGER) |
| FINANCIAL MANAGEMENT | | |
| C STEYN (DIRECTOR) | A LUBBE | (ASSISTANT MANAGER) |
| CORPORATE SERVICES | | |
| HR | | |
| M.W. RAMOTSEDISI (DIRECTOR) | TS MALOKA | (MANAGER) |
| | L NKOLI | (ASSISTANT MANAGER) |
| | C. SERAME | (ASSISTANT MANAGER) |
| | O. MORAJANE | (ASSISTANT MANAGER) |
| INFORMATION TECHNOLOGY | | |
| Y. CHAMDA (DIRECTOR) | C. VISSER | (MANAGER) |
| | T.XABA | (ASSISTANT MANAGER) |
| | N. MONGA | (ASSISTANT MANAGER) |
| | B. MASHIYA | (MANAGER) |
| | HAI MANS | (MANAGER) |
| FACILITIES | | |
| D. MARANDA (DIRECTOR) | B. JOHNSON | (MANAGER) |
| | T. MOKOENA | (MANAGER) |
| PROTECTION SERVICES | | |
| T. MIYA (MANAGER) | N. MABULA | (SUPERINTENDENT) |
| RECORDS AND COMMITTEE SECTION | | |
| N. TSHABALALA (MANAGER) | P. NZUNGA | (CORDINATOR) |
| | | |
| | | |

Appendices

| | | | |
|---|-------------------|-----------------|---------------------|
| STRATEGIC PLANNING AND ECONOMIC DEVELOPMENT | | | |
| LED & TOURISM | | | |
| K MBONGO | (DIRECTOR) | MD.KANTSO | (ASSISTANT MANAGER) |
| | | R. PELSER | (ASSISTANT MANAGER) |
| | | M DLADLA | (ASSISTANT MANAGER) |
| | | M MOKGATLE | (ASSISTANT MANAGER) |
| | | S.P VAN WYK | (ASSISTANT MANAGER) |
| DEVELOPMENT PLANNING AND HUMAN SETTLEMENT | | | |
| T. MUTLANENG | (DIRECTOR) | S. PITSO | (MANAGER) |
| | | MAJOLA | (MANAGER) |
| TRANSPORT AND INFRASTRUCTURE | | | |
| | | M KHALEMA | (MANAGER) |
| | | NS MOFOKENG | (MANAGER) |
| LICENSING | | | |
| G. DEYZEL | (ACTING MANAGER) | T. LENAKE | (ASSISTANT MANAGER) |
| | | E VAN ZYL | (ASSISTANT MANAGER) |
| | | A. MSIBI | (ASSISTANT MANAGER) |
| ENVIRONMENT | | | |
| | | Z VAN ZYL | (MANAGER) |
| | | MF THEKISO | (ASSISTANT MANAGER) |
| COMMUNITY SERVICES | | | |
| HEALTH | | | |
| D MASUKELA | (ACTING DIRECTOR) | MOKOENA | (CORDINATOR) |
| DISASTER | | | |
| | | MM TAALJARD | (MANAGER) |
| | | S. MOTHAPO | (ASSISTANT MANAGER) |
| | | P. NIEWENHEIZEN | (ASSISTANT MANAGER) |
| SRAC & H | | | |
| N. FELIX | (DIRECTOR) | | |
| | | S KHUMALO | (ASSISTANT MANAGER) |
| | | A. VAN WYK | (ASSISTANT MANAGER) |
| SAFETY | | | |
| M LEACWE | (DIRECTOR) | P. KELE | (ASSISTANT MANAGER) |

Appendices

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

| Municipal / Entity Functions | | |
|---|---|--|
| MUNICIPAL FUNCTIONS | Function Applicable to Municipality (Yes / No)* | Function Applicable to Entity (Yes / No) |
| Constitution Schedule 4, Part B functions: | | |
| Air pollution | Y | N/A |
| Building regulations | N | N/A |
| Child care facilities | N | N/A |
| Electricity and gas reticulation | N | N/A |
| Firefighting services | N | N/A |
| Local tourism | Y | N/A |
| Municipal airports | Y | N/A |
| Municipal planning | N | N/A |
| Municipal health services | Y | N/A |
| Municipal public transport | Y | N/A |
| Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law | N | N/A |
| Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto | N | N/A |
| Stormwater management systems in built-up areas | N | N/A |
| Trading regulations | N | N/A |
| Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems | N | N/A |
| Beaches and amusement facilities | N | N/A |
| Billboards and the display of advertisements in public places | N | N/A |
| Cemeteries, funeral parlors and crematoria | N | N/A |
| Cleansing | N | N/A |
| Control of public nuisances | N | N/A |
| Control of undertakings that sell liquor to the public | N | N/A |
| Facilities for the accommodation, care and burial of animals | N | N/A |
| Fencing and fences | N | N/A |
| Licensing of dogs | N | N/A |
| Licensing and control of undertakings that sell food to the public | N | N/A |
| Local amenities | N | N/A |
| Local sport facilities | N | N/A |
| Markets | Y | N/A |
| Municipal abattoirs | Y | N/A |

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| | | |
|---|---|-----------|
| Municipal parks and recreation | N | N/A |
| Municipal roads | N | N/A |
| Noise pollution | N | N/A |
| Pounds | N | N/A |
| Public places | N | N/A |
| Refuse removal, refuse dumps and solid waste disposal | N | N/A |
| Street trading | N | N/A |
| Street lighting | N | N/A |
| Traffic and parking | N | N/A |
| <i>* If municipality: indicate (yes or No); * If entity: Provide name of entity</i> | | <i>TD</i> |

APPENDIX E – WARD REPORTING

Not applicable to Sedibeng district municipality

APPENDIX F – WARD INFORMATION

Not applicable to Sedibeng district municipality

Appendices

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2018/2019

| Municipality Audit Committee Recommendations | | |
|---|--|---|
| Date of Audit Committee | Committee Recommendations for the year | Recommendations adopted (Yes/No) |
| 23 August 2018 | <p>The Audit Committee recommended that:-</p> <ol style="list-style-type: none"> 1. Due to high value of leave balances, management to prepare a full report on leave management and submit to the committee and that sick leave be regulated. 2. Management should look at the inventory profit margin based on the sale of goods versus the revenue. 3. Management should assess causes on declines of rental of Building and Parking fees. 4. Management should seriously consider issues raised by AG remaining “going concern” and take decisions to remedy the situation. 5. Management should ensure that Vanderbijlpark License Department Drive through is operational and Council to provide adequate Security in order to increase revenue. 6. All errors and omissions identified by the committee in the Draft AFS be corrected before submission of that AFS to the Auditor General. | Adopted |
| 28 November 2018 | <p>The Audit Committee recommended that:-</p> <ol style="list-style-type: none"> 1. Management is advised to immediately draw an audit action plan to address the matters. 2. The audit committee requested a copy of the irregular expenditure list. 3. Management is requested to investigate irregular expenditure in order to implement consequence management. 4. Internal Audit should check the availability of the Audit Committee chairperson in order to present a report in the next council meeting. | |

Appendices

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

None

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

None

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

| Disclosures of Financial Interests | | |
|--|-----------------------------|---|
| Period 1 July to 30 June of Year 2019 (Current Year) | | |
| Position | Name | Description of Financial interests* (Nil / Or details) |
| (Executive) Mayor | | |
| | Busisiwe Joyce Modisakeng | Nil |
| Member of Mayco/Exco | | |
| | MMC S. Maphalla | Nil |
| | MMC P.B. Tsotetsi | Nil |
| | MMC. Y. Mahomed | Nil |
| | MMC Z. Raikane | Nil |
| | MMC M. Khomoeasera | Nil |
| | MMC G.Hlongwane | Nil |
| | MMC L. Gumede | Nil |
| | MMC J.Dlangamandla | Nil |
| Councillors | | |
| | Speaker Cllr. Gomba M. | Nil |
| | Chief Whip Cllr Mshudulu SA | Nil |
| | Cllr Baloyi PB | Nil |
| | Cllr Baloyi H | Nil |
| | Cllr Buthongo CT | Nil |
| | Cllr Coertze Y | Nil |
| | Cllr Gomes MM | Nil |
| | Cllr Hlanyane BP | Nil |
| | Cllr Hlophe NC | Nil |
| | Cllr Jones RF | Nil |
| | Cllr Khoali AN | Nil |
| | Cllr Lubbe AA | Nil |
| | Cllr Machitje LM | Nil |
| | Cllr Mahlase KM | Nil |
| | Cllr Maraka TPE | Nil |
| | Cllr Masisa LL | Nil |
| | Cllr Mkhwanazi OA | Nil |

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|---|-------------------|-----|
| | Cllr Mncube ME | Nil |
| | Cllr Mochawe JS | Nil |
| | Cllr Mofokeng NT | Nil |
| | Cllr Mohono S | Nil |
| | Cllr Mokoena TA | Nil |
| | Cllr Mollo DS | Nil |
| | Cllr Motaung PM | Nil |
| | Cllr Motsei LA | Nil |
| | Cllr Mulder M | Nil |
| | Cllr Ndlovu MP | Nil |
| | Cllr Ntuthu VJ | Yes |
| | Cllr Nxongo NPG | Nil |
| | Cllr Pretorius PC | Nil |
| | Cllr Ramongalo TR | Nil |
| | Cllr Rapakeng OD | Nil |
| | Cllr Raphesu MR | Nil |
| | Cllr Seloane LJ | Nil |
| | Cllr Senekal GM | Nil |
| | Cllr Sikhosana TC | Nil |
| | Cllr Sikukula M | Nil |
| | Cllr Sinyanya SS | Nil |
| | Cllr Soxuza DS | Nil |
| | MMC Tsotetsi PB | Nil |
| | Cllr Xaba PD | Nil |
| Municipal Manager | | |
| | Mr. S. Khanyile | Nil |
| Chief Financial Officer | | |
| | Mr. J. Kasvosve | Nil |
| Executive Directors | | |
| | Mr. M. Makhutle | Yes |
| | Ms. J. Medupe | Nil |
| | Mr. Z.J. Majola | Nil |
| | Ms. N. Baleni | Nil |
| * Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A | | |
| T J | | |

Appendices

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 | 0 | 0 | 0 | 0 | | | |
| Vote 2 - Finance & Administration | 281,232,249 | 283,288,815 | 283,518,615 | 285,857,697 | 1% | 1% | |
| Vote 3 - Transport, Infrastructure & Environment | 60,726,808 | 72,032,081 | 72,032,081 | 66,156,160 | -9% | -9% | |
| Vote 4 - Community & Social Services | 2,718,058 | 4,463,551 | 5,989,923 | 4,625,572 | 4% | -29% | |
| Vote 5 - Planning & Development | 3,145,725 | 5,436,000 | 5,436,000 | 4,588,020 | -18% | -18% | |
| Vote 6 - Other Trading Services | 10,344,597 | 10,745,863 | 10,745,863 | 10,308,942 | -4% | -4% | |
| 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 | | | | | | | |
| Total Revenue by Vote | 358,167 | 375,966 | 377,722 | 371,536 | (0) | (0) | |

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 | | | | | #DIV/0! | #DIV/0! | |
| Property rates - penalties & collection charges | | | | | #DIV/0! | #DIV/0! | |
| Service Charges - electricity revenue | | | | | #DIV/0! | #DIV/0! | |

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|--|----------------|----------------|----------------|----------------|---------------|---------------|
| Service Charges - water revenue | | | | | #DIV/0! | #DIV/0! |
| Service Charges - sanitation revenue | | | | | #DIV/0! | #DIV/0! |
| Service Charges - refuse revenue | | | | | #DIV/0! | #DIV/0! |
| | | | | | #DIV/0! | #DIV/0! |
| Service Charges - other | - | - | - | - | 5% | 5% |
| Rentals of facilities and equipment | 358 | 490 | 490 | 514 | 43% | 35% |
| Interest earned - external investments | 2,836 | 1,680 | 1,900 | 2,944 | | |
| Interest earned - outstanding debtors | | | | | #DIV/0! | #DIV/0! |
| Dividends received | | | | | #DIV/0! | #DIV/0! |
| Fines | | | | | #DIV/0! | #DIV/0! |
| | | | | | -1100% | -1100% |
| Licenses and permits | 2,255 | 1,500 | 1,500 | 125 | -9% | -9% |
| Agency services | 60,727 | 72,032 | 72,032 | 66,156 | 0% | 0% |
| Transfers recognised - operational | 269,415 | 277,241 | 278,713 | 277,892 | 4% | 4% |
| Other revenue | 22,488 | 22,883 | 22,947 | 23,839 | -112% | -112% |
| Gains on disposal of PPE | 88 | 140 | 140 | 66 | | |
| Environmental Protection | | | | | #DIV/0! | #DIV/0! |
| Total Revenue (excluding capital transfers and contributions) | 358,167 | 375,966 | 377,722 | 371,536 | -1.19% | -1.67% |

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 | | | | | | | |
| Other Specify: | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| Total | | | | | | | |

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

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Appendices

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 | |
| Capital expenditure by Asset Class | | | | | | | | |
| Infrastructure - Total | - | - | | - | - | - | - | |
| Infrastructure: Road transport - Total | - | - | | - | - | - | - | |
| <i>Roads, Pavements & Bridges</i> | | | | | | | | |
| <i>Storm water</i> | | | | | | | | |
| Infrastructure: Electricity - Total | - | - | | - | - | - | - | |
| <i>Generation</i> | | | | | | | | |
| <i>Transmission & Reticulation</i> | | | | | | | | |
| <i>Street Lighting</i> | | | | | | | | |
| Infrastructure: Water - Total | - | - | | - | - | - | - | |
| <i>Dams & Reservoirs</i> | | | | | | | | |
| <i>Water purification</i> | | | | | | | | |
| <i>Reticulation</i> | | | | | | | | |
| Infrastructure: Sanitation - Total | - | - | | - | - | - | - | |
| <i>Reticulation</i> | | | | | | | | |
| <i>Sewerage purification</i> | | | | | | | | |
| Infrastructure: Other - Total | - | - | | - | - | - | - | |
| <i>Waste Management</i> | | | | | | | | |
| <i>Transportation</i> | | | | | | | | |
| <i>Gas</i> | | | | | | | | |
| <i>Other</i> | | | | | | | | |
| Community - Total | - | - | | - | - | - | - | |
| <i>Parks & gardens</i> | | | | | | | | |
| <i>Sportsfields & stadia</i> | | | | | | | | |
| <i>Swimming pools</i> | | | | | | | | |
| <i>Community halls</i> | | | | | | | | |
| <i>Libraries</i> | | | | | | | | |
| <i>Recreational facilities</i> | | | | | | | | |
| <i>Fire, safety & emergency</i> | | | | | | | | |
| <i>Security and policing</i> | | | | | | | | |
| <i>Buses</i> | | | | | | | | |
| <i>Clinics</i> | | | | | | | | |
| <i>Museums & Art Galleries</i> | | | | | | | | |
| <i>Cemeteries</i> | | | | | | | | |
| <i>Social rental housing</i> | | | | | | | | |
| <i>Other</i> | | | | | | | | |

Table continued next page

Appendices

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 | |
| Capital expenditure by Asset Class | | | | | | | | |
| Heritage assets - Total | - | - | | - | - | - | - | |
| Buildings | | | | | | | | |
| Other | | | | | | | | |
| Investment properties - Total | - | - | | - | - | - | - | |
| Housing development | | | | | | | | |
| Other | | | | | | | | |
| Other assets | - | - | | - | - | - | - | |
| 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 | | | | | | | | |
| Agricultural assets | - | - | | - | - | - | - | |
| List sub-class | | | | | | | | |
| Biological assets | - | - | | - | - | - | - | |
| List sub-class | | | | | | | | |
| Intangibles | - | - | | - | - | - | - | |
| Computers - software & programming | | | | | | | | |
| Other (list sub-class) | | | | | | | | |
| Total Capital Expenditure on new assets | - | - | | - | - | - | - | |
| Specialised vehicles | - | - | | - | - | - | - | |
| Refuse | | | | | | | | |
| Fire | | | | | | | | |
| Conservancy | | | | | | | | |
| Ambulances | | | | | | | | |

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

T M.1

Appendices

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

| 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 | |
| Capital expenditure by Asset Class | | | | | | | | |
| Infrastructure - Total | - | - | | - | - | - | - | |
| Infrastructure: Road transport -Total | - | - | | - | - | - | - | |
| Roads, Pavements & Bridges | | | | | | | | |
| Storm water | | | | | | | | |
| Infrastructure: Electricity - Total | - | - | | - | - | - | - | |
| Generation | | | | | | | | |
| Transmission & Reticulation | | | | | | | | |
| Street Lighting | | | | | | | | |
| Infrastructure: Water - Total | - | - | | - | - | - | - | |
| Dams & Reservoirs | | | | | | | | |
| Water purification | | | | | | | | |
| Reticulation | | | | | | | | |
| Infrastructure: Sanitation - Total | - | - | | - | - | - | - | |
| Reticulation | | | | | | | | |
| Sewerage purification | | | | | | | | |
| Infrastructure: Other - Total | - | - | | - | - | - | - | |
| Waste Management | | | | | | | | |
| Transportation | | | | | | | | |
| Gas | | | | | | | | |
| Other | | | | | | | | |
| Community | - | - | | - | - | - | - | |
| Parks & gardens | | | | | | | | |
| Sportsfields & stadia | | | | | | | | |
| Swimming pools | | | | | | | | |
| Community halls | | | | | | | | |
| Libraries | | | | | | | | |
| Recreational facilities | | | | | | | | |
| Fire, safety & emergency | | | | | | | | |
| Security and policing | | | | | | | | |
| Buses | | | | | | | | |
| Clinics | | | | | | | | |
| Museums & Art Galleries | | | | | | | | |
| Cemeteries | | | | | | | | |
| Social rental housing | | | | | | | | |
| Other | | | | | | | | |
| Heritage assets | - | - | | - | - | - | - | |
| Buildings | | | | | | | | |
| Other | | | | | | | | |

Table continued next page

Appendices

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 | |
| Capital expenditure by Asset Class | | | | | | | | |
| Investment properties | - | - | | - | - | - | - | |
| Housing development | | | | | | | | |
| Other | | | | | | | | |
| Other assets | - | - | | - | - | - | - | |
| 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 | | | | | | | | |
| Agricultural assets | - | - | | - | - | - | - | |
| List sub-class | | | | | | | | |
| Biological assets | - | - | | - | - | - | - | |
| List sub-class | | | | | | | | |
| Intangibles | - | - | | - | - | - | - | |
| Computers - software & programming | | | | | | | | |
| Other (list sub-class) | | | | | | | | |
| Total Capital Expenditure on renewal of existing assets | - | - | | - | - | - | - | |
| Specialised vehicles | - | - | | - | - | - | - | |
| Refuse | | | | | | | | |
| Fire | | | | | | | | |
| Conservancy | | | | | | | | |
| Ambulances | | | | | | | | |

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

T M.2

VOLUME II

VOLUME II: ANNUAL FINANCIAL STATEMENTS

Provide the Annual Financial Statements (AFS) to the respective financial year as submitted to the Auditor-General. The completed AFS will be Volume II of the Annual Report.



AUDITOR - GENERAL
SOUTH AFRICA

The Accounting Officer
Sedibeng District Municipality
Private Bag X 471
Vereeniging
1930

30 November 2019

Reference: 07364REG18-19

Dear Mr S Khanyile

Report of the Auditor-General on the financial statements and other legal and regulatory requirements of Sedibeng District Municipality for the year ended 30 June 2019

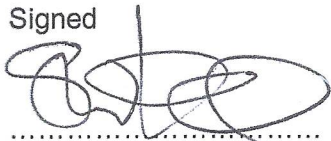
1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act of South Africa read in conjunction with section 188 of the Constitution of the Republic of South Africa section 121(3) of the Municipal Finance Management Act of South Africa (MFMA).
2. We have not yet received the other information that will be included in the annual report with the audited financial statements and have thus not been able to establish whether there are any inconsistencies between this information and the audited financial statements and the reported performance against pre-determined objectives. You are requested to supply this information as soon as possible. Once this information is received it will be read and should any inconsistencies be identified these will be communicated to you and you will be requested to make the necessary corrections. Should the corrections not be made we will amend and reissue the audit report.
3. In terms of section 121(3) of the MFMA you are required to include the audit report in the municipality's annual report to be tabled.
4. Until the annual report is tabled as required by section 127(2) of the audit report is not a public document and should therefore be treated as confidential.
5. Prior to printing or copying the annual report which will include the audit report you are required to do the following:
 - Submit the final printer's proof of the annual report to the relevant senior manager of the Auditor-General of South Africa for verification of the audit-related references in the audit report and for confirmation that the financial statements and other information are those documents that have been read and audited. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.
 - The signature *Auditor-General* in the handwriting of the auditor authorised to sign the audit report at the end of the hard copy of the audit report should be scanned in when preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa's logo, should appear at the end of the report, as in the hard copy that is provided to you. The official logo will be made available to you in electronic format.

6. Please notify the undersigned Business Executive / Senior Manager well in advance of the date on which the annual report containing this audit report will be tabled.
7. Your cooperation to ensure that all these requirements are met would be much appreciated.

Kindly acknowledge receipt of this letter.

Yours sincerely

Signed



.....
Senior Manager: Gauteng

Enquiries: Kwena Mokgokong
Telephone: (011) 703 7600
Fax: (011) 703 6789

Report of the auditor-general to the Gauteng Provincial Legislature and the Council on Sedibeng District Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Sedibeng District Municipality set out on pages ... to ..., which comprise the appropriation statement, the statement of financial position as at 30 June 2019, the statement of financial performance, statement of changes in net assets and cash flow statement and statement of comparison of budget and actual amounts 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 2019, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practices (SA Standards of GRAP) and the requirements of the Municipal Management Finance Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2018, (Act No. 1 of 2018) (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 this auditor's report.
4. I am independent of the municipality in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* and, parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA codes) as well as 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 codes.
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 going concern

6. I draw attention to the matter below. My opinion is not modified in respect of this matters.
7. As disclosed in note 35 to the financial statements the municipality incurred a net loss of R48 633 998 (2018: R93 934 422) during the year ended 30 June 2019, and as of that date the municipality's current liabilities exceeded its current assets by R114 572 592 (2018: R65 938 593). These conditions indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern.

Emphasis of matters

8. I draw attention to the matters below. My opinion is not modified in respect of this matters.

Restatement of corresponding figures

9. As disclosed in note 34 to the financial statements, the corresponding figures for 30 June 2018 were restated as a result of errors discovered in the financial statements of the municipality for the year ended, 30 June 2019.

Significant uncertainties

10. With reference to note 33 to the financial statement, the municipality is the defendant in various lawsuits. The ultimate outcome of the matters cannot be presently determined and no provision for any liability that may result has been made in the financial statements.

Material impairment

11. As disclosed in note 6 and 25 to the financial statements, the trade receivables from exchange transactions' balance has been significantly impaired. The allowance for impairment of trade receivables from exchange transactions' amounts to R53 361 227 (2017-18: R44 584 162), which represents 88.7% (2017-18: 95,57%) of total trade receivables from exchange transactions. The contribution to the provision for debt impairment, as disclosed on note to the financial statements, was R8 777 064 (2017-18: R44 584 162).

Other matter

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

Unaudited disclosure notes

13. In terms of section 125(2) (e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA 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

14. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with SA standard of GRAP and the requirements of the MFMA and 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.

15. 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 the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

16. 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 the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
17. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

18. 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.
19. 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.
20. 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 2019:

| Objectives | Pages in the annual performance report |
|---|--|
| Corporate Services Cluster | x – x |
| Community Services Cluster | x – x |
| Transport, Infrastructure and Environment Cluster | x – x |
| Finance Cluster | x – x |
| Strategic Planning and Economic Development Cluster | x – x |

21. I performed procedures to determine whether the reported performance information was properly presented and whether performance 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.
22. The material findings in respect of the usefulness and reliability of the selected objectives are as follows:

Transport, Infrastructure and Environment Cluster

Percentage of compliance to Municipal Health Norms and Standards

23. I was unable to obtain sufficient appropriate audit evidence to support the reported achievement of target Percentage of compliance to Municipal Health Norms and Standards. This was due to a lack of technical indicator descriptions and proper performance management systems and processes or formal standard operating procedures or documented systems descriptions that predetermined how the achievement would be measured, monitored and reported. I was unable to confirm the reported achievement of the indicator by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement of 92% as reported in the annual performance report.

Strategic Planning and Economic Development Cluster

Number of SMMEs and Cooperatives capacitated

24. I was unable to obtain sufficient appropriate audit evidence to support the reported achievement of target Number of SMMEs and Cooperatives capacitated. This was due to a lack of technical indicator descriptions and proper performance management systems and processes or formal standard operating procedures or documented systems descriptions that predetermined how the achievement would be measured, monitored and reported. I was unable to confirm the reported achievement of the indicator by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement of 50 as reported in the annual performance report.

Finance Cluster

Various

25. I was unable to obtain sufficient appropriate audit evidence for the reported achievements in the annual performance report of the indicators listed below. This was due to a lack of technical indicator descriptions, proper performance management systems and processes with formal standard operating procedures that predetermined how the achievement would be measured, monitored and reported. I was unable to confirm that the reported achievements of these indicators were reliable by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements. In addition, these indicators did not relate to the strategic objective, which they aimed to achieve.

| No | Indicator Description | Reported Achievement |
|----|--|----------------------|
| 1 | Percentage of jobs awarded to people with disability | 0,20% |
| 2 | Percentage of jobs awarded to women owned businesses | 18,60% |
| 3 | Percentage (%) of jobs awarded to Youth owned businesses to date | 19,20% |
| 4 | Percentage of jobs awarded to local SMME's and Co-ops | 44,80% |

Other matters

26. I draw attention to the matters below.

Achievement of planned targets

27. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 23 to 25 of this report.

Adjustment of material misstatements

28. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of community services cluster, corporate cluster, strategic planning and economic development cluster, finance cluster, transport, infrastructure and environment cluster. As management subsequently corrected only some of the misstatements, I raised 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

29. 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.

30. The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements and annual report

31. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets, revenue, expenditure, disclosure items identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Asset management

32. An effective system of internal control for assets including an asset register was not in place, as required by section 63(2)(c) of the MFMA.

Expenditure management

33. Reasonable steps were not taken to prevent irregular expenditure amounting to R9 040 332 as disclosed in note 39 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with the requirements of section 36(1) of Municipal Supply Chain Regulations (SCM regulations).

34. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R6 585 486, as disclosed in note 37 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by personnel expenditure.

Revenue management

35. Interest was not charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.

Consequence management

36. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.

Strategic planning and performance management

37. The performance management system and related controls were inadequate as it did not describe how the performance planning monitoring, measurement, review, reporting and improvement processes should be managed, as required by municipal planning and performance management reg 7(1).

Procurement and contract management

38. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM regulation 17(a) and (c).

39. Some of the quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).

40. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was also reported in the prior year.
41. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.
42. The contract performance and monitoring measures and methods were not sufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA.
43. Awards were made to providers who were in the service of other state institutions or whose directors / principal shareholders were in the service of other state institutions, in contravention of MFMA 112(j) and SCM regulation 44.

Other information

44. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report the audit committee's report and accounting officer's report. The other information does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.
45. 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.
46. 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.
47. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

48. 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 on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
49. The accounting officer did not adequately exercise oversight responsibility regarding financial and performance reporting and compliance with legislation. The municipality did not have sufficient monitoring controls to ensure that financial and performance reports submitted for audit were accurate and complete.

50. Senior management did not implement adequate control disciplines over financial and performance reporting and compliance with key legislation. There was a lack of a proper records management system that could support the information reported in the financial statements as a result further irregular expenditure was incurred. Furthermore, management did not ensure that annual performance report is free from material misstatements and this evidenced with material findings on usefulness and reliability testing identified during the audit process.
51. Internal audit processes did not always identify internal control deficiencies and recommend appropriate corrective action effectively. This resulted in significant and recurring control deficiencies relating to the preparation of financial and performance reports and compliance with legislation.

Auditor General

Johannesburg

30 November 2019



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 this 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 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 this 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.





**Sedibeng District Municipality
Annual Financial statements
for the year ended 30 June, 2019**

Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2019

General Information

| | |
|--|--|
| Nature of business and principal activities | District Municipality – DC42 |
| Capacity of Municipality | Medium capacity municipality |
| Accounting Officer | Mr. S. Khanyile |
| Chief Financial Officer | Mr. J Kasvosve |
| Registered office | Municipal Offices Civic Centre Cnr. Beaconsfield & Leslie street Vereeniging 1930 |
| Business address | Municipal Offices Civic Centre Cnr. Beaconsfield & Leslie street Vereeniging 1930 |
| Postal address | PO Box 471 Vereeniging 1930 |
| Bankers | Nedbank (Primary Account) Standard Bank (previous primary banker) |
| Auditors | Auditor-General of South Africa |
| Executive Mayor | Councillor BJ Modisakeng |
| Speaker | Councillor AC Mosai |
| Chief Whip | Councillor SA Mshudulu |
| Members of Mayoral Committee | 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, 2019

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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 |

Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2019

Accounting Officer's Responsibilities and Approval

The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the 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.

Although the Accounting Officer is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's internal auditors.

Every effort has been made to implement the austerity measures which has resulted in restriction of expenditure in certain areas in the financial statements.

We realized that it cannot be business as usual, the District Municipality will have to reduce the list of operations especially the employee cost.

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, 2019 and were signed on its behalf by:



Mr. S. Khanyile
Municipal Manager

Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2019

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2019

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 2019, the municipality had accumulated deficit of R 114,572,592 [65,938,593 in 2018] and that the municipality's total liabilities exceed its assets by R 114,572,592.

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 and in line with South African Statements of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. 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 |
|---------------------|-------------|
| Mr Stanley Khanyile | RSA |

5. Bankers

Nedbank Ltd is the appointed Municipality's banker while Standard Bank was the previous primary banker.

6. Auditors

Auditor-General of South Africa will continue in office for the next financial period.

Sedibeng District Municipality
 Financial Statements for the year ended 30 June, 2019

Statement of Financial Position as at 30 June, 2019

Figures in Rand

| | Note(s) | 2019 | 2018 as restated |
|---|---------|----------------------|---------------------|
| Assets | | | |
| Current Assets | | | |
| Inventories | 5 | 503,782 | 157,811 |
| Receivables from exchange transactions | 6 | 6,828,904 | 4,355,284 |
| VAT receivable | 7 | 127,318 | 340,408 |
| Cash and cash equivalents | 8 | 21,504,302 | 16,828,172 |
| | | 28,964,306 | 21,681,675 |
| Non-Current Assets | | | |
| Property, plant and equipment | 2 | 104,197,589 | 116,840,524 |
| Intangible assets | 3 | 3,734,337 | 3,339,049 |
| Heritage assets | 4 | 4,894,941 | 4,894,941 |
| | | 112,826,867 | 125,074,514 |
| Total Assets | | 141,791,173 | 146,756,189 |
| Liabilities | | | |
| Current Liabilities | | | |
| Unspent conditional grants and receipts | 9 | 12,526,313 | 15,274,264 |
| Payables from exchange transactions | 10 | 243,837,452 | 197,420,519 |
| Total Current Liabilities | | 256,363,765 | 212,694,783 |
| Total Liabilities | | 256,363,765 | 212,694,783 |
| Net Assets | | (114,572,592) | (65,938,593) |
| Net Assets | | | |
| Accumulated (deficit) /surplus | | (114,572,592) | (65,938,593) |

Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2019

Statement of Financial Performance

Figures in Rand

| | Note(s) | 2019 | 2018 as restated |
|--|---------|----------------------|----------------------|
| Revenue | | | |
| Revenue from exchange transactions | | | |
| Sale of goods | | 4,134,504 | 3,534,163 |
| Rental of facilities and equipment | 12 | 723,618 | 570,958 |
| Agency services | 13 | 76,390,440 | 71,182,541 |
| Other income | 15 | 3,086,087 | 986,341 |
| Interest received - investment | 18 | 2,944,162 | 2,835,809 |
| Commission received | 15 | 6,174,438 | 6,810,435 |
| Gain on disposal of assets and liabilities | | 3,147 | 13,857 |
| Total revenue from exchange transactions | | 93,456,396 | 85,934,104 |
| Revenue from non-exchange transactions | | | |
| Non-exchange revenue | | | |
| Recoveries | 17 | - | 489,076 |
| Licenses and permits | 14 | 125,000 | 2,255,000 |
| Government grants & subsidies | 20 | 277,892,099 | 269,415,374 |
| Total revenue from non- exchange transactions | | 278,017,099 | 272,159,450 |
| Total revenue | 11 | 371,473,495 | 358,093,554 |
| Expenditure | | | |
| Employee related costs | 21 | (264,063,505) | (255,310,057) |
| Remuneration of councillors | 22 | (13,347,978) | (12,826,039) |
| Depreciation and amortisation | 23 | (15,714,687) | (14,941,240) |
| Impairment loss | | - | (12,279,296) |
| Lease rentals on operating lease | 24 | (8,090,125) | (7,954,734) |
| Debt Impairment | 25 | (8,777,064) | (44,584,162) |
| Contracted services | 26 | (58,519,037) | (54,159,082) |
| Transfers and Subsidies | 19 | (9,461,526) | (10,238,715) |
| Inventory losses/ write-downs | | (101,599) | - |
| Sale of goods/Inventory | 28 | (3,619,250) | (3,373,952) |
| General Expenses | 27 | (38,412,722) | (36,360,699) |
| Total expenditure | | (420,107,493) | (452,027,976) |
| Operating surplus / (deficit) for the year | | (48,633,998) | (93,934,422) |

Sedibeng District Municipality
 Financial Statements for the year ended 30 June, 2019

Statement of Changes in Net Assets

| Figures in Rand | Note | Accumulated surplus | Total net assets |
|---|------|----------------------|----------------------|
| Opening balance as previously reported | | 16,423,373 | 16,423,373 |
| Correction of error on noncurrent assets | 34.1 | 15,470,164 | 15,470,164 |
| Correction of errors | 34.1 | (4,329,769) | (4,329,769) |
| Balance at 1 July, 2017 as restated* | | 27,563,768 | 27,563,768 |
| Changes in net assets | | | |
| Surplus (Deficit) for the year | | (92,579,641) | (92,579,641) |
| Revalued on Heritage assets | | 432,061 | 432,061 |
| Total recognised income and expenses for the year | | (92,147,580) | (92,147,580) |
| Opening balance as previously reported | | (57,415,540) | (57,415,540) |
| Correction of error on noncurrent assets | 34.1 | 14,115,378 | 14,115,378 |
| Correction of errors | 34.1 | (22,638,438) | (22,638,438) |
| Balance at 1 July, 2018 as restated* | | (65,938,600) | (65,938,600) |
| Changes in net assets | | | |
| Surplus (Deficit) for the year | | (48,633,998) | (48,633,998) |
| Total recognised income and expenses for the year | | (48,633,998) | (48,633,998) |
| Balance at 30 June, 2019 | | (114,572,592) | (114,572,592) |

Sedibeng District Municipality
 Financial Statements for the year ended 30 June, 2019

Cash Flow Statement

Figures in Rand

| | Note(s) | 2019 | 2018 as restated |
|---|-----------|----------------------|----------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Grants & subsidies | | 275,700,609 | 271,806,985 |
| Interest income | | 2,944,162 | 2,835,809 |
| Other receipts | | 13,810,499 | 18,193,631 |
| License Receipts | | 282,365,920 | 246,458,670 |
| | | 574,821,190 | 539,295,095 |
| Payments | | | |
| Employee costs | | (275,369,136) | (268,036,696) |
| Suppliers | | (115,493,422) | (113,334,011) |
| Licensing Authority | | (175,818,609) | (159,931,866) |
| | | (566,681,167) | (541,302,573) |
| Net cash flows from operating activities | 30 | 8,140,023 | (2,007,478) |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 2 | (1,529,507) | (2,808,538) |
| Proceeds from sale of property, plant and equipment | | 66,041 | 87,741 |
| Purchase of other intangible assets | 3 | (2,000,425) | (317,424) |
| Net cash flows from investing activities | | (3,463,891) | (3,038,221) |
| Net increase/(decrease) in cash and cash equivalents | | 4,676,132 | (5,045,699) |
| Cash and cash equivalents at the beginning of the year | | 18,828,172 | 21,873,871 |
| Cash and cash equivalents at the end of the year | 8 | 21,504,304 | 16,828,172 |

Sedibeng District Municipality
Financial Statements for the year ended 30 June, 2019

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 |
|--|----------------------|---------------------|----------------------|------------------------------------|--|
| Figures in Rand | | | | | |
| Statement of Financial Performance | | | | | |
| Revenue | | | | | |
| Revenue from exchange transactions | | | | | |
| Sale of goods | 3,600,000 | - | 3,600,000 | 4,134,504 | 534,504 |
| Rental of facilities and equipment | 720,542 | 15,115 | 735,657 | 723,618 | (12,039) |
| Agency services | 83,198,712 | - | 83,198,712 | 76,390,440 | (6,808,272) |
| Commissions received | 7,145,863 | - | 7,145,863 | 6,174,438 | (971,425) |
| Other income - (rollup) | 740,193 | 48,671 | 788,864 | 3,086,087 | 2,297,223 |
| Interest received - investment | 1,680,000 | 220,000 | 1,900,000 | 2,944,162 | 1,044,162 |
| Total revenue from exchange transactions | 97,085,310 | 283,786 | 97,369,096 | 93,453,249 | (3,915,847) |
| Revenue from non-exchange transactions | | | | | |
| Recoveries | - | - | - | - | - |
| Licenses and permits | 1,500,000 | - | 1,500,000 | 125,000 | (1,375,000) |
| Government grants & subsidies | 277,241,000 | 1,472,386 | 278,713,386 | 277,892,099 | (821,287) |
| Total revenue from non-exchange transactions | 278,741,000 | 1,472,386 | 280,213,386 | 278,017,099 | (2,196,287) |
| Total revenue | 375,826,310 | 1,756,172 | 377,582,482 | 371,470,348 | (6,112,134) |
| Expenditure | | | | | |
| Personnel | (256,666,565) | (7,623,296) | (260,289,861) | (264,063,505) | (3,773,644) |
| Remuneration of councillors | (13,862,651) | 736,351 | (13,126,300) | (13,347,978) | (221,678) |
| Depreciation and amortisation | (12,099,180) | 479,077 | (11,620,103) | (15,714,687) | (4,094,584) |
| Impairment loss | - | - | - | (8,777,064) | (8,777,064) |
| Lease rentals on operating lease | (8,032,862) | (140,981) | (8,173,843) | (8,090,125) | 83,718 |
| Contracted Services | (52,069,783) | (7,859,213) | (59,928,996) | (58,519,037) | 1,409,959 |
| Debt impairment | - | - | - | - | - |
| Transfers and Subsidies | (9,288,000) | - | (9,288,000) | (9,461,526) | (173,526) |
| Sale of goods/Inventory | (2,914,269) | - | (2,914,269) | (3,619,250) | (704,981) |
| General Expenses | (35,277,727) | (1,144,912) | (36,422,639) | (38,412,722) | (1,990,083) |
| Total expenditure | (386,211,037) | (15,552,974) | (401,764,011) | (420,005,894) | (18,241,883) |
| Operating deficit | (10,384,727) | (13,796,802) | (24,181,529) | (48,535,546) | (24,354,017) |
| Gain on disposal of assets and liabilities | 100,000 | - | 100,000 | 3,147 | (96,853) |
| Inventories losses/write downs | - | - | - | (101,599) | (101,599) |
| | 100,000 | - | 100,000 | (98,452) | (198,452) |
| Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement | (10,284,727) | (13,796,802) | (24,081,529) | (48,633,998) | (24,552,469) |

Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2019

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 |
|--|--------------------|---------------------|--------------------|------------------------------------|--|
| Figures in Rand | | | | | |
| Statement of Financial Position | | | | | |
| Assets | | | | | |
| Current Assets | | | | | |
| Inventories | - | - | - | 503,782 | 503,782 |
| Receivables from exchange transactions | 48,156,057 | - | 48,156,057 | 6,828,904 | (41,327,153) |
| VAT receivable | - | - | - | 127,318 | 127,318 |
| Cash and cash equivalents | 22,806,869 | - | 22,806,869 | 21,504,302 | (1,302,567) |
| | 70,962,926 | - | 70,962,926 | 28,964,306 | (41,998,620) |
| Non-Current Assets | | | | | |
| Property, plant and equipment | 110,864,480 | (129,400) | 110,735,080 | 104,197,589 | (6,537,491) |
| Intangible assets | 1,500,000 | 415,259 | 1,915,259 | 3,734,337 | 1,819,078 |
| Heritage assets | - | - | - | 4,894,941 | 4,894,491 |
| | 112,364,480 | 285,859 | 112,650,339 | 112,826,867 | 176,528 |
| Total Assets | 183,327,406 | 285,859 | 183,613,265 | 141,791,173 | (41,822,092) |
| Liabilities | | | | | |
| Current Liabilities | | | | | |
| Payables from exchange transactions | 161,851,026 | 14,082,661 | 175,933,687 | 243,837,452 | 67,903,765 |
| Unspent conditional grants and receipts | - | - | - | 12,526,313 | 12,526,313 |
| | 161,851,026 | 14,082,661 | 175,933,687 | 256,363,765 | 80,430,078 |
| Total Liabilities | 161,851,026 | 14,082,661 | 175,933,687 | 256,363,765 | 80,430,078 |
| Net Assets | 21,476,380 | (13,796,802) | 7,679,578 | (114,572,592) | (122,252,170) |
| Net Assets | | | | | |
| Net Assets Attributable to Owners of Controlling Entity | | | | | |
| Reserves | | | | | |
| Accumulated surplus | 21,47,380 | (13,796,802) | 7,679,578 | (114,572,592) | (122,252,170) |
| Total Net Assets | 21,476,380 | (13,796,802) | 7,679,578 | (114,572,592) | (122,252,170) |

Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2019

Budget on Accrual Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual |
|--|-----------------|-------------|--------------|------------------------------------|--|
|--|-----------------|-------------|--------------|------------------------------------|--|

Figures in Rand

Cash Flow Statement

Cash flows from operating activities

Receipts

| | | | | | |
|------------------|--------------------|------------------|--------------------|--------------------|--------------------|
| Grants | 274,825,000 | 1,472,386 | 276,297,386 | 275,700,609 | (596,777) |
| Interest income | 1,680,000 | 220,000 | 1,900,000 | 2,944,162 | 1,044,162 |
| Other receipts | 96,905,310 | 63,786 | 96,969,096 | 31,810,499 | (83,158,597) |
| License Receipts | - | - | - | 282,365,920 | 282,365,920 |
| | 373,410,310 | 1,756,172 | 375,166,482 | 574,821,190 | 199,654,708 |

Payments

| | | | | | |
|---------------------|----------------------|--------------------|----------------------|----------------------|----------------------|
| Employee costs | (270,529,216) | (6,886,945) | (277,416,161) | (275,369,136) | 2,047,025 |
| Suppliers | (86,116,081) | 5,516,632 | (80,699,449) | (115,493,422) | (34,793,973) |
| Licensing Authority | - | - | - | (175,818,609) | (175,818,609) |
| | (356,645,297) | (1,470,313) | (358,115,610) | (566,681,167) | (208,565,557) |

| | | | | | |
|---|-------------------|----------------|-------------------|------------------|--------------------|
| Net cash flows from operating activities | 16,765,013 | 285,859 | 17,050,872 | 8,140,023 | (8,910,849) |
|---|-------------------|----------------|-------------------|------------------|--------------------|

Cash flows from investing activities

| | | | | | |
|---|--------------------|------------------|--------------------|--------------------|----------------|
| Purchase of property, plant and equipment | (2,100,000) | 129,400 | (1,970,600) | (1,529,507) | 441,093 |
| Proceeds from sale of property, plant and equipment | 140,000 | - | 140,000 | 66,041 | (73,959) |
| Purchase of other intangible assets | (1,500,000) | (415,259) | (1,915,259) | (2,000,425) | (85,166) |
| Net cash flows from investing activities | (3,460,000) | (285,859) | (3,745,859) | (3,463,891) | 281,968 |

| | | | | | |
|--|------------|---|------------|-----------|-------------|
| Net increase/(decrease) in cash and cash equivalents | 13,305,013 | - | 13,305,013 | 4,676,132 | (8,628,881) |
|--|------------|---|------------|-----------|-------------|

| | | | | | |
|--|-----------|---|-----------|------------|-----------|
| Cash and cash equivalents at the beginning of the year | 9,501,856 | - | 9,501,856 | 16,828,172 | 7,326,316 |
|--|-----------|---|-----------|------------|-----------|

| | | | | | |
|---|-------------------|----------|-------------------|-------------------|--------------------|
| Cash and cash equivalents at the end of the year | 22,806,869 | - | 22,806,869 | 21,504,304 | (1,302,565) |
|---|-------------------|----------|-------------------|-------------------|--------------------|

Medibeng District Municipality

Financial Statements for the year ended 30 June, 2019

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 |
|---|----------------------|---|--------------------------|----------------------|----------------------|---------------------|-------------------------------------|--|
| Financial Performance | | | | | | | | |
| Investment revenue | 1,680,000 | 220,000 | 1,900,000 | 1,900,000 | 2,944,162 | 1,044,162 | 155% | 175% |
| License and Permits | 1,500,000 | - | 1,500,000 | 1,500,000 | 125,000 | (1,375,000) | 8% | 8% |
| Transfers recognised - operational | 277,241,000 | 1,472,386 | 278,713,386 | 278,713,386 | 277,892,099 | (821,287) | 100% | 100% |
| Other own revenue | 95,505,310 | 63,786 | 95,569,096 | 95,569,096 | 90,575,128 | (4,993,968) | 95% | 95% |
| Total revenue excluding capital transfers and contributions) | 375,926,310 | 1,756,172 | 377,682,482 | 377,682,482 | 371,536,389 | (6,146,093) | 98% | 99% |
| Employee costs | (252,666,565) | (7,623,296) | (260,289,861) | (260,289,861) | (264,063,505) | (3,773,644) | 101% | 105% |
| Remuneration of councillors | (13,862,651) | 736,351 | (13,126,300) | (13,126,300) | (13,347,978) | (221,678) | 102% | 96% |
| Debt impairment | - | - | - | - | (8,777,064) | (8,777,064) | - | - |
| Depreciation and asset impairment | (12,099,180) | 479,077 | (11,620,103) | (11,620,103) | (15,714,687) | (4,094,584) | 135% | 130% |
| Transfers and grants | (9,288,000) | - | (9,288,000) | (9,288,000) | (9,461,526) | (173,526) | 102% | 102% |
| Other expenditure | (98,294,641) | (9,145,106) | (107,439,747) | (107,439,747) | (108,805,627) | (1,365,880) | 101% | 111% |
| Total expenditure | (386,211,037) | (15,552,974) | (401,764,011) | (401,764,011) | (420,170,387) | (18,406,376) | 105% | 109% |
| Surplus/(Deficit) for the year | (10,284,727) | (13,796,802) | (24,081,529) | (24,081,529) | (48,633,998) | (24,552,469) | 202% | 473% |

Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2019

Appropriation Statement

Figures in Rand

| | Original budget | Budget adjustments (i.e. 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 |
|---|-------------------|---|--------------------------|-------------------|-------------------|--------------------|-------------------------------------|--|
| Capital Expenditure and funds sources | | | | | | | | |
| Total capital expenditure | 3,600,000 | 285,859 | 3,885,859 | 3,885,859 | 3,529,932 | (355,927) | 91% | 98% |
| Sources of capital funds | | | | | | | | |
| Internally generated funds | 3,600,000 | 285,859 | 3,885,859 | 3,885,859 | 3,529,932 | (355,927) | 91% | 98% |
| Total sources of capital funds | 3,600,000 | 285,859 | 3,885,859 | 3,885,859 | 3,529,932 | (2,223,754) | 91% | 98% |
| Cash Flows | | | | | | | | |
| Net cash from (used) operating | 16,765,013 | 285,859 | 17,050,872 | 17,050,872 | 8,140,023 | (8,910,849) | 48% | 49% |
| Net cash from (used) investing | (3,460,000) | (285,859) | (3,745,859) | (3,745,859) | (3,463,891) | 281,968 | 92% | 100% |
| Net increase/(decrease) in cash and cash equivalents | 13,305,013 | - | 13,305,013 | 13,305,013 | 4,676,132 | (8,628,881) | 35% | 35% |
| Cash and cash equivalents at the beginning of the year | 9,501,856 | - | 9,501,856 | 9,501,856 | 16,828,172 | 7,326,316 | 177% | 177% |
| Cash and cash equivalents at year end | 22,806,869 | - | 22,806,869 | 22,806,869 | 21,504,304 | (1,302,565) | 94% | 94% |

Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2019

Notes to the Financial Statements

Figures in Rand

2019

2018 as
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 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 20 - | Related party disclosure |
| 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:

| Community Assets | Years |
|-----------------------|---------|
| Community halls | 30 |
| Recreation facilities | 20 – 30 |

| Other Assets | Years |
|----------------------|-------|
| Motor vehicles | 5 |
| Plant and equipment | 5 |
| Security measures | 5 |
| Buildings | 30 |
| IT equipment | 5 |
| Office equipment | 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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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 principal 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 reliably.

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

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they are not under common control.

The national government does not control provinces or municipalities for accounting purposes, although funding may be received from the national government.

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 July 2018 to 30 June 2019.

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 - 11)

Sedibeng District Municipality
Financial Statements for the year ended 30 June, 2019

Notes to the Financial Statements

Figures in Rand

2019

2018 as
restated

2. Property, plant and equipment

| | 2019 | | | 2018 | | |
|------------------------|--------------------|---|--------------------|--------------------|---|--------------------|
| | Cost | Accumulated depreciation and accumulated impairment | Carrying value | Cost | Accumulated depreciation and accumulated impairment | Carrying value |
| Land | 41,299,080 | (12,279,296) | 29,019,784 | 41,299,080 | (12,279,296) | 29,019,784 |
| Buildings | 76,948,439 | (27,901,823) | 49,046,616 | 76,948,439 | (25,149,285) | 51,799,154 |
| Plant and machinery | 11,530,491 | (9,752,005) | 1,778,486 | 11,426,314 | (8,981,254) | 2,445,060 |
| Furniture and fixtures | 18,649,303 | (16,325,804) | 2,323,499 | 18,310,740 | (15,727,066) | 2,583,674 |
| Motor vehicles | 7,458,432 | (5,901,535) | 1,556,897 | 7,458,432 | (5,857,296) | 1,601,136 |
| Electronic equipment | 77,210,996 | (65,755,708) | 11,455,288 | 77,055,727 | (59,504,348) | 17,551,379 |
| Infrastructure | 67,418,202 | (58,401,183) | 9,017,019 | 67,418,202 | (55,577,865) | 11,840,337 |
| Total | 300,514,943 | (196,317,354) | 104,197,589 | 299,916,934 | (183,076,410) | 116,840,524 |

Reconciliation of property, plant and equipment – 2019

| | Opening balance | Additions | Disposals | Depreciation | Impairment loss | Total |
|------------------------|--------------------|------------------|-----------------|---------------------|-----------------|--------------------|
| Land | 29,019,784 | - | - | - | - | 29,019,784 |
| Buildings | 51,799,154 | - | - | (2,752,538) | - | 49,046,616 |
| Plant and machinery | 2,445,060 | 122,948 | (5,629) | (783,893) | - | 1,778,486 |
| Furniture and fixtures | 2,583,674 | 369,001 | (2,893) | (626,284) | - | 2,323,499 |
| Motor vehicles | 1,601,136 | - | - | (44,240) | - | 1,556,897 |
| Electronic equipment | 17,551,379 | 1,037,558 | (54,372) | (7,079,277) | - | 11,455,288 |
| Infrastructure | 11,840,337 | - | - | (2,823,318) | - | 9,017,019 |
| | 116,840,524 | 1,529,507 | (62,894) | (14,109,550) | - | 104,197,589 |

Reconciliation of property, plant and equipment – 2018

| | Opening balance | Additions | Disposals | Depreciation | Impairment loss | Total |
|------------------------|--------------------|------------------|-----------------|---------------------|---------------------|--------------------|
| Land | 41,299,080 | - | - | - | (12,279,296) | 29,019,784 |
| Buildings | 54,553,816 | - | - | (2,624,126) | - | 51,799,154 |
| Plant and machinery | 2,548,874 | 630,837 | (21,725) | (631,122) | - | 2,445,060 |
| Furniture and fixtures | 2,969,242 | 296,536 | (800) | (651,283) | - | 2,583,674 |
| Motor vehicles | 1,676,170 | - | (11,120) | (63,914) | - | 1,601,136 |
| Electronic equipment | 22,571,797 | 1,881,165 | (40,239) | (7,831,802) | - | 17,551,379 |
| Infrastructure | 14,593,056 | - | - | (897,240) | - | 11,840,337 |
| | 140,212,035 | 2,808,538 | (73,884) | (13,826,870) | (12,279,296) | 116,840,524 |

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.

Note must be taken that the impairment on land related to the Vereeniging Aerodrome is due to the valuation roll of Emfuleni which indicate a lower value and therefore the impairment.

Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2019

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2018 as restated

The municipality also incurred **repair and maintenance** on the assets as outlined below.

| | | |
|-------------------------------------|------------------|------------------|
| Buildings, Fences and Sites | 2,567,316 | 2,104,248 |
| Plant and Equipment | 1,043,732 | 1,035,499 |
| Infrastructure | 3,327,933 | 2,664,912 |
| Vehicle | 397,523 | 361,399 |
| Total repair and maintenance | 7,336,504 | 6,166,058 |

3. Intangible assets

| | 2019 | | | 2018 | | |
|--------------------------|------------------|---|----------------|------------------|---|----------------|
| | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value |
| Computer software, other | 14,515,000 | (10,780,663) | 3,734,337 | 12,514,575 | (9,175,526) | 3,339,049 |

Reconciliation of intangible assets – 2019

| | Opening balance | Additions | Amortisation | Total |
|--------------------------|-----------------|-----------|--------------|-----------|
| Computer software, other | 3,339,049 | 2,000,425 | (1,605,137) | 3,734,337 |

Reconciliation of intangible assets - 2018

| | Opening balance | Additions | Amortisation | Total |
|--------------------------|-----------------|-----------|--------------|-----------|
| Computer software, other | 4,135,995 | 317,424 | (1,114,370) | 3,339,049 |

4. Heritage assets

| | 2019 | | | 2018 | | |
|---|------------------|-------------------------------|------------------|------------------|-------------------------------|------------------|
| | Cost / Valuation | Accumulated impairment losses | Carrying value | Cost / Valuation | Accumulated impairment losses | Carrying value |
| Art Collections, antiquities and exhibits | 1,527,941 | (19,000) | 1,508,941 | 1,527,941 | (19,000) | 1,508,941 |
| Historical monuments | 3,386,000 | - | 3,386,000 | 3,386,000 | - | 3,386,000 |
| Total | 4,913,941 | (19,000) | 4,894,941 | 4,913,941 | (19,000) | 4,894,941 |

Reconciliation of heritage assets 2019

| | Opening balance | Transfer received | Impairment losses recognized | Total |
|---|------------------|-------------------|------------------------------|------------------|
| Art Collections, antiquities and exhibits | 1,508,941 | - | - | 1,508,941 |
| Historical monuments | 3,386,000 | - | - | 3,386,000 |
| | 4,894,941 | - | - | 4,894,941 |

Reconciliation of heritage assets 2018

| | Opening balance | Transfer received | Impairment losses recognized | Total |
|---|------------------|-------------------|------------------------------|------------------|
| Art Collections, antiquities and exhibits | 1,076,880 | 451,061 | (19,000) | 1,508,941 |
| Historical monuments | 3,386,000 | - | - | 3,386,000 |
| | 4,462,880 | 451,061 | (19,000) | 4,894,941 |

Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2019

Notes to the Financial Statements

Figures in Rand

| | 2019 | 2018 as restated |
|---|------------------|------------------|
| 5. Inventories | | |
| Fuel – Airport | | |
| Both AVGAS and JET A1 are sold at the Vereeniging Aerodrome | | |
| Aviation Fuel | 503,782 | 157,811 |
| | <u>503,782</u> | <u>157,811</u> |
| 6. Receivables from exchange transactions | | |
| Trade Debtors | - | - |
| Employee costs corrections | 512,306 | 484,546 |
| Prepayments | 8,026 | 14,749 |
| VAT on Accruals | 1,214,159 | 1,225,798 |
| SETA Refunds | 56,898 | 89,391 |
| Insurance debtor | - | 70,364 |
| Recoveries from staff | 28,482 | 41,098 |
| Unprocessed bank transactions | 12,176 | 49,291 |
| Interest Receivable on bank account | 159,348 | 149,185 |
| Agency services | 4,837,509 | 2,068,629 |
| EPWP Bridging Finance | - | 162,229 |
| Gross amount | 6,828,904 | 4,355,284 |
| Trade debtors | | |
| >91 | - | 2,079,498 |
| Less: Provision for Debt Impairment (opening balance) | - | (2,079,498) |
| Total Trade Debtors | - | - |
| Employee cost recoverable | | |
| Current (0 – 30 days) | 720 | 10,030 |
| >91 | 511,586 | 595,540 |
| Total Employee cost recoverable | 512,306 | 605,570 |
| Pre payments | | |
| Current (0 – 30 days) | 4,071 | 10,794 |
| >91 | 3,955 | 3,955 |
| Total Pre payments | 8,026 | 14,749 |
| VAT on Accruals | | |
| Current (0 – 30 days) | 454,378 | 466,017 |
| >91 days | 759,781 | 759,781 |
| Total VAT on Accruals | 1,214,159 | 1,225,798 |
| SETA Refunds | | |
| Current(0-30 days) | 56,898 | 89,391 |
| >120 days | - | - |
| Total SETA Refunds | 56,898 | 89,391 |
| Insurance claims | | |
| Current (0-30days) | - | 70,364 |
| Recoveries from staff | | |
| Current (0 – 30 days) | 28,482 | 41,098 |
| Unprocessed bank transactions | | |
| Current (0 – 30 days) | 12,176 | 49,291 |

Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2019

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| | 2019 | 2018 as restated |
|--|------------------|------------------|
| Interest receivable | | |
| Current (0 – 30 days) | 159,348 | 149,185 |
| Agency services | | |
| Current (0 – 30 days) | 1,443,625 | 1,625,707 |
| 31 – 60 days | 1,486,513 | 1,566,171 |
| 61 – 90 days | 945,722 | 941,573 |
| 91 – 120 days | 961,649 | 896,142 |
| >120 days | 53,361,226 | 41,623,198 |
| Less: Provision for Debt Impairment (current year) | (53,361,226) | (44,584,162) |
| Total Local Municipalities Agency services | 4,837,509 | 2,068,629 |

A provision for bad debt was raised for the outstanding debt arising from agency services rendered to the Local Municipalities.

EPWP Bridging Finance

| | | |
|-----------------------|---|---------|
| Current (0 – 30 days) | - | 162,229 |
|-----------------------|---|---------|

7. VAT receivable

| | | |
|--|---------|---------|
| VAT | 127,318 | 340,408 |
| Council is registered on the cash basis for VAT, This amount is due from SARS based on submitted returns | | |

8. Cash and cash equivalents

Cash and cash equivalents consist of:

| | | |
|--------------------|-------------------|-------------------|
| Cash on hand | 40,825 | 39,325 |
| Cash book balances | 21,463,477 | 16,788,847 |
| | 21,504,302 | 16,828,172 |

The municipality had the following bank accounts

| Account number / description | Bank statement balances | | Cash book balances | |
|---|-------------------------|-------------------|--------------------|-------------------|
| | 30 June, 2019 | 30 June, 2018 | 30 June, 2019 | 30 June, 2018 |
| STANDARD BANK - Previous Primary account - 21777667 | 2 881 337 | 372 735 | 2 881 337 | 372 735 |
| STANDARD BANK - Licensing Account - 21781494 | 833 456 | 443 565 | 833 456 | 443 565 |
| NEDBANK - Primary Account - 1152944835 | 4 149 109 | 1 926 317 | 4 138 016 | 1 761 552 |
| NEDBANK - Licensing account - 1152944606 | 13 610 668 | 14 210 995 | 13 610 668 | 14 210 995 |
| Total | 21 474 570 | 16 953 612 | 21 463 477 | 16 788 847 |

9. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

| | | |
|--|-------------------|-------------------|
| Unspent conditional grants and receipts | | |
| Provincial Grants | 12,526,313 | 15,067,804 |
| National Grants | - | - |
| DLG Grants | - | 206,460 |
| | 12,526,313 | 15,274,264 |

Movement during the year

Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2019

Notes to the Financial Statements

Figures in Rand

| | 2019 | 2018 as restated |
|--------------------------------------|-------------------|-------------------|
| Balance at the beginning of the year | 15,274,264 | 13,470,653 |
| Additions during the year | 15,312,529 | 16,937,985 |
| Income recognition during the year | (18,060,480) | (14,726,374) |
| Grant Reversal / forfeit | - | (408,000) |
| | 12,526,313 | 15,274,264 |

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 20 for reconciliation of grants from National/Provincial Government.

10. Payables from exchange transactions

| | | |
|--|--------------------|--------------------|
| Trade payables | 8,642,577 | 6,750,135 |
| Payments received in advanced | - | 2,378,000 |
| Accrued leave pay | 23,732,414 | 22,852,190 |
| Operating lease liability | 170,210 | 77,781 |
| Department of Transport (License fees) | 123,133,161 | 96,520,790 |
| Local Municipalities Accounts | 77,554,958 | 61,409,369 |
| Vat Accrued on Debtors | 6,991,125 | 5,466,537 |
| Retention on Capital Projects | 53,125 | 72,125 |
| Compensation Commissioner | 3,238,187 | 1,522,065 |
| Mayoral Event | 41,928 | 41,928 |
| Refundable town hall rental deposits | 81,800 | 215,388 |
| Unclaimed Salaries | 196,267 | 21,799 |
| Unknown deposits | 1,700 | 92,412 |
| | 243,837,452 | 197,420,519 |

11. Revenue

| | | |
|--|--------------------|--------------------|
| Sale of goods | 4,134,504 | 3,534,163 |
| Rental of facilities and equipment | 723,618 | 570,958 |
| Agency services | 76,390,440 | 71,182,541 |
| Licenses and permits | 125,000 | 2,255,000 |
| Commissions received | 6,174,438 | 6,810,435 |
| Recoveries non-exchange | - | 489,076 |
| Other income | 3,086,087 | 986,341 |
| Interest received - investment | 2,944,162 | 2,835,809 |
| Gain on disposal of assets and liabilities | 3,147 | 13,857 |
| Government grants & subsidies | 277,892,099 | 269,415,374 |
| | 371,473,495 | 358,093,554 |

The amount included in revenue arising from exchanges of goods or services are as follows:

| | | |
|--|-------------------|-------------------|
| Sale of goods – Aviation Fuel | 4,134,504 | 3,534,163 |
| Rental of facilities and equipment | 723,618 | 570,958 |
| Agency services | 76,390,440 | 71,182,541 |
| Commissions received | 6,174,438 | 6,810,435 |
| Other income | 3,086,087 | 986,341 |
| Gain on disposal of assets and liabilities | 3,147 | 13,857 |
| Interest received - investment | 2,944,162 | 2,835,809 |
| | 93,453,249 | 85,934,104 |

The amount included in revenue arising from non-exchange transactions is as follows:

| | | |
|-------------------------|---------|-----------|
| Taxation revenue | | |
| Licenses and permits | 125,000 | 2,255,000 |

Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2019

Notes to the Financial Statements

Figures in Rand

| | 2019 | 2018 as restated |
|--|--------------------|--------------------|
| Recoveries | - | 489,076 |
| Transfer revenue | | |
| Government grants & subsidies | 277,892,099 | 269,415,374 |
| | 278,017,099 | 272,159,450 |
| | | |
| 12. Rental of facilities and equipment | | |
| Facilities and equipment | | |
| Facilities & equipment | 518,575 | 361,099 |
| Garages and parking | | |
| Parking | 205,043 | 209,859 |
| | 723,618 | 570,958 |
| | | |
| 13. Agency services | | |
| Information Technology services | 10,234,280 | 10,455,732 |
| Department of Transport | 66,156,160 | 60,726,809 |
| | 76,390,440 | 71,182,541 |
| | | |
| 14. Licenses and permits (from non-exchange transactions) | | |
| Health Certificates | 125,000 | 2,255,000 |
| | 125,000 | 2,255,000 |
| | | |
| 15. Other Revenue | | |
| Commissions received | 6,174,438 | 6,810,435 |
| Other income - (consolidated) | 3,086,087 | 986,341 |
| | 9,260,525 | 7,796,776 |
| | | |
| 16 Other income – (consolidated) | | |
| Insurance refunds | 1,464,177 | - |
| Ad-hoc Income | - | - |
| Skills Levy Income | 442,602 | 425,295 |
| Incidental income | 683,708 | 92,956 |
| Tender Income | 8,069 | 14,322 |
| Commission on Salaries | 186,597 | 200,467 |
| Staff recoveries | 300,934 | 253,301 |
| | 3,086,087 | 986,341 |

Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2019

Notes to the Financial Statements

Figures in Rand

| | 2019 | 2018 as restated | | |
|--|----------------------------------|--------------------------------|--------------------------------------|---------------------------------|
| 17. Recoveries from non-exchange transactions | | | | |
| Fraud recovery recoveries | - | 489,076 | | |
| Progress on recoveries from cyber hacking theft which occurred in March 2016. The case was reported to the SA Police service and the current status of investigation is unknown. No recoveries occurred during the current financial year. | | | | |
| 18. Investment revenue | | | | |
| Interest revenue | | | | |
| Bank | 2,944,162 | 2,835,809 | | |
| 19. Grants and subsidies paid | | | | |
| Other subsidies | | | | |
| EPWP Grant Payments | 1,173,526 | 2,488,066 | | |
| HIV & AIDS payments | 8,288,000 | 7,750,649 | | |
| | <u>9,461,526</u> | <u>10,238,715</u> | | |
| 20 Government grants and subsidies received | | | | |
| Operating grants | | | | |
| Equitable share | 258,891,000 | 254,779,000 | | |
| HIV and AIDS Grants | 8,288,000 | 7,750,649 | | |
| EPWP Grant | 1,000,000 | 2,490,000 | | |
| Rural Roads Grant | 2,379,439 | 2,431,000 | | |
| Agriculture Grant | 2,208,581 | 714,725 | | |
| National Grants | 1,250,000 | 1,250,000 | | |
| Youth grant | 3,875,079 | - | | |
| | <u>277,892,099</u> | <u>269,415,374</u> | | |
| Equitable Share | | | | |
| Current-year receipts | (258,891,000) | (254,779,000) | | |
| Conditions met - transferred to revenue | 258,891,000 | 254,779,000 | | |
| | <u>-</u> | <u>-</u> | | |
| Provincial Grants | | | | |
| Balance unspent at beginning of year | 15,067,804 | 13,264,193 | | |
| Current-year receipts | 13,062,529 | 15,687,985 | | |
| Conditions met - transferred to revenue | (15,604,020) | (13,476,374) | | |
| Grants forfeited | - | (408,000) | | |
| | <u>12,526,313</u> | <u>15,067,804</u> | | |
| Conditions still to be met - remain liabilities (see note 9). | | | | |
| Reconciliation of Unspent Conditional Grants | | | | |
| | Opening Balance July 2018 | Grants Received 2018/19 | Grants Spent/ forfeit 2018/19 | Unspent Grants June 2019 |
| LED Project | 119,378 | | | 119,378 |

Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2019

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| | | | 2019 | 2018 as restated |
|----------------------------------|---------------------------|-------------------------|------------------------------|--------------------------|
| | Opening Balance July 2018 | Grants Received 2018/19 | Grants Spent/forfeit 2018/19 | Unspent Grants June 2019 |
| HIV/AIDS | 39,471 | 8,248,529 | (8,288,000) | - |
| Establishment of Shared Services | 350,000 | - | (350,000) | - |
| Sport and Recreation | - | 2,378,000 | (2,378,000) | - |
| Agriculture | 2,288,299 | - | (2,208,581) | 79,718 |
| Transfer of Informal Settlements | 12,270,425 | - | - | 12,270,425 |
| Rural Roads | 231 | 2,436,000 | (2,379,439) | 56,792 |
| | 15,067,804 | 13,062,529 | (15,604,020) | 12,526,313 |

National Grants

| | 2019 | 2018 as restated |
|---|-------------|------------------|
| Balance unspent at beginning of year | - | - |
| Current-year receipts | 1,250,000 | 1,250,000 |
| Conditions met - transferred to revenue | (1,250,000) | (1,250,000) |
| Grant Reversal / Forfeit | - | - |
| | - | - |

Conditions still to be met - remain liabilities (see note 9).
Reconciliation of Unspent Conditional Grants

| | Opening Balance July 2018 | Grants Received 2018/19 | Grants Spent/Forfeit 2018/19 | Unspent Grants June 2019 |
|---|---------------------------|-------------------------|------------------------------|--------------------------|
| Municipal Finance Management Grant ¹ | - | 1,250,000 | (1,250,000) | - |
| EPWP Grant | - | 1,000,000 | (1,000,000) | - |
| | - | 2,250,000 | (2,250,000) | - |

COGTA Grants

| | 2019 | 2018 as restated |
|---|-----------|------------------|
| Balance unspent at beginning of year | 206,460 | 206,460 |
| Conditions met - transferred to revenue | (206,460) | - |
| | - | 206,460 |

Conditions still to be met - remain liabilities (see note 9).
Reconciliation of Unspent Conditional Grants

| | Opening Balance July 2018 | Grants Received 2018/19 | Grants Spent/forfeit 2018/19 | Unspent Grants June 2019 |
|----------------------------|---------------------------|-------------------------|------------------------------|--------------------------|
| Sharpeville Public Library | 206,460 | | (206,460) | - |
| | 206,460 | | - | - |

Changes in level of government grants.

Sedibeng District Municipality
Financial Statements for the year ended 30 June, 2019

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2019
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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.

21. Employee related costs

| | | |
|---|--------------------|--------------------|
| Employee related cost exclusive of Section 57 employees | 167,751,194 | 159,874,479 |
| Bonus | 13,204,100 | 12,786,887 |
| Medical aid - company contributions | 16,073,258 | 15,028,280 |
| UIF | 1,031,330 | 1,059,734 |
| Other payroll levies | 3,239,271 | 3,090,284 |
| Leave pay provision charge | 4,210,692 | 4,482,827 |
| Defined contribution plans | 33,814,474 | 32,291,281 |
| Overtime payments | 5,108,133 | 7,050,336 |
| Car allowance | 10,089,965 | 10,372,857 |
| Housing benefits and allowances | 1,513,746 | 1,455,836 |
| Telephone Allowances | 11,050 | 12,600 |
| Standby Allowance | 555,575 | 775,451 |
| Termination benefits | 1,510,743 | 1,554,137 |
| | 258,113,531 | 249,834,989 |

Remuneration of Municipal Manager

| | | |
|---|------------------|------------------|
| Annual Remuneration | 1,618,110 | 1,618,108 |
| Car Allowance | 180,000 | 180,000 |
| Performance Bonuses | - | - |
| Contributions to UIF, Medical and Pension Funds | 1,785 | 1,785 |
| Other | 96 | 794 |
| | 1,799,991 | 1,800,687 |

The Municipal Manager was appointed on the 1st of June 2017

Remuneration of Chief Financial Officer

| | | |
|---|----------------|----------------|
| Annual Remuneration | 287,442 | 115,050 |
| Car Allowance | 75,000 | 12,000 |
| Contributions to UIF, Medical and Pension Funds | 787 | 18,516 |
| Other | - | 400 |
| | 363,229 | 145,966 |

The Chief Financial Officer contract ended the end July 2017 and the position was vacant where an acting CFO was in the position until mid-February 2019. The CFO salary is therefore only reflected from mid-February till June 2019

Remuneration of Chief Operations Officer

| | | |
|---|----------|----------------|
| Annual Remuneration | - | 106,442 |
| Car Allowance | - | - |
| Contributions to UIF, Medical and Pension Funds | - | 5,172 |
| Other | - | - |
| | - | 111,614 |

The Chief Operations Officer position was abolished in July 2017 whereby remuneration was only paid for July 2017.

Remuneration of Executive Director – Corporate services

| | | |
|---------------------|---------|---------|
| Annual Remuneration | 797,456 | 731,281 |
| Car Allowance | 178,357 | 161,131 |

Sedibeng District Municipality

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| | 2019 | 2018 as restated |
|---|--------------------|--------------------|
| Contributions to UIF, Medical and Pension Funds | 1,890 | 27,997 |
| Other | 10,228 | 8,966 |
| | 987,931 | 929,375 |
| Remuneration of Executive Director – Community services | | |
| Annual Remuneration | 805,930 | 686,762 |
| Car Allowance | 180,000 | 135,000 |
| Contributions to UIF, Medical and Pension Funds | 1,890 | 1,570 |
| Other | - | - |
| | 987,820 | 823,332 |
| Remuneration of Executive Director – Strategic Planning and Economic development | | |
| Annual Remuneration | 702,295 | 614,891 |
| Car Allowance | 176,951 | 117,967 |
| Contributions to UIF, Medical and Pension Funds | 108,574 | 90,474 |
| Other | - | - |
| | 987,820 | 823,332 |
| Remuneration of Executive Director – Transport, Infrastructure and Environment (Vacant since May 2019) | | |
| Annual Remuneration | 644,581 | 673,252 |
| Car Allowance | 150,000 | 142,500 |
| Contributions to UIF, Medical and Pension Funds | 28,602 | 25,010 |
| Other | - | - |
| | 823,183 | 840,762 |
| Total personnel cost | 264,063,505 | 255,310,057 |
| The executive directors were all newly appointed in 2017 and are being remunerated in accordance with the upper limit gazette number 40118 of 4 July 2016. | | |
| 22. Remuneration of councillors | | |
| Executive Major | 1,048,360 | 1,066,135 |
| Mayoral Committee Members | 6,552,319 | 6,216,843 |
| Speaker | 766,387 | 844,126 |
| Councillors | 4,980,912 | 4,698,935 |
| | 13,347,978 | 12,826,039 |
| 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 | | |
| 23. Depreciation and amortisation | | |
| Property, plant and equipment | 14,109,550 | 13,826,870 |
| Intangible assets | 1,605,137 | 1,114,370 |
| | 15,714,687 | 14,941,240 |

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|--|-------------------|-------------------|
| 24. Lease rentals on operating lease | | |
| Premises | | |
| Contractual amounts | 6,077,042 | 5,617,609 |
| Motor vehicles | | |
| Contractual amounts | 1,459,494 | 1,653,067 |
| Plant and equipment | | |
| Contractual amounts | 4,471 | 110,925 |
| Ad-hoc amounts | 549,118 | 573,133 |
| | 8,090,125 | 7,954,734 |
| 25. Debt impairment | | |
| Debtors | 8,777,064 | 44,584,162 |
| | 8,777,064 | 44,584,162 |
| 26. Contracted services | | |
| Outsourced Services | | |
| Administrative and Support Staff | 19,606,169 | 18,896,523 |
| Fire Services | 86,634 | 41,227 |
| Hygiene Services | 179,360 | 198,515 |
| Internal Auditors | 331,329 | 834,048 |
| Professional Staff | 1,782,722 | 1,489,294 |
| Security Services | 16,986,694 | 13,780,917 |
| Transport Services | - | 24,459 |
| Consultants and Professional Services | | |
| Business and Advisory | 7,047,908 | 8,682,493 |
| Infrastructure and Planning | 1,920,506 | 621,500 |
| Legal Cost | 1,182,003 | 1,276,624 |
| Contractors | | |
| Artists and Performers | 233,238 | 147,373 |
| Audio-visual Services | - | 17,000 |
| Catering Services | 987,565 | 803,909 |
| Event Promoters | 695,431 | 979,056 |
| Fire Services | 21,060 | 23,878 |
| Inspection Fees | 43,482 | 68,981 |
| Maintenance of Buildings and Facilities | 2,567,316 | 2,104,248 |
| Maintenance of Equipment | 4,371,664 | 3,700,410 |
| Medical Services | - | 2,213 |
| Pest Control and Fumigation | 60,000 | 87,330 |
| Plants, Flowers and Other Decorations | - | 17,419 |
| Stage and Sound Crew | 18,500 | |
| Transportation | 397,456 | 361,399 |
| | 58,519,037 | 54,159,082 |

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|---|-------------------|--------------------|
| 27. General expenses | | |
| Advertising | 326,349 | 188,970 |
| Assessment rates & municipal charges | 5,272,913 | 3,998,894 |
| Auditors remuneration | 3,371,101 | 2,895,785 |
| Bank charges | 3,151,793 | 3,114,867 |
| Computer expenses | 876,445 | 726,179 |
| Consulting and professional fees | 84,000 | 89,500 |
| Consumables | 3,729,133 | 3,527,242 |
| Entertainment | - | 1,498 |
| Insurance | 1,370,123 | 2,105,066 |
| IT expenses | 2,901,145 | 2,922,102 |
| Levies | 2,213,009 | 2,126,476 |
| Postage and courier | 2,653 | 2,598 |
| Printing and Publications | 739,162 | 893,229 |
| Protective clothing | 425,992 | 140,497 |
| Royalties and license fees | 44,829 | 27,740 |
| Subscriptions and membership fees | 2,543,268 | 2,517,857 |
| Telephone and fax | 5,280,025 | 5,017,175 |
| Training | 841,396 | 592,398 |
| Subsistence & Travel | 802,716 | 908,480 |
| Campaigns | 2,506,169 | 2,567,127 |
| Congresses & Meetings | 115,879 | 87,746 |
| External Bursaries | 98,500 | 241,745 |
| Donations & Grants | - | 145,000 |
| WCA Contribution | 1,716,122 | 1,522,065 |
| | 38,412,722 | 36,360,699 |
| <p>The municipality incurred R483,667 in expenditure related to Political Party Caucus funding in accordance with Council Caucus Funding Policy. Such expenditure is classified in accordance with the nature of the expense.</p> | | |
| 28. Sale of Goods | | |
| Sale of goods | | |
| Cost of Aviation fuel | 3,619,250 | 3,373,952 |
| Aviation fuel (JET A1 and AVGAS) are sold at the Vereeniging Aerodrome. | | |
| 29. Auditors' remuneration | | |
| Fees | 3,371,101 | 2,895,785 |
| 30. Cash generated from operations | | |
| Deficit | (48,633,998) | (93,934,422) |
| Adjustments for: | | |
| Depreciation | 15,714,687 | 14,941,240 |
| Loss / (Gain) on sale of assets and liabilities | (3,147) | (13,857) |
| Impairment deficit | - | 12,279,296 |
| Debt impairment | 8,777,064 | 44,584,162 |
| Changes in working capital: | | |
| Inventories | (345,971) | 197,190 |
| Receivables from exchange transactions | (2,473,620) | 32,757,216 |
| Assets under construction | - | 561,118 |
| Debt Impairment | (8,777,064) | (44,584,162) |
| Payables from exchange transactions | 46,416,933 | 31,868,164 |
| VAT | 213,090 | (2,467,034) |
| Unspent conditional grants and receipts | (2,747,951) | 1,803,611 |
| | 8,140,023 | (2,007,478) |

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31. Risk management

Financial risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Interest rate risk

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade receivables. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

| Categories of Financial Instruments | 2019 | 2018 as restated |
|--|--------------------|---------------------|
| Financial Assets | | |
| Cash and cash equivalents | 21,504,302 | 16,827,972 |
| Inventories | 503,782 | 157,811 |
| Trade and other receivables from exchange transactions | 6,828,904 | 4,355,284 |
| VAT Receivable | 127,318 | 340,408 |
| | 28,964,306 | 21,681,675 |
| Financial Liabilities | | |
| Unspent conditional grants and receipts | 12,526,313 | 15,274,264 |
| VAT Payable | - | - |
| Trade and other payables from exchange transactions | 243,837,452 | 197,420,519 |
| Total Liabilities | 256,363,765 | 212,694,783 |

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:

| | 2019 | | 2018 | |
|--|--------|----------------------|--------|----------------------|
| | Rate % | Effect on Surplus | Rate % | Effect or Surplus |
| Floating Rate Financial Assets | | | | |
| Cash and cash equivalents | 1% | 215,043 | 1% | 168,280 |
| Inventories | 1% | 5,038 | 1% | 1,578 |
| Trade and other receivables from exchange transactions | 1% | 68,289 | 1% | 43,553 |
| Floating Rate Financial Liabilities | | | | |
| Unspent conditional grants and receipts | 1% | (125,263) | 1% | (152,743) |
| Trade and other payables from exchange transactions | 1% | (2,438,375) | 1% | (1,974,205) |

32. Commitments

32.1 Contracted capital and operating expenditure

| | | |
|--|-------------------|-------------------|
| Unspent conditional grants and receipts | | |
| Provincial Grants | 12,406,935 | 14,598,426 |
| | 12,406,935 | 14,598,426 |

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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.

32.2 Operating leases - as lessee (expense)

Minimum lease payments due

| | | |
|---|-----------|-----------|
| Within one year | 4,338,689 | 7,984,362 |
| Later than one year but not later than five years | 6,161,495 | |

Operating lease payments represent rentals payable by the municipality for certain of its office properties.

32.3 Operational expenses

Operational expenses

| | | |
|---|------------|------------|
| Within one year | 22,105,294 | 15,890,852 |
| Later than one year but not later than five years | 1,008,500 | 15,890,852 |

33. 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 been issued against those claims.

There is a discrepancy between the Department of Transport claim (TAS9) reports received and the actual collection which differ and has accumulated over the years to the amount of R 4,963,663.46 which relates to prior periods.

34. Prior year amendments

34.1 Prior period errors

See below detail of corrections. The total correction amounts to (R 8,523,060)

The correction of the error(s) and change in accounting policy results in adjustments are as follow:

| Statement of changes in net assets | |
|--|--------------|
| Closing balance 1 July 2018 | (57,415,540) |
| Creditor Overstated | 27,050 |
| Debtors overstated on Employees | (121,024) |
| Debtors understated on Pre-paid Advances | 892 |
| Creditor understated Claims Emfuleni | (21,198,430) |
| Yearend VAT on debtor overstated | (106,282) |
| Trade creditors understated | (1,240,844) |
| Cash advances understated | 200 |
| Non-current assets understated | 14,115,378 |
| Restated Closing balance 1 July 2018 | (65,938,600) |

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| | |
|--|---------------------|
| Surplus (Deficit) for the year 2018 Previously reported | (89,350,698) |
| Contracted Services - Administrative and support staff – understated | (915,032) |
| Contracted services – Catering services - overstated | 12,250 |
| Contracted Services - Plants, Flowers and Other Decorations - overstated | 14,800 |
| Contracted services – Security services - overstated | 222,773 |
| Municipal Services - understated | (2,563,734) |
| Depreciation and Amortisation understated | (1,354,781) |
| Restated Surplus (Deficit) for the year 2018 | (93,934,422) |

| Expenditure | 2018 Restated | 2018 Previous Year Stated | Variance |
|---|---------------------|------------------------------|--------------------|
| Contracted Services - Administrative and support staff | (18,896,523) | (17,981,491) | (915,032) |
| Contracted services – Catering services | (803,909) | (816,159) | 12,250 |
| Contracted Services - Plants, Flowers and Other Decorations | (17,419) | (32,219) | 14,800 |
| Contracted services – Security services | 13,780,917 | 14,003,690 | 222,773 |
| Municipal Services | (3,998,894) | (1,435,160) | (2,563,734) |
| Depreciation and Amortisation | (14,941,240) | (13,586,459) | (1,354,781) |
| Deficit for the year | (93,934,422) | (89,350,698) | (4,583,724) |
| 2017/18 Corrections | | | (3,939,337) |
| Total Corrections | | | (8,523,060) |

The correction of an error on the PPE and Intangible assets was done where the error was detected in the current year. Changes were made retrospectively which effect the opening balances of the 2017/18 financial year. The total change in the 2017/18 financial year amounts to R 15,470,159. It was impractical to disclose period specific effects of the error because the exercise was not conducted in the 2017/18 financial year.

34.2 Change in accounting policy (Adjustments)

None

35. Going concern

We draw attention to the fact that at 30 June, 2019, the municipality had accumulated deficit of R 114,572,592 and that the municipality's total liabilities exceed its assets by R 114,572,592.

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.

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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 8 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 8 years were reduced far lessor than the CPI for each financial period. In addition the South African Local Bargaining Council was implementing salary increases at a higher rate than the equitable share growth allocated to municipalities over the last 7 years – Uncontrollable 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 6 years which is still in place. The municipality performs daily, weekly and monthly cash flow reconciliations with projections to ensure that we are able to meet our obligations. 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, 2019, the municipality's current liabilities exceed its current assets with R227,399,459. The municipality also had operating deficit in the current financial year of R 48,633,998 (previous financial year loss of 93,342,422) which resulted in a decrease 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 Council has recently approved that it (Sedibeng District Municipality) should perform the section 84(1) powers and functions of the Municipal Structures Act 117 of 1998.

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.

36. 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.

37. Unauthorised expenditure

The municipality is having an operating deficit resulting from overspending on the operating budget during the financial year to the amount of R 6,585,486 related to salary cost and municipal services.

| | | |
|--|-------------------|------------------|
| Opening balance | 5,927,088 | - |
| Add: expenditure identified – current period | 6,585,486 | 5,927,088 |
| Add: expenditure identified - prior period | - | - |
| Less: Approved by Council | - | - |
| | 12,512,574 | 5,927,088 |

Analysis follow: Cash

| | | |
|-----------------------------|------------------|------------------|
| Employee related cost | 3,699,015 | 5,927,088 |
| General expenses | 2,712,945 | |
| Transfer and subsidies paid | 173,526 | |
| | 6,585,486 | 5,927,088 |

Currently no investigation was done on the disclosure of unauthorized expenditure.

38. Fruitless and wasteful expenditure,

Possible fruitless and Wasteful expenditure are investigated and where applicable recovered from the Employee / Councillor concern. An amount of R 446,685 is currently being recovered from an employee related to salary cost recoverable. See annual report for details on all recoveries during the year.

| | | |
|--|----------------|----------------|
| Opening balance | 595,540 | 595,540 |
| Paid off during the year | (148,885) | - |
| -Fruitless and wasteful expenditure identified during the year | - | - |
| | 446,655 | 595,540 |

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39. Irregular expenditure

Irregular expenditure was incurred in the financial year based on appointments made in deviating from SCM legislation where. Irregular expenditure was also incurred on Sect 56 employee-related costs during the financial year.

| | | |
|--|-------------------|-------------------|
| Opening Balance | 12,977,597 | 3,566,122 |
| Add: expenditure identified during the year | 9,040,332 | 9,411,475 |
| Add: expenditure – prior period | - | - |
| Less: Approved by Council | (3,566,122) | - |
| | 18,451,807 | 12,977,597 |
| Instances and cases in the current year | | |
| Tax clearance invalid | - | 65,487 |
| Supply chain processes | 8,162,011 | 7,976,326 |
| Employee cost | - | 654,258 |
| Sect 56 Employee cost above threshold | 515,092 | 715,404 |
| Sect 56 employee not a RSA citizen | 363,229 | - |
| | 9,040,322 | 9,411,475 |

Cases under investigations

Investigations were conducted by MPAC oversight committee on the 2016/17 financial year balance of R3,566,122 in August 2018 where a report was submitted to Council indicating that the amount must be written off as irrecoverable based on MPAC assessment and recommendations. Further investigation was done by an appointed company for the irregular expenditure of R9,11,475 recorded in the 2017/18 financial year still to be approved by Council

40. Additional disclosure in terms of Municipal Finance Management Act

40.1 PAYE and UIF & Skills levy

| | | |
|---------------------------------|--------------|--------------|
| Current year subscription / fee | 45,000,163 | 42,054,592 |
| Amount paid - current year | (45,000,163) | (42,054,592) |
| | - | - |

40.2 Pension and Medical Aid Deductions

| | | |
|---------------------------------|--------------|--------------|
| Current year subscription / fee | 77,387,005 | 73,622,263 |
| Amount paid - current year | (77,387,005) | (73,622,263) |
| | - | - |

40.3 VAT

| | | |
|----------------|----------------|----------------|
| VAT receivable | 127,318 | 340,408 |
| VAT payable | - | - |
| | 127,318 | 340,408 |

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 | 48 | 48 sets were used for the full year; |
| Rented or leased television sets | - | |
| Number of sets donated/ alienated | - | |
| TOTAL | 48 | |

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40.5 Related party transactions

Councillors and specifically the Executive Mayor and Speaker remuneration in terms of the government gazette are shown separately in note 22.

Section 56 employees' (Key Management) remuneration packages are shown separately in note 21. 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 2019.

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0.6 Declaration of business conducted to close family members 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.

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 36,478 |
| Africa Shades Construction | N | Monga | Assistant Manager Networks (00518) | Son of the Director/Shareholder | R52,724 |
| TOTAL | | | | | R 89,202 |

Awards to persons in the service of the state

| No | Name of person | Position | Name of private company | Employing department | Amount |
|----|---------------------------|----------------------------------|------------------------------------|--|-------------|
| 1 | Moramang Vincent Mofokeng | Operational Planning And Control | Mvelas And Mahwana Construction Cc | Transnet Group | R70 756.90 |
| 2 | Nosakhele Mbuli | Cleaner I. | Thandolihle Trading | EC: EDUCATION | R23 217.39 |
| 3 | Joyce Zodwa Visser | No Information Provided | Core Innovation Group | South African Broadcasting Corporation | R152 497.89 |
| 4 | Sipho Jacob Ganafana | No Information Provided | Sphola Holdings (Pty)Ltd | South African Broadcasting Corporation | R7 546.20 |
| 5 | Samuel Sekgwape Bahula | Security & Emergency Services | Spk Ministry | Transnet Group | R1 300.00 |
| 6 | Petros Kerel Molaetsa | Train Assistant | Dikheparaly Events Management | Transnet Group | R27 900.00 |

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| No | Name of person | Position | Name of private company | Employing department | Amount |
|--------------|---|------------------------------------|---|--|----------------------|
| | Thamsanga Bongani Nkwanyana and John Saveca | Mechanical Engineering | Dynamics Quality Providers (Pty) (Ltd) | Transnet Group | R65 250.00 |
| | Sifiso Constance Makgathi | Administrative Assistant School | Miraculous Power Holdings | GP: EDUCATION | R40 308.21 |
| | Ayanda Cleopatra Ceba | Executives | Business Connexion (Pty)Ltd | Transnet Group | R2 965 424.48 |
| 10 | Ashwin Hirjee Trikamjee | Board Member | Gijima Holdings (Pty)Ltd | The KwaZulu Natal Royal Household Trust | R32 549.99 |
| Total | | | | | R3,386,751.06 |

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 16 and 17 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.

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| DEVIATIONS FOR THE FINANCIAL YEAR 2018/2019 | | | | | |
|---|--------------|---|--|---|-------------|
| Date of the order | Order number | Name of Supplier | Nature of Deviation | Goods and Services Procured | Amount |
| 2018/08/14 | 103550 | Department of transport and Public work | Sole Supplier | Face value form box for Licensing Department | R 25 172.40 |
| 2018/08/14 | 103553 | Department of transport and Public work | Sole Supplier | Face value form box for Licensing Department | R 25 172.40 |
| 2018/08/14 | 1036599 | Department of transport and Public work | Sole Supplier | Face value form box for Licensing Department | R 25 172.40 |
| 2018/08/14 | 1036604 | Juta & Company Pty (Ltd) | Sole Supplier | Road traffic legislation rs46 books | R 985.30 |
| 2018/08/15 | 1036843 | Sage wise/Nandos Vereeniging | Only two quotes received from SCM as a short notice request. | Short notice - finger lunch for Office of the Speaker meeting with the stakeholder. | R 711.00 |
| 2018/08/15 | 1036847 | Sure global travel (Pty) Ltd | Only two quotes received from SCM as an urgent request | Flight tickets and car hire to Durban for spatial planning land reform and economic transformation symposium. | R 3 910.00 |
| 2018/08/21 | 1036863 | Lolliipop trading and projects | Sole Supplier | Advert for advertising vacant posts. | R 6 900.00 |
| 2019/03/26 | 21396 | JUTA AND COMPANY (PTY) LTD | Sole Supplier | Local Government Library Books for CFO. | R 1 464.92 |
| 2019/03/14 | 25278 | Sure Global Travel (Pty)Ltd | Only one quote received from SCM as the service was offline. | Flight and Car hire for attending Local Government Research Colloquium SALGA. | R 5 034.53 |

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| DEVIATIONS FOR THE FINANCIAL YEAR 2018/2019 | | | | | | |
|---|--------------|---|---|---|--------------------|--|
| Date of the order | Order number | Name of Supplier | Nature of Deviation | Goods and Services Procured | Amount | |
| 2019/03/14 | 37607 | Department of transport and Public work | Sole Supplier | Face value form box for Licensing Department | R 25 172.40 | |
| 2019/03/14 | 24206 | SJ Radebe | Only two quotes received from SCM as the service was offline. | Transport for Human Rights Day for Lesedi region. | R 3 000.00 | |
| 2019/03/17 | 24761 | JUTA AND COMPANY (PTY) LTD | Sole Supplier | Road traffic legislation: RS47+ and delivery charges | R 1 229.92 | |
| 2019/03/13 | 21813 | Zox Trading | Only two quotes received from SCM as the service was offline. | Mobile Toilet and Marquee Tent for Race | R15 500.00 | |
| 2019/03/13 | 24814 | K2017035103 | Only two quotes received from SCM as the service was offline. | Still water for Fun Race. | R 7 500.00 | |
| 2019/03/11 | 24809 | Ithomba Liyadhlolisa Trading | Only two quotes received from SCM as the service was offline | Race timer System | R18 400.00 | |
| 2019/03/13 | 24811 | Lefika Trading | Only two quotes received from SCM as the service was offline | Lunch 2 for Fun Race | R 2 400.00 | |
| 2019/04/11 | 1037791 | TL Appliances and Lawnmowers | Sole Supplier | Repairs and Service Lawnmowers and bush cutters (estimate rate per hour | R20 390.00 | |
| | | | | Total | R188,115.27 | |

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42. Budget differences

Actual versus Budget (revenue and Expenditure) for the year ended 30 June 2019

| 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 |
|---|-------------------|------------------------------------|--|----------------|---|
| Revenue | | | | | |
| Sale of goods | 3,600,000 | 4,134,504 | 534,504 | 14.85% | More fuel sold than budget based on demand of fuel at the Vereeniging Aerodrome |
| Rental of facilities and equipment | 735,657 | 723,618 | (12,039) | (1.64%) | |
| Agency services | 83,198,712 | 76,390,440 | (6,808,272) | (8.18%) | Decrease in licensing fees as a result of increase in collection agencies instituted by Department of Transport |
| Commissions received | 7,145,863 | 6,174,438 | (971,425) | (13.59%) | Market sales down due to economic trends |
| Other income - (rollup) | 788,864 | 3,086,087 | 2,297,223 | 291.21% | Higher than anticipated income based on increase in insurance refunds and staff recoveries |
| Interest received - investment | 1,900,000 | 2,944,162 | 1,044,162 | 54.96% | Interest higher than anticipated based on investments made |
| Gains on disposal of PPE | 100,000 | 3,147 | (96,853) | (96.85%) | More losses on assets than anticipated during the financial year |
| Total revenue from exchange transactions | 97,469,096 | 93,456,396 | (4,012,700) | (4.12%) | |
| Non-exchange revenue | | | | | |

Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2019

Notes to the Financial Statements

Actual versus Budget (revenue and Expenditure) for the year ended 30 June 2019

| 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 |
|---|----------------------|------------------------------------|--|------------------|---|
| Licenses and permits | 1,500,000 | 125,000 | (1,375,000) | (91.67%) | Decrease in licensing fees as a result of implementation of the Air quality management act in the previous year |
| Government grants & subsidies | 278,713,386 | 277,892,099 | (821,287) | (0.29%) | |
| Total revenue from non-exchange transactions | 280,213,386 | 278,017,099 | (2,196,287) | (0.78%) | |
| Total revenue | 377,682,482 | 371,473,495 | (6,208,987) | (1.64%) | |
| Expenditure | | | | | |
| Personnel | (260,289,861) | (264,063,505) | (3,773,644) | (1.45%) | |
| Remuneration of councillors | (13,126,300) | (13,347,978) | (221,678) | (1.69%) | |
| Depreciation | (11,620,103) | (15,714,687) | (4,094,584) | (35.24%) | |
| Debt Impairment | - | (8,777,064) | (8,777,064) | - | No budget was provided for impairment |
| Contracted Services | (59,928,996) | (58,519,037) | 1,409,959 | 2.35% | |
| Transfers and Subsidies | (9,288,000) | (9,461,526) | (173,526) | (1.87%) | |
| General Expenses | (47,510,751) | (50,223,696) | (2,712,945) | (5.71%) | Higher than anticipated municipal services accounts |
| Total expenditure | (401,764,011) | (420,107,493) | (18,343,482) | (4.57%) | Refer to note 39 |
| Operating deficit | (24,081,529) | (48,633,998) | (24,552,469) | (101.96%) | |