



Sedibeng District Municipality



Annual Report

2009 - 2010

Vaal 21
A RIVER CITY

TABLE OF CONTENTS

FOREWORD OF THE EXECUTIVE MAYOR	0
OVERVIEW BY THE MUNICIPAL MANAGER.....	2
1 CHAPTER 1: OVERVIEW OF SEDIBENG DISTRICT MUNICIPALITY	4
1.1 INTRODUCTION	4
1.2 POWERS AND FUNCTIONS	4
1.3 GEOGRAPHICAL LOCATION	5
1.4 DEMOGRAPHICS	6
1.5 HIV AND AIDS	8
1.6 URBANISATION	9
1.7 SOCIO – ECONOMIC PERSPECTIVE	10
1.8 ACCESS TO SERVICES	18
1.9 HUMAN DEVELOPMENT INDEX	23
2 CHAPTER 2: INSTITUTIONAL TRANSFORMATION AND GOVERNANCE	28
2.1 HUMAN RESOURCES AND MANAGEMENT	28
2.2 CORPORATE GOVERNANCE	38
3 CHAPTER 3: PERFORMANCE AND PROGRESS ON KEY PERFORMANCE AREAS 2009/10	41
3.1 INTRODUCTION	41
3.2 VISION	41
3.3 MISSION	41
3.4 KEY PERFORMANCE AREAS (KPA).....	41
3.4.1 KPA: REINVENTING OUR ECONOMY	42
3.4.2 KPA: RENEWING OUR COMMUNITIES	44
3.4.3 KPA: REVIVING A SUSTAINABLE ENVIRONMENT	46
3.4.4 KPA: REINTEGRATING OUR REGION.....	47
3.4.5 KPA: RELEASING HUMAN POTENTIAL.....	49
3.4.6 KPA: GOOD AND FINANCIAL SUSTAINABLE GOVERNANCE	59
3.4.7 KPA: VIBRANT DEMOCRACY	63
3.5 FLAGSHIP PROJECTS.....	65
4 CHAPTER 4: FINANCIAL REPORTS FOR THE YEAR END 30 JUNE 2010.....	68
4.1 FOREWORD FROM THE CHIEF FINANCIAL OFFICER ON THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2010	68
4.2 ANNUAL FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2010	73

FOREWORD OF THE EXECUTIVE MAYOR



In pursuit of the role of the Office of the Executive Mayor, that of being the overall oversight office for the implementation of both executive and legislative decisions as well as the public face of the Sedibeng District Municipality, find herein the overview of the activities of the Sedibeng District Municipality for the period under review. This overview seeks to provide you, the readers, with information about the extensive work we have done, executed in pursuit of the mandate given by you, the citizens of Sedibeng.

The year under review was marked by the two major events in our district and the country, which are the hosting the 2010 FIFA World Cup and the 50th Anniversary of the Sharpeville Massacre. Sedibeng Region despite not being a hosting city, we were able to provide training Base Camp facilities for two teams participating in the soccer spectacle by providing both George Thabe and Isak Steyl Stadia for the Swiss and Ivorians, respectively. The Local Organizing Committee and FIFA were very impressed with the work we did, because the stadia were handed over to the LOC in time.

As part of the District World Cup Offerings, we provided 17 Public Viewing Areas across the entire region. The two Primary PVA's have since become a hive of activity for the communities beyond the World Cup, this being the lasting legacy of the FIFA World Cup in our region. We were so well organised that the SABC used our Primary PVA at Saul Tsotetsi Multipurpose Sports Centre to stage the live broadcasting of the Semi Finals.

Our HIV/AIDS Strategy continues to hit the right notes in rolling back the impact of this pandemic. At last we are beginning to see a drop of infection rate in the District due to effective prevention programmes and partnerships established in managing the pandemic. The community is beginning to warm up to our intensive engagements.

The security of our communities is taking the centre stage and the low crime statistics are there for all to see. The CCTVs installed throughout the length and breadths of the District have made serious inroads in providing a safe and secure environment for our communities.

Our Sport, Recreation, Arts, Culture and Heritage is a frontrunner in the quest to reclaiming our history and heritage. We commemorated the 50th Anniversary of the Sharpeville Massacre with the entire country and provided the launching pad for the earth-shattering "Brenda Fasi the Musical" here in Sedibeng. Sharpeville Police Station from where the first salvo of the Sharpeville Shooting was fired, has been transformed into a Craft Hub providing necessary employment for our community and a new modern Police station has been built.

The Heritage Precincts in Sharpeville are almost complete while others are fast approaching completion. We have our pieces of the Heroes Acre in Vuka Cemetery, Phelandaba Cemetery. The resting places of our heroes and heroines have been transformed into fitting tribute to our rich history.

The picture of Sedibeng has changed for the better with tarred roads and paved sidewalks fast becoming the rule rather than the exception. This was made possible through the provision of much needed jobs for our community SMME's. Streets have been transformed throughout the entire Region in Sharpeville, Boipatong, Ratanda, Evaton, and Sebokeng thus permanently removing the tag of the Dusty streets of the townships.

We are on track to provide the frame work for investment throughout the entire District in spite of the debilitating world recession the likes of in which have never been seen. Through prudent financial management of public funding, we have seen the creation of jobs in the construction, manufacturing and retail sector. Heineken, Makro and developments around Dlomo Dam in Sharpeville, the Bedworthpark business node and Coca-Cola have seen to the creation of jobs in the District despite the recession.

In appreciation to the sacrifices made by our communities towards the attainment of our hard fought democracy, we undertook a successful trip to Cape Town with the survivors of the various massacres in the District. This trip coincided with the opening of parliament during the period under review.

Our fiscal policy has provided a sound platform for our financial management. We have once again been declared to have conducted our financial affairs in a very exceptional manner. It is no surprise that once again, for the fifth year in succession, we have received an unqualified audit report from the Auditor General. Our title as the Ambassador of Clean Audits is here to stay.

All of the above successes were made possible through the intensive engagements with our communities in various forums; the ones mostly worth mentioning being the two Public Participation Mayoral Imbizos and the State of the District Address. These forums were highly informative and were attended by many who could not find it possible to fit in the overflowing venues. The inputs made at these engagements including those flowing from sectoral stakeholder meetings as part of the IDP Review process assisted greatly in fine-tuning our successful delivery for the period under review. Our communities have through challenging period, showed marked belief and confidence in the path we have taken.

Our employee corps continue to exceed our expectations through stringent application and adherence to the Batho Pele Principles, going well beyond their call of duty to ensure that the communities of Sedibeng are indeed the proud beneficiaries of much deserved government programmes.

In conclusion, I invite all who will have the opportunity to read this report, to examine the extensive work which was carried out by your willing servants, Sedibeng District Municipality. Without letting the cat out of the bag, I hope that you will be as pleasantly surprised as I was with the sterling job carried out in pursuit of the mandate granted by our communities as well as our Constitutional imperatives as Sedibeng District Municipality.

Yours faithfully,

M.S Mofokeng
Executive Mayor

OVERVIEW BY THE MUNICIPAL MANAGER



The period 2009-2010 was marked by interesting administrative challenges, not least of all, meeting the requirements of the historic and momentous hosting of the FIFA 2010 World Cup and the 50th Anniversary of the Commemoration of the Sharpeville Massacre. The Sedibeng District has always endeavoured to reach beyond its narrow role as a coordinating and facilitating structure, and supplemented its coordinating role with development projects to stimulate the economy and to ease the burdens of our local municipalities, in addition to its responsibilities for direct community services, such as Emergency Medical Services and Licensing.

During the period under review the long, awaited Precinct Projects finally saw the commencement of construction of the Sharpeville Cemetery upgrade, the renovations to the Sharpeville Exhibition Centre and Sharpeville Hall. The demands for project management on the administration have grown significantly. The Evaton Paving Projects have added to this need. A dedicated unit to support the Regional Sewer Scheme has also been located through joint agreement with the Provincial and National governments, at the Sedibeng District Municipality. The initiation of this mammoth, and desperately needed project to serve the greater Gauteng Province, gained momentum during the financial year. The Administration has responded to these evolving challenges and growing needs of our region.

The growth of the personnel, over a period of several years, to 908, is a matter of concern as the equitable share and grants are not keeping pace with the increased cost of salaries. In addition, overtime and other related costs are placing strain on the resources of the Municipality. If we are to continue playing a supporting role with capital projects, we must contain these costs. A personnel reduction plan has to be developed and sustained. A pervasive culture of lobbying and brewing arguments for increased post levels has taken root in the Municipality. This entitlement must be reduced to legitimate and justifiable instances only. Ongoing expenditure on training and development has become a double-edged sword. While the increased skills serve the institution well, it also increases the expectation for higher levels.

The overall functionality of the institution has been strong with most committees and Council fully functional. Administrative problems with timely delivery of agenda have been resolved with improved systems that are now yielding improved results. The awards received for Archive Management are notable and must be improved upon and sustained. The political-administrative interface is mostly sound with a few exceptions.

The financial position of the municipality is sound but, as alluded to earlier, care must be exercised in managing employee related costs. The entire administration must be commended for the Unqualified Audit opinion for the year 2009-2010. It takes a concerted effort at all levels of the organisation to uphold good financial management.

Performance Management continues to improve and subsequent to this audit both improved systems and additional oversight over performance has been instituted. We trust that this Annual Report will

reflect adequately on where Sedibeng has performed well and where improvements need to be made.

During the FIFA World Cup, the Sedibeng offering was run collectively by the District and its three local municipalities. The outstanding collaboration points to the great possibilities of Sedibeng acquiring Metro status in the future. The local municipalities of Emfuleni, Midvaal and Lesedi have been our partners in all our success, and equally their challenges remain our challenges.

I must express my thanks and appreciation to the Executive Mayor in particular, for his active oversight over the work of the administration and for his sound leadership and considerate cooperation. The oversight by the rest of the Political Management Team and Council has also contributed to sound administration and we recognise their work. It would be remiss of me not to express gratitude to all members of the MANCO and every single staff member at every level and in every post for their support.

We trust that our communities and other stakeholders will take time to interrogate this Annual Report so that we can solicit comments, opinions, criticisms and in a few areas, some due compliments.

Yours faithfully,

Y. Chamda
Municipal Manager

1 CHAPTER 1: OVERVIEW OF SEDIBENG DISTRICT MUNICIPALITY

1.1 Introduction

This report is compiled and tabled in terms of Section 127(2) of the Municipal Finance Management Act (MFMA), Act 56 of 2003(2) which states that the Mayor of a municipality must, within seven months after the end of a financial year, table in the Municipal Council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control.

The report covers the broad overview of the Sedibeng District Municipal Area, showcasing its Socio-Economic profile, services delivery levels, development and institutional aspects, and financial status for the period under review.

The report will be divided into four Chapters:

- Chapter 1 : Overview of the Sedibeng District Municipality
- Chapter 2 : Institutional Transformation and Governance
- Chapter 3 : Performance and Progress on Key Performance Areas
- Chapter 4 : Financial Reports for the year end June 2010

This report seeks to highlight the performance of the Sedibeng District Municipality in the 2009/10 financial year.

1.2 Powers and Functions

Chapter 7 of the Constitution sets out the status, objects, powers and duties of local government, and ancillary matters. A municipality has the right to govern, on its own initiative, the local government affairs of its community, subject to national and provincial legislation, as provided for in the Constitution (section 151).

A municipality has executive authority and the right to administer the local government matters listed in Part B of Schedule 4 and Part B of Schedule 5 to the Constitution, and any other matter assigned to it by national or provincial legislation (section 156).

In accordance with Chapter 2 of the Local Government: Municipal Systems Act 32 of 2000, a municipality's administration is governed by the democratic values and principles embodied in section 195 (1) of the Constitution. The administration of a municipality must – be responsive to the needs of the community; facilitate a culture of public service and accountability amongst staff; take measures to prevent corruption; establish clear relationships, facilitate co-operation and communication, between it

and the local community; give members of the local community full and accurate information about level and standard of municipal services they are entitled to receive; and inform the local community how the municipality is costs involved and the persons in charge.

Chapter 5 of the Local Government: Municipal Systems Act 32 of 2000, stipulates that a municipality has the functions and powers assigned to it in terms of sections 156 and 229 of the Constitution. These functions and powers must be divided in the case of a district municipality and the local municipalities within the area of the district municipality. A district municipality must seek to achieve the integrated, sustainable and equitable social and economic development of its area as a whole. Section 84 outlines division of functions and powers between district and local municipalities. The Sedibeng District Municipality as demonstrated below has three local municipalities within its area, namely, Emfuleni, Midvaal and Lesedi.

1.3 Geographical Location

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

The SDM covers the entire southern area of Gauteng Province, extending along 120 km axis from East to West. The total geographical area of the municipality is 3, 894 square kilometres (km²). The SDM comprises of three Category B municipalities, namely, Emfuleni, Lesedi and Midvaal Local Municipalities and is surrounded by the following municipalities:

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

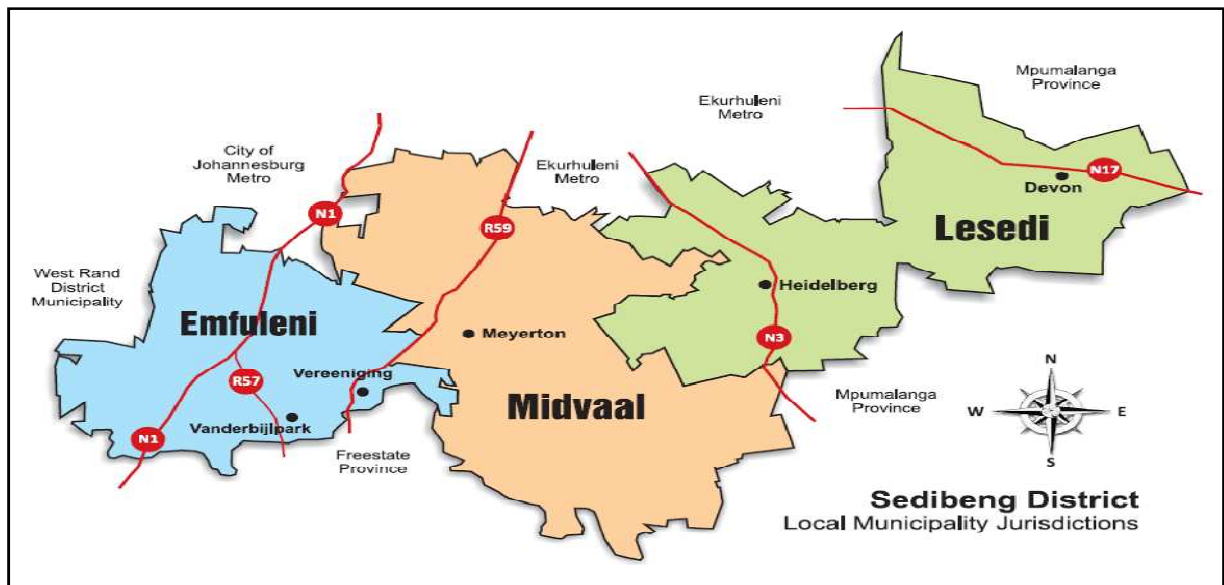


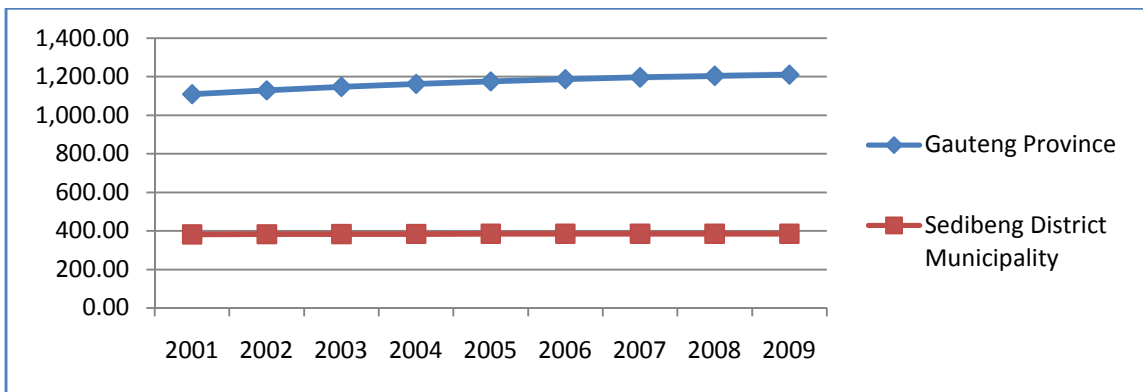
Figure 1: Map of Sedibeng District Municipality

1.4 Demographics

Our region Sedibeng is moderately populated and has experienced a phenomenal growth of local population as well as fairly young people migrating to this area of Sedibeng. The main attraction of young people into this area is to further their studies at North West University Vaal Campus, Vaal University of Technology, and Sedibeng College as well as other independent institutions. Statistics point to a fluctuating population. Development Bank of Southern Africa’s (DBSA) 2007 population projections place SDM’s population at 908107. These figures were based on the Statistics South Africa’s (Stats SA) Censure 2001.

A comparison of similar reports undertaken by Stats SA Community Survey 2006 (800 819) and recently Global Insight – 2009 (805 436) provides a base for the SDM’s enhanced development strategies.

Graph 1: Population Density Sedibeng & Gauteng, 2001 – 2009



(Source: Global Insight, 2010)

Graph 1 above shows that there has been a steady increase in population density from 2001 to 2009 for Gauteng, whilst the population density in Sedibeng has remained fairly constant over the same period. There was a insignificant change in the population density over the period 2006 to 2009 in Sedibeng.

Table 1: Population Distribution per Municipality per Population Group, Sedibeng 2010

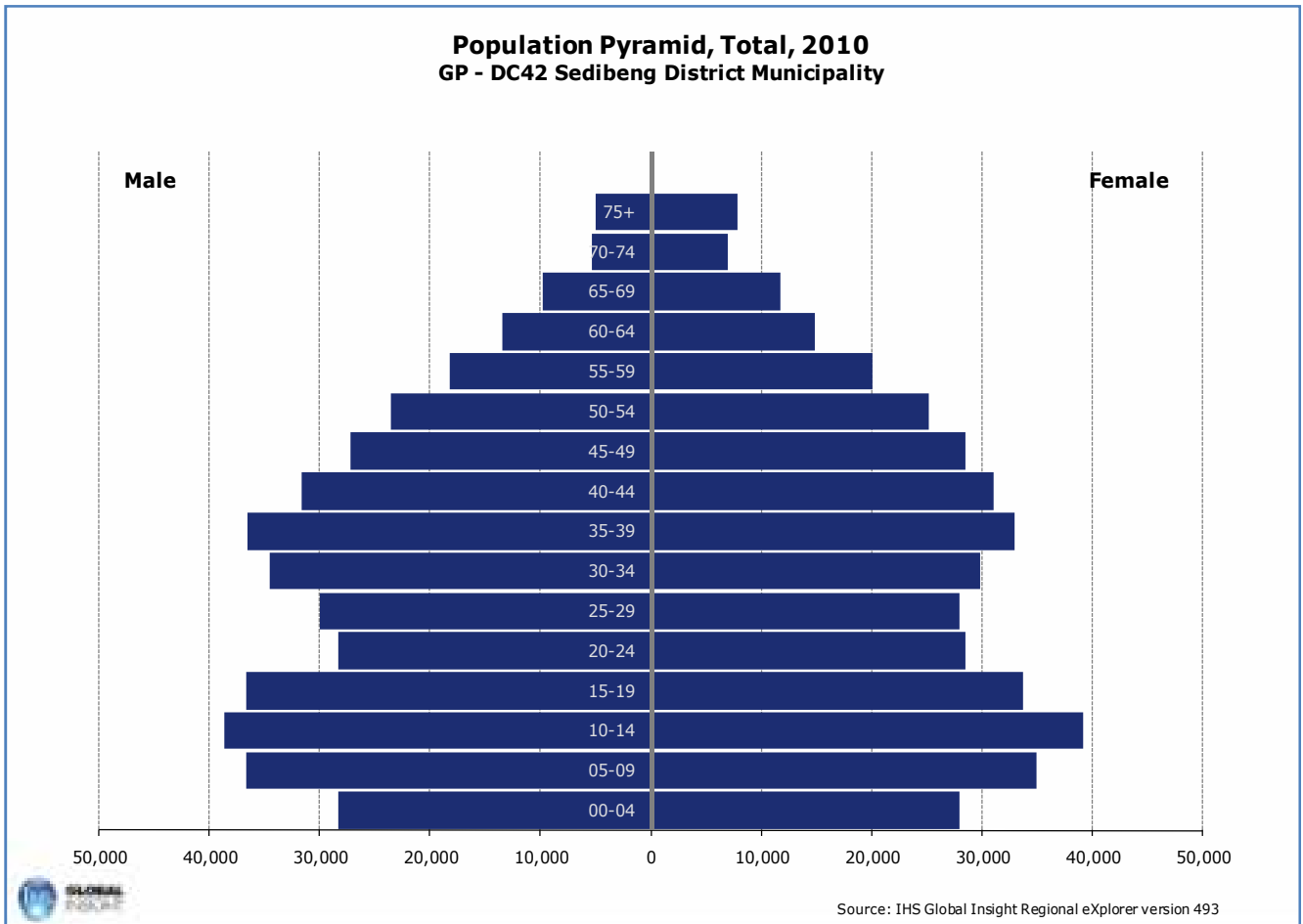
Population Group by Gender		Emfuleni Local Municipality		Midvaal Local Municipality		Lesedi Local Municipality	
		2009	2010	2009	2010	2009	2010
Black	Male	276,766	276,709	26,030	26,520	32,697	32,890
	Female	273,333	273,743	25,346	26,040	31,225	31,473
White	Male	43,785	42,934	11,906	11,642	5,213	5,027
	Female	44,944	44,102	11,346	11,073	5,303	5,126
Coloured	Male	3,669	3,713	630	652	623	641
	Female	3,883	3,924	652	673	561	578
Asian or Indian	Male	3,255	3,325	182	188	368	379
	Female	3,183	3,264	163	168	373	385
Total		652,818	651,713	76,255	76,957	76,363	76,498

(Source: Global Insight, 2010)

Table 1 indicates that Emfuleni has highest population in the Sedibeng region at 80.94% compared to 81.05% in 2009 followed by Lesedi and Midvaal at 9.56% compared to 9.48% in 2009 and 9.50% compared to 9.47% in 2009 respectively. Population figures for Lesedi and Midvaal show a slight difference as they almost share the same population figures. The Black male population is high in all Local Municipalities followed by Black females. The Black population accounts for 82.88% compared to 82.6% in 2009, Whites 14.89% compared to 15.2% in 2009, Coloureds and Asians population at 1.26% compared to 1.2% in 2009 and 0.96 compared to 0.9% in 2009 respectively.

Compared to the previous year's (2008/09) figures, the Black population has increased by 0.28% compared to 0.6% in 2009 whilst the White population has decreased by 0.31% compared to 0.8% in 2009, the Coloured population has increased by 0.06% compared to 0.2% in 2009 and the Asian population has increased by 0.06% compared to a decrease of 0.1% in 2009.

Graph 2: Population Composition by Age and Gender



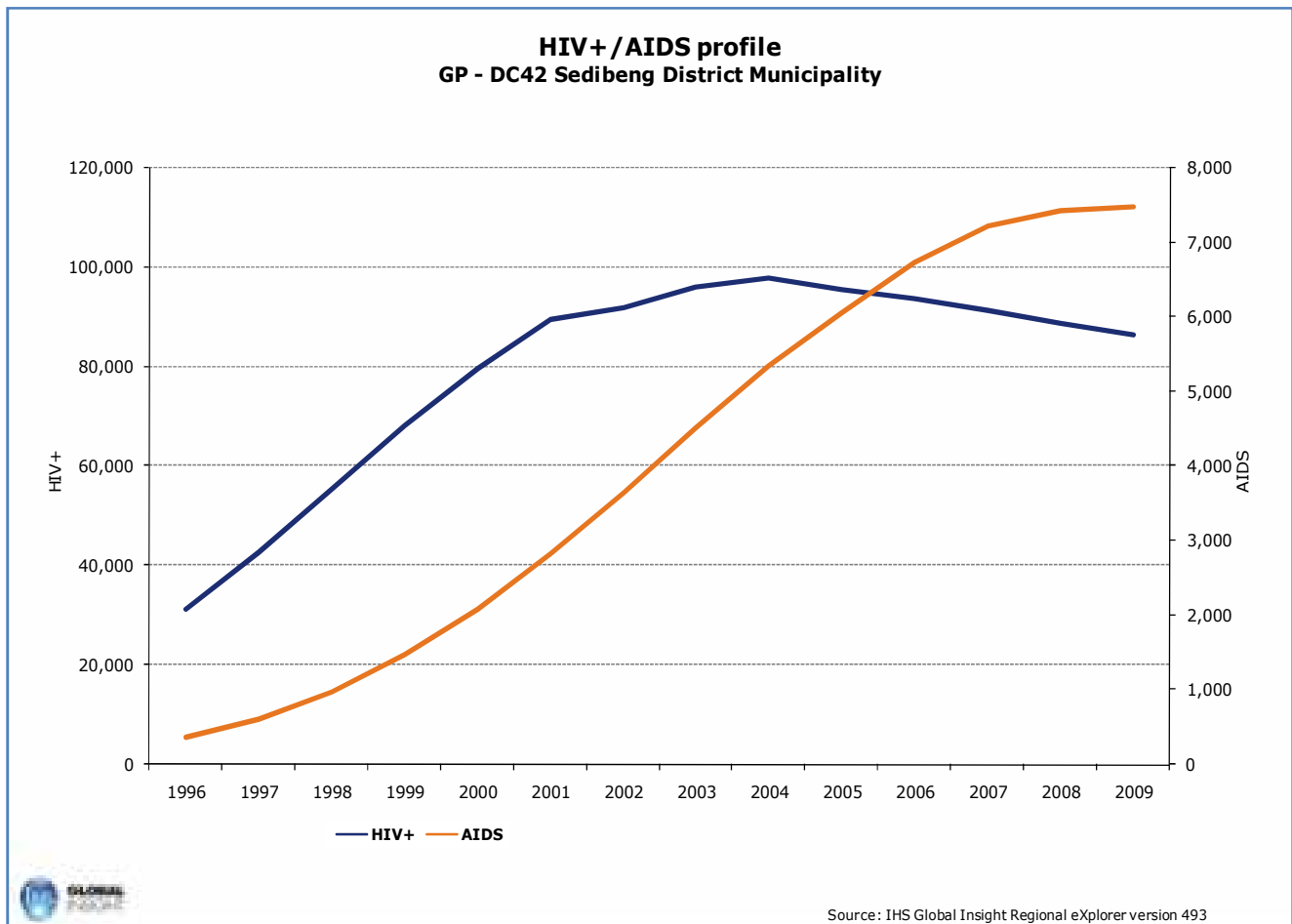
(Source: Global Insight, 2010)

Graph 2 shows the age breakdown of the Sedibeng population. Furthermore, it shows that there is a higher population between the ages 10 – 14 followed by 05 – 09. The smallest population is between the ages 70 – 74 followed by 75+. The population between ages 10 – 14 share a significant distribution of males and females. This may indicate that the population in the Sedibeng Region may have an equal distribution of males and females in the future.

1.5 HIV and AIDS

The District developed a Five-year strategy (2007-2011) that is aligned to the National Strategic and Provincial Strategic Plans and the programme of action was adopted by Council in 2009. All structures which are ward-based driven, including the District AIDS Council and the Local AIDS Councils, are in place and functional.

Graph 3: Number of HIV-positive Individuals, Sedibeng 2008



(Source: Global Insight, 2010)

Graph 3 above shows a steady decline in the number of people living with HIV, between 2004 and 2009. The new HIV infections have decreased drastically from just below 100, 000 mark in 2003 to just above 80,000 in 2009. This is an indication of the positive impact of various HIV and AIDS programmes the District has launched over the years, including the public-private interface. Although the AIDS-related illnesses are on the increase, the increase seems steady and stabilising.. With a continuous decrease in HIV infections, it is likely that over time, the AIDS-related illnesses will decrease. Stabilisation of the AIDS-related illnesses can be attributed to the introduction of the ARVs and robustness of the HIV and AIDS programme in the region.

1.6 Urbanisation

Urbanisation measures the percentage of people in a region that are living in urban areas.

Urban and Rural areas are defined as follows:

- ♣ An urban area is one that has been legally proclaimed as being urban. These include towns, cities and metropolitan areas.
- ♣ A semi-urban area is not part of a legally proclaimed urban area, but adjoins it. Informal settlements are examples of these types of areas. Semi-urban areas have been included with non-urban areas.
- ♣ All other areas are classified as non-urban, including commercial farms, small settlements, rural villages and other areas, which are further away from towns and cities than semi-urban areas.

Sedibeng region may have a large landscape with pockets of land that is suitable for Agricultural purpose and show all the marks of a rural or semi-urban area. However, in the last 15 years, it has seen huge transformation from the combination of peri urban or semi urban outlook to an urban area with the biggest growth in the building and settlement of our people in the low cost housing (RDP house).

Table 1: Urbanisation Rate, Sedibeng, 2008

	Sedibeng District Municipality	Emfuleni Local Municipality	Midvaal Local Municipality	Lesedi Local Municipality
Black	89.6%	95.7%	40.5%	76.8%
White	84.7%	91.1%	66.3%	71.5%
Coloured	85.0%	95.9%	36.5%	67.6%
Asian	92.1%	96.0%	-	89.0%
Total	88.8%	95.1%	48.2%	76.0%

(Source: Global Insight, 2009)

Table 1 above shows that Emfuleni has the highest number of people living in urban areas at 95.1% with Midvaal reflecting the lowest rate at 48.2%. Sedibeng urbanization figures have been declining from 93.6% in 2000, to 92.2% in 2007 and 88.8% in 2008.

This decline in the rate of urbanization is largely attributed to increased emergence of informal dwelling and growth in urban sprawl which is characterized by lack of or poor infrastructure such as access to water, electricity, sanitation and other important social facilities.

1.7 Socio – Economic Perspective

The thriving regional economy has always been driven by the manufacturing sector which for years had assumed the status of the biggest employer in the region until a change in the structure of the regional economy and global exposure of manufacturing sector especially steel to international competitiveness of steel industry.

Manufacturing sector in South Africa that was mainly based in our region, namely ISCOR, lost all the market protectionism and near monopoly status it enjoyed for years resulting in a serious slump which required restructuring ISCOR that gave birth to Arcelor Mittal.

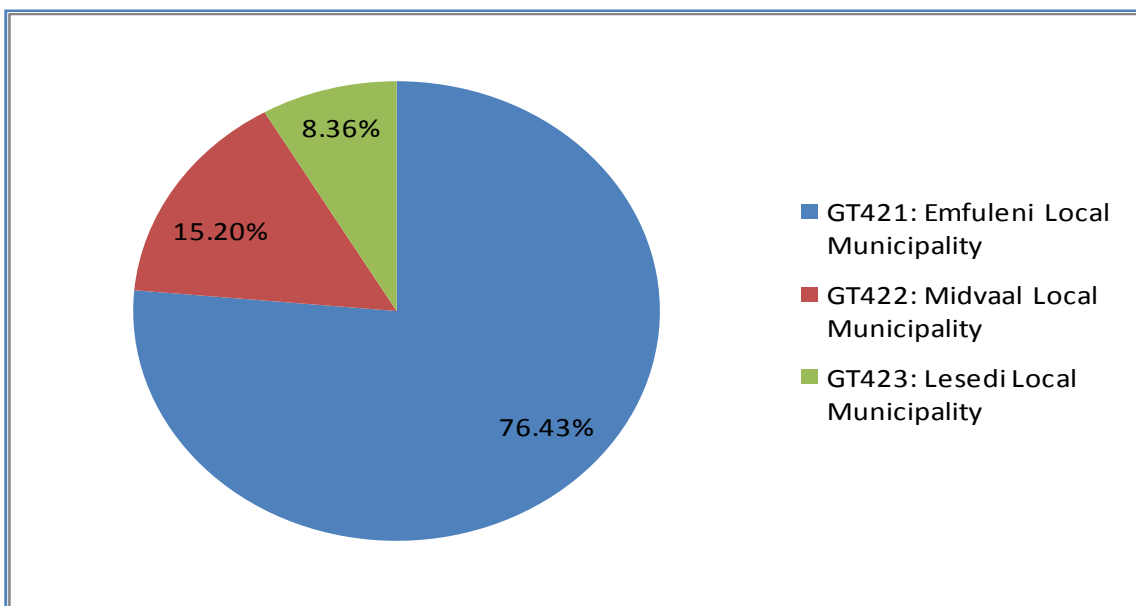
This exposure had serious socio economic consequences for this region in particular as a lot of jobs in this sector were lost, thereby increasing unemployment and exposed serious deficiencies in the skills base of the region to meet the challenges of globalizing economy, productivity and competitiveness of our manufacturing sector

The manufacturing sector has been identified as a priority sector with the potential to substantially contribute to employment and economic growth. In turn, this will unlock and promote broad-based industrial growth characterized by significant levels of participation by historically disadvantaged people and marginalized regions in the mainstream of the economy (Source: RIDS, 2007).

The metals, energy and construction sectors have been identified as the main manufacturing sub-sectors in the Sedibeng District. Sedibeng offers a comparative cost advantage in the provision of non-metallic mineral products, metal products, machinery, household appliances, electrical machinery and apparatus that comprise a total of 32% of the total exports of Sedibeng. This means that the region is doing better than South Africa as a whole in producing these products (Source: Global Insight, 2004). This contributes to the strong industrial development in the Sedibeng.

1.7.1 Economic Performance

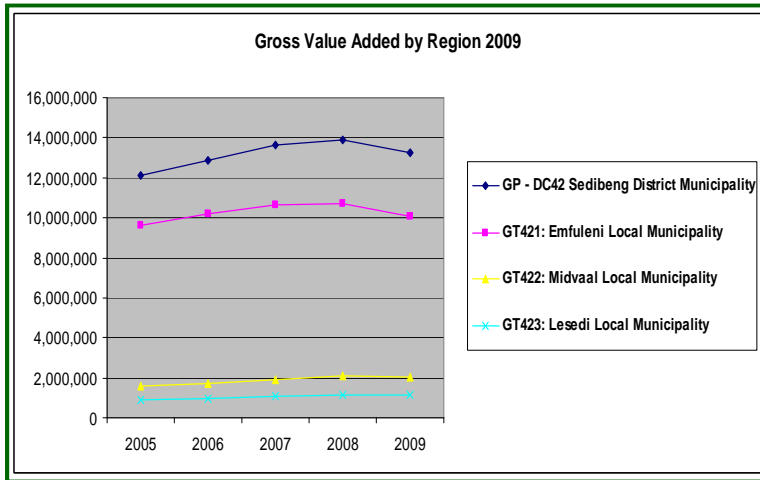
Graph 4: Composition of Sedibeng GDP by Municipality, 2008 - 2009



(Source: Global Insight, 2010)

Graph 4 illustrates the composition of Gross Domestic Product in the Sedibeng region in the period under review. Furthermore, it provides a comparative contribution of Local Municipalities to the GDPR. Emfuleni is the biggest contributor to Sedibeng GDPR among other Local Municipalities at 76.43%, followed by Midvaal and Lesedi at 15.2% and 8.36% respectively.

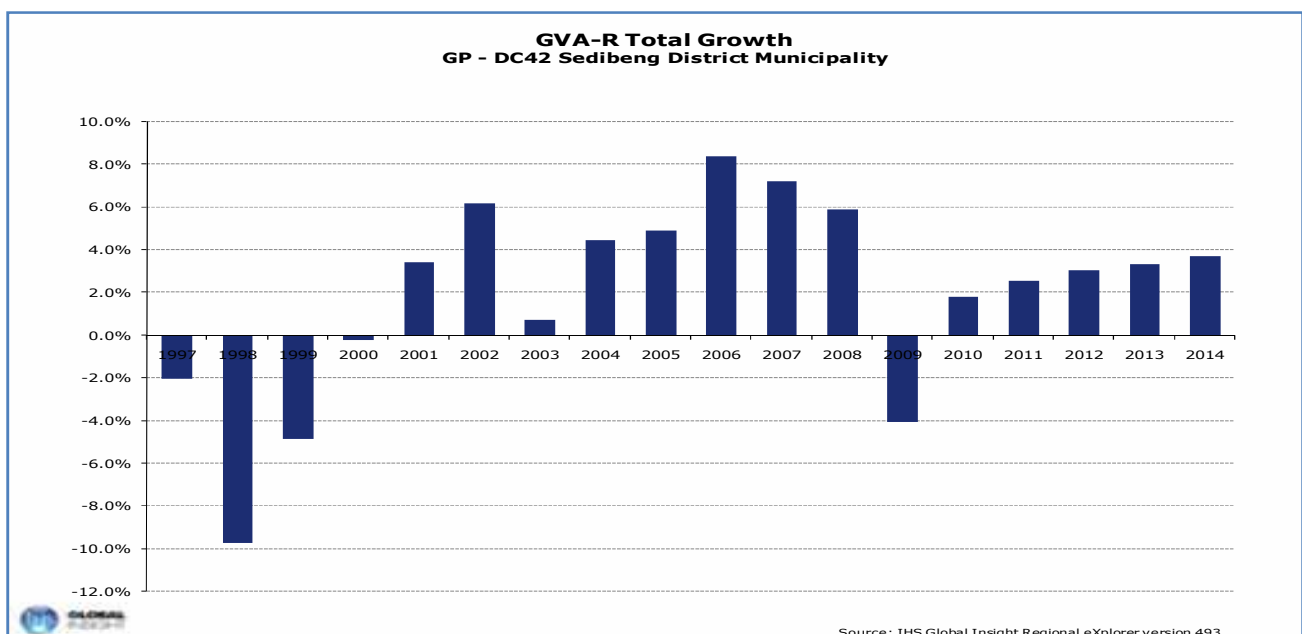
Graph 5: Gross Value Added by Region, 2005 - 2009



(Source: Global Insight, 2009)

Graph 5 shows a decline in the GVA figures for Sedibeng as a region and more specifically Emfuleni in the period 2008 to 2009. There is a fairly insignificant change in the figures for Midvaal and Lesedi in the same period. The decline in the GVA figures in the period 2008 to 2009 can be attributed to the global economic meltdown.

Graph 6: Total Growth Rate of GDPR, 2010



(Source: Global Insight, 2010)

The decline in the Sedibeng GDP shown in the graph 6 above in 2009 can be linked to the global meltdown crisis that affected both the local and international economies. However, the projections seem to point to an upwards swing in 2010 and beyond. Projections into 2014 show positive growth for the Sedibeng region.

1.7.1.1 Sectoral Analysis

The percentage contribution of economic sectors to the total GVA is used to measure how much each sector has contributed to the economy's GVA. The lowest contributing sector to the Sedibeng's GVA was the mining sector. This indicates that mining is not active in the Sedibeng District Municipality. The table below illustrates the contribution of the three (3) sectors to the total economy of the region.

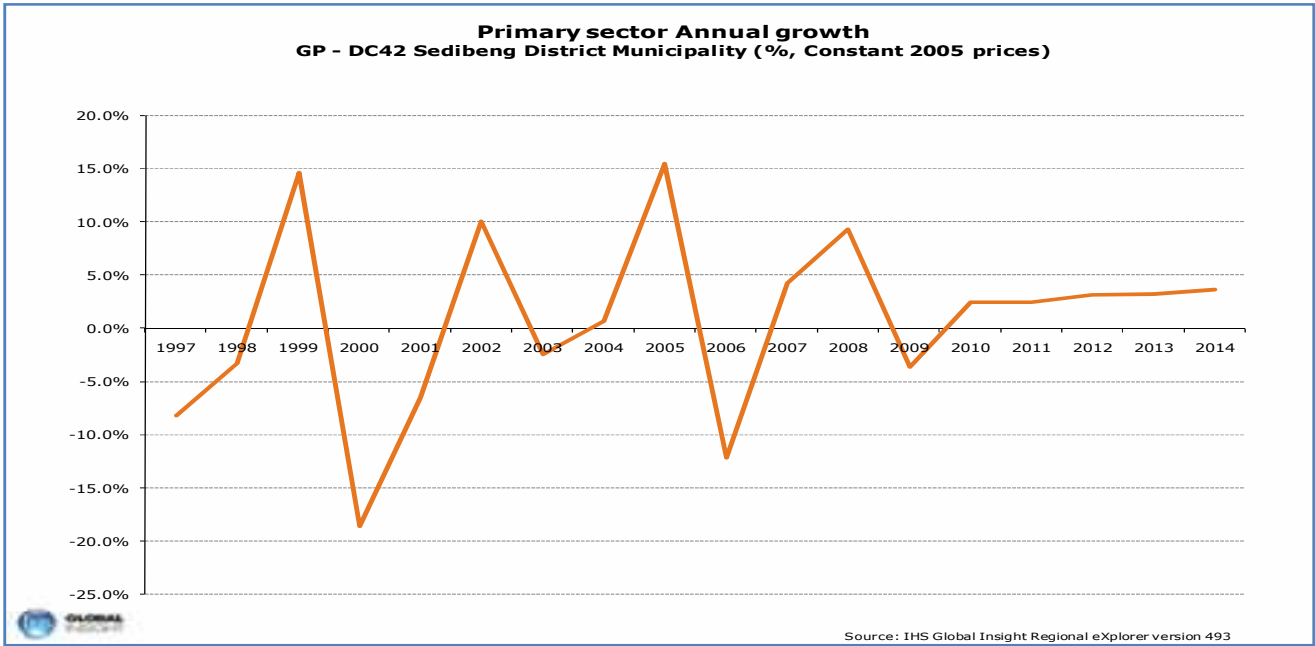
Table 2: Sectoral Contributions to GVA, Sedibeng 2010

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1 Agriculture	1.6%	2.3%	1.9%	1.6%	1.3%	1.4%	1.5%	1.6%	1.8%	2%
2 Mining	0.3%	0.3%	0.2%	0.3%	0.3%	0.4%	0.3%	0.4%	0.3%	0%
Primary Sector	1.8%	2.6%	2.2%	1.9%	1.7%	1.8%	1.9%	2.0%	2.1%	2%
3 Manufacturing	43.2%	46.0%	44.5%	44.0%	43.7%	43.7%	45.5%	46.0%	40.8%	35%
4 Electricity	3.8%	3.8%	3.8%	3.6%	3.7%	3.6%	3.3%	3.2%	3.3%	4%
5 Construction	2.2%	2.1%	2.3%	2.4%	2.5%	2.8%	2.9%	3.1%	3.5%	4%
Secondary Sector	49.2%	51.9%	50.6%	50.0%	49.8%	50.0%	51.7%	52.3%	47.7%	43%
6 Trade	8.7%	8.0%	8.1%	8.2%	8.1%	8.0%	7.5%	7.1%	7.4%	8%
7 Transport	5.2%	4.9%	4.9%	5.1%	5.1%	4.7%	4.4%	4.2%	4.4%	6%
8 Finance	12.3%	11.9%	12.2%	12.9%	13.3%	14.5%	14.9%	15.0%	16.0%	18%
9 Community Services	22.7%	20.7%	22.0%	21.9%	22.0%	20.9%	19.6%	19.4%	22.3%	23%
Tertiary Sector	48.9%	45.5%	47.2%	48.1%	48.5%	48.2%	46.4%	45.7%	50.2%	55%
Total Industries	100	100	100	100	100	100	100	100	100	100

(Source: Global Insight, 2010)

Table 2 shows that the primary sector is the least contributor to the Sedibeng GVA at 2.0% compared to 2.1% in 2009 followed by the secondary sector at 43% compared to 47.7% in 2009. The main contributor is the tertiary sector at 55% compared to 50.2% in 2009. There is a downward trend in both the primary and secondary sectors. Whilst there seem to be a favourable shift towards the tertiary sector, mining was almost inactive as a contributor towards GVA in 2010.

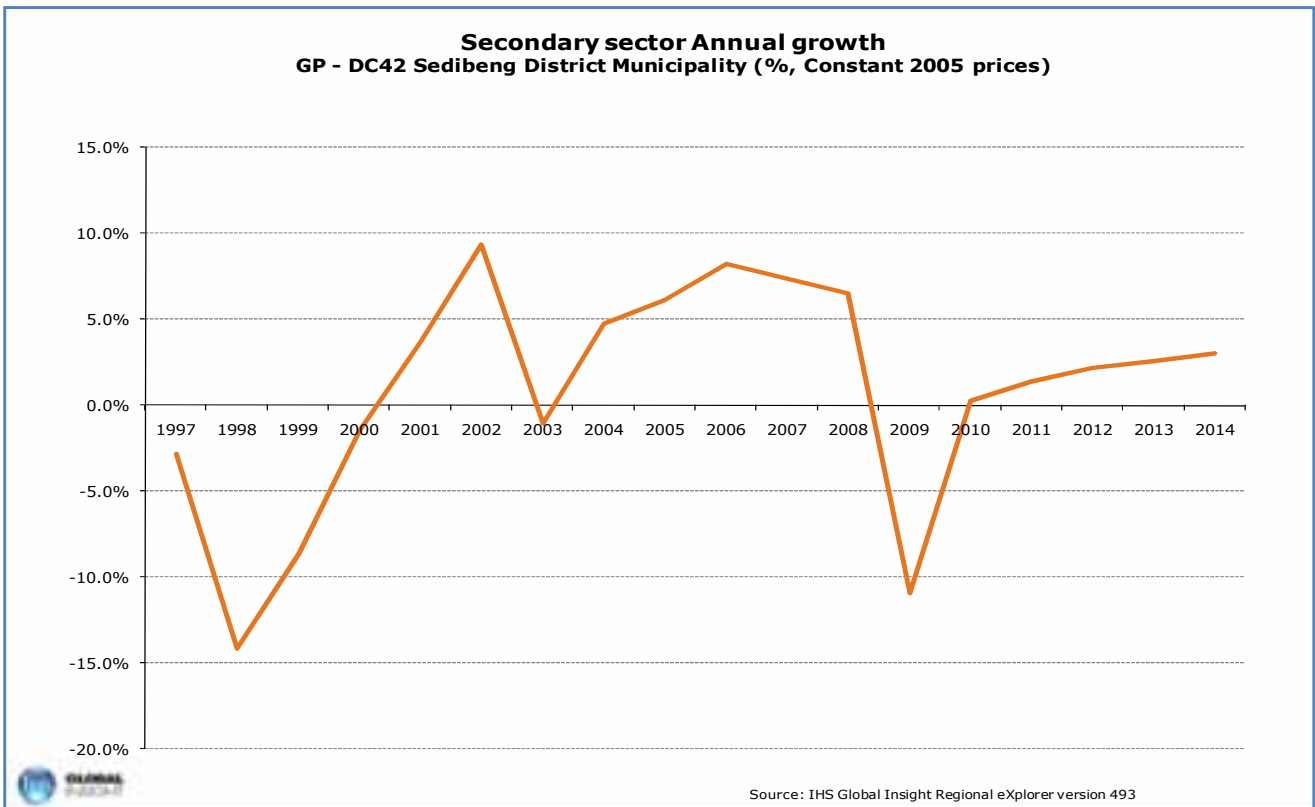
Graph 7: GVA Growth Rates in the Primary Sector, Sedibeng 2001 - 2010



(Source: Global Insight, 2010)

Graph 8 indicates a positive growth in the primary sector after the global economic crisis. The graph shows a growth in that the primary sector beyond the year under review.

Graph 8: GVA Growth Rate in the Secondary Sector, Sedibeng 2001 – 2014



(Source: Global Insight, 2010)

The secondary sector of the economy consists of manufacturing, electricity and construction. The manufacturing sector is the largest contributor to the total economy of Sedibeng and leads in the secondary sector contributing 35% compared to 40.8% in 2009. There is a decrease in growth in this sector recording a contribution of 43% in 2010 compared to 47.7% of a total Sedibeng economy in 2009. Although this sector is recording a decline since, the projections point to a positive growth in the period 2010 to 2014.

Graph 9: GVA Growth Rates in the Tertiary Sector, 2001 - 2014



(Source: Global Insight, 2010)

The tertiary sector is basically the services sector as well as the government and contributes 55% compared to 50.2% in 2009 to the Sedibeng GVA. Growth figures in this sector have experienced fluctuations over the last 8 years. In the period 2008 to 2009, this sector has experienced an increase of 4.5% from 45.7% in 2008 recording the highest positive growth among all sectors. The growth in the year under review recorded a 4.8% increase.

1.7.2 Employment

1.7.2.1 Labour Force Profile

Table 3: Economically Active Population by Gender and Population Group, Sedibeng 2010

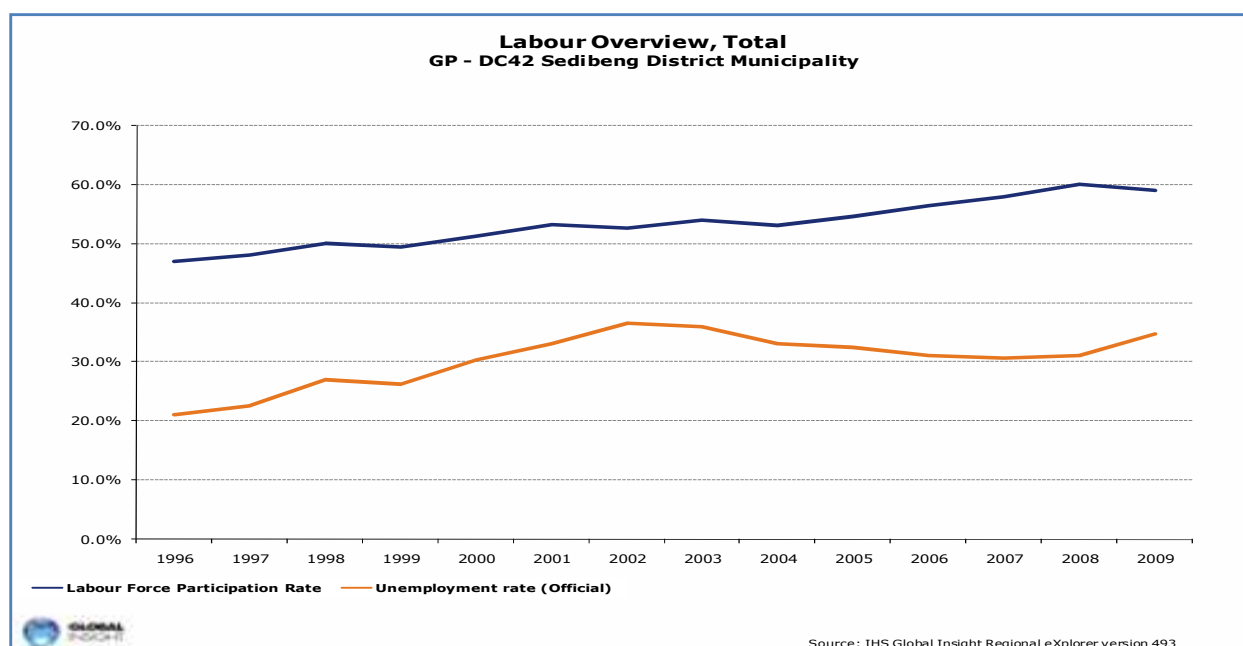
POPULATION	MALE	FEMALE	TOTAL
African	146,284	128,580	274,864
White	26,826	18,289	45,116
Coloured	1,982	1,807	3,789
Asian	1,862	839	2,701
TOTAL	176,955	149,514	326,469

(Source: Global Insight, 2010)

A total of 326,469 compared to 339, 296 of the population are employed across all sectors of the economy in Sedibeng; this represents 42.1% of the population of the region. Blacks account for 84.19% compared to 83.9% of the economically active in 2009, followed by Whites at 13.82% compared to 14.1% in 2009, Coloureds at 1.16% compared to 1.1% in 2009 and Asians at 0.83% compared to 0.8% in 2009. There has been a decline in the total number of the economically active population from 339, 296 in 2008 to 326, 469 in 2010, this represents 12, 827 job losses.

The male population accounted for 54.2% compared to 54.8% in 2009 while females comprised of 45.8% compared to 45.2% in 2009 of the economically active population. The figures for males have decreased by 0.6% compared to an increase of 1% in 2009, whilst figures for women have increased by 0.6% compared to a decrease of 1.1% in 2009.

Graph 10: Labour Force Participation Rate (LFPR), Sedibeng, 1996 - 2009



(Source: Global Insight, 2010)

Graph 10 shows labour force participation as well as unemployment rates in Sedibeng. There seem to be an increase in the labour force participation rate in the period 1996 to 2008. A similar trend can be observed with the unemployment rate in the period 1996 to 2002. Since then, unemployment has been on the decline. A drastic decline was experienced in the period 2002 to 2004 and in 2005 to 2008.

Table 4: Unemployment by Race by Gender, Sedibeng, 2010

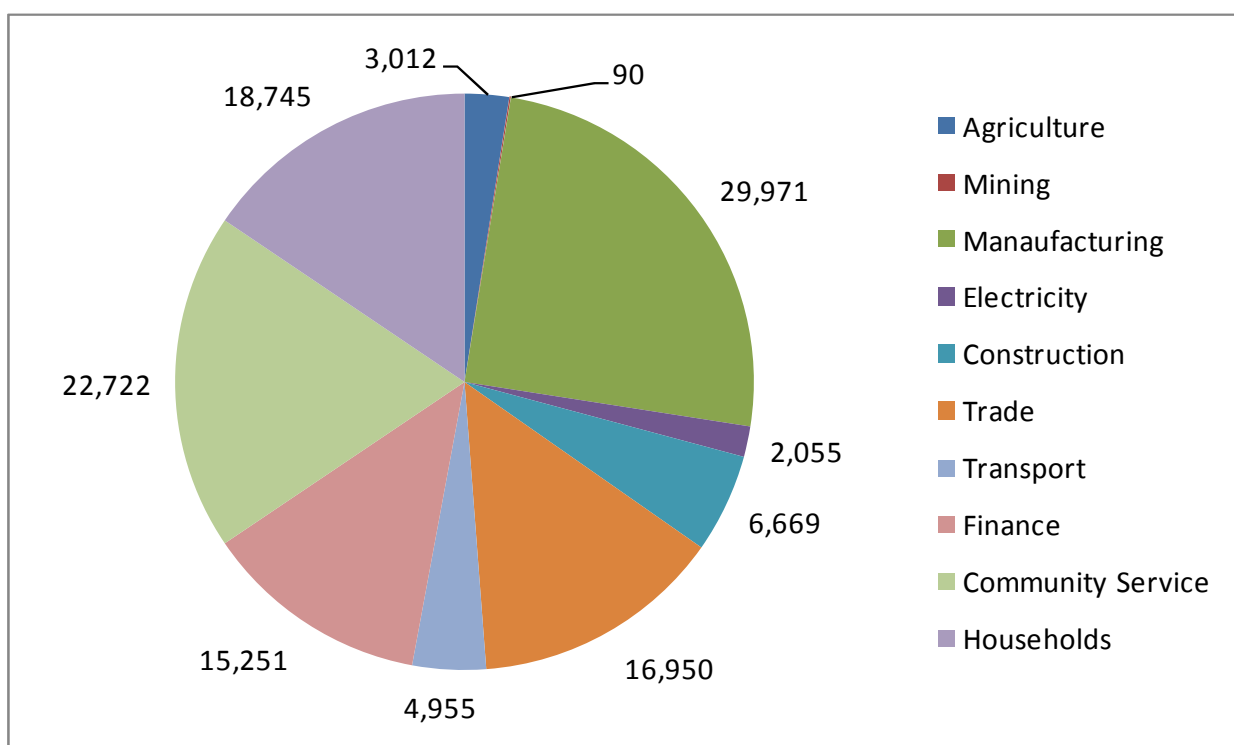
	Male	Female	Total	Percentage
Black	49,533	58,551	108,084	95.23%
White	2,244	2,289	4,533	3.99%
Coloured	341	335	676	0.60%
Asian	127	79	207	0.18%
Total	52,245	61,255	113,500	100.00%

(Source: Global Insight, 2010)

Table 4 shows unemployment by race and by gender in the Sedibeng region. The Black population accounts for 95.3% compared to 94.7% in 2009. The White population accounts for 3.99% compared to 4.27% in 2009 of the unemployed Coloureds, Asians at 0.6% compared to 0.77% in 2009 and 0.18% respectively. The Black population has experienced an increase in unemployment whilst other races have recorded a decline. Figures for Asian population remain unchanged.

1.7.2.2 Sectoral Employment

Graph 11: Number of Formal Employment by Sector, Sedibeng 2010



(Source: Global Insight, 2010)

Graph 11 above provides us with the total employment composition across all sectors of the economy in Sedibeng. It depicts that the manufacturing sector proves to be the largest employment sector at 29.971 people followed by the community services sector at 22.722 people. There is insignificant activity in mining with only 90 people employed in this sector. Agriculture and Electricity sectors show least employment absorption compared to other sectors.

1.8 Access to Services

1.8.1 Education

There are 148 primary schools and 88 secondary schools in Sedibeng District Municipality. Of the total 236 schools within Sedibeng, 90.3% are public schools and the remaining 9.7% are either private or semi – private schools.

Table 5: Learner - Teacher Ratio, Sedibeng & Gauteng, 2007 & 2008

Types of Schools	Sedibeng		Gauteng	
	2007	2008	2007	2008
Primary	32.0	32.1	34.3	33.8
Secondary	30.4	30.4	31.8	29.5

(Source: Gauteng Dept. of Education, 2008)

Table 5 provides a comparison of the learner – teacher ratio between Gauteng and Sedibeng for 2007 and 2008. In comparison with the learner – teacher ratio for Gauteng, Sedibeng had a lower ratio for primary schools for both years; however the situation might have changed in 2009. The ratio was larger for secondary schools in Sedibeng at 30.4 in comparison to 29.5 in Gauteng. This indicates that there is still room for improvement for Sedibeng in the learner – teacher ratio in the secondary schools.

1.8.2 Housing

Table 6: Access to Housing by Dwelling Type, by Local, Sedibeng, 2001 & 2007

Dwelling Type	Emfuleni			Midvaal			Lesedi		
	2001	2007	2009	2001	2007	2009	2001	2007	2009
Formal	81.8%	82.9%	85%	80.8%	86.3%	87%	76.7%	82.1%	88%
Informal	16.5%	14.9%	14.8%	16.7%	8.4%	8%	20.2%	13.8%	11%
Traditional	1.4%	0.5%	5%	1.9%	0.4%	3%	2.8%	1.4%	1.4%
*Other	0.3%	1.7%	1.5%	0.6%	5%	5%	0.3%	2.8%	2.3%

(Source: Stats SA, Census 2001 (P0300) & Community Survey 2007 (P0301))

*Other includes living in caravan/tent, boat/ship and workers living in hostels as well as any misspecification filled out during the two surveys.

Formal housing has increased in the past years within Sedibeng District by 5.9% which led to partly formalisation of at least 4 informal settlements. The challenge has been the growing of existing informal settlements after the beneficiary administration has already been completed.

Informal residential settlements can be defined as settlements that do not have any formal town-planning structure and have limited access to basic engineering services such as water, sewerage and electricity. There are thirty five (35) informal settlements in Sedibeng with six (6) being in the process of being formalized.

Midvaal has the highest percentage of the formal housing at 86.3% followed by Emfuleni and Lesedi at 82.9% and 82.1% respectively. Emfuleni has the highest informal housing at 14.9% followed by Lesedi at 13.8% and Midvaal at 8.4%. There has been a dramatic improvement in the process of formalising informal housing in Sedibeng between 2001 and 2007 with Midvaal showing the greatest achievement of 8.3% followed by Lesedi at 6.4%. Emfuleni made the least improvement at 1.6%.

1.8.3 Health Services

Table 7: Health Service Indicators, Sedibeng, 2004/05 – 2008/09

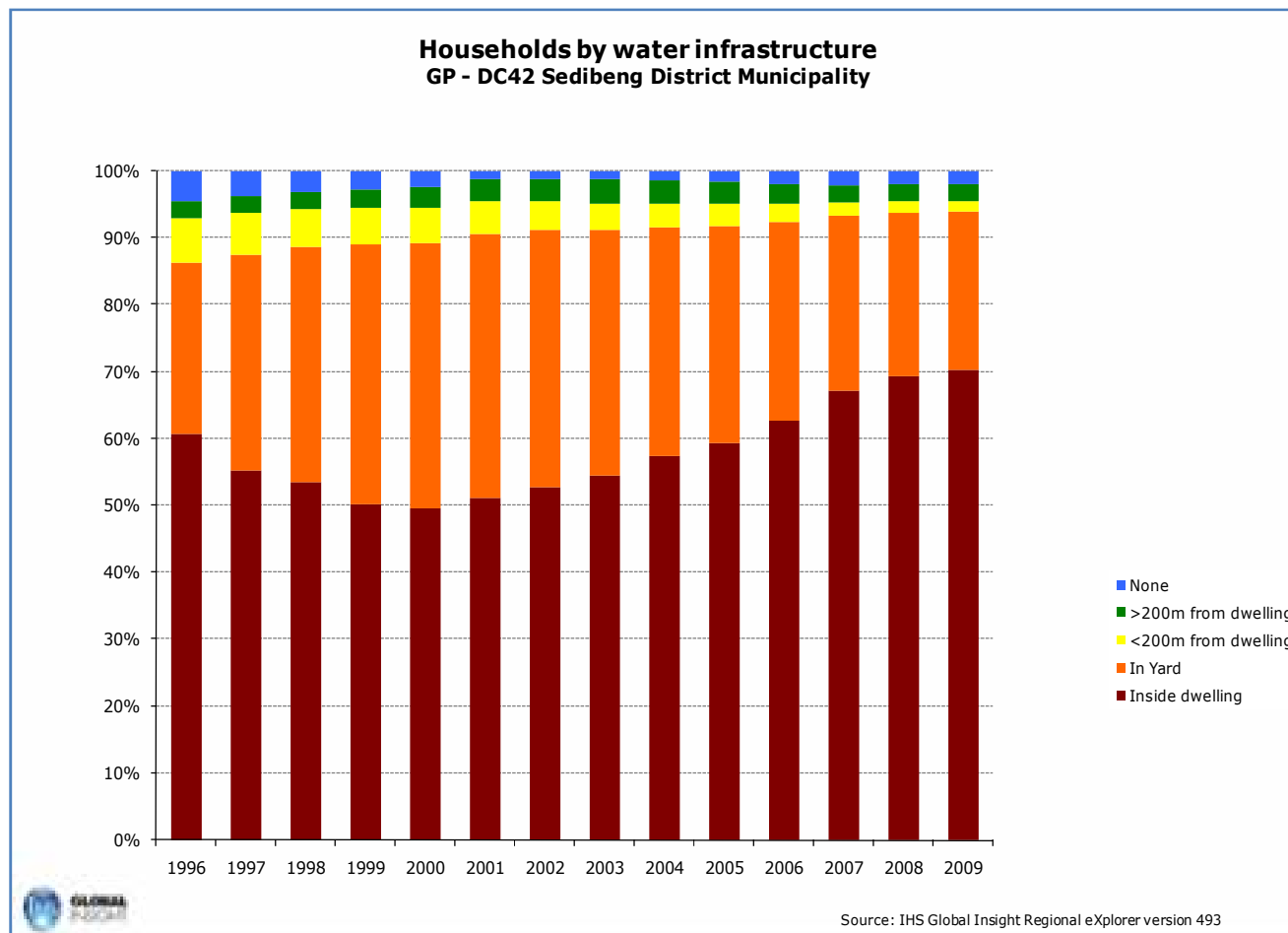
Indicator	2004/05	2005/06	2006/07	2007/08	2008/09
Medical Aid coverage	-	14.8%	14.5%	17%	18.7%
Nurse clinical workload	42.7%	39.3%	36%	25.7%	26%
Bed utilisation rate (BUR)	68%	72%	65%	72.25%	70%
TB cure rate	57%	66%	68.1%	74%	77%

(Source: Gauteng Department of Health, Health Status Report 2008)

Table 7 shows that Sedibeng has the lowest medical aid coverage in Gauteng, ranging between 14.8% in 2005/06 and 18.7% in 2008/09. There has been a decline in the nurse client workload from 42.7% patients per nurse in 2004/05 to 26% patients per nurse in 2008/09. This shows improvement on the patient/ nurse ratio making the work load manageable for health workers. The bed utilisation rate is fluctuating between 68% and 72%; however a 2% drop occurred in this financial year. It is commendable that in the wake of the HIV& AIDS epidemic, TB cure rate has improved from 57% in 2004/05 to 77% in 2008/9.

1.8.4 Water and Sanitation

Graph 12: Access to Water, Sedibeng 2007

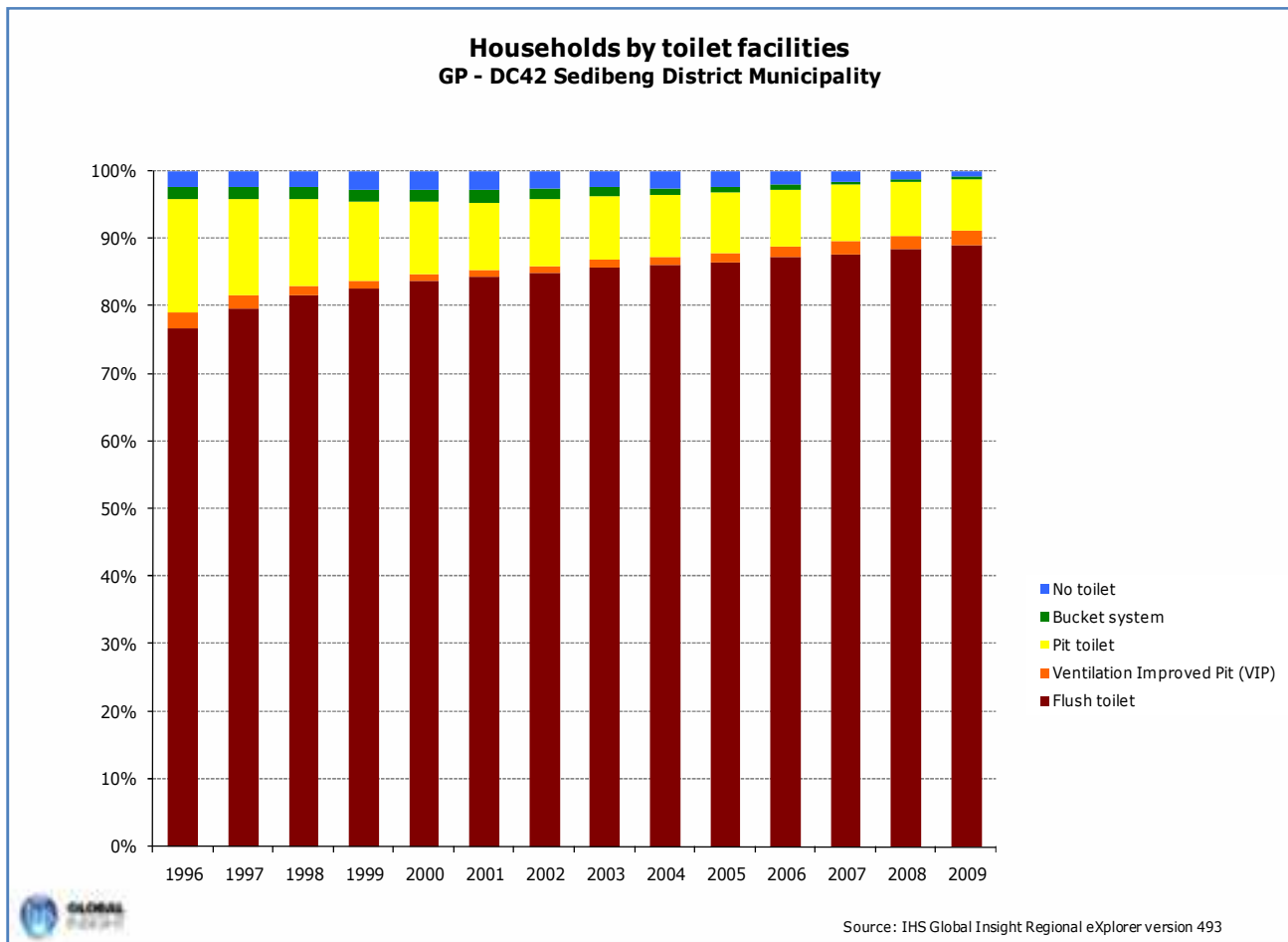


(Source: Global Insight, 2010)

The Sedibeng District Municipality has high water service levels, with 95.5% of the households having access to RDP water services. Emfuleni Local Municipality has the highest RDP water service levels at 96.1%, followed by Midvaal Local Municipality at 95.4% and lastly Lesedi Local Municipality with 89.6%.

Sedibeng has a water backlog of 11, 497 households below RDP level. Emfuleni has the largest water backlog of 7, 780 households, which accounts for 67.67% of the district backlog.

Table 8: Sanitation, Sedibeng 2010



(Source: Global Insight, 2010)

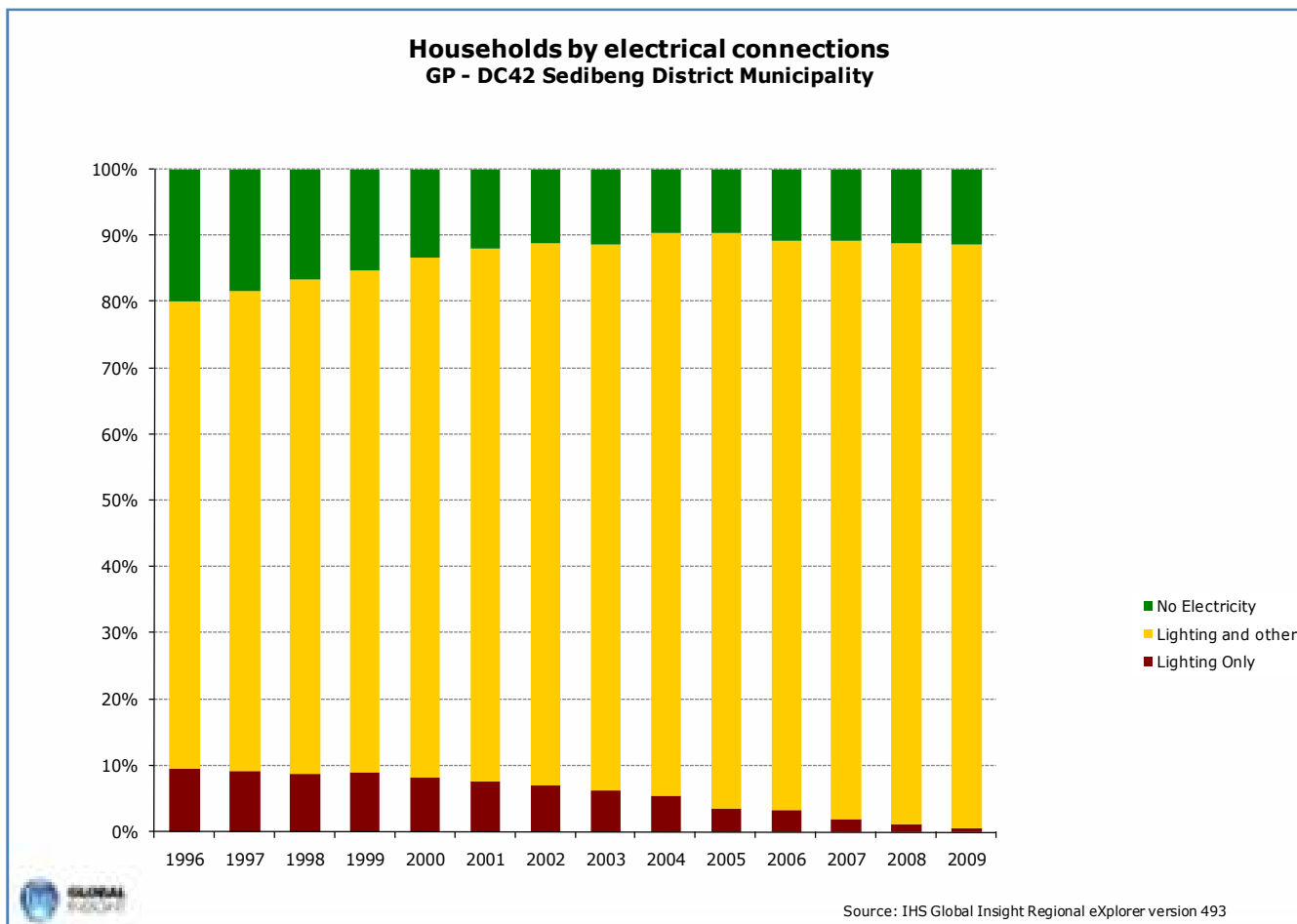
Access to sanitation has been described as access to various forms of sanitation including flush toilets, dry toilets, chemical toilets and pit latrine and excludes the bucket system and people with no access to sanitation.

Sedibeng has high sanitation service levels, with 91.2% of the households having access to sanitation. Midvaal has the highest sanitation service levels in the district at 95.3%, followed by Emfuleni at 90.9% and Lesedi at 88.7%.

Sedibeng has a sanitation backlog of 22, 136 households without hygienic toilets. Emfuleni has the largest backlog in the district of 11 212 households and contributes 82.27% to the district backlog. Midvaal has the smallest backlog of 1, 486 households without hygienic toilets and contributes 6.71% to the district backlog.

1.8.5 Electricity

Graph 13: Access to Electricity, Sedibeng, 2010



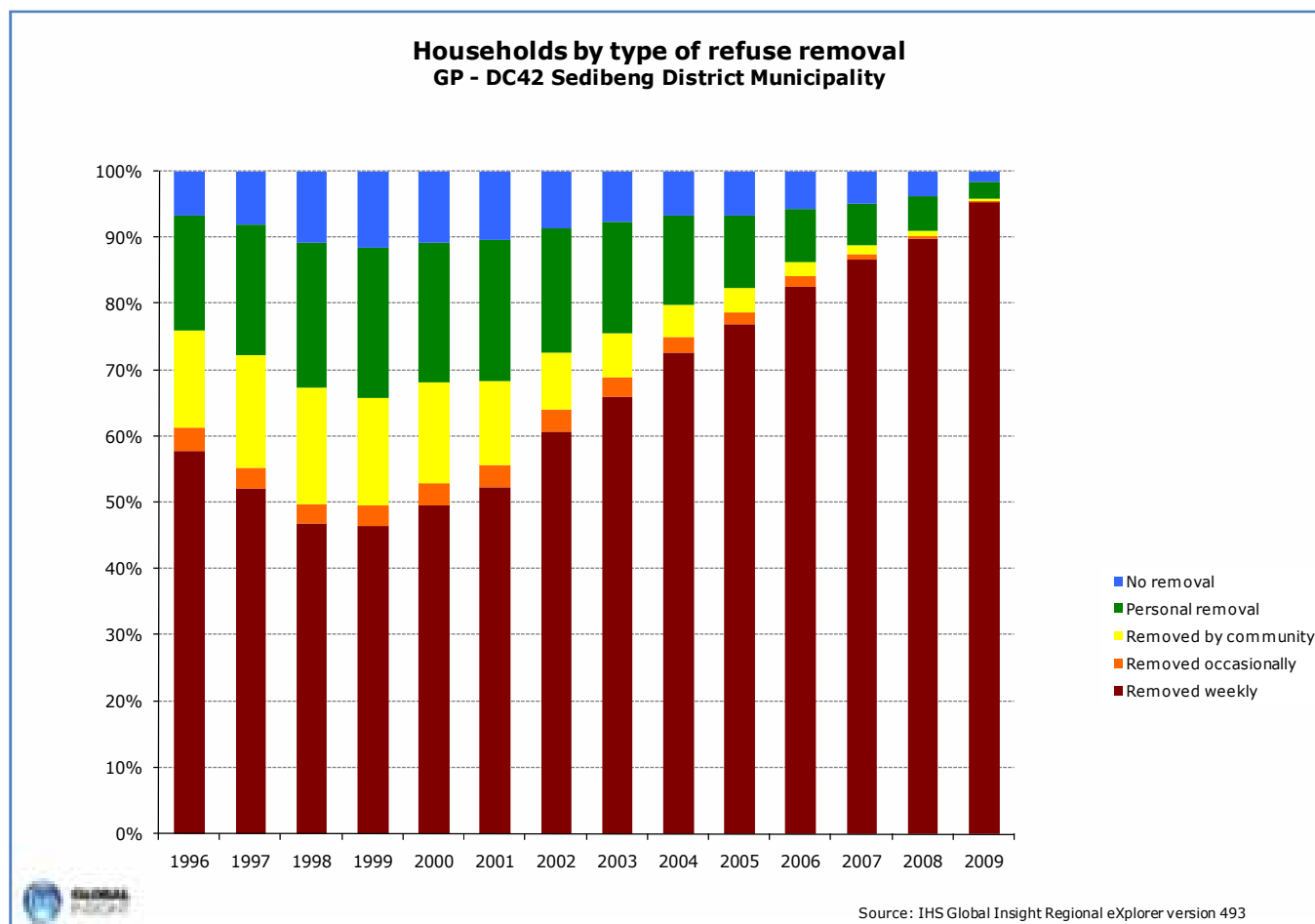
(Source: Global Insight, 2010)

Graph 13 indicates that 88.7% of the households in Sedibeng region have access to electricity for lighting purposes. Emfuleni has the highest percentage of households with access to electricity for lighting purposes at 92% and Lesedi has the lowest percentage at 68%.

Sedibeng as a region has a backlog of 28, 570 households with no electrical connection. Emfuleni has the largest backlog in the district of 16, 044 households with no electrical connection and contributes 56.16% to the district backlog. Midvaal has the smallest backlog of 5, 603 households, accounting for 19.61% of the district backlog.

1.8.6 Refuse Removal

Graph 14: Refuse Removal, Sedibeng, 2010



(Source: Global Insight, 2010)

Graph 14 shows that Emfuleni has the highest refuse removal levels at 98.5%, followed by Midvaal at 87.4% and then Lesedi at 81.1%. Lesedi has the largest refuse removal backlog of 4, 102 households with no formal refuse removal and contributes 36.76% to the district backlog. Emfuleni has the smallest refuse removal backlog of 3, 044 households and accounts for 27.28% of the district backlog.

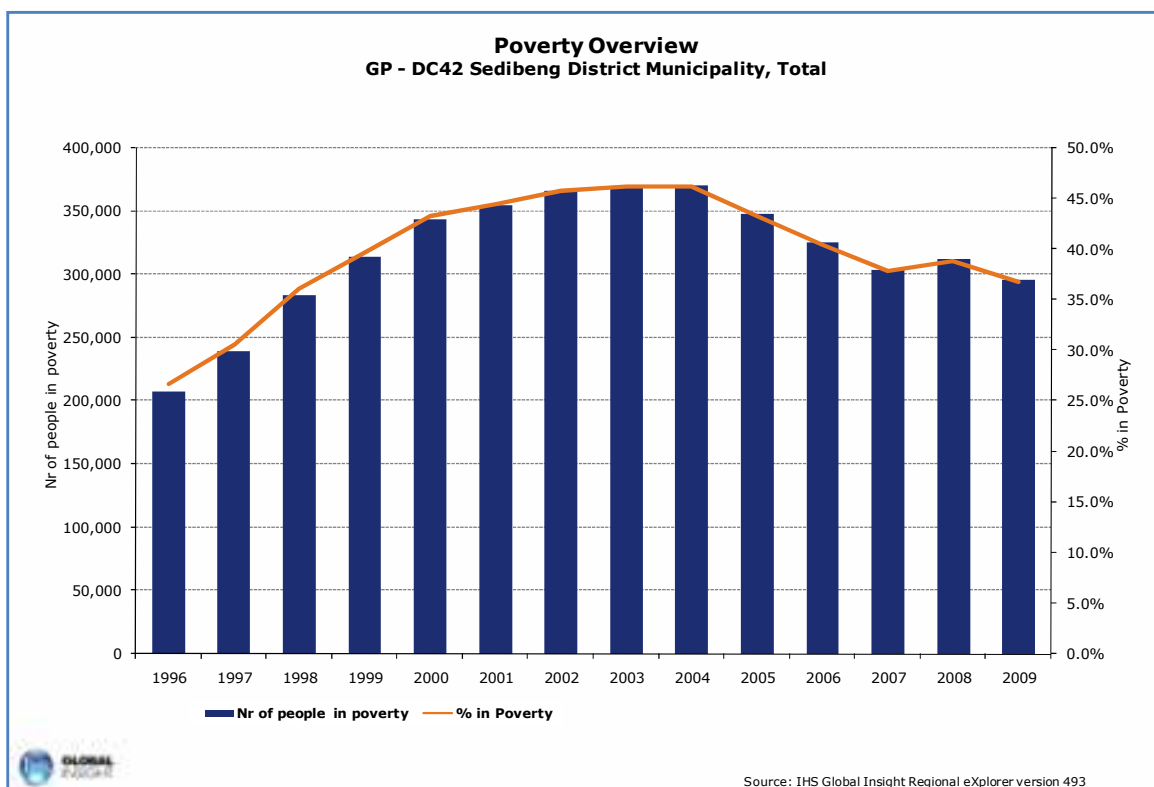
1.9 Human Development Index

The Human Development Index (HDI) is a composite, relative index that attempts to quantify the extent of human development of a community. It is based on measures of life expectancy, literacy and income. It is thus seen as a measure of people's ability to live a long and healthy life, to communicate, to participate in the life of the community and to have sufficient resources to obtain a decent living. The HDI can assume a maximum level of 1, indicating a high level of human development, and a minimum value of 0, indicating no human development.

1.9.1 The Poverty Rate

Poverty rate is the number of people living in households that have an income less than the poverty income. The percentage of people in poverty is the percentage of these people relative to the total regional population. It should be noted that the poverty income is defined as the minimum monthly income needed to sustain a household and varies according to the size of that household. The larger the household, the larger the income required to keep its members out of poverty.

Graph 15: Number and Percentage of People in Poverty, Sedibeng, 2010



(Source: Global Insight, 2010)

Graph 16 above illustrates a significant decline in the percentage of people living in poverty, from 2005 to 2009. This represents a dramatic achievement in the fight against poverty in the Sedibeng region. There is a strong indication that the number of people living in poverty will drop further in the near future, a positive observation for the region.

1.9.2 Poverty Gap

The restriction of the poverty rate as an indicator of poverty is that it does not give indication of the depth of poverty i.e. how far the poor households are below the poverty income level. In this regard, the poverty gap becomes useful and is used to measure the gap between each poor household's income level and the poverty line, thus providing some depth of poverty of each poor household. The gap represents what poor households would have to earn to raise them up to the minimum income level.

Table 9: Poverty Gap, Local and by Race, Sedibeng, 2010

	Emfuleni Local Municipality		Midvaal Local Municipality		Lesedi Local Municipality	
	2009	2010	2009	2010	2009	2010
Black	460	677	25	33	46	68
White	11	14	3	3	4	6
Coloured	4	5	0	1	0	0
Asian	1	1	0	0	0	0
Total	476	697	28	37	50	74

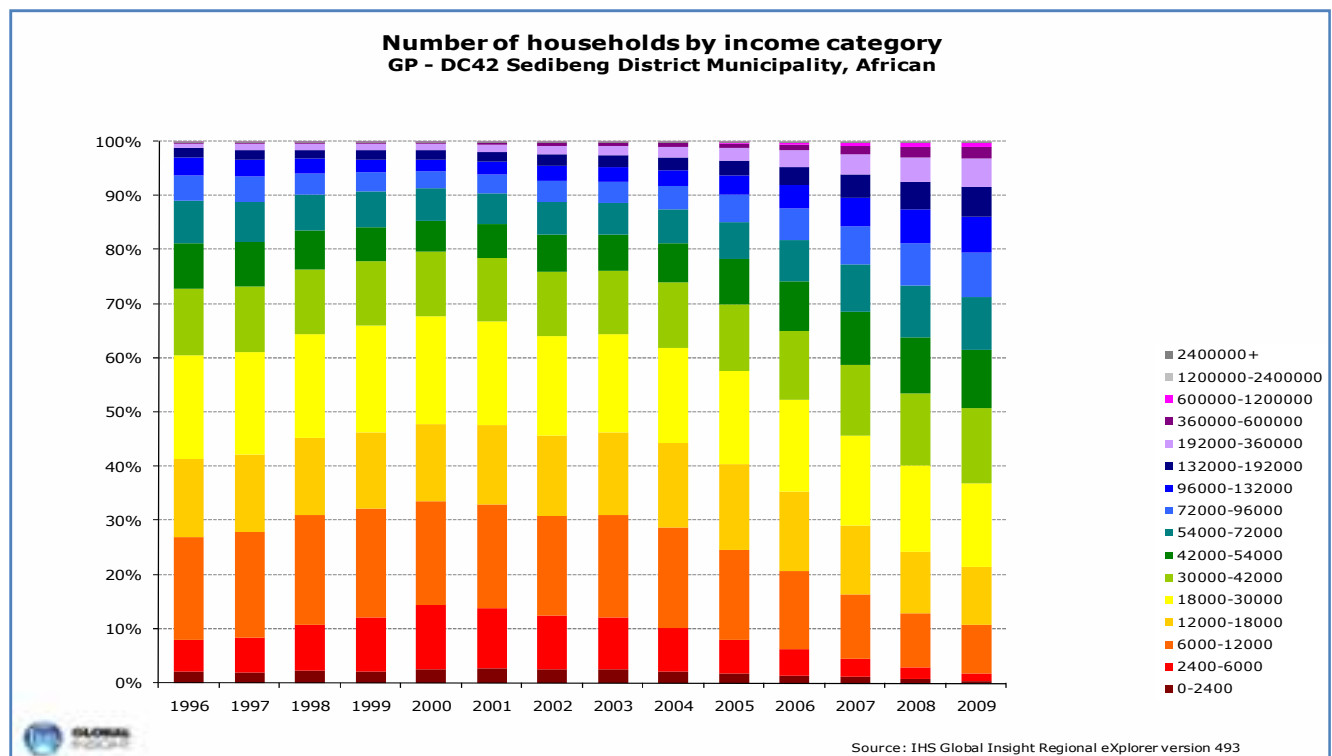
(Source: Global Insight, 2010)

Emfuleni has the highest poverty gap followed by Lesedi and Midvaal respectively. Blacks in Emfuleni have the highest poverty gap at 677 compared to 460 in 2009, followed by Whites at 14 compared to 11 in 2009, Coloureds and Asians at 4 and 1 respectively. There is generally a high poverty gap among Blacks compared to other races.

1.9.3 Income Inequality

The following section shows how many houses are in each of the predefined income categories, starting at the lowest income category R0 - R2 400 per annum up to R2 400 000 per annum and includes payments in kind from employers, old age pensions, income from informal sector activities, etc.

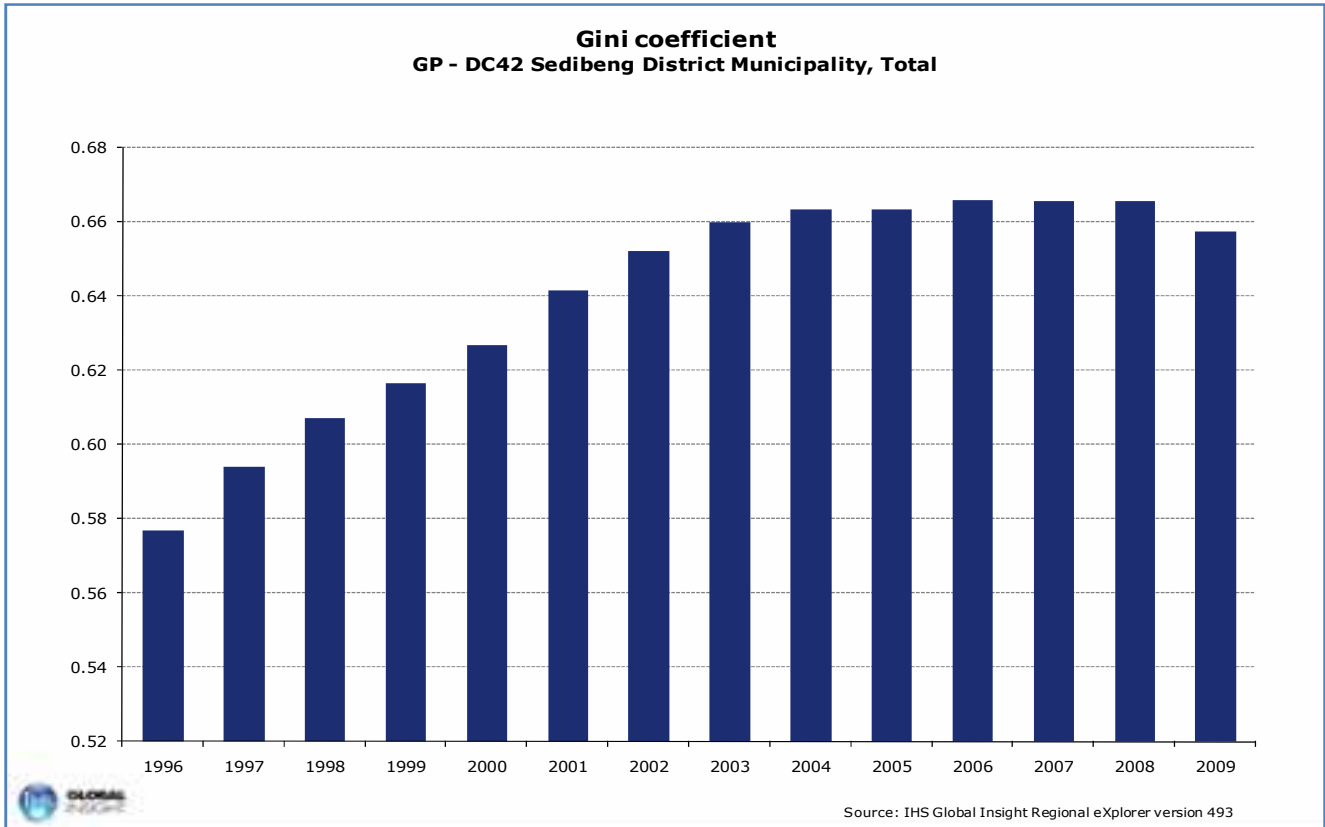
Table 10: Income Inequality, Sedibeng, 2010



(Source: Global Insight, 2010)

The Gini coefficient is a summary statistic of income inequality, which varies from 0 (in the case of perfect equality where all households earn equal income) to 1 (in the case where some households earn more income than others). In practice the coefficient is likely to vary from approximately 0, 25 to 0, 70.

Table 11: Gini Coefficient, by Municipality, Sedibeng, 2010



(Source: Global Insight, 2010)

Emfuleni has the lowest inequality gap at 0.63 compared to 0.64 in 2009, whilst Midvaal has the highest inequality gap at 0.72 compared to 0.73 in 2009 followed by Lesedi at 0.70 compared to 0.72 in 2009.

1.9.4 Population Dynamics

Table 12: Human Development Index by Population Group, Sedibeng 2008 - 2010

	Emfuleni Local Municipality		Midvaal Local Municipality		Lesedi Local Municipality	
	2009	2010	2009	2010	2009	2010
Black	0.53	0.52	0.45	0.44	0.47	0.46
White	0.87	0.87	0.88	0.89	0.87	0.88
Coloured	0.62	0.59	0.55	0.51	0.49	0.45
Asian	0.76	0.74				
Total	0.60	0.59	0.64	0.62	0.56	0.55

(Source: Global Insight, 2010)

Table 12 depicts the HDI composition by population group in the period 2008 -2010 for Sedibeng region. HDI levels for Whites are the highest at 0.89 compared to 0.88 in 2009 in Midvaal. The overall development level of Sedibeng District has decreased from 0.60 in 2009 to 0.59 in 2010 in Emfuleni, from 0.56 in 2009 to 0.55 in 2010 in Lesedi.

2 CHAPTER 2: INSTITUTIONAL TRANSFORMATION AND GOVERNANCE

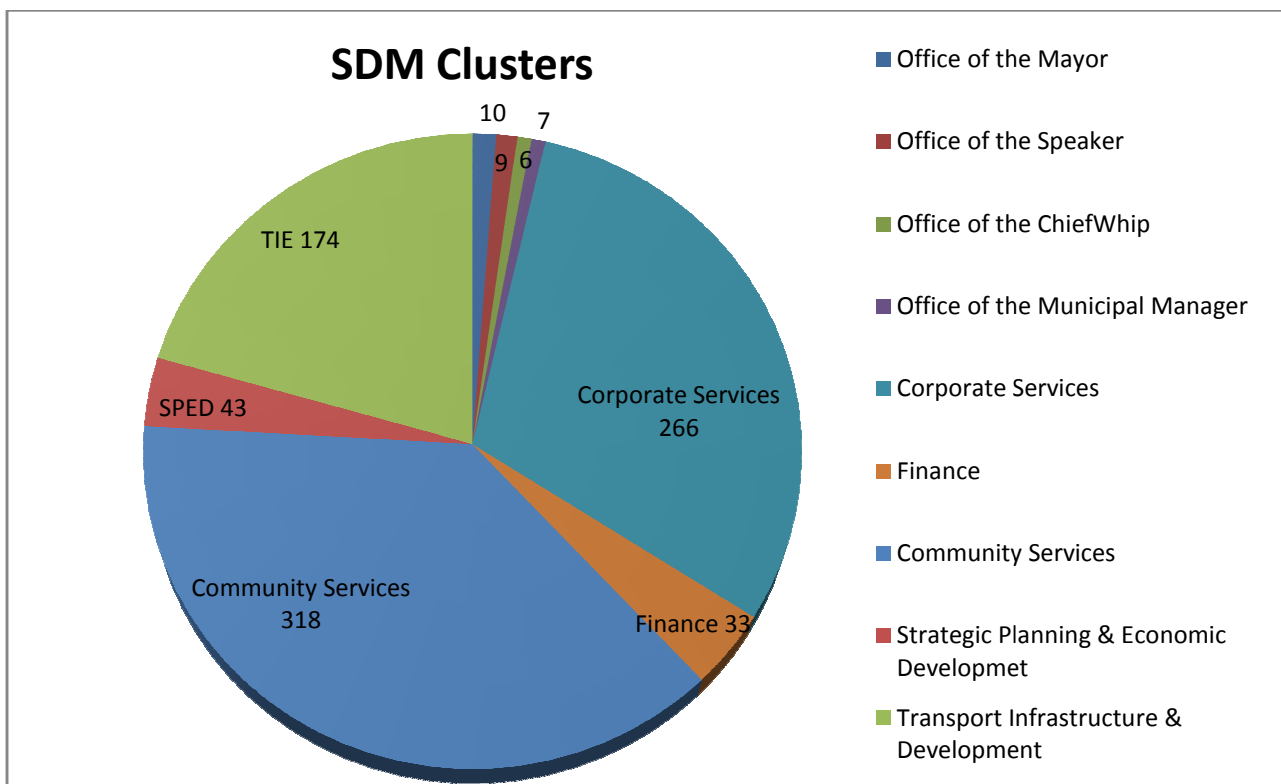
2.1 HUMAN RESOURCES AND MANAGEMENT

2.1.1 ORGANISATIONAL BREAKDOWN WITHIN CLUSTERS BY END JUNE 2010

The table below depicts the deployment of the Human Capital within the Municipality:

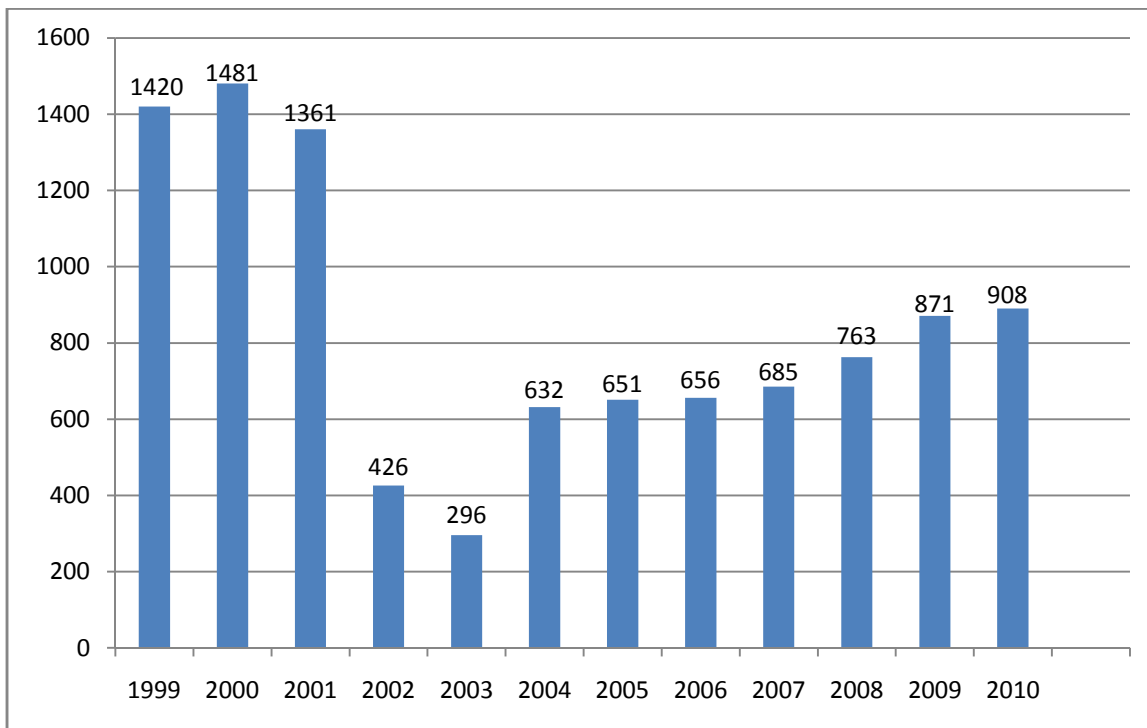
CLUSTER	APPROVED STRUCTURE	ACTUAL STAFF COMPLIMENT	VACANCIES PER ORGANOGRAM
Office of the Executive Mayor	10	10	0
Office of the Speaker	09	09	0
Office of the Chief Whip	07	06	01
Office of the Municipal Manager	10	07	03
Corporate Services	260	266	-06
Finance	31	33	-02
Community Services	397	318	79
Strategic Planning & Economic Development	70	43	27
Transport Infrastructure & Environment	299	174	125
TOTAL	1093	866	227

The chart below depicts SDM staff excluding Councillors



The total number of staff including Councillors is 908.

The graph below depicts Sedibeng [Staff Growth] inclusive of Councillors from 1999 to June 2010



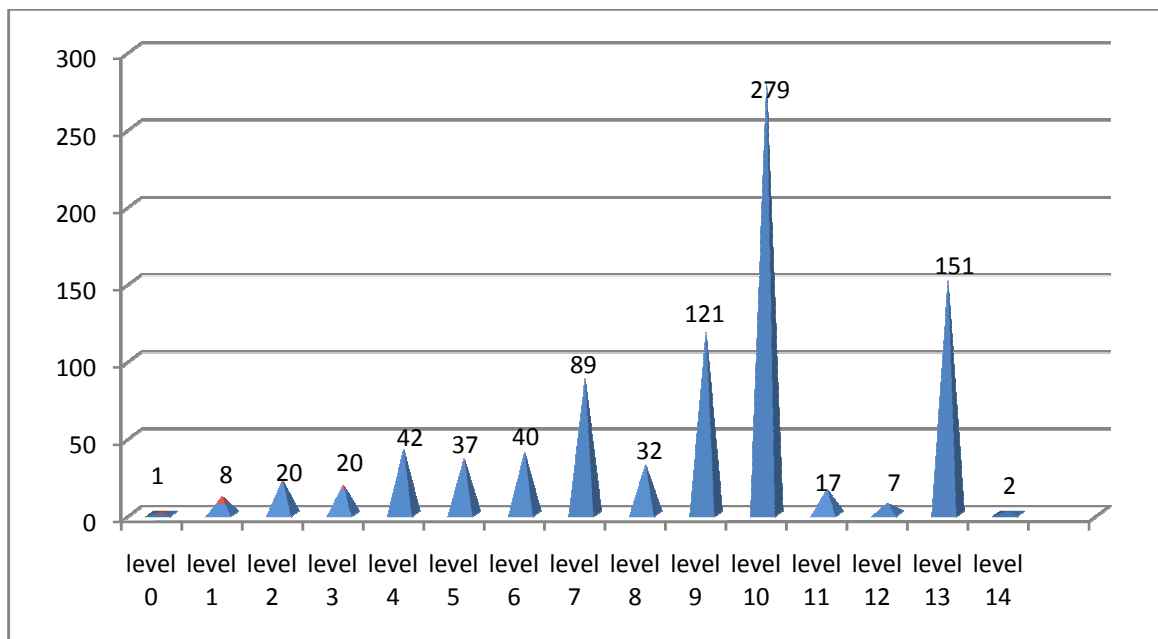
The number of staff increased between 2003 and 2004 due to migration of staff from Local Municipalities to the District. SDM also engaged in an intensive restructuring in 2006/2007 financial year. In the 2008/09 period, the District recruited Ex-Combatants, and created other new posts in response to operational requirements.

2.1.2 STAFFING

The table below shows the number of positions filled between July 2009 and June 2010:

Functional Area	Positions Filled
Office of the Executive Mayor	02
Office of the Speaker	03
Office of the Chief Whip	02
Office of the Municipal Manager	03
Corporate Services	26
Community Services	10
Treasury	07
Strategic Planning & Economic Development	07
Transport Infrastructure & Environment	14
TOTAL	74

The graph below depicts [Staff Profile by Levels]



2.1.3 EMPLOYMENT EQUITY

In terms of Section 20 of the Employment Equity Act, all designated employers, must prepare and implement the employment equity plan, which will achieve reasonable progress towards employment equity.

The Council is in the process of developing the Employment Equity Policy and Plan. The policy is aimed at addressing workplace demographic imbalances.

The Council by developing the equity plan will demonstrate its commitment to achieve the following:

- ♣ Promote equal opportunity
- ♣ Fair treatment in employment.
- ♣ Eradicate unfair workplace practices and
- ♣ Redress workplace demographic imbalances.

The total number of Employees in SDM is 866. The table below depicts the demographics for the financial year 2009/2010.

Occupational Levels	Male vs Race				Female vs Race				Total Gender		Grand Total
	A	C	I	W	A	C	I	W	Male	Female	

Top management (0-3)	27	3	2	8	7	0	0	2	40	9	49
Senior management (4 – 5)	41	0	2	9	20	1	2	6	52	29	81
Professionally qualified and experienced specialists and mid-management (6-7)	59	0	1	12	40	1	4	12	72	57	129
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (8-11)	192	7	3	13	216	4	2	11	215	232	447
Semi-skilled and discretionary decision making (12)	5	0	0	0	0	0	0	1	5	1	6
Unskilled and defined decision making (13-17)	84	1	0	0	69	0	0	0	85	69	154
GRAND TOTAL	408	11	8	42	351	6	8	32	469	397	866

The following table shows a breakdown of Ex-Combatants incorporated into the SDM:

Occupational Levels	Male vs Race				Female vs Race				Total
	A	C	I	W	A	C	I	W	
Professionally qualified and experienced specialists and mid-management (6-7)	7	0	0	0	0	0	0	0	7
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (8-11)	10	0	0	0	1	0	0	0	11
Unskilled and defined decision making (13-17)	23	0	0	0	1	0	0	0	24
GRAND TOTAL	40	0	0	0	2	0	0	0	42

Data on ex-combatants was compiled and in the process of verification with National structures. The empowerment and skills development programmes are in place. The Municipality has employed 42 Ex-combatants of whom 8 are liaison officers whose duties are to facilitate developmental programmes.

The Ex Combatants were placed within the following Departments:

- Facilities Department; 24
- Community Services: 16
- Strategic Planning and Economic Development: 2

The following table shows a breakdown of employees with disabilities:

Occupational Levels	Male vs Race				Female vs Race				Total
	A	C	I	W	A	C	I	W	
Professionally qualified and experienced specialists and mid-management (6-7)	0	0	0	1	0	0	0	1	2
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (8-11)	0	0	0	1	0	0	0	0	1
Unskilled and defined decision making (13-17)	4	0	0	0	0	0	0	0	4
GRAND TOTAL	4	0	0	2	0	0	0	1	7

In the year 2009/10, the District has managed to increase its intake of persons with disabilities. Although the percentage target of 4% of all staff is not yet achieved, SDM pursues various engagements with organisations representing persons with disabilities for strategic interventions towards intensified recruitment and placement of persons living with disabilities.

2.1.4 STAFF LOSS

For the period under review the Council has lost 40 employees due to factors depicted below which represents 4, 7 % of total staff very minimal and does not have an adverse impact on service delivery.

The following table shows staff loss across occupational levels, gender and reasons for disengagement:

Occupational Levels	Male vs Race				Female vs Race				Total Gender		Grand Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management (0-3)	3 (Res)		1 (Res)						4		4
Senior management (4 – 5)	1(Res)			1 (Res)	1 (Res)			1 (Pen)	2	2	4
Professionally qualified and	1 (Dis)	1(Res)		1				2 (Res)	3	2	5

experienced specialists and mid-management (6-7)				(Pen)						
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (8-11)	1 (Res) 1 (Dis) 1 (Dec) 3 (CT)				4 (Res) 4 (Dis) 2 (Dec) 7 (CT)			6	17	23
Semi-skilled and discretionary decision making (12)										
Unskilled and defined decision making (13-17)	3 (Dec)				1 (CT)			3	1	4
GRAND TOTAL	15	1	1	2	19		3	18	22	40

♣ LEGEND

- Res – Resignation (15)
- Dis – Dismissal (6)
- Dec – Deceased (6)
- CT – Contract Terminated (11)
- Pen – Pension (2)

2.1.5 STAFF RETENTION STRATEGIES

The SDMs retention strategies are effective, since targeted skills and occupations are retained, especially at professional and management levels. The following factors also play a major role within the strategic interventions of retaining staff:

- ♣ Performance acknowledgement and recognition.
- ♣ South African Local Government Association (SALGA) is in the process of standardising the industry Conditions of Employment, Salary structures, regulatory policies and practices.
- ♣ Processes are unfolding to create a Single Public Service (integration of Local Government Provincial Structures and the Central Government).
- ♣ Council is intensifying its individual career development interventions as a strategy to retain staff.
- ♣ The Council has established an Employee Assistance Programme that caters for the wellness of employees.

2.1.6 TRAINING AND DEVELOPMENT

2.1.6.1 Workplace Skills Plan (WSP) by end June 2010

The National Skills Development Strategy (NSDS) is the government's vehicle to encourage employers to address scarce skills as well as promoting equity in the Workplace. In an effort to contribute positively towards the skills Development initiatives, Sedibeng District Municipality (SDM) committed itself to an environment in which the officials are enabled to maximize their performance through the Personal Development Plans (PDP) to contribute positively towards Council's business priorities.

[Personal Development Plans] Is a plan that is developed after the formal assessment that shows what training and development activities will be planned for the ensuing year to assist the employee to be more effective in his/her current position.

Training interventions were conducted within the parameters of the National Skills Development Strategy (NSDS), with accredited service providers, are listed hereunder:

Training Course	Targeted Group	No. of Employees
Basic Life Healthcare	Basic Life Attendants	8
Basic Life Support	Basic Life Support Attendants	9
Close Protection Course	Ex-combatants	2
Management Development Course	Assistant Manager: Licensing	1
Disciplinary Enquiry Course	Senior Management	16
Disciplinary Enquiry Course	Shop-stewards	10
Local Government Accounting Certificate	Licensing/Treasury	4
Labour Law	Senior Management	1
Business Writing Skills (Report Writing)	Office Managers/ Admin Assistants	41
Care and Growth	Top Management & Semi Skilled	24
Project Management	Senior Management	1
Ms Office: Advance Excel	Committee Officers/ Admin Assistant	5
Quidity Software for Records	Top/Senior Management	40
Basic Life Support-refresher	Basic Life Support Attendants	29
Programme in Management Development	Middle Management	5
Stress Management	EAP Officer	1
Career Development	HRD Officer	1
Coaching/Motivational Skill	Tele-Communicator	1
SHEQ International Audit	OHS Officer	1

Training Course	Targeted Group	No. of Employees
Examiner of Driving Licences	Cashier/Clerk	2
Events Management	Events Officer	1
Project Management	Admin Assistant	1
Entrepreneurship Programme	Career Guidance Officer (Y.A.C)	1
Public Relations Course	Supervisor: Telecommunication	1
Close Protection Training	Ex-combatants: Liaison Officer	2
Advanced Management Programme	Middle Management	1
Business Management	Senior Management	1
Gender & Sustainable Leadership	EAP Officer	1
Financial Management Program	General workers	15
Batho Pele Change Management	Clerks/General Workers	50
Batho Pele	Senior Management	38
Pay Day System	Human Resources Staff	8
Khaedu programme	Senior Management	4
GRAND TOTAL		326

A total number of personnel trained in the year under review is less than that in the previous year due to strict applied processes of skills development and training, whereby staff undergo training that is in their Personal Development Plans (PDPs), and captured in the approved Workplace Skills Plans (WSPs). A total of R3 717 090.85 was spent in developing skills for both the SDM employees and the youth within the Sedibeng Community as follows:

- External bursaries: R948 000.00
- Internal bursaries: R62 790.33
- Employee Skills Development: R2 706 300.52

2.1.7 EMPLOYEE ASSISTANCE PROGRAMME

The Employee Assistance Programme focuses on the holistic wellbeing of all the employees with the aim of enhancing better job performance.

For the financial year July 2009 – June 2010 we have consulted/counselled 250 employees, on very peripheral challenges, out of which only 220 we referred for external assessment. This number represents a quarter of the total staff establishment which is very minimal and reflects a healthy and stable organisation.

YEAR	CONSULTATIONS	NUMBER OF REFERRALS
July 2009 / June 2010	250	220

These consultations and referrals related to counselling (inclusive debriefings) on the following psycho-social problems:

- ♣ Trauma
- ♣ HIV and AIDS
- ♣ Substance Abuse
- ♣ Family Problems
- ♣ Work related Problems
- ♣ Health related Problems
- ♣ Financial problems

Furthermore to reinforce the stability of the staff in relation to psychosocial ills the following workplace programmes were rendered.

YEAR	PROGRAMME / EVENT	ACTIVITIES
October 2009	Employee day	Employees participated in different sporting codes and the motive was to ensure effective, competent and motivated staff.
November 2009	16 Days of activism of no violence against Women and Children	Distribution of leaflets, pamphlets and resource list
December 2009	World Aids Day	Distribution of leaflets, both male and female condoms as well as resource list.
February 2010	The National Condom/STI Awareness Week	VCT was conducted in various Sedibeng licensing stations, i.e. Vereeniging, Vanderbijlpark, Meyerton and Heidleburg. Distribution of all relevant reading material was distributed Distribution of both male and female condoms took place.
February 2010	Launching of the Sedibeng Health Corner	This health corner continuously distributes condoms and reading materials on various ailments
April 2010	Peer Educator's forum	Topics focused on: Re-igniting Peer Educators in the workplace The role of a Peer Educator in the workplace
May 2010	ABSA Financial Management Programme	This programme focuses on the importance of Financial wellness amongst all the employees.

2.1.8 PERFORMANCE MANAGEMENT AND DEVELOPMENT SYSTEM (PMDS)

The PMDS Division was established in 2006 in accordance with the Municipal Systems Act 2000, Chapter 6 (38). The PMDS policy was adopted by Council in 2007. The act requires the municipality to promote a culture of performance management among its political structures, political office bearers and councillors as well as in its administration. SDM complied with all legislative requirements on the implementation and roll-out of PMDS.

That policy was reviewed during the 2009/2010 financial year and the following were achieved:

- ♣ Accommodation of newly established Organisational Performance Unit;
- ♣ Addressing gaps identified during the 2008/2009 implementation year; and

SDM employees (including Section 57) for whom PMDS is mandatory have complied.

2.1.9 LABOUR RELATIONS

The 20th century presents with dynamic workplace Labour Relations which are further compounded by unfavourable economic conditions the emergence of the employee's demands of its workplace rights

Our workplace has, notwithstanding, over the years displayed calm workplace relations in that the workplace labour disputes has on the average been around a 3rd of the staff compliment.

2.1.9.1 LOCAL LABOUR FORUM

The Local Government industry is organised and as a consequence of the Collective Agreements as concluded at the South African Local Government Bargaining Council structures we have established LLFs to further strengthen our management of workplace Labour Relations. A total of twelve LLF meetings were scheduled, and in case of clashes with Council activities ,pending issues were collapsed into the following meetings.

To date, hereof, we have had no major disruptive workplace labour relations disagreements with all our stakeholders in the LLF (organised labour) where there were disagreements the stakeholders managed to deliberate and subsequently reached consensus.

2.1.10 BATHO PELE

The Council in its endeavour to improve service to the community rolled out the Batho Pele campaign to intensify outreach activities that includes the following:

- Service Delivery Watch:
 - Continuous monitoring, review and evaluation of on-site service delivery processes
- Know Your Service Rights Campaign:
 - Rigorous campaigns to educate members of the community about their rights relating to government services.
- Making Batho Pele visible:
 - Putting up Batho Pele wall mural in Evaton.
 - Public Service Week.
- Reengineering Batho Pele processes
 - Africa Public Service Day

2.2 CORPORATE GOVERNANCE

2.2.1 GOVERNANCE STRUCTURES

The Council (Legislature) and the Mayoral Committee (Executive) constitute the governance structure of the Sedibeng District Municipality. The Executive Mayor, Cllr. M.S. Mofokeng, who represents the African National Congress (ANC), is the head of SDM Council. Cllr. K. Mogotsi chairs all Council sittings.

2.2.2 COUNCIL

The Sedibeng District Municipality (SDM) Council is the Local Legislature with both the legislative and executive powers responsible for accountability and oversight. The Council convened seven (7) ordinary Council meetings and one (1) special Council meeting. The Sedibeng District Council has forty three (43) Councillors consisting of thirty two (32) Councillors from the African National Congress (ANC), nine (9) Councilors from the Democratic Alliance (DA) and two (2) Councillors from the Pan Africanist Congress (PAC). The representation of Council from a gender perspective is 21 female and 22 male Councilors. Council consists of seventeen (17) directly elected representatives, two (2) from Midvaal Local Council, two (2) from Lesedi Local Council and twenty two (22) from Emfuleni Local Council.

2.2.3 MAYORAL COMMITTEE

The Mayoral Committee consists of nine (9) members, including the Executive Mayor. These other eight (8) Councillors are appointed by the Executive Mayor to perform functions for which the Mayor is responsible. All members of the Mayoral Committee were allocated portfolios as per the functions of the municipality. The Mayoral Committee held eighteen (18) ordinary meetings and one (1) special meeting in the year under review.

2.2.4 SECTION 79 COMMITTEES

Section 79 Committees are committees of Council which are also directly accountable to Council. Council has established six (6) Section 79 Committees responsible for oversight matters. These committees report directly to Council. The six (6) Section 79 Committees are:

1. Municipal Public Accounts Committee (MPAC) represented by six (6) ANC Councillors, one (1) DA Councillor and one (1) PAC Councillor; 2. The Petitions Management Committee represented by five (5) ANC Councillors, two (2) DA Councillors and one (1) PAC Councillor; 3. The Ethics Committee represented by three (3) ANC Councillors, one (1) DA Councillor and one (1) PAC Councillor; 4. The Rules Committee represented by five (5) ANC Councillors, one (1) DA Councillor and one (1) PAC Councillor; 5. The Gender Committee is represented by five (5) ANC Councillors, one (1) DA Councillor and one (1) PAC Councillor; and 6. Elections Committee is represented by five (5) ANC Councillors, one (1) DA Councillor and one (1) PAC Councillor. The Section 79 Committees convened meetings as follows: MPAC (16); Petitions Management Committee (5); Gender Committee (5); and others could not materialise.

2.2.5 SECTION 80 COMMITTEES

These are committees of the Mayoral Committee. There are eight (8) Section 80 Committees namely Corporate Services; Finance; Environment Management; Transport & Infrastructure; Public Safety, Health & Social Development; Sports, Recreation, Arts, Culture & Heritage; Development Planning & Housing as well as Strategic Planning & Local Economic Development & Tourism. Councillors serving on Section 80 Committees are from political parties represented in the Council. The number of Councillors in Section 80 Committees varies from ten (10) to twelve (12) Councillors. Each Section 80 Committee is chaired by a Member of the Mayoral Committee - MMC.

2.2.6 AUDIT COMMITTEE 2009/2010 – SEDIBENG DISTRICT MUNICIPALITY

The old Audit Committee held two meetings, and the newly established one also held two meetings. The new Committee was established in April 2010, with a distinguished female chairperson (Ms Masabata Mutlaneng). She demonstrates a commitment towards gender equity by the municipality. The Committee is constituted by five (5) external members, and internal senior officials attend per invitation. In order to guarantee transparency, Auditor General and Internal Auditor/s also sat in meetings. The Audit Committee had induction workshop in May 2010 where legislative compliance, and roles and responsibilities were noted by the Committee.

2.2.7 REMUNERATION COMMITTEE

Sedibeng District Municipality established a Remuneration Committee in line with good corporate governance mandate. The Committee constitutes five (5) members, 3 ANC, 1 DA and 1 PAC. The Remuneration Committee held three (3) meetings to deal with matters of salaries and benefits of all Section 57 employees/officials including all employees employed on contractual basis. The salaries and benefits of all staff are negotiated at the South African Local Government Bargaining Council.

2.2.8 RISK COMMITTEE

The processes to establish the Risk Committee are underway, and the Assistant Manager Risk Management was appointed in the office of the Municipal Manager. In order to monitor risk issues, all Executive Directors were tasked to identify and deal with all risk challenges in their clusters, thus their performance will be evaluated on.

2.2.9 BURSARY COMMITTEE

Sedibeng District Municipality adopted the External Bursary Policy in 2007 to guide the process of awarding bursaries to deserving young people within the region. In order to facilitate the implementation of the policy, a Bursary Board comprising of eight members was appointed to oversee the screening, selection and awarding processes as well as assisting the Municipality in any matter relating to the improvement of the bursary fund thus contributing to the growth and development of the region. The committee comprises of members of the public i.e. educationists, women, youth and people with disabilities. The committee oversaw and facilitated the awarding of bursaries to needy students. The committee held six (6) meetings in the financial year 2009/2010.

3 CHAPTER 3: PERFORMANCE AND PROGRESS ON KEY PERFORMANCE AREAS 2009/10

3.1 INTRODUCTION

This chapter reports on the performance progress and achievements against approved projects and programmes documented in the Service Delivery and Budget Implementation Plan (SDBIP) of the Sedibeng District Municipality.

3.2 VISION

The Sedibeng District Council is an innovative, dynamic, developmental government that consistently meets and exceeds the expectations of the communities and the various stakeholders it serves.

3.3 MISSION

The creation of a local government dedicated to the provision of quality services in an effective, efficient and financially sound manner by:

- Promoting the Batho Pele principle;
- Ensuring cost effective and affordable service delivery;
- Monitoring and developing staff to ensure consistently high work output;
- Adhering to good governance and sound management practices; and
- Developing a culture of accountability and transparency.

3.4 KEY PERFORMANCE AREAS (KPAs)

The Sedibeng District Municipality in consultation with its stakeholders and employees developed seven Key Priority Areas (KPAs) and Integrated Development Plan (IDP) Strategies against each. The specific IDP deliverables/projects, targets, key performance indicators, outputs and outcomes were then identified under each strategy in the formulation of the 2009/10 Service Delivery and Budget Implementation Plan (SDBIP). The following are Key Priority Areas the Sedibeng District developed in its mission towards broader and long term growth and development of the region:

- Reinventing our economy
- Renewing our communities

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

This section reports on key activities and actions undertaken by SDM clusters and their directorates towards achievement of set targets and objectives. These activities are implemented within Key Priority Areas (KPAs) and against each IDP Strategy, thus applied in the valuation and assessment of broader organisational performance.

3.4.1 KPA: REINVENTING OUR ECONOMY

3.4.1.1 Strategy: support the consolidation and expansion of the metal, energy and construction sectors

The Binding Constraints Study now officially termed Sedibeng Territorial Review was finalised in March 2010.

Intensive consultations ensued with NAFCOC Sedibeng, Contractors and Professionals within the Construction Industry to champion a United All inclusive SDM Business Forum.

The Sedibeng Informal Traders Strategy approved by SDM Council.

MEC for Infrastructure and Emfuleni Local Municipality had a workshop with the constructors, and all the relevant Agencies and financial institutions for capacity building.

SDM's Local Economic Development hosted a compliance information session which involved Govt Agencies and private donors: NURCHA, NSIC;CIDB & SARS. A funding workshop was also held by NURCHA at Boipatong, and BHP Billiton Programme, co –hosted by Sedibeng ran a Bursary for SMME's in good standing.

The Territorial Review report was completed and recommended further studies for an Industrial Development Zone (IDZ).

3.4.1.2 Strategy: promote and develop tourism and leisure sector

In the development of new tourism routes aligned with Heritage sites, GTA secured funding for phase 1 and will appoint a service provider in the next quarter.

There are sixty four (64) establishments Graded and eighty eight (88) non-Graded establishments awaiting grading through the Grading Council

The Sports, Recreation, Arts and Culture (SRAC) and Gauteng Enterprise Propeller (GEP) identified five (5) taverns for training and quick win fixes, and five (5) more identified for live jazz music entertainment.

Tourism Awards held at Riverside Hotel Riverside Hotel, and MV Communications assisted with event and sponsored certain criteria. Additional sponsorships received from Sedgars, Meise Nkaiseng Attorneys, Riviera Hotel, Bee Wise Decor, Emerald Resorts & Casino, Barnyard Theatre, and seven Winners from Tourism Awards were sponsored to form part of Durban Indaba delegation.

Wine tasting event was held at the stand, sponsored by Le Pommier Wine Estate, on behalf of Riviera-Vaal. All treats, T-shirts and weekend getaway prizes sponsored by Riverside Hotel.

Youth Tourism Exhibition was held at Constitution Square during the Youth Month (June 2010).

3.4.1.3 Strategy: promote and develop agriculture sector

Project Bantu Bonke supported by Rand Water, is currently underway.MTK Award planning meeting took place at Sedibeng District Municipality.

Projects of land restitution are supported but mainly those benefiting from LRAD.GDARD planned to assist in identify value adding crops for commercial purposes. A group of cash crop production farmers will be supported through Vereeniging Fresh Produce (VFP).

3.4.1.4 Strategy: promote opportunities for increased inclusivity in the economy

SDM sponsored the following institutions: Seikokotlelo Sa Bophelo; KutloaneF1 Powerboat Race; Khulumani Support Group; Junior Powerboat Racing association; Inhlanganiso Writers Association; Sedibeng Karate Club; Methodist Church.

The Projects Political Steering Committee Meetings involving Emfuleni and Lesedi sat to discuss and resolve on matters pertaining to the African Festival, preparations for the FIFA Tournament and the 100 Days Service Delivery Programmes. A successful business week was hosted in partnership with Gauteng Gateway. The following Agencies facilitated partnerships, i.e. CIDB, NSIC, NURCHA SARS and GEP.10 SMME'S has been afforded a business programme at Raizcorp.

A Mayoral Golf Day's Programme was scheduled for April 2010, where the new members of the Mayor's Investment Council were introduced. The Steel Business Forum was successfully established, and plans are in place to establish the Sedibeng Development Agency.

The South African Youth Council (SAYC) was launched in June 2010.

3.4.1.5 Strategy: ensure integrated economic development and investment through the Vaal 21 initiative

The Vaal 21 Initiative's cooperative approach between Fezile Dabi and Sedibeng Districts was revived by the Free State and Gauteng MECs for Local Government and Housing, and SDM has progressed in the implementation of already identified projects (e.g. Precincts Developments).

3.4.1.6 Strategy: consolidate, review and monitor the Sedibeng Growth and Development Strategy SGDS)

The process of reviewing the Provincial GDS with emphasis to economic development is supported by SDM as high priority areas. The Flagship Projects and Precincts Projects are partly building up to the second generation of SGDS. The review process of the Gauteng Provincial Growth and Development Strategy will critically inform the review process of the SGDS.

3.4.2 KPA: RENEWING OUR COMMUNITIES

3.4.2.1 Strategy: promote residential development and urban renewal

Sharpeville Precincts Projects: Cemetery – A project to upgrade the Sharpeville cemeteries expected to be completed in October 2010. **Constitution walk** – The project shall commence early in the next financial year 2010/11. **Exhibition Centre**: A contractor was appointed and the site handed over in June 2010. **Sharpeville Hall** - The planning process for the construction of Sharpeville hall is on track

A service provider was contracted by Sedibeng District Municipality to conduct a feasibility study in Emfuleni, with special emphasis on Boipatong, Bophelong and Sebokeng. The consultants have identified the following projects: Sebokeng - Mixed-use regional node, & Cultural Precincts; Boipatong - Park development and wetland regeneration; Bophelong – Civic/ Commercial Hub and Corridor; & R57 Corridor Developments. The consultants are busy compiling business plans and project plans for other identified projects in Sharpeville. Water Front precinct along the Vaal River is ongoing – the construction of a precinct viewing site along the Vaal River in Dickson Park is also in progress.

Sedibeng District also contracted a provider to conduct feasibility studies in Midvaal Local Municipality especially at Sicelo, Mamello, Lakeside and Doornkuil. The report discovered that only Sicelo was ready for Precinct Development. Another consulting company was contracted to conduct feasibility studies in Lesedi Local Municipality focusing on Jameson Park, Ratanda, Impumelelo and Kwazenzele, and in each township, Corridors and Nodes were identified.

The Municipal Housing Development Plan (MHDP) and adoption of housing related policies were completed. The procurement of Roads Paving Project in ERP is completed, and the rollout is set to commence in the next financial year.

Sedibeng District Municipality passed a Council resolution on Shack Down Programme and also procured material for the Programme campaign.

Two (2) of five (5) housing projects have been transferred from Sedibeng District Municipality to Local Municipalities. Memorandum of Understanding has been finalized which will include the remaining housing projects.

3.4.2.2 Strategy: plan for effective, efficient and sustainable infrastructure for water and sanitation services, and provision of electricity

The key milestone on Sedibeng Regional Sewer Scheme (SRSS) is the completion of the feasibility study on regional sewer. The study noted the following areas:

- The concerned owners group have now accepted the chosen site for the Sewer Treatment Plant;
- GDARD approved the EIA with the conditions that specialised studies need to be undertaken regarding waste water treatment (different technical options), sludge management, and emergency management plan.
- The funding requirements of the project phases are: Phase 1: R0.5m – Potential Source: DWEA; Phase 2: R1bn – Potential Source: Rand Water; and Phase 3: R2bn – Potential Source: PPP.

The REDS as a process of re-structuring the electricity distribution throughout the country has been on agenda for over five years.

However its establishment has been put on hold and SALGA is seeking clarity on some issues and developing common approach by all municipalities.

3.4.3 KPA: REVIVING A SUSTAINABLE ENVIRONMENT

3.4.3.1 Strategy: ensure the minimisation of waste and maximize the recycling of waste

There are serious engagements with LMs on the district plan (IWMP /WIS) formulation process. The Clean-Up Campaign was conducted as part of the world environment day celebrations, and Clean and Green Campaign was launched for the District. A service provider was finally appointed on the Industrial Waste Exchange (IWEX) Programme.

3.4.3.2 Strategy: create healthy environment through effective environmental health management

All 2009/10 Service Level Agreements for Municipal Health Services for Local Municipalities in the Sedibeng region have been completed and signed by the respective Municipal Managers.

KPMG has been appointed to develop the MHS Strategy. A Draft Air Quality Bylaws (Based on the Model AQM Bylaws developed by DWEA) has been developed, and shared with Local Municipalities for their inputs. The Section 78 process for MHS & AQM bylaws development will be synergized (integrated) for public participation purposes until promulgation.

Basa Njengo Magogo (BnM) Campaign was rolled out in Lesedi. The study has been adequate to understand the new function on Atmospheric Emissions Licensing Authority that will be assigned to the SDM by DWEA.

Energy Audits in selected municipal buildings (of SDM and ELM) have been conducted, and support for energy saving interventions is being provided to Lesedi LM. A Draft Energy Audit reports for SDM and ELM has been completed. The completion of AQM Operational and Resource requirements for SDM has satisfied the requirements of Section 78 of the Municipal systems Act, 2000. An audit of the operational and functional status of the air quality stations has been completed.

3.4.3.3 Strategy: build partnerships to ensure integrated environmental awareness, planning and management

The Development of the Regional EMF has been handled by the DWEA. Consultation with the LM is taking place for the development of the 2nd Generation Environmental Programme of Action (EPoA).

The Environmental Coordination Forum was established, and is chaired by Gauteng Department of Rural Development.

The SDM has secured funding from Indaleyethu for the urban cleanup programme that positively contributed to local job creation. SDM is providing continuous technical (environmental) inputs through the UEMP Technical Advisor

Emfuleni Parks and Waste Management departments were consulted and are keen to participate in the Greening programme.

3.4.3.4 Strategy: promote conservation of environmental resources and biodiversity

SDM was accepted as a member of the International Council for Local Environmental Initiatives (ICLEI) Membership. SDM is also part of the Urban Task Team on Biodiversity/Grasslands chaired by South African National Biodiversity Institute. ICLEI membership will be utilized for the SDM participation into the Local Action Biodiversity Programme.

3.4.4 KPA: REINTEGRATING OUR REGION

3.4.4.1 Strategy: plan and provide effective, efficient and sustainable road infrastructure for water and sanitation services, and provision of electricity

All local municipalities have appointed service providers to develop Local Master Plans for road infrastructure, and the province is developing Provincial Master Plan which focuses on major roads in the region. When locals have completed their plans they will be integrated into regional road master plans.

The five roads identified in the Top 20 townships Roads Program initiated by the provincial Department of Public Transport and Roads are almost complete and ready for hand over to ELM. The exception is Tea-Tea Street which has been poorly constructed and showing signs of disintegration within a year of its completion. The quality of road construction is being investigated to determine cause of failure. The Mathanzima road was also completed but the quality of road and causes of earlier failures are also investigated.

The Mayor has identified sidewalks in Evaton as part of mayoral 100 days of service delivery. The sidewalks are intended to reduce competition between pedestrians and motorists in fighting for road space by providing pedestrians with sidewalks. There are eight major streets identified in Evaton. The tender for these streets will be out in the next financial.

The contractor for tourism signage has been appointed. The contractor has moved into site and erecting the tourism signage. The progress is on its early stages, the completion date for the tourism signage is at the end of October 2010.

3.4.4.2 Strategy: plan and develop accessible, safe and affordable public transport systems and facilities.

The development of the Integrated Transport Plan (ITP) is completed. The key areas identified by the study which needs immediate action are:

- The need to formalize all public transport facilities in the region.
- All formal public transport facilities in commercial nodal areas need to be upgrading and are over capacitated.
- There is over supply of taxis in all the routes and this result into conflicts among operators.

PRASA (Passenger Rail Agency of South Africa) has undertaken a feasibility study on the upgrading of Vereeniging and Residensia Stations. The study on Kwaggastroom Station is complete and upgrading is on progress.

The accommodation and transport requirement of various establishments in the region in preparations for 2010 FIFA World Cup were quantified. The hand full of tourist that used the accommodation and were not expected numbers or quantified during our study. However, trains were used by local's fans as preferred mode of transport for the duration of the World Cup. The train from Vereeniging was free of charge to all games played in Gauteng, and SDM provided President Park as transport hub.

The Sedibeng District Municipality in partnership with provincial Department of Public Transport and Roads initiated the upgrading of Bophelong Public Transport facility. It will be wholly funded by the Province, and there are consultations with various stakeholders on its upgrading.

3.4.4.3 Strategy: promote efficient movement of freight

The North West University (NWU) presented its progress report on Vaal Logistic Hub. The Vaal Logistic Hub investigates a long term horizon plan for freight challenges in Gauteng and put the region on competitive edge on accommodating freight traffic in south. Among other projects it proposes an International Airport Cargo. The discussions on projects are ongoing various stakeholders from all levels of government, state enterprises to private companies are consulted. The report was presented to the Section 80 and Gauteng Freight Forum.

3.4.4.4 Strategy: render an efficient and corruption free vehicle registration and licensing service

In order to improve the best practice model, Cashiers were enrolled at the Bloemfontein Traffic College..A 38 weekly BPM personnel information sessions were conducted to end of June 2010 and is on track.

The CCTV was installed in Vereeniging and Vanderbijlpark.

3.4.4.5 Strategy: improve ICT connectivity in Sedibeng

Three sites were identified to link under new contract: Lesedi VTS, Lesedi Museum, Sharpeville Police station, and Installation of Lesedi links and Sharpeville links in process.

There is progress in the upgrade of following links: (1) Vereeniging Civic to Fire; (2) Vereeniging Fire to Technorama; (3) Technorama to Vereeniging Licensing

The following Links were completed: 3R substation to Langerant, Vesco to Vereeniging Fire, Civic) Emf) to Vereeniging Fire, 88KW substation (fibre), Emfuleni Civic to Boipatong Community Hall, Vereeniging Civic to Andasta Building, Vereeniging Civic to Market Ave Clinic. MTN Fire to Water Tower, Water Tower to Sicelo Library, MTN Fire to Engineering (Scada System Link) Lesedi VTS to Vereeniging Civic, Lesedi Museum to Vereeniging Civic, Vereeniging Civic to Sharpeville Police station.

3.4.5 KPA: RELEASING HUMAN POTENTIAL

3.4.5.1 Strategy: nurture the development of people's potential through sport, recreation, arts and culture

Interim Regional Sports Council not yet launched as per directive of South African Sports Confederation Commission, mainly due to the challenges experienced in the configuration and launching of the Gauteng Provincial Sports Council.

SDM successfully facilitated the viewing of the loser's semi-finals and finals of the 2010 African Cup of Nations Tournament that was hosted by Angola, and proud to have successfully hosted the under 17 Four Nations Human Rights Football Tournament.

The Public Viewing Areas during African Cup of Nations held at Saul Tsotetsi were successfully managed, wherein semi-final and final were displayed.

Ivory Coast and Swiss Team were successfully lobbied to stay and practice in SDM area. Venues were Riverside Sun and Emerald Casino, while practice venues were George Thabe and Isak Steyl, respectively.

Mexico team was accommodated at Thaba Ya Batswana and practiced at Waterstone College in Midvaal.

Various events including capacity building workshops and festivals were held successfully for artists and staff in the region: Choral music workshops, storytelling workshops, events and protocol workshop, drama festival, hip-hop-kwaito festival, and cultural exhibition.

Old Sharpeville Police Station was upgraded to be a Craft Hub, and various trainings are scheduled for community members. In the new financial year, Emfuleni Local Municipality shall transferred the building to the Sedibeng District.

Heritage related programmes were successfully implemented, namely, heritage routes, oral history, and a trip to Cape Town with survivors and victims of Boipatong massacre.

Drafts Strategies for Museums and Theatres were developed. The Human Rights Programme was successfully implemented in partnership with province, locals and other stakeholders.

The Houtkop Massacre of 26 March 1990 was also commemorated in partnership with SANCO.

The Heritage Department in partnership with Wits University History Archives, produced a mobile exhibition as part of the 25th Anniversary Commemoration of the 3rd September Vaal Uprising. The District held a well attended commemoration that was addressed by the national youth leadership, led by President Julius Malema.

As part of the School Heritage Awareness, a National Children's Theatre held a successful occasion for preschools and primary schools to develop theatre audience at a young age.

3.4.5.2 Strategy: promote and develop the heritage of our region

The Journey of the Living History 2010 Programme was successfully undertaken with the survivors and families of the victims of the Boipatong massacre who were accompanied by the Sharpeville massacre survivors and families of the victims. The Journey of Appreciation Programme coincided with the official opening of Parliament on the 11th February 2010 and participants had an opportunity to listen to the State of the Nation Address and visit other places of historical importance, including Robben Island and Slave Museum.

3.4.5.3 Promote a safe and secure environment

A march by the Community of Sharpeville together with the SAPS took place from Geogre Thabe Stadium to the Regional Victim Empowerment Centre in commemoration of 16 Days of Activism.

An Exhibition was also held at the Regional Victim Empowerment Centre on the same day of the match as part of 16 Days of Activism event to promote and market the Centre.

An audit was conducted and a Regional Volunteers Database was updated accordingly to determine the number of trained and non-trained volunteers serving at the VECs.

Awareness Programmes on domestic violence were held at various schools and public places in the areas; Ratanda, Devon, Meyerton, Sebokeng, Bophelong, Evaton and Bophelong. VEC was officially launched at De Deur Police Station on the 12 June 2010.

There were 791 referrals made at the RVEC at Sharpeville in relation to trauma counselling (victims of crime) – *Adults(520) and Children (271)*

A total of 80 Community Patrollers and 20 Ex. Combatants were trained in security field which covered areas such as access control, first aid, basic fire fighting and patrols for 2010 FIFA World Cup activities.

The SDM engaged in various activities towards development of a sustainable community policing: Six (6) CPF workshops were held in Evaton, De Barrage, Bophelong, Boipatong, Vereeniging Youth Desk, & Meyerton. Three (3) CPF audits were conducted in Ratanda, Devon, & Meyerton. CPF Cluster Executive Committees were formed to service Sebokeng & Vereeniging clusters.

A Memorandum of Understanding between SDM, Provincial Dept. of Community Safety and Department of Education has been signed to formalise the partnership.

Two (2) CPF Cluster Executive Committees (Sebokeng & Vereeniging Clusters) were established which forms the Regional Board, and Itsose Primary School at Sharpeville was allocated to be used by the Regional CPF Board.

Four (4) Safety Audits were conducted in Bophelong, Heidelberg, Sharpeville, & Bedworthpark. A Safety Committee was established in partnership with Vaal University of Technology, SAPS, ELM, VAA (Vaal Accommodation Association) to address safety and security issues around VUT area.

Six (6) Awareness programmes targeting moral regeneration, Gun Amnesty and domestic violence were held in areas; Devon, Bohelong Hall, Evaton, Ratanda, Bophelong, & Vereeniging.

Fourteen (14) Awareness programmes targeting substance abuse, bullying, teenage pregnancy, gangsters and domestic violence were held at various schools within the region. Pamphlets on safety tips, and community Safety Plan were printed and distributed to various schools and community gatherings.

Four (4) Joint roadblocks were held by SAPS and Traffic and Community Patrollers.

Six (6) Road Safety Education Programmes conducted at schools in Sebokeng, Evaton and Palm Springs.

A road show was also held along Golden Highway, Moshoeshoe Roads, and Shopping Malls.

An Integrated Social Crime Prevention Action 2009/10 was established and adopted by the Community Safety Forum.

Joint Initiation Operation in partnership SAPS and ELM was also held. A Rural Safety Forum was established in Heidelberg in partnership with LLM, SAPS, Spornet and Heidelberg Farmers.

Joint Liquor Awareness Campaign held in partnership with Dept. of Economic Development, ELM, SAPS and SALTA in Sebokeng and Evaton.

A Cycling Tour Awareness Programme was held in partnership with Dept. of Correctional Services, AND visited General Smuts Secondary School (Vereeniging), Sizanani Secondary School and Technical School in Sebokeng.

A Rural Safety Committee was established at Goeihoek under Vereeniging policing precinct. A Sector Crime Forum was established at Shalimar Ridge (Heidelberg), and Community Safety Review and Awards ceremony event was successfully, whereby 108 delegates participated over two days.

CCTV Steering Committee was established in Boitshepiville area to monitor the progress in this area. During this process a sub-contractor was also appointed from Boitshepiville area to assist with the trenching for optic fibre sleeves, and this resulted in about 34 community members being employed which included a Safety Representative and Community Liaison Officer (CFO).

Sixteen (16) wireless cameras were installed in Evaton (06), Sebokeng (06) and Sharpeville (04). CCTV Surveillance Centre was re-designed and constructed to accommodate additional Viewing desks and equipments, and access control has been upgraded at the CCTV Surveillance Centre to enhance security measures.

CCTV cameras were installed at Vereeniging (32) and Vanderbijlpark (39) Licensing Service Centres. Four (4) CCTV Cameras were also installed at the PVAs and Training Camps (1 camera per

area) for the enhancement of safety and security measures during the 2010 World Cup activities. These cameras were operated on a wireless network and viewed at the Joint Operating Centre.

Trenching for the optic fibre sleeves was started from Sharpeville to Vanderbijlpark CBD and Bedworthpark. About 34 local personnel were utilised through a sub-contractor for trenching.

A Safety and Security Task Team was established to deal with safety and security issues during the 2010 World Cup. A Safety and Security Plan was developed which included roles and responsibilities of other sectors such as Fire Rescue, Disaster Management, Traffic Services, EMS, SAPS, and Community Patrollers.

3.4.5.4 Strategy: perform disaster management efficiently

The district wide Disaster Management Plan has been reviewed. Measures have been put in place to ensure inclusion of the National Key Points Disaster Management plans and the local municipality plans in to the broader district-wide Disaster Management Plan.

The Emfuleni Local Municipality Disaster Management Plan is under development, the Lesedi and Midvaal local municipalities' Disaster Management plans were reviewed.

A successful Sedibeng Disaster Management Indaba was held on the 26th of July 2009.

A district wide awareness campaign was held in Midvaal L.M, promotional materials were procured, and the team took part in joint road safety campaign.

Two (2) Public awareness programmes were held during the year in conjunction with the Department of Education as part of the 2010 Holiday Programme. The focus of the programmes was on Fire Safety and promotion of the 10177 Emergency numbers.

Other activities coordinated by the department that were run by the Public Information and Education Relation, and officials from the local municipalities included: First Aid; Fire Safety Awareness, LNTB (Learn Not To Burn), Stop, and Drop and Roll. On record, 89 Emergency plans were drawn for the year.

ISDR campaigns were held in the region during October 2009.

3.4.5.5 Strategy: promote HIV&AIDS understanding, treatment, care and support

The report on HIV&AIDS is based on the four pillars of the National, Provincial and District Strategic Plan 2007-2011.

- **Prevention**

In an endeavour to concert efforts towards the mitigation of HIV-prevalence, the district adopted a ward-based approach, which focuses on households and individuals. This approach has led to the HIV-prevalence reduction in the district from 31.8% in 2008 to 28.9% in 2009.

For the period under review, 35 ward-based coordinators on stipend were appointed at strategic wards and trained on HIV&AIDS and the socio-economic impacts. These coordinators greatly assisted in the planning, execution and monitoring of various calendar events and campaigns, including four quarterly door-to-door campaigns. Campaigns reached more than 90% of households and 75% people.

The ward-based approach jerked-up the utilisation of VCT services, resulting in 23 000 people testing for HIV. This figure was also improved by the National launch of HCT in May 2009.

Hundred and ninety one employees from different government departments were trained on comprehensive HIV&AIDS as Peer Educators for their respective departments.

The district (local government) funded 8 Community Based Organisation (CBOs) for community and individual empowerment, where 1 million male and female condoms, including IEC materials were distributed.

Through different partnerships with other sectors and international governments, the following strides were made:

- Through Emfuleni Local Municipality and Eindhoven, educators and learners from 11 schools identified were trained on HIV&AIDS and other enhancement programmes. Furthermore, politicians, officials and non-government organisations have benefited from the project through the exchange programme, whereby they visited Netherland. This twinning programmes ahs also contributed in the reduction of HIV-prevalence in Emfuleni.
- “Kago ya Bana”, a project powered by Midvaal and Hollard Foundation, has benefited children in Mamello in that a fully fledged container was installed and food parcels are distributed to vulnerable children. The container also serves as a drop-in-centre.
- The District together with Emfuleni Local Municipality, ArcelorMittal and Clinix hospital are spearheading “Bophelo/Impilo” project. This project focuses on HIV&AIDS and other health problems at Boiketlong, Kwa Masiza and Sebokeng hostels. Thirty five (35) field workers on

stipend were appointed and reached 90% of the households. This contributed to the improved socio economic status of the people as well as the reduction of HIV-prevalence.

- Provincial Khomanani and Sedibeng District Municipality through Emfuleni and Midvaal Local Municipality established “Community Action Plan project” at Bophelong and Sicelo. Thirty (30) field workers on stipend were appointed and trained. The project reached 70% of the people.
- Bucket of love is a flagship project that focuses on children on chronic medication (from hospitals and CCMT sites).
- Sedibeng AIDS Cultural exhibitions was a pilot flagship project that aimed at promoting organizations from the HIV&AIDS field, Recreation, Arts and Culture, which are engaged in income-generating projects. They showcased their work for the community to buy as well as serve as a vehicle to target and intensify the HIV&AIDS educational aspect of the prevention of this scourge. Approximately more than thousand (1000) people were reached.

- **Treatment, care and support**

Department of Education provides Life skills programmes on HIV&AIDS to learners across the region. Department of Health and Social Development provide school uniform to needy learners and also funding NGO’s for drop in centers and food parcels for vulnerable children.

There are four hospices in the region that provide palliative care. Community home based care (CHBC), home based care (HBC) and NGO’s provide care and support programmes to infected and affected individuals.

For the period under review, the District, through Local Municipalities has assisted over two hundred (200) indigent household with the burial of their loved ones.

To date there are nine (9) ART sites in the region and 23000 people have been enrolled. TB and HIV collaboration has drastically improved.

- **Legal and Human Rights**

More than 80% of external businesses in the region have workplace policies and are implementing HIV&AIDS programme, 5 (five) of those operating ART centres for their employees. All 4 municipalities within the municipalities have workplace policies with Emfuleni LM reviewing its current policy. All policies are aligned to LRA and All 3 municipalities with exception of Emfuleni have previously conducted workplace impact studies. EAP programmes are supportive of

employees' rights with employees' accesses to equal opportunities. Sedibeng District Municipality has gender mainstreaming policy supportive of HIV&AIDS programmes. 9 Government Departments within the district have HIV&AIDS policies and programmes.

- **Monitoring, Evaluation and Surveillance**

The District AIDS Council, led by the Executive Mayor, is functional and meets quarterly. The Council handed food parcels to 500 vulnerable children within and around Sebokeng area.

Interdepartmental Committee, comprising of government departments, meets quarterly for joint planning, executions, monitoring and evaluation of projects.

3.4.5.6 Strategy: promote the efficient delivery of primary health care and emergency medical services

The District Health plan 2010/2011 was completed, and PHC SLA was finalised.

Measles and Polio Campaign conducted throughout the District- 93% of target children between the ages of six months and 15years reached.

The District Health Council Technical Team (HCT) campaign started in April 2010, and to date 7 301 people have been screened. -Frontline health care workers and community risk group such as Pregnant Women and Children under 15 years with HIV/AIDS have been vaccinated against H1N1; to date 11206 people have been vaccinated.

TB cure rate has improved from 74% to 77%.A total of 143 people were screened for Blood pressure and Blood glucose during the State of the District Address; and 31 were tested fo HCT.

New additional ARV sites operating at Bophelong, Boipatong and Boitumelo clinics. Oversight visits to clinics, ECD, Drop in centre and Old age centre done in Lesedi.

At best 72.19% of confirmed Priority 1 incidents reached within 15 minutes in Urban Areas; 91.21% of confirmed Priority 1 incidents reached within 40 minutes in Rural Areas; 22.06 emergency medical vehicles on average operational per shift; 1.46 advanced life support primary response vehicles on average operational per shift; and 3.81 EMS Vehicles on average dedicated per shift at identified satellite venues.

A total number of course community members trained in basic first aid 3522,4766 Community members were reached, and 33 Schools reached.

3.4.5.7 Strategy: promote social development of our communities

Awareness workshop on Human trafficking was conducted for NGOs. Three (3) Centres established – Centre for OVC, ECD and Elderly Operational in Lesedi LM.

Multisectoral Forum established and facilitating programmes and campaigns for children. A campaigns on Birth Certificates was also conducted. Supported implementation of School Holiday programme, and facilitated and supported Child trafficking awareness wokshop.

District Forum was established and functioning. Olympic games held and 300 elderlies attended, and 160 elderlies were screened during Health Expo. Sixty two (62) patients on Kgatelopele programme visited and supported with medication.

Workshop with Disability Forum was held to develop Plan of Action, Policy on People with Disabilities was adopted, Mainstreaming workshop was facilitated and covered PWD issues, and a master copy on People With Disability Policy translated into braille

Data Collection on Youth Survey has been done, 15 field workers were trained by VUT on data analysis and capturing.

Four (4) Youth Mobilization Programmes were held in Midvaal, Lesedi and Emfuleni to promote the 2010 World Cup, namely: 2010 Nationalism Campaign; 2010 Sports Tournament (NYDA); 2010 Door to Door Campaign, and 2010 Cleaning Campaign (Evaton North Stadium).

Cleaning Campaign of Evaton North Stadium conducted and SA Flags distributed, and a succesful Inaugural Youth Leadership Award was held in June 2010.

Youth Leadership Camp involving 58 youth leaders from various organizatins was held in June 2010. Service Level Agreement signed with NYDA for 2009/10. A total 31 people/organizations were awarded donations.

About 15437 Young people have been assisted through the YACs on varios products provided in the centres this quarter, and 5483 young people assisted on Job hunting skills.

3.4.5.8 Strategy: promote skills development and training

The MPAC Committee members participated in the Monitoring and Evaluation training programme conducted by Regenesys and coordinated by the province. The Councillors were enrolled in the MPAC training programme coordinated by the province.

A service provider was appointed to introduce career pathing, including Personal Development Plans (PDP) and Recognition of Prior Learning (RPL) for Councillors. Various training interventions were conducted: Basic life health care, Basic life Support, Close Protection Course, Management Development Course, Disciplinary Enquiry Course, AAT Course, etc.

Seven (7) employees trained through Pretoria University on mainstreaming programme. To date, on behalf of government departments and businesses, 295 Peer Educators, including educators were trained.

A total of 24 personnel in the Centre were trained in Emergency Call Centre; 24 personnel in the Emergency Communication Centre were trained on the new call taking & dispatching system, and 7 emergency communication personnel were trained in running of Public Information and Education Relations.

About 8 Lesedi officials were trained in Rope rescue, another 8 trained in Hazmat operations. Four (4) Emfuleni personnel trained in commercial diving. A total 81 students who qualified for bursary awards were supported financially to continue with their studies in accredited higher learning institutions. A total of 520 young people trained on basic computer skills and internet use. Eighty (80) Fieldworkers were trained by National Youth Development Agency (NYDA) on Research and Communication Skills. Twenty (20) Ex-Combatants were trained on Security and participated in the World Cup Safety Programme.

The EMS Directorate implemented various intervention and training for its staff and community members within the period under review – 11 Basic Life Support Refresher training courses conducted; 72 Personnel trained; 11 Driver Evaluation guidance courses conducted; 11 Basic Life Support Refresher training courses conducted; 11 BLSHCP courses arranged; 94 Personnel trained; and 37 courses were conducted for various community members.

3.4.6 KPA: GOOD AND FINANCIAL SUSTAINABLE GOVERNANCE

3.4.6.1 Strategy: ensure financial sustainable local government including revenue collection, management and financial mobilisation

Treasury compiled 11 of 12 section 80 reports and presented to MAYCO and Council, and 12th report will serve as part of Annual Financial Statements.

IT claims for July 2009 to June 2010 processed, final claim from Emfuleni relating to rates and taxes for 2008/09 was also settled. The final sign off of SLA's from Emfuleni, Lesedi and Midvaal were completed.

Informal Asset Officer Identification report compiled as per nominations received from Clusters, and the Municipal Manager approved. The office monitored cash receivables on a monthly basis with identified areas.

Report on revenue generating options as per National Treasury requirement completed and reported to Council. The proposed report completed as part of capital intensive approach on structure, and Chief Financial Officer has liaised with Management Committee on options.

3.4.6.2 Strategy: governance of municipal finance

Sundry Debtors report completed and approved by Council, 2nd phase report on RSC wind down process submitted to Section 80 in Feb 2010 and final approval on debtors write offs obtained from Council in May 2010.

Municipal Finance and Management Act (MFMA) compliance, 11 Reports for July 2009 to May 2010 completed for reporting to Mayoral Committee (MAYCO) and Council.

Analysis Report on the institutionalisation of improved policies in relation to best practice was completed.

3.4.6.3 Strategy: building capacity to manage municipal finance

Skills assessment conducted on a sample basis by National Treasury service provider to determine training requirements and competency needs of Treasury staff. PDPs were completed and skills development plan compiled in line with skills assessment and in conjunction with HR.

The first customer survey was released in November 2009, and the results were consolidated to establish level of satisfaction and intervention to improve service.

3.4.6.4 Strategy: financial reporting

Unqualified audit opinion has been received from AG, and the action plan compiled based on management letter received and submitted to Audit Committee meeting on 30 April 2010

3.4.6.5 Strategy: budgeting and planning municipal finances

Draft budget with reviewed tariffs tabled before Council on 31 March 2010.

Budget Panel meetings conducted and all reports tabled during process at MANCO, Executive Mayor & Mayoral Committee. All quarterly reports completed and submitted to Section 80 Committee for approval. Cost cutting measures have served as a guideline for Budget Panel and as a baseline during the compilation process.

Final OPEX and CAPEX budgets approved by Council after public participation processes executed.

3.4.6.6 Strategy: supply chain management

Suppliers database was updated, and in future, only commodities/services that have insufficient number of suppliers shall be welcome onto database.

The 3rd quarterly report on the implementation of ISS system has been completed. VENUS Supplier import to ISS and elimination of any duplicates has been completed.

The Service Provider has been appointed to investigate the possible integration of SCM function between the District and Locals.

First auction report on redundant and scrap assets auctioned was approved by Section 80 Committee. The second phase of the project was handled by Facilities and Asset Management Sections.

The launching of Tender Advisory Centre is set for the next financial year 2010/11.

The CIDB compliant database of construction companies has been created for the possible future sub-contracting or main contractor opportunities, and 30% of all construction procurement within SDM is sub-contracted to local service providers.

3.4.6.7 Strategy: effective management of council business

A schedule for briefing sessions of Councillors was developed in accordance with the corporate calendar.

The Legal and Support Directorate provided effective secretarial services to Council, Mayoral and related committee meetings.

A service provider was appointed to scan & image all closed files (Treasury & HR). The National Archives Week official launch in partnership with Gauteng Provincial Archives successfully held at Lesedi Local Municipality.

Council's Manual for the Promotion of Access to Information Act was placed on SDM Website.

The SHEQ policy and Records Strategy were completed, the review of the Contracts Policy and Internal Telecommunication Policy were approved by Council.

3.4.6.8 Strategy: render effective IT services

A contract with BCX is in place, 22 links on maintenance, the review of existing equipment is in process, and the WAN is functioning optimally. Spare radio links were acquired to ensure minimum down time of the WAN.

New communication tower erected at Meyerton Water Tower, site commissioned and operational. Heidelberg Licensing linked and completed, other sites are in progress. Basic DRP is in place and functioning.

Server installed in Midvaal and in ELM, installation completed, staff trained, and Systems roll-out completed. Staff in Emfuleni and Midvaal trained fully on Group-Link Help Desk System.

3.4.6.9 Strategy: ensure effective, competent and motivated staff

The Human Resources Standard Operating Procedures was developed. Equity and Incapacity Policies approved by Council. Batho Pele Strategy was served at Section 80 Committee, and the Performance Management & Development System was reviewed and finalised.

SDM launched the National Condom / STI Awareness week, and condom distribution project was rolled out in various Sedibeng licensing stations, i.e. Vereeniging, Vanderbijlpark, Meyerton and Heidelberg stations.

The Equity Policy and Plan was approved by Council.

3.4.6.10 Strategy: develop and maintain high quality municipal facilities

The Turnaround Strategy report for Taxi Ranks was reviewed by Section 80.

Consultants on the Turnaround Strategy for Vereeniging Fresh Produce Market were approved by Council.

The Occupational Health and Safety policy has been designed and approved by Section 80 for implementation and compliance of the Health and Safety Act (OHS) is periodically monitored.

Municipal buildings and sites maintenance policy framework has been designed. The buildings maintenance strategies and programme, including the development of standardized operating procedures (SOP) for Facilities, as well as for cleaning and hygienic manual are in progress.

The process to establish a panel of service providers for Plumbers, Electricians, Painters, Air conditioner and Refrigeration contractors on two (2) year contracts, excluding Quantity Surveyor has been finalised.

The programme to revamp the municipal facilities was developed and implemented.

3.4.6.11 Strategy: facilitate access to relevant information and promote knowledge

A Draft Operational Plan on library service for Councillors has been developed.

The Emerald Women Conference was profiled onto the website and in the municipal newsletter.

The IDP, Budget and Annual Report were put in the public domain for sector stakeholders' inputs.

In a period January to June 2010, the office of the Executive Mayor continued to engaged with stakeholders to address subjects of national interest, including but not limited to service delivery, FIFA soccer world cup tournament; Sharpeville Precinct Development, 50th Anniversary of the Sharpeville Massacre, "Journey of the Living History".

A visit to the INK (Inanda-Ntuzuma-KwaMashu) Urban renewal programmes and the Buffalo City municipality, facilitated best practice learning for the Communities of Practice committee and assisted the employees in their learning on Urban programme for Evaton Renewal Programme.

3.4.6.12 Strategy: Ensure measurable performance and transparent monitoring of the municipality

Consolidated Integrated IDP Work Plan/Plan between Sedibeng and the Local Municipalities was submitted to Section 80, MAYCO and Council for Approval, then to MEC for Local Government.

SDM Analysis Report approved by Mayoral Committee and Council.

SDM Final IDP Approved by Mayoral Committee and Council, and then distributed to public domain.

3.4.7 KPA: VIBRANT DEMOCRACY

3.4.7.1 Strategy: Build high level of stakeholder relations and effective communication & branding

In the period June 2009 to December 2009, the Office of the Executive Mayor undertook extensive public and stakeholder engagements through visits, media outreach, consultations and meetings. Various topics were covered, e.g. service delivery, religion, business, education, HIV & AIDS, health, sports, designated groups, safety and security.

African festival concept was approved and assigned to the SRAC & H department for implementation. Hoisting of national flags and corporate flags were done at all the municipal buildings. The transport hubs were branded by the provincial Department of Transport during the Confederations Cup. During the 2010 World cup municipal buildings were branded focusing on the 32 countries that were participating at the 2010 FIFA World Cup, Branded Inflatable balls, 32 countries flags , 3 10 X 7m flags of South Africa, Ivory Coast, Switzerland, Regular size flags were put up in all the buildings with flag poles.

Corporate branding was displayed at 286 events.

The branding of the Municipality and the Executive Mayor was achieved through various mediums, e.g. publications, newspapers, interviews, Live reads, etc.

The Speaker's Office has developed and is following a programme of conducting oversight and outreach programmes on the Sedibeng 100 Days of Service Delivery Programme which entails the following programmes: The sectoral Izimbizo and dialogues were organised in relation to the GDS and IDP with designated groups including women, youth, the elderly, people with disabilities, etc.

The Speaker's Office organised SoDA on the 26 May 2010 at Sicelo in Jantene, and a Gala Dinner at Meyerton, Midvaal , was attended by over 1000 people and 400 respectively.

The Sedibeng Youth Open Day was organised on the 25th June 2010 at the Constitutional Square and was attended by over 1000 young people. The Open Day was addressed by E. Mayors Mofokeng, Mshudulu and Modisakeng and MMCs Tsokolibane and Nkosi.

The Capex Budget was spent as allocated, and the targets for coordinating Whippery, SDM Councillors and District Wide Caucus Lekgotla's were met.

Multi Party Whippery meetings were convened successfully. The PAC and DA were allocated offices at the MSDC building.

3.4.7.2 Strategy: Promote high level of intergovernmental cooperation and coordination

Joint Municipal Managers' meetings were held which discussed and resolved on critical issues, Service Delivery status, 2010 World Cup preparations; Precincts Development Projects and SDM financial assistance to Local Municipalities LED projects.

A Joint Mayor's meeting was held in May 2010 preceding the Joint Mayoral Committee meeting, which discussed and resolved on IGR staff capacity, Precinct development, IDP and Regional sewer project.

SDM and its Local Municipalities cooperated in the implementation of all identified projects in relation to Precincts Development.

SDM hosted the successful 2009/10 O.R. Tambo games. For the first time the Provincial department of SRAC participated in the games. The OR Tambo Games play a significant role in the learning network process.

3.4.7.3 Strategy: Ensure high level of corporate governance

The draft Audit Committee Charter and draft Annual plan were finalised.

A fully experienced Audit Committee was appointed in April 2010, led by a female chairperson (Ms Masabata Mutlaneng), thus reflect SDM's commitment to clean audit and women empowerment mandate.

A fraud and corruption training session was facilitated by COGTA and local municipalities attended the workshop in Maccauvlei.

The 2008 Performance Management System Policy was reviewed and a Draft PMS policy was finalised.

The Council approved the final IDP and Budget on the 28 May 2010.

In terms of Section 129 of MFMA, Act 56 of 2003, and Section 21A of Systems Act, Act 32 of 2000, a notice on Annual report was released to the General public for inputs and comments. Office of the Municipal Manager sent approved copies of the report to Auditor General, Provincial Treasury, National Treasury and Gauteng Department of Local Government and Housing.

3.4.7.4 Strategy: ensure public participation

A successful Sedibeng Mayoral District – Wide Imbizo was held on the 3 December 2009 at the Evaton Sports ground.

Bilateral meeting between the office of the speakers at the local and district level was held and a district wide Public Participation Coordination Forum was established.

The Councillors attended SALGA provincial and National Members Assembly. The Speaker consulted with religious groups, youth, Khulumani, VEPPA regarding the IDP Review for 2010/2011. MPAC oversight reports were approved by Council. Terms of Reference of Section 79 Committees: Ethics, Gender and Rules Committees were reviewed and will serve in respective committees for adoption.

A total of three (3) IDP review public and stakeholder engagements were held with People With Disabilities (PWDs), senior citizens, business sector, women/youth and ex-combatants.

In ensuring ongoing communication between Office of the Executive Mayor, stakeholders and the public, the office held regular stakeholder forums, sector based forums, relevant ward committee representatives, etc.

Stakeholder Consultative meetings were held in May 2010 with Families of the victims of the Boipatong massacre, Community, Religious and Political Organizations to prepare for the Hand-over of the tombstones to the families of the victims of the Boipatong massacre of the 17 June 1992.

3.4.7.5 Mainstreaming of issues relating to designated groups

Three (3) mainstreaming meetings were held in all local municipalities, Emfuleni, Lesedi and Midvaal. The Speaker shared the Gender Policy and Strategy with local municipalities in the district for alignment in order to sustain uniformity. A process was initiated to monitor the implementation of Council resolutions on mainstreaming issues.

3.5 FLAGSHIP PROJECTS

3.5.1 PRECINCTS PROJECTS

In pursuit to integrated economic development and investment through the **Vaal 21 Initiative**, the district progressed to identify relevant projects to align to the initiative. A successful meeting was held in the Free State with the MEC for Local Government and Housing which was organized by the Gauteng provincial MEC for Housing on the Vaal 21 Initiative. The precincts projects identified under Vaal 21 Initiative are on track, with most Quick Wins projects in the procurement stages and being implemented.

The Proposed Urban Framework: has the three precinct projects listed, i.e. Heritage, Civic, and Waterfront. There's a significant progress towards the implementation of these projects, the regeneration of Civic Precinct in Vereeniging CBD; the development of three interrelated precinct spaces in Sharpeville, namely heritage precinct in vicinity of Sharpeville Monument; sport and recreation precinct in vicinity of George Thabe Stadium; and recreation precinct along shores of Sharpeville or Kwa-Dhlomo dam.

Heritage Precincts: **Cemetery, Constitution walk and Exhibition Centre** which are the Sharpeville Precincts Projects are in a remarkable progress and most towards completion.

The Waterfront development constitutes four related waterfront projects along the Vaal River in the vicinity of Vereeniging, namely upgrading Dickenson Park; development of Business Park to the immediate left of Dickenson Park; development of iconic water tourism hub left of R59 Bridge; and development of broad walk stretching to both sides of the River between Riviera Hotel and R59 Bridge. The upgrade of the Dickenson Park is underway. Urban Genesis is in the process of revising the business plan for the civic precinct.

3.5.2 2010 FIFA WORLD CUP

The SDM 2010 FIFA World Cup Strategy managed to attract to the district two national teams to have base camps in the area. Sedibeng was home to Switzerland and Ivory Coast. George Thabe and VUT Stadia were handed over to the LOC for these respective teams. SDM hosted 17 **Public Viewing Areas (PVA's)** across the width of the Sedibeng area. The two Primary PVA's were situated at Saul Tsotetsi Sport Centre in Sebokeng Zone 14, and the other one at the Constitutional Square in the Vereeniging CBD. These PVA's had big Plasma Screens, stage and sound for live entertainment. The other 15 were in door secondary public viewing areas which were managed by the 2010 Task Team. The PVAs were spread across the region from Noordvaal, all the way through to cover Bophelong, Boipatong, Evaton and other places right up to Midvaal and Lesedi. As part of the lasting legacy and offering the public opportunity to access electronic media, the above facilities with the exception of Siculo Sports Centre, were permanently fitted with satellite dish, DSTV decoder, public announcement system and projectors, which shall remain in the property of the venue.

SDM and the Gauteng Department of Education donated full sets of playing kits and soccer boots to 32 primary schools in the region as part of the school holiday programme. SDM successfully hosted

the FIFA World Cup Trophy Tour at VUT which was graced by the Premier and the MEC for SACR. SDM hosted the African Festival Programme including the National SABC Live Broadcast at the Saul Tsoetsi PVA site where Ivory Coast, Ghana, Cameroon and Nigerian Nationals enticed the crowds with their tasty traditional dishes. SDM was commended by COGTA for the excellent presentation of their 2010 World Cup Readiness Report during their inspection visit.

4 CHAPTER 4: FINANCIAL REPORTS FOR THE YEAR END 30 JUNE 2010

4.1 FOREWORD FROM THE CHIEF FINANCIAL OFFICER ON THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2010

The basic objectives of financial reporting are:

- To assist in fulfilling the municipality's duty to be publicly accountable and to enable stakeholders to assess accountability;
- To assist stakeholders in evaluating the operating performance of the municipality for the year; and
- To assist stakeholders in assessing the level of services that can be provided by the municipality and its ability to meet obligations as they become due.

The application of financial ratio analysis enables our stakeholders to inform 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.

The following analysis is based on figures as per the AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2010, annexed hereto as ANNEXURE "A".

Statement of Financial Position

The financial position of a municipality is directly measured by the number of resources controlled by the municipality from which future economic benefits are expected (assets), obligations resulting in a outflow of municipal resources (liabilities) and the residual interest of the constituents in the assets of the municipality (net assets).

At the year ending 30 June 2010 there was:

- A 3% decline in municipal assets from the previous year;
- A 15% growth in liabilities from the previous year;
- Resulting in a 7,6% decline in the municipal net assets from the previous year.

1. Current Ratio:

This ratio measures the ability of Council to use current assets to settle existing short term liabilities.

(Total current assets x 100) ÷ Total current liabilities = Current ratio
2009
(221 201 520 x 100) ÷ 66 390 200 = 333
2010

$$\left(\frac{170\,541\,735 \times 100}{76\,401\,755} \right) \div = 223$$

This shows a decline in position in 2010 from 2009 on Sedibeng District Municipality's ability to cover its current debt. This performance may be attributed to the use of internal funding (as opposed to sourcing grant funding) for the construction of infrastructure and other assets which are not capitalised but rather transferred as a grant paid to the local municipalities.

2. Cash Coverage Ratio:

The cash coverage ratio indicates the available cash plus short term investments as a percentage against monthly fixed operating expenditure.

Cash and Cash Equivalents under 90 days \div Monthly operating payments \times 100

$$\frac{\text{(Monthly operating payments = (lease costs, contracted services, loan installments, employee and councillor related costs))}}{12 \text{ months}} \times 100$$

2009			
172,231,917	\div	$\frac{(4,845,253 + 24,479,909 + 29,623 + 158,715,935 + 7,215,362)}{12 \text{ months}}$	$\times 100 = 1\,058\%$

2010			
117,972,319	\div	$\frac{(5,131,935 + 33,919,718 + 317 + 198,381,839 + 7,672,806)}{12 \text{ months}}$	$\times 100 = 577\%$

Although still favourable, this shows a decline in position in 2010 from 2009 on Sedibeng District Municipality's ability to cash coverage position. This performance may be attributed to the use of internally generated funds (as opposed to sourcing grant funding) for the construction of infrastructure and other assets which are not capitalised but rather transferred as a grant paid to the local municipalities.

3. Analysis of Working Capital Ratios:

The nett debtors' days ratio is not calculated as Council does not provide primary services (water, electricity, sanitation) to the public. However, an analysis of the accounts receivable has been done to demonstrate the relationship between gross trade debtors, provision for bad debts and nett debtors for 2010 and prior year.

	2010	2009	Variance
Gross debtors	2,101,547	1,899,311	Increase of 10.6%
Provision for bad debt	(1,409,164)	(1,181,924)	Increase of 19%
Nett debtors	692,383	717,387	Increase of 3,5%

Although gross debtors demonstrate growth, nett debtors show a decline from the previous year. A provision of R1,4million was made to provide for debtors older than 90 days which was utilised during the course of the year. These debtors constitute of ambulance debtors, airport fuel debtors and the fresh produce market debtors. Several interventions have been taken by Council on credit control and debtor management including the issuing of final notices and liaising with the relevant medical aids regarding outstanding fees due.

The financing to capital expenditure ratio gives an indication of the extent to which external loans are used for capital expenditure.

Nett cash flow from financing activities ÷ Nett cash flow from investing activities = Ratio

2009			
360,512	÷	103,625,140	= 0,003:1

2010			
60,338	÷	51,397,251	= 0,001:1

The ratio reflects an improvement on the favourable position of the previous year.

4. Accumulated Surplus:

The showing of accumulated surplus against total income is used as an indicator of ability to generate additional income to inform decision-making on evaluating potential to afford future long-term commitments.

(Accumulated Surplus ÷ Total Income) x 100% = Ratio

2009			
(282,755,058 ÷ 301 287 201)	x	100	= 94%

2010			
(259,999,988 ÷ 324,754,078)	x	100	= 80%

The ratio indicates that Council's ability to generate additional income has declined by 14% from the previous year. This performance may be attributed to the use of internal funding (as opposed to sourcing grant funding) for the construction of infrastructure and other assets which are not capitalised but rather transferred as a grant paid to the local municipalities. Another contributing factor to the decline in performance is the offering of municipal facilities for rental at tariffs below break-even point hence impeding revenue generation. This results in the operational and maintenance costs of these facilities being subsidised by internal reserves.

Statement of Financial Performance

Surplus or deficit is used to measure financial performance and directly related to the measurement of revenue and expenditure for the reporting period.

- For the year ending 30 June 2010, a deficit of R21,8million was declared. This is a decline in performance from the previous year's surplus of R105million. This decline in performance may be attributed to the use of internal funding (as opposed to sourcing grant funding) for the construction of infrastructure and other assets which are not capitalised but rather expensed out in transfers as grants paid to the local municipalities.
- Increase/ decrease per expenditure category is as listed below:

Expenditure per Category:	2010	2009	Variance
----------------------------------	-------------	-------------	-----------------

General Expenses	83,247,398	54,579,209	-53%
Employee related costs	198,381,839	158,715,935	-25%
Remuneration of councillors	7,672,806	7,215,362	-6%
Debt impairment	-	3,663,701	
Depreciation and amortisation	8,962,556	7,106,863	-26%
Finance costs	317	29,623	99%
Collection costs	218,918	-	
Repairs and maintenance	7,864,470	6,935,182	-13%
Contracted services	33,919,718	24,479,909	-39%
Grants and subsidies paid	20,151,737	29,724,916	32%
	360,419,759	292,242,923	-23%

This indicates an overall increase of 23% in operating expenses.

5. Expenditure Efficiency:

An assessment of the expenditure efficiency indicates the percentage per expense category spent against the total operating cost.

$(\text{Expenditure category} \div \text{Total Operating Expense}) \times 100\% = \text{Percent allocated}$

Expenditure per Category:	2010	% to Operating Expenditure	2009	% to Operating Expenditure
General Expenses	83,247,398	23%	54,579,209	19%
Employee related costs	198,381,839	55%	158,715,935	54%
Remuneration of councillors	7,672,806	2%	7,215,362	2%
Debt impairment	-		3,663,701	1%
Depreciation and amortisation	8,962,556	2%	7,106,863	2%
Finance costs	317	0%	29,623	0%
Collection costs	218,918	0%	-	
Repairs and maintenance	7,864,470	2%	6,935,182	2%
Contracted services	33,919,718	9%	24,479,909	8%
Grants and subsidies paid	20,151,737	6%	29,724,916	10%

The results of the analysis indicate that employee related costs has increased from 54% to 55% and is still making up the highest proportion of operational expenses. General expenses and contracted services apportionment have also increased and rank second and third highest respectively.

6. Expenditure per Category to Total Income:

This ratio provides useful information on income and expenditure tendencies and trends as well as what portion of revenue is allocated to different types of expenditure.

$(\text{Expenditure category} \div \text{Total Income}) \times 100\% = \text{Percent allocated}$

Expenditure per Category:	2010	% to Total Income	2009	% to Total Income
----------------------------------	-------------	--------------------------	-------------	--------------------------

Expenditure per Category:	2010	% to Total Income	2009	% to Total Income
General Expenses	83,247,398	26%	54,579,209	18%
Employee related costs	198,381,839	61%	158,715,935	53%
Remuneration of councillors	7,672,806	2%	7,215,362	2%
Debt impairment	-		3,663,701	1%
Depreciation and amortisation	8,962,556	2%	7,106,863	2%
Finance costs	317	0%	29,623	0%
Collection costs	218,918	0%	-	
Repairs and maintenance	7,864,470	2%	6,935,182	2%
Contracted services	33,919,718	10%	24,479,909	8%
Grants and subsidies paid	20,151,737	6%	29,724,916	10%

Employee related costs' allocation of revenue has increased by 8% and is still receiving the highest allocation of income. This category is followed by general expenses and contracted services which both show increases in allocation as well. A decrease in allocation is noted against grants & subsidies paid.

Statement of Changes in Net Assets

The purpose of this statement is to disclose transactions impacting on the components of community wealth (net assets) included in the statement of financial position. These transactions may include adjustments and movements to and from reserves. These reserves comprise of the Government Grant reserve, the Re-valuation Reserve and the Accumulated Surplus. The posting of an operational deficit to the accumulated surplus hence has partially depleted the distributable reserve.

Cash Flow Statement

The information within the cash flow statement informs management decision-making on how much cash is required to perform activities and how to optimally control cash.

1. Cash to Operating Income:

This ratio indicates the degree to which cash increased in relation to the operating income.

$$\text{Ratio} = (\text{Cash generated from operations}) \div (\text{Operating Income})$$

2009			
1,61:1	=	486,999,463	÷ 301,287,201
2010			
1,36:1	=	440,154,106	÷ 324,754,078

2. Working Capital to Net Cash Flow:

In this ratio, the percentage influence of the change in working capital on net cash flow is shown. Working capital is the difference between current assets and current liabilities. The municipality can be endowed with assets and profitability but short of liquidity if its assets cannot readily be converted into cash. Positive working capital is required to ensure that operations may continue and that there are sufficient funds to satisfy both maturing short-term debt and upcoming operational expenses. If current assets are less than current liabilities, it is a working capital deficiency, also called a working capital deficit.

The ratio indicate whether the municipality is currently in a sound position to:

- Meet long-term commitments;
- Meet short-term commitments from liquid resources; and
- To assist and inform any medium-term budgetary, investment and/ or policy decision-making.

Ratio = (Changes in Working Capital) ÷ (Net Cash Flow)

2009				
4%	=	(221,201,520 - 60,021)	÷ 55,108,491
2010				
-3.1%	=	(170,541,735 - 0)	÷ (54,259,598)

The change in net cash flow from a positive flow to a negative flow from 2009 to 2010 may be attributed to Council's increased cash output in investing and operating activities. This in turn has given a negative indicator of Council's ability to generate a net in-flow of cash. This may be attributed to the use of internal funding (as opposed to sourcing grant funding) for the construction of infrastructure and other assets which are not capitalised but rather transferred as a grant paid to the local municipalities.

In Conclusion Sedibeng District Municipality generated a deficit of R21,883,686 for the year ending 30 June 2010, implying an accumulated surplus of R259,999,988 as at 30 June 2010 which indicates that the Municipality is liquid and in a good financial position.

B J SCHOLTZ
CHIEF FINANCIAL OFFICER

DATE

CLLR. B MNCUBE
MMC: FINANCE

DATE

4.2 ANNUAL FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2010

General Information

The following is included in the scope of operation	District Municipality
Grading of local authority	Grade 11 Local Authority
Chief Finance Officer (CFO)	Mr Brendon Scholtz
Accounting Officer	Mr Yunus Chamda
Registered office	Municipal Offices Civic Centre Cnr. Beaconsfield & Leslie street Vereeniging 1930
Business address	Municipal Offices Civic Centre Cnr. Beaconsfield & Leslie street Vereeniging 1930
Postal address	PO Box 471 Vereeniging 1930
Bankers	ABSA Bank
Auditors	Auditor General

Index

The reports and statements set out below comprise the annual financial statements presented to the members of council:

Index	Page
Accounting Officer's Responsibilities and Approval	3
Accounting Officer's Report	4
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Accounting Policies	9 - 20
Notes to the Annual Financial Statements	21 - 35
Appendixes:	
Appendix B: Analysis of Property, Plant and Equipment	36
Appendix C: Segmental analysis of Property, Plant and Equipment	37 -38
Appendix D: Segmental Statement of Financial Performance	39 -40
Appendix E(1): Actual versus Budget (Revenue and Expenditure)	41 - 42
Appendix E(2): Actual versus Budget (Acquisition of Property, Plant and Equipment)	43 - 44
Appendix F: Disclosure of Grants and Subsidies in terms of the Municipal Finance Management Act	45 - 46
Appendix G: Deviations from Supply Chain Management Regulations	47 - 58

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
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
GAMAP	Generally Accepted Municipal Accounting Practice
PPE	Property Plant and Equipment

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2011 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements will be examined by the municipality's external auditors and their report will be presented

The annual financial statements set out on pages 4 to 35, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2010 and were signed on its behalf by:

Mr Y. Chamda

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2010.

1. Incorporation

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

2. Going concern

We draw attention to the fact that at 30 June 2010, the municipality had an accumulated surplus of R 259,999,988 and that the municipality's total assets exceed its liabilities by R 262,923,703.

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

3. Accounting policies

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

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 Yunus Chamda	RSA

5. Bankers

The Current bankers appointed by Council through a formal tender process are ABSA bank.

6. Auditors

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

Statement of Financial Position

Figures in Rand	Note(s)	2010	2009
Assets			
Current Assets			
Cash and cash equivalents	2	117,972,319	172,231,917
Inventories	7	110,394	32,257
Trade and other receivables from exchange transactions	8	9,318,589	13,484,960
VAT receivable	9	9,934,977	1,681,972
Construction of Assets in Progress	10	33,205,456	33,770,414
		170,541,735	221,201,520
Non-Current Assets			
Property, plant and equipment	4	168,382,192	129,620,691
Intangible assets	5	401,531	390,429
		168,783,723	130,011,120
Total Assets		339,325,458	351,212,640
Liabilities			
Current Liabilities			
Financial lease liabilities	12	-	60,021
Unspent conditional grants and receipts	13	32,838,449	26,400,030
Provisions	14	1,827,135	1,708,160
Trade and other payables from exchange transactions	15	41,736,171	38,221,989
		76,401,755	66,390,200
Total Liabilities		76,401,755	66,390,200
Net Assets		262,923,703	284,822,440
Net Assets			
Reserves			
Government grant reserve	11	2,923,715	2,047,382
Accumulated surplus		259,999,988	282,755,058
Total Net Assets		262,923,703	284,822,440

Statement of Financial Performance

Figures in Rand	Note(s)	2010	2009
Revenue			
Sale of goods	16	305,674	371,463
Rental of facilities and equipment	16	8,428,823	8,026,490
Interest received (trading)	16	141	13,238
Income from agency services	16	5,664,190	4,057,196
Licences and permits	16	42,223,033	38,477,430
Government grants & subsidies	17	252,453,877	228,808,544
Other income	18	1,865,007	2,091,036
Interest received – investment	23	13,813,333	19,441,804
Total Revenue		324,754,078	301,287,201
Expenditure			
General Expenses	19	(83,247,398)	(54,579,209)
Employee related costs	20	(198,381,839)	(158,715,935)
Remuneration of councillors	21	(7,672,806)	(7,215,362)
Debt impairment	22	-	(3,663,701)
Depreciation and amortisation	24	(8,962,556)	(7,106,863)
Finance costs	25	(317)	(29,623)
Collection costs		(218,918)	-
Repairs and maintenance		(7,864,470)	(6,935,182)
Contracted services	27	(33,919,718)	(24,479,909)
Grants and subsidies paid	28	(20,151,737)	(29,724,916)
Total Expenditure		(360,419,759)	(292,450,700)
Gain or loss on disposal of assets and liabilities		90,062	(17,687)
Revenue from non-exchange transactions		13,691,933	96,523,918
(Deficit) surplus for the year		(21,883,686)	105,342,732

Statement of Changes in Net Assets

Figures in Rand	Government grant reserve	Total reserves	Accumulated surplus	Total net assets
Balance at 01 July 2008	20,589,054	20,589,054	157,653,883	178,242,937
Changes in net assets				
Offset Depreciation	(1,252,156)	(1,252,156)	-	(1,252,156)
Capital Grants used to purchase PPE	124,830	124,830	-	124,830
Implementation of GAMAP	(17,405,573)	(17,405,573)	19,778,443	2,372,870
Implementation of GAMAP - GGR	(8,773)	(8,773)	-	(8,773)
Net income (expenses) recognised directly in net assets	(18,541,672)	(18,541,672)	19,778,443	1,236,771
Surplus for the year	-	-	105,342,732	105,342,732
Total recognised income and expenses for the year	(18,541,672)	(18,541,672)	125,121,175	106,579,503
Total changes	(18,541,672)	(18,541,672)	125,121,175	106,579,503
Balance at 01 July 2009	2,047,382	2,047,382	282,775,059	284,822,441
Changes in net assets				
Surplus for the year	-	-	(21,883,686)	(21,883,686)
Adjustments	-	-	(891,385)	(891,385)
Capital Grants used to purchase PPE	1,306,085	1,306,085	-	1,306,085
Asset disposals	(16,278)	(16,278)	-	(16,278)
Offset depreciation	(413,474)	(413,474)	-	(413,474)
Total changes	876,333	876,333	(22,775,071)	(21,898,738)
Balance at 30 June 2010	2,923,715	2,923,715	259,999,988	262,923,703

Cash Flow Statement

Figures in Rand	Note(s)	2010	2009
Cash flows from operating activities			
Receipts			
Grants		243,171,376	228,808,544
Interest income		13,813,333	19,441,804
Other receipts		183,169,397	238,749,115
		440,154,106	486,999,463
Payments			
Employee costs		(206,054,645)	(165,931,297)
Suppliers		(236,901,470)	(161,843,389)
Other cash item		-	(130,634)
		(442,956,115)	(327,905,320)
Net cash flows from operating activities	31	(2,802,009)	159,094,143
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(51,398,574)	(103,466,517)
Proceeds from sale of property, plant and equipment	4	257,692	112,947
Purchase of other intangible assets	5	(256,369)	(271,570)
Net cash flows from investing activities		(51,397,251)	(103,625,140)
Cash flows from financing activities			
Repayment of financial lease liabilities		(60,021)	(330,889)
Finance lease payments		(317)	(29,623)
Net cash flows from financing activities		(60,338)	(360,512)
Net increase/(decrease) in cash and cash equivalents		(54,259,598)	55,108,491
Cash and cash equivalents at the beginning of the year		172,231,917	117,123,424
Cash and cash equivalents at the end of the year	2	117,972,319	172,231,915

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. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General Notice 1290 of 2008 exempted compliance with certain of the above-mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual statements.

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

Offsets

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

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

1.2 PRESENTATION CURRENCY

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

1.3 SIGNIFICANT ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

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

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

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

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

Note 13: Provisions and contingencies

Note 11: Lease classification

Note 15: Doubtful Debts

1.4 RESERVES

1.4.1 Government Grant Reserve

When items of property, plant and equipment are purchased from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury.

When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit).

The purpose of this reserve is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation expenses that will be incurred over the estimated useful lives of the items of property, plant and equipment funded from government grants.

When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit).

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

1.4.2 Donations and Public Contributions Reserve

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

The purpose of this reserve is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit).

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

1.4.3 Revaluation Reserve

(If Realised through use)

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/(deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

(If Realised on disposal)

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised on the disposal of the property, plant and equipment. On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

1.5 PROPERTY, PLANT & EQUIPMENT

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

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

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

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

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

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

Incomplete construction work is stated at historical cost. Depreciation only commences when the assets is commissioned into 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, refer to note 4. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

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

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

Depreciation is calculated on the asset's depreciable amount, using the straight-line method over the useful lives 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 asset lives:

Infrastructure Assets	Years
Street names, signs and parking meters	5
Water reservoirs and reticulation	15 – 20
Community Assets	Years
Parks and gardens	10 -30
Sport fields	20 – 30
Community halls	30
Recreation facilities	20 – 30
Other Assets	Years
Motor vehicles	5
Plant and equipment	2 – 15
Security measures	3 – 10
Buildings	30
IT equipment	3 – 5
Office equipment	3 - 7

The municipality has complied with Directive 4 of February 2008 and applied the requirements of the standard of GRAP 3, Accounting policies, Changes in accounting estimates and errors on the standard on Property, Plant and Equipment, GRAP 17, on initial adoption of the standard.

1.6 INTANGIBLE ASSETS

Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Refer to impairment of assets accounting policy 1.7

Where an intangible asset has been acquired at no or for a nominal cost, its cost is its fair value on the date of acquisition.

Goodwill (negative goodwill) arises on the acquisition of associates and joint ventures.

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 is recognised in the statement of financial performance as incurred.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Municipality and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Costs include the employee costs incurred as a result of developing software and an appropriate portion of relevant overheads.

1.6.1 Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the statement of financial performance when incurred.

Development activities involve a plan or design for the production of new or substantially new improved products and processes.

Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the municipality intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use.

Other development expenditure is recognised in the statement of financial performance as incurred.

1.6.2 Amortisation

Amortisation is recognised in the statement of financial performance on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Item	Useful Life
Computer software	3 Years

Each item of intangible asset is amortised separately.

Intangible assets that have an indefinite useful life are tested for impairment annually.

The estimated useful life, the amortisation method and the residual values are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively.

1.7 IMPAIRMENT OF FINANCIAL ASSETS

Impairment of Non-financial assets

Non-Financial assets, excluding investment property, biological assets and inventories, are assessed at each reporting date to determine whether there is an indication that the carrying amount of the asset may be impaired. If such an indication exists, the recoverable amount of the asset is determined. Irrespective of whether an indication of impairment exists, the recoverable amount of goodwill, indefinite-life intangible assets and intangible assets not available for use are determined annually.

The recoverable amount of an asset is the higher of its fair value less costs to sale and its value in use. In determining the value in use, the estimated future cash flows of the asset is discounted to their present value based on pre-tax discount rates that reflects current market assessments of the time value of money and the risks that are specific to the asset. If the value in use of an asset for which there is an indication of impairment cannot be determined, the recoverable amount of the cash-generating unit to which the asset belongs is determined. An asset's cash generating unit is the smallest group of identifiable assets that includes the asset and that generates cash inflows from continuing use that are largely independent from cash inflows from other assets.

An impairment loss is recognised in the statement of financial performance when the carrying amount of an individual asset or of a cash-generating unit exceeds its recoverable amount. If the loss relates to the reversal of a previous revaluation surplus, it is recognised in equity. Impairment losses recognised on cash-generating units are allocated on a pro rata basis, to the assets in the cash-generating unit.

Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount of the asset or cash-generating unit. Reversals of impairment losses on cash-generating units are allocated on a pro rata basis to the assets in the unit. Impairment losses are reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been recognised in the past. Reversals of impairment losses are recognised directly in the statement of financial performance.

Impairment of Monetary assets

A provision for impairment is created when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of the receivables. The carrying value is reduced through the use of a provision and is recognised as a charge to the statement of financial performance. When a receivable is uncollectible, it is written off against the provision. Any subsequent recoveries of amounts previously written off are credited directly in the statement of financial performance.

An available for sale financial asset is impaired when there is a significant or prolonged decline in the fair value of the asset below its cost price or amortised cost. At such a point, a cumulative gains or losses that have been accumulated in equity are removed from equity as a reclassification adjustment and are recognised in the statement of financial performance. Any subsequent impairment losses are recognised directly in the statement of financial performance.

Where Held-to-maturity investments have been impaired, the carrying value is adjusted by the impairment loss and this is recognised as an expense in the period that the impairment is identified.

1.8 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets or disposal groups are classified as non-current assets held for sale when the carrying amount of the asset or disposal group is to be recovered principally through a sale transaction rather than through continuing use.

Immediately before the classification of the asset or disposal group as held for sale, the carrying amount of the assets, or the assets and liabilities in the disposal group, are measured in accordance with applicable GRAP standards. Subsequently the asset or disposal group is measured at the lower of its carrying amount and fair value less cost to sell, with any adjustment recorded in the statement of financial performance.

The municipality complied with Directive 4 of February 2008, on initial adoption of the standard of GRAP on Non-current Assets Held for Sale and Discontinued Operations, GRAP 100, and has done so prospectively, for all non-current assets (or disposal groups), that meet the criteria to be classified as held for sale.

An exception to non-recognition and non-measurement, is where items have not been recognised in accordance with other relevant GRAP standards as a result of transitional provisions, which take precedence over the requirements of GRAP 100. The following standards will have to be complied with first, or transitional provisions of these standards are to expire prior to application of GRAP 100:

GRAP 12: Inventories

GRAP 16: Investment property

GRAP 17: Property, Plant and Equipment:

GRAP 101: Agriculture

GRAP 102: Intangible Assets

1.9 LEASES

Leases that transfer substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease payments are recognised as an expense on a straight-line basis over the lease period.

The Municipality as Lessee

Assets leased in terms of finance lease agreements are capitalised at amounts equal at the inception of the lease to the fair value of the leased property, or lower, at the present value of the minimum lease payments. Capitalised leased assets are depreciated in accordance with the accounting policy applicable to property, plant and equipment; refer to property, plant and equipment policy 1.5. The corresponding rental obligations, net of finance charges, are included in long-term borrowings. Lease finance charges are amortised to the statement of financial performance (unless they are directly attributable to qualifying assets) over the duration of the leases so as to achieve a constant rate of interest on their remaining balance of the liability.

Obligations incurred under operating leases are charged to the statement of financial performance in equal installments over the period of the lease, except when an alternative method is more representative of the time pattern from which benefits are derived.

1.10 FINANCIAL INSTRUMENTS

Financial instruments are initially measured at fair value, plus, in the case of financial instruments not at fair value through profit or loss, transaction costs. The fair value of a financial instrument that is initially recognised is normally the transaction price, unless the fair value is evident from the observable market data. The municipality uses a discounted cash flow model which incorporates entity-specific variables to determine the fair value of financial instruments that are not traded in an active market. Differences may arise between the fair value initially recognised in (which in accordance with IAS 39, is generally the transaction price) and the amount initially determined using the valuation technique. Any such differences are subsequently recognised in profit or loss only to the extent that they relate to a change in the factors (including time) that market participants would consider in setting the price.

Financial instruments include cash and bank balance, investments, trade receivables and borrowings. The municipality classifies its financial assets as loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discount) through the expected life of the financial asset, or, where appropriate a shorter period.

1.10.1 FINANCIAL ASSETS

Financial assets are recognised in the municipality's statement of financial position when the municipality becomes a party to the contractual provisions of an instrument. Regular way purchases and sales of financial assets are recorded on the trade date.

The municipality classifies its financial assets in the following categories: fair value through profit or loss, loans and receivables, held-to-maturity as well as available for sale. All financial assets that are within the scope of IAS 39 are classified into one of the four categories.

1.10.1.1 Financial assets at fair value through profit and loss

An instrument is at fair value through profit or loss if it is held for trading or designated as such. Purchase or sale decisions with regard to these investments are managed in accordance with the municipality's documented risk or investment strategy. Financial assets at Fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in the statement of financial performance. The net gain or loss recognised in the statement of financial performance incorporates any dividend or interest earned on the financial asset.

1.10.1.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities in excess of 12 months. These are classified as non-current assets. They include short-term receivables, such as property rates, trade and other receivables, and long-term receivables, such as loans granted. This category may also include financial assets that would have been impaired or past due if the terms of the instrument were not renegotiated.

Loans and receivables are recognised initially at fair value, plus transaction costs. Subsequently items in this category are measured at amortised cost using the effective interest rate, and interest income is included in the statement of financial performance for the period. Net gains or losses represent; reversals of impairment losses, impairment losses, refer to impairment of assets policy XX as well as gains or losses on derecognition. These net gains and losses are included in the statement of financial performance.

1.10.1.3 Held-to-maturity investments

Debt securities that the Municipality has the expressed intention and ability to hold to a fixed maturity date are recognised on a trade date basis and are initially measured at fair value plus transaction cost.

Subsequent to initial recognition, held-to-maturity assets are measured at amortised cost calculated using the effective interest method.

Investments which include listed government bonds, unlisted municipal bonds, fixed deposits and short term deposits invested in registered banks are stated at cost.

Surplus funds are invested in terms of Council's Investment Policy. Investments are only made with financial institutions registered in terms of the Deposit Taking Institutions Act of 1990 with an A1 or similar rating institution for safe investment purposes.

The investment period should be such that it will not be necessary to borrow funds against the investments at a penalty interest rate to meet commitments.

1.10.1.4 Available for sale assets

Non-derivative assets that do not fall into any of the other categories are classified as available for sale. These financial instruments are stated at fair value plus transaction costs. Fair value is determined with reference to quoted market prices. Gains and losses arising from changes in fair value, with the exception of impairment losses, refer to assets management policy, are recognised directly in equity in the Mark-to-Market reserve.

Dividends on available for sale equity instruments are recognised in the surplus or deficit when the Municipality's right to receive payment is established.

1.10.2 FINANCIAL LIABILITIES

Financial liabilities are recognised in the municipality's statement of financial position when the municipality becomes party to the contractual provisions of the instrument.

The municipality classifies its financial liabilities in the following categories: at fair value through profit or loss and other financial liabilities. The classification depends on the purpose for which the financial liabilities were issued/obtained.

1.10.2.1 Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at Fair Value Through Profit or Loss where the financial liability is either held for trading or it is designated as at Fair Value Through Profit or Loss.

Financial liabilities at Fair Value Through Profit or Loss are stated at fair value, with any resultant gain or loss recognised in the statement of financial performance. Interest expense is calculated using the effective interest rate method and included as part of finance costs in the Statement of Financial Performance.

1.10.3 Other financial liabilities

Other financial liabilities, including interest bearing borrowings, are initially measured at fair value, net of transaction costs.

Subsequently, other financial liabilities are measured at amortised cost using the effective rate method, with interest costs being recognised on an effective yield basis.

1.11 INVENTORIES

Inventories are initially measured at cost which cost of inventories comprises of all costs of purchase, costs of development, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Consumable stores, raw materials, work in progress, unused water, and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities.

Redundant and slow-moving stock are identified and written down with regard to their estimated economic or realisable values and sold by public auction. Consumables are written down with regard to age, condition and utility.

Unsold properties are valued at the lower of cost and net realisable value on a specific identification cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

The municipality complied with Directive 4 of February 2008, on initial adoption of the standard of on Inventories, GRAP 12, and has done so retrospectively according to the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The Municipality has taken advantage of the three year transitional provision period in which it has to comply with GRAP 12.

Due to the Municipality taking advantage of the above three year transitional provisions, until expiration of these provisions the Municipality need not comply with the following:

GRAP 1: Presentation of Financial Statements to the extent that this standard requires presentation, and disclosure, of inventories not measured in accordance with GRAP 12 as a result of the transitional provision.

GRAP 101: Non-current Assets Held for Sale.

The necessary disclosures have been made for non-measurement of inventories in accordance with GRAP 12.

1.12 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and cash at bank. Short term investments are included. Bank overdrafts are recorded on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

1.13 PROVISIONS AND CONTINGENCIES

Provisions are recognised when the municipality has a present or constructive obligation, as a result of past events, that is probable to cause an outflow of resources embodying economic benefits required to settle the obligation and a reliable estimate of the provision can be made.

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate used in calculating the present value is the interest rate implicit in the transaction. Where this is impractical to determine the average interest rate cost of borrowing rate of the Municipality is used.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is reversed.

The municipality on initial adoption of the standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets has done so retrospectively according to the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Due to the transitional provisions under the Standard of GRAP on Property, Plant and Equipment, certain assets have not been recognised as Property, Plant and Equipment. Due to the non-recognition of such assets, the requirements of the Standard on Provisions, Contingent Liabilities and Contingent assets have not been applied until the expiration the Property, Plant and Equipment transitional provisions. All necessary disclosure for those assets not recognised as Property, Plant and Equipment have been made.

The municipality complied with Directive 4 of February 2008, on initial adoption of the standard of on Provisions, Contingent Liabilities and Contingent Assets, GRAP 19, and has done so retrospectively according to the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Where items have not been recognised in accordance with GRAP 17, Property, Plant and equipment as a result of transitional provisions, which take precedence over the requirements of GRAP 19. The GRAP 17 will have to be complied with first, or transitional provisions of this standard are to expire prior to application of GRAP 19.

The necessary disclosures have been made for non-recognition of provisions (which form part of the cost of an asset).

1.14 EMPLOYEE BENEFITS

1.14.1 Short-term employee benefits

The cost of short-term employee benefits, which include salaries and wages, short-term compensated absences and profit sharing and bonus plans, are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the municipality expected to pay in exchange for that service that had accumulated at the reporting date.

1.14.2 Termination Benefits

Termination benefits are recognised when actions have been taken that indicate that the municipality is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date; or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

1.14.3 Retirement benefits

The municipality provides retirement benefits for its employees and councilors.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councilors have rendered the employment service or served office entitling them to the contributions.

1.14.4 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of financial performance when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

1.14.5 Post employment medical care benefits

The municipality provides post employment medical care benefits to its employees and their legitimate spouses. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period.

1.15 REVENUE RECOGNITION

Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, VAT and other similar allowances.

1.15.1 Revenue from exchange transactions

Rendering of services

Flat rate service charges relating to rental of facilities and the reporting date shall be recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

Interest, royalties and dividends

Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset;

Royalties are recognised as they are earned on a time basis is recognised on a straight-line basis over the period of the agreement. Royalty revenue that is based on production, sales and other measures is recognised in accordance with the substance of the relevant agreement; and

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Agency Services

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

The income recognised is in terms of the agency agreement.

Collection charges are recognised when such amounts are incurred.

The municipality complied with Directive 4 of February 2008, on initial adoption of the standard of on Revenue from Exchange Transaction, GRAP 9, and has done so retrospectively according to the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Sale of Fuel

The municipality is selling AVGAS fuel at the Vereeniging Airport as part of enhancing service delivery to a specific community group.

1.15.2 Revenue from non-exchange transactions

Grants and donations received

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Conditional grants, donations and funding were recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in the agreement/arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position. Unconditional grants, donations and funding are recognised as revenue in the Statement of Financial Performance at the earlier of the date of receipt or when the amount is receivable.

Contributed assets are recognised at fair value when the risks and rewards associated with such assets are transferred to the Municipality.

1.15.3 Transfer revenue

Assets and revenue recognised as a consequence of a transfer at no or nominal cost is measured at the fair value of the assets recognised as at the date of recognition. Non-monetary assets are measured at their fair value, which is determined by reference to observable market values or by independent appraisal by a member of the valuation profession.

1.15.4 Other

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

Revenue from the recovery of unauthorised irregular, fruitless and wasteful expenditure is based on legislated procedures.

1.16 VALUE ADDED TAX

The municipality accounts for Value Added Tax on the cash basis.

1.17 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act 56 of 2003).

Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.18 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), the Public Office Bearers Act (Act 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.19 FRUITLESS AND WASTEFUL EXPENDITURE

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

1.20 COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

1.21 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.

1.22 RELATED PARTIES

Emfuleni Local Municipality, Midvaal Local Municipality and Lesedi Local Municipality are category B municipalities which in terms of the Constitution of South Africa, section 155 (1) (b) means, "A Municipality that shares executive and legislative authority in its area with a category C municipality within whose area it falls." Sedibeng District Municipality is performing agency services on behalf of the Local Municipalities.

Sedibeng District Municipality performs an agency function on behalf of the Department of Health related to Ambulance services as well as an agency service with the Department of Transport, Roads and Works related to motor vehicle license renewal fees.

Council does not have and associates nor any joint ventures or any other form of association that may be defined as related party relation.

Sedibeng District Municipality

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rands 2010 2009

2. Cash and cash equivalents

Cash, cash equivalents and short term investments consist of:

Cash on hand	40,175	40,175
Cash book balances	23,273,539	12,968,867
Investment deposits	94,658,605	159,222,875
	117,972,319	172,231,917

Current assets - Bank balances and cash on hand	23,313,714	13,009,042
Current assets - Investment deposit	94,658,605	159,222,875
	117,972,319	172,231,917

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2010	30 June 2009	30 June 2008	30 June 2010	30 June 2009	30 June 2008
ABSA BANK - Account Type - Primary Bank Account	10,603,511	1,388,301	3,820,129	10,306,855	321,171	1,867,622
ABSA BANK - Account Type - Licence Function Bank Account	12,541,510	12,298,979	12,417,413	12,541,510	12,298,979	12,417,413
ABSA BANK - Account Type - RSC Levy Bank Account	425,174	325,612	236,628	425,174	297,010	235,037
NEDBANK - Account Type - Theatre Bank Account	-	51,707	51,685	-	51,707	51,685
Total	23,570,195	14,064,599	16,525,855	23,273,539	12,968,867	14,571,757

Investments Deposits

ABSA Bank - Call Account - 908 579 6427	4,260,870	6,711,404
STANDARD Bank - Investment account - 228499054	40,285,855	65,504,815
ABSA Bank - Investment Account - 206 832 6856	30,101,195	85,924,288
NEDBANK - Theatre Investment Account - 1729 365 426	-	230,740
NEDBANK - Theatre Investment Account - 048 33192	-	851,628
First National Bank - Investment Account - 742 724 208 67	20,010,685	-
	94,658,605	159,222,875

3. Changes in accounting estimate

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice on a basis consistent with the prior year. Operating leases have been restated in accordance with GRAP 13. The impact of the implementation is very limited as the majority of operating leases have a 0% escalation clause except the lease of one property.

Residual value on fixed assets has been implemented resulted in a change in the depreciation of fixed assets taken into account the residual value while all assets with a purchase price of less than R5,000 being expense in the same year as acquisitions.

Sedibeng District Municipality

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

4. Property, plant and equipment

	2010			2009		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land & Buildings	113,920,574	(3,937,567)	109,983,007	98,204,629	(241,961)	97,962,668
Furniture and fixtures	8,122,080	(6,647,355)	1,474,725	6,549,435	(3,807,108)	2,742,327
Motor vehicles	9,156,427	(5,292,575)	3,863,852	9,322,803	(4,674,711)	4,648,092
Electronic equipment	16,925,051	(10,122,908)	6,802,143	12,998,425	(6,284,352)	6,714,073
Infrastructure	51,550,413	(7,614,935)	43,935,478	21,245,204	(5,178,810)	16,066,394
Other property, plant and equipment	7,966,582	(5,954,891)	2,011,691	6,481,016	(5,323,371)	1,157,645
Specialised vehicles	453,091	(141,795)	311,296	453,091	(123,599)	329,492
Medical Equipment	-	-	-	1,500	(1,500)	-
Total	208,094,218	(39,712,026)	168,382,192	155,256,103	(25,635,412)	129,620,691

Reconciliation of property, plant and equipment – 2010

	Opening Balance	Additions	Disposals	Revaluations	Depreciation	Total
Land & Buildings	97,962,668	14,063,206	-	-	(2,042,867)	109,983,007
Furniture and fixtures	2,742,327	1,572,645	-	-	(2,840,247)	1,474,725
Motor vehicles	4,648,092	-	-	-	(784,240)	3,863,852
Electronic equipment	6,714,073	4,190,646	(159,166)	-	(3,943,410)	6,802,143
Infrastructure	16,066,394	30,074,384	-	-	(2,205,300)	43,935,478
Other property, plant and equipment	1,157,645	1,497,693	(8,464)	-	(635,183)	2,011,691
Specialised vehicles	329,492	-	-	-	(18,196)	311,296
	129,620,691	51,398,574	(167,630)	-	(12,465,058)	168,382,192

Reconciliation of property, plant and equipment - 2009

	Opening Balance	Additions	Disposals	Transfers	Revaluations	Depreciation	Total
Land & Buildings	23,906,009	87,175,032	4,762,360	(16,747,914)	-	(1,132,819)	97,962,668
Furniture and fixtures	2,203,273	1,035,435	-	-	-	(496,381)	2,742,327
Motor vehicles	5,934,735	472,481	(75,578)	-	-	(1,683,546)	4,648,092
Electronic equipment	3,578,922	4,734,976	(54,106)	-	-	(1,545,719)	6,714,073
Infrastructure	8,427,908	9,348,886	-	-	-	(1,710,400)	16,066,394
Community	10,342,497	-	(4,762,360)	(5,200,053)	-	(380,084)	-
Other property, plant and equipment	972,454	699,707	(950)	-	-	(513,566)	1,157,645
Specialised vehicles	359,698	-	-	-	-	(30,206)	329,492
	55,725,496	103,466,517	(130,634)	(21,947,967)	-	(7,492,721)	129,620,691

A sworn appraisal, Meldane Property and Valuation services cc was appointed and the service of the evaluation was performed by G Wampach - MIV(SA) a registered professional valuer in terms of section 20(2)(A) of the Valuers Act 2000 (144/9). The evaluations were performed in May 2010. These valuations were done based on market value.

Sedibeng District Municipality

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

5. Intangible assets

	2010			2009		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software, other	3,278,197	(2,876,666)	401,531	3,021,828	(2,631,399)-	390,429
	3,278,197	(2,876,666)	401,531	3,021,828	(2,631,399)-	390,429

Reconciliation of intangible assets - 2010

	Opening Balance	Additions	Amortisation	Total
Computer software, other	390,429	256,369	(245,267)	401,531
	390,429	256,369	(245,267)	401,531

Reconciliation of intangible assets - 2009

	Opening Balance	Additions	Amortisation	Total
Computer software, other	985,156	271,570	(866,297)	390,429
	985,156	271,570	(866,297)	390,429

Sedibeng District Municipality

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rands 2010 2009

6. Other financial assets

The municipality has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

For debt securities classified as at fair value through surplus or deficit, the maximum exposure to credit risk at the reporting date is the carrying amount.

7. Inventories

Fuel Avgas	24,796	32,257
JET A1	85,597	-
	110,394	32,257

8. Trade and other receivables from exchange transactions

Debtors	692,383	717,387
VAT on Accruals	562,471	-
Government subsidies	-	7,411,750
Bank Error	49,351	25,038
Capital Project - Bridging Finance	-	172,349
Operating Projects - Bridging Finance	3,397,542	980,937
Department of Transport - Licence refund	3,617,828	3,614,119
Local Municipalities - Agency services	999,014	563,380
	9,318,589	13,484,960

9. VAT receivable

VAT	9,934,977	1,681,972
-----	-----------	-----------

10. Construction of Assets in Progress

Related Projects

Upgrade Matanzima Road Phase1	-	2,768,989
Upgrade Matanzima Road Phase1	2,980,295	2,980,295
Construction Bonatla Road Phase 2	137,985	157,303
Upgrade Ring Road Phase 2	1,906,396	232,178
Construction of Hantsi Road	-	4,394,048
Construction of Thorometsane road	7,330,212	7,330,212
Construction of Sekwati Road	10,279,620	8,402,241
Construction of Tea-Tea Road	3,208,496	2,752,550
Construction of Dlamini Road	-	4,715,032
MMampoi Street Zone 11	-	37,566
Evaton Pedestrian Sidewalk	431,530	-
Road Signage	541,878	-
Sharpeville Community Hall	1,439,170	-
Sharpeville Police Station	346,050	-
Sharpeville Cemetery	4,603,825	-
	33,205,457	33,770,414

11. Government grant reserve

Opening balance	2,047,382	20,589,053
Capital grants used to obtain property, plant and equipment	1,306,085	124,830
Offset depreciation	(413,475)	(1,252,155)
Asset Transfer out	-	(17,405,573)
Asset Disposal	(16,277)	(8,773)
	2,923,715	2,047,382

Sedibeng District Municipality

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rands 2010 2009

12. Financial lease liabilities

Held at amortised cost

Absa Motor Vehicle Loan - 60,021
 Redeemable in July 2009 and September 2009

Current liabilities

At amortised cost - 60,021

13. Unspent conditional grants and receipts

Below is a list of all grants where all the conditions were not yet met during the year under review.

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Provincial Grants	10,654,036	16,973,519
National Grants	19,349,833	1,933,809
DPLG Grants	2,834,580	6,291,847
Local Municipality Grants	-	1,000,855
DBSA Grants	-	200,000
	32,838,449	26,400,030

Movement during the year

Balance at the beginning of the year	26,400,030	20,153,769
Additions during the year	26,273,000	18,452,724
Income recognition during the year	(19,834,581)	(12,206,463)
	32,838,449	26,400,030

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the entity has directly benefited;

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 17 for reconciliation of grants from National/Provincial Government.

These amounts are invested in an investment account until utilised.

14. Provisions

Reconciliation of provisions - 2010

	Opening Balance	Additions	Total
Performance Bonus	1,141,900	-	1,141,900
Retirement Bonus	566,260	118,975	685,235
	1,708,160	118,975	1,827,135

Reconciliation of provisions - 2009

	Opening Balance	Additions	Utilised during the year	Total
Performance Bonus	1,601,900	-	(460,000)	1,141,900
Retirement Bonus	457,770	108,490	-	566,260
	2,059,670	108,490	(460,000)	1,708,160

Sedibeng District Municipality

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rands	2010	2009
15. Trade and other payables from exchange transactions		
Trade payables	19,356,490	6,039,395
Accrued leave pay	13,613,807	9,441,559
Operating lease liabilities	63,185	27,794
Department of Transport (Licence fees)	2,551,303	11,179,109
Local Municipalities Rates Accounts	5,891,489	6,725,430
I - Control	-	1,899,215
Compensation Commissioner	-	957,939
Licence Intervention	-	324,100
Insurance Claims	7,885	-
Mayoral Event Sponsorships	78,800	78,800
Sanlam - Cape Trust	-	73,932
Ambulance fees in advance	66,197	43,521
Refundable town hall rental deposits	40,181	38,810
Unclaimed Salaries	5,574	3,189
Salaries in arrears	54,645	775,812
Unknown deposits	-	457,936
VAT on Debtors	6,614	155,448
	41,736,171	38,221,989
16. Revenue		
Sale of goods	305,674	371,463
Income from agency services	5,664,190	4,057,196
Licences and permits	42,223,033	38,477,430
Government grants & subsidies	252,453,877	228,808,544
	300,646,774	271,714,633
The amount included in revenue arising from exchanges of goods or services are as follows:		
Sale of goods	305,674	371,463
Rental of facilities & equipment	8,428,823	8,026,490
Income from agency services	5,664,190	4,057,196
Licences and permits	42,223,033	38,477,430
	56,621,720	50,932,579
The amount included in revenue arising from non-exchange transactions is as follows:		
Government grants & subsidies	252,453,877	228,808,544
Initial recognition of fixed assets at fair value	13,691,933	-
	266,145,810	228,808,544

Sedibeng District Municipality

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rands 2010 2009

17. Government grants and subsidies

Equitable share	201,582,745	186,955,080
Ambulance Subsidies	31,120,000	29,647,000
Youth Grant	1,000,000	-
Support Grants	18,751,132	12,206,464
	252,453,877	228,808,544

Equitable Share

Current-year receipts	(201,582,745)	(186,955,080)
Conditions met - transferred to revenue	201,582,745	186,955,080
	-	-

Conditions still to be met - remain liabilities (see note 13)

Ambulance Subsidies

Current-year receipts	(31,120,000)	(29,647,000)
Conditions met - transferred to revenue	31,120,000	29,647,000
	-	-

Conditions still to be met - remain liabilities (see note 13)

Provincial Grants

Balance unspent at beginning of year	16,973,519	4,003,124
Current-year receipts	650,000	15,097,725
Conditions met - transferred to revenue	(6,969,483)	(2,127,330)
	10,654,036	16,973,519

Conditions still to be met - remain liabilities (see note 13)

National Grants

Balance unspent at beginning of year	1,933,809	1,567,588
Current-year receipts	24,623,000	1,235,000
Conditions met - transferred to revenue	(7,017,976)	(868,779)
Transfer back to Grant Authority	(189,000)	-
	19,349,833	1,933,809

Conditions still to be met - remain liabilities (see note 13)

DPLG Grants

Balance unspent at beginning of year	6,291,847	14,302,201
Conditions met - transferred to revenue	(3,457,267)	(8,010,354)
	2,834,580	6,291,847

Conditions still to be met - remain liabilities (see note 13)

Local Municipality Grants

Sedibeng District Municipality

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rands	2010	2009
Balance unspent at beginning of year	1,000,855	280,855
Current-year receipts	-	720,000
Conditions met - transferred to revenue	(1,000,855)	-
	-	1,000,855
Conditions still to be met - remain liabilities (see note 13)		
Youth Development Grant		
Current-year receipts	1,000,000	-
Conditions met - transferred to revenue	(1,000,000)	-
	-	-
Conditions still to be met - remain liabilities (see note 13)		
DBSA Grant		
Balance unspent at beginning of year	200,000	-
Current-year receipts	-	200,000
Conditions met - transferred to revenue	(200,000)	-
	-	200,000
Conditions still to be met - remain liabilities (see note 13)		
18. Other revenue		
Adhoc income	151,252	739,681
Skills levy income	708,746	601,619
Ambulance fees	657,892	566,725
Tender income	221,323	83,662
Commission on salaries	125,794	99,349
	1,865,007	2,091,036

Sedibeng District Municipality

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rands	2010	2009
19. General expenses		
Advertising	1,746,412	1,482,683
Assessment rates & municipal charges	4,651,187	3,064,064
Auditors remuneration	2,756,648	1,416,048
Bank charges	652,426	710,242
Computer expenses	2,258,991	2,380,446
Consulting and professional fees	4,721,138	3,716,570
Consumables	1,095,509	1,151,330
Entertainment	432,485	130,548
Insurance	1,975,483	1,491,672
Lease rentals on operating lease	5,131,935	4,845,253
Marketing	15,316,450	-
Magazines, books and periodicals	265,741	240,402
Fuel and oil	799,895	806,252
Postage and courier	21,388	16,562
Printing and stationery	2,763,085	2,602,353
Promotions	2,245,130	2,984,088
Protective clothing	1,073,129	1,070,690
Royalties and license fees	2,208,363	1,993,722
Staff welfare	1,332,219	-
Subscriptions and membership fees	1,094,718	791,473
Telephone and fax	4,196,116	3,326,438
Training	2,706,301	1,818,347
Travel - local	2,976,041	2,332,649
Campaigns	1,008,054	-
Office refreshments	424,843	417,952
Workshops	8,573,437	6,453,410
Congresses & Meetings	636,527	995,303
Expenses from Grants	6,446,896	4,669,959
External Bursaries	948,000	817,425
Donations & Grants	588,908	530,086
Catering Expenses	1,944,076	1,902,396
Sale of goods - Avgas fuel	255,867	420,846
	83,247,398	54,579,209
20. Employee related costs		
Employee related cost exclusive of Section 57 employees		
Basic	118,558,656	91,549,477
Medical aid - company contributions	9,512,471	7,303,588
UIF	1,094,137	930,603
WCA	1,223,265	957,939
SDL	1,501,338	1,215,585
Other payroll levies	2,420,595	1,861,467
Leave pay provision charge	5,780,814	2,980,769
Post-employment benefits - Pension - Defined contribution plan	23,223,200	17,651,528
Overtime payments	8,817,512	8,955,663
13th Cheques	8,633,816	10,319,089
Car allowance	9,978,257	8,492,067
Housing benefits and allowances	1,432,175	1,640,814
Telephone Allowances	1,061	-
Standby Allowance	1,911,726	392,750
	194,089,023	154,251,339
Remuneration of municipal manager		
Annual Remuneration	859,807	547,149
Car Allowance	119,784	-
Performance Bonuses	-	104,677
Contributions to UIF, Medical and Pension Funds	78,870	28,369
	1,058,461	680,195

Sedibeng District Municipality

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rands	2010	2009
Remuneration of chief finance officer		
Annual Remuneration	539,033	512,280
Car Allowance	120,000	102,000
Performance Bonuses	-	71,521
Contributions to UIF, Medical and Pension Funds	144,756	132,266
Housing Allowance	4,800	4,800
	808,589	822,867

Remuneration of executive directors

Annual Remuneration	1,769,456	2,076,739
Car Allowance	372,348	434,133
Performance Bonuses	-	167,840
Contributions to UIF, Medical and Pension Funds	283,962	282,822
	2,425,766	2,961,534

The Executive Director for Strategic Planning and Economic Development (SPED) is vacant since the former Executive Director in the portfolio has been appointed as the Municipal Manager. Currently a person is acting in that capacity.

Total	198,381,839	158,715,935
--------------	--------------------	--------------------

21. Remuneration of councillors

Executive Major	628,199	631,498
Mayoral Committee Members	3,708,175	3,624,500
Speaker	501,855	486,147
Councillors	2,127,119	1,816,974
Councillors' pension contribution	707,458	656,243
	7,672,806	7,215,362

22. Debt impairment

Debt impairment	-	3,663,701
-----------------	---	-----------

23. Investment revenue

Interest revenue

Bank	13,813,333	19,441,804
------	------------	------------

24. Depreciation

Property, plant and equipment	8,962,556	7,106,863
-------------------------------	-----------	-----------

25. Finance costs

Finance leases	317	29,623
----------------	-----	--------

Capitalisation rates used during the period were 11% on specific borrowings for capital projects and 11% being the weighted average cost of funds borrowed generally by the municipality.

26. Auditors' remuneration

Fees	2,756,648	1,416,048
------	-----------	-----------

Sedibeng District Municipality

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rands	2010	2009
27. Contracted Services		
Specialist Services	11,714,383	10,059,100
Other Contractors	22,205,335	14,420,809
	33,919,718	24,479,909
28. Grants and subsidies paid		
Other subsidies		
Grants paid to Local Municipalities	20,151,737	29,724,916
29. Cash receipts from customers		
Income	324,754,078	301,287,201
Inventories	(78,137)	(32,257)
Trade and other receivables from exchange transactions	4,166,371	16,068,808
VAT	(8,253,005)	324,862
	320,589,307	317,648,614
30. Cash paid to suppliers and employees		
Expenses	360,419,759	292,450,700
Movements in provisions	(118,975)	351,510
Construction of Assets in Progress	(564,958)	8,183,830
Trade and other payables from exchange transactions	(3,514,185)	(8,088,010)
Unspent conditional grants and receipts	(6,438,419)	(6,246,261)
Depreciation	(8,962,556)	(7,106,863)
Deficit on sale of assets	-	130,634
Finance costs	(317)	(29,623)
Surplus/Deficit account adjustments	891,385	(19,778,443)
Assets Adjustments	(18,320,418)	(101,313,003)
	323,391,316	158,554,471
31. Cash (used in) generated from operations		
(Deficit) surplus	(21,883,686)	105,342,732
Adjustments for:		
Depreciation	8,962,556	7,106,863
Loss / (Gain) on sale of assets and liabilities	(90,062)	17,687
Initial recognition of fixed asset at fair value	(13,691,933)	(96,523,918)
Finance costs - Finance leases	317	29,623
Debt impairment	-	3,663,701
Asset Disposals	-	(130,634)
Movements in provisions	118,975	(351,510)
Asset movement	18,320,418	101,313,003
Surplus/Deficit account adjustments	(891,385)	19,778,443
Changes in working capital:		
Inventories	(78,137)	(32,257)
Trade and other receivables from exchange transactions	4,166,371	16,068,808
Consumer debtors	-	(3,663,701)
Construction of Assets in Progress	564,958	(8,183,830)
Trade and other payables from exchange transactions	3,514,185	8,088,010
VAT	(8,253,005)	324,862
Unspent conditional grants and receipts	6,438,419	6,246,261
	(2,802,009)	159,094,143

Sedibeng District Municipality

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rands 2010 2009

32. Correction of prior period errors

32.1 Revaluation Surplus

In 2009, an error was made in the recognition of revenue from non-exchange transactions received from local municipalities at no cost. The fair value relating to these assets was recognised as revaluation surplus instead of revenue from non exchange transactions. The comparative amounts for 2009 have been restated. The effect of the restatement on the financial statements is summarised below.

	2009	2008
	R	R
Increase in Revenue from non exchange transactions	-96,523,918.00	
Increase in Depreciation and amortisation	207,777.00	
Increase in total comprehensive income for the year	-96,316,141.00	
Decrease in revaluation surplus	96,316,141.00	0.00
Increase in accumulated surplus	-96,316,141.00	0.00
Adjustment against retained earnings at the beginning of 2009		0.00

33. Commitments

33.1 Authorised capital expenditure

This committed expenditure relates to unspent conditional grants where the conditions are not yet met by the service provider. See note 13 for detail.

33.2 Operating leases – as lessee (expense)

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of three years and rentals are normally fixed for an average of three years. No contingent rent is payable.

Minimum lease payments due	-	-
Not later than one year	-	-
Later than one year and not later than five years	7 736 839	456 347
Later than 5 years	2 241 441	-
Less: future finance charges	(63 185)	(27 794)
Present Value of minimum lease payments	9 915 095	428 553

34. Contingencies

The municipality might be liable for claims instituted against the municipality from employees with disputes against Council. The amount is uncertain as an arbitration award has not yet being issued against those claims. Future payments to employees related to the dispute on the interpretation of the salary negotiation settlement for 2009/10 will result in a liability of approximately R 550,000.

The South African local authority's pension fund currently has a claim against council where the liability amount to R941,739. The matter is pending in South Gauteng High Court.

Sedibeng District Municipality

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rands

2010

2009

M Tsokolibane claim for damages arising out of an injury allegedly sustained as a result of negligence on the part of Council. The damages claimed amount to R 285,000 plus medical expenses, which are in the process of being quantified.

35. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (municipality treasury) under policies approved by the accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The accounting officer provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The municipality analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the municipality calculates the impact on surplus and deficit of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. 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.

No credit limits were exceeded during the reporting period, and management does not expect any deficits from non-performance by these counterparties.

36. Going concern

We draw attention to the fact that at 30 June 2010, the municipality had an accumulated surplus of 259,999,988 and that the municipality's total assets exceed its liabilities by 262,923,703.

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.

37. Events after the reporting date

There were no major events after reporting date:

Sedibeng District Municipality

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rands 2010 2009

38. Additional disclosure in terms of Municipal Finance Management Act

PAYE, UIF & SDL

Current year subscription / fee	27,404,132	22,191,934
Amount paid - current year	(27,404,132)	(22,191,934)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	48,905,770	37,034,883
Amount paid - current year	(48,905,770)	(37,034,883)
	-	-

VAT

VAT receivable	9,934,977	1,681,972
----------------	-----------	-----------

All VAT returns have been submitted by the due date throughout the year.

39. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised	-	60,021
------------------------------	---	--------

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

40. Actual operating expenditure versus budgeted operating expenditure

Refer to Appendix E1 for the comparison of actual operating expenditure versus budgeted expenditure.

41. Actual capital expenditure versus budgeted capital expenditure

Refer to Appendix B for the comparison of actual capital expenditure versus budgeted expenditure.

42. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements. Refer to Appendix G

Further to this, payments were made to Vereeniging Top Travel to the amount of R586,085 where this service where not procured through the normal supply chain management processes.

43. 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 the entity's possession
Owned television sets	24	17 sets were used for the full year 7 sets were procured during the financial year
Rented or leased television sets	-	
Number of sets donated / alienated	-	
TOTAL	24	

Sedibeng District Municipality

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rands

2010

2009

44. Unauthorised, Irregular, Fruitless and Wasteful Expenditure disallowed

44.1 Fruitless and wasteful expenditure

The Speaker of Council received a motor vehicle allowance based on the Public office bearer's remuneration act; however council also rented a vehicle to be utilized by the Speaker in the execution of her duties thereby causing the Municipality to incur fruitless and wasteful expenditure. During the investigation an amount of approximately R 322 000 was discovered which still need to be verified.

44.2 Unauthorised expenditure

Unauthorised expenditure in respect of the over expenditure on employee costs and grants paid amounting to R5,846,329 and R18,651,737 respectively has been incurred.

45. Additional Note

- Appendix B : Analysis of Property, plant and equipment
- Appendix C : Segmental Analysis of Property, plant and equipment
- Appendix D : Segmental Statement of Financial Performance
- Appendix E(1) : Actual vs Budget (Revenue and Expenditure)
- Appendix E(2) : Actual vs Budget (Acquisition of Property, plant and equipment)
- Appendix F : Disclosure of Grants and Subsidies in terms of the Municipal Finance Management Act
- Appendix G : Deviations from Supply Chain Management Regulations

Sedibeng District Municipality

APPENDIX B for the period ended 30 June 2010

June 2010

GOVERNMENT TEMPLATE: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010

	Cost/Revaluation				Accumulated Depreciation				Carrying Value	Budget Additions
	Opening Balance	Additions / Revaluations	Disposals	Closing Balance	Opening Balance	Additions / Revaluations	Disposals	Closing Balance		
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand		
Buildings										
Land	38,971,285	2,936,450	-	41,907,735	608,655	-	-	608,655	41,299,080	-
Buildings	60,886,083	11,126,756	-	72,012,839	1,286,046	2,042,866	-	3,328,912	68,683,927	5,750,000
	99,857,368	14,063,206	-	113,920,574	1,894,701	2,042,866	-	3,937,567	109,983,007	5,750,000
Motor vehicles										
Vehicles	9,322,803	-	166,376	9,156,427	4,674,711	784,240	166,376	5,292,575	3,863,852	1,585,000
	9,322,803	-	166,376	9,156,427	4,674,711	784,240	166,376	5,292,575	3,863,852	1,585,000
IT equipment										
Computer Equipment	12,998,425	4,190,646	264,020	16,925,051	6,284,352	3,943,410	104,854	10,122,908	6,802,143	9,220,610
	12,998,425	4,102,628	264,020	16,837,033	6,284,352	3,939,024	104,854	10,118,522	6,718,511	9,220,610
Computer software										
Intangible Asset	3,021,828	256,369	-	3,278,197	2,631,399	245,267	-	2,876,666	401,531	300,000
	3,021,828	256,369	-	3,278,197	2,631,399	245,267	-	2,876,666	401,531	300,000
Infrastructure										
Security	7,680,905	30,074,385	-	37,755,290	4,380,604	1,515,801	-	5,896,405	31,858,885	31,600,000
Airport	9,921,064	-	-	9,921,064	270,647	495,933	-	766,580	9,154,484	-
Electricity	100,974	-	-	100,974	415	5,045	-	5,460	95,514	-
Water	3,773,085	-	-	3,773,085	757,969	188,520	-	946,489	2,826,596	-
	21,476,028	30,074,385	-	51,550,413	5,409,635	2,205,299	-	7,614,934	43,935,479	31,600,000
Other property, plant and equipment										

Sedibeng District Municipality

APPENDIX B for the period ended 30 June 2010

June 2010

GOVERNMENT TEMPLATE: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010

	Cost/Revaluation				Accumulated Depreciation				Carrying Value	Budget Additions
	Opening Balance	Additions / Revaluations	Disposals	Closing Balance	Opening Balance	Additions / Revaluations	Disposals	Closing Balance		
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand		
Office Equipment	6,481,017	1,497,692	12,127	7,966,582	5,323,371	635,183	3,663	5,954,891	2,011,691	3,000,000
Furniture & Fittings	6,549,435	1,572,645	-	8,122,080	3,807,108	2,840,247	-	6,647,355	1,474,725	3,399,874
Emergency Equipment	1,500	-	-	1,500	1,500	-	-	1,500	-	-
Aircraft	384,211	-	-	384,211	79,018	17,213	-	96,231	287,980	-
Watercraft	68,880	-	-	68,880	44,581	983	-	45,564	23,316	-
	13,485,043	3,070,337	12,127	16,543,253	9,255,578	3,493,626	3,663	12,745,541	3,797,712	6,399,874
Total										
Buildings	99,857,368	14,063,206	-	113,920,574	1,894,701	2,042,866	-	3,937,567	109,983,007	5,750,000
Motor vehicles	9,322,803	-	166,376	9,156,427	4,674,711	784,240	166,376	5,292,575	3,863,852	1,585,000
IT equipment	12,998,425	4,190,646	264,020	16,925,051	6,284,352	3,943,410	104,854	10,122,908	6,802,143	9,220,610
Computer software	3,021,828	256,369	-	3,278,197	2,631,399	245,267	-	2,876,666	401,531	300,000
Infrastructure	21,476,028	30,074,385	-	51,550,413	5,409,635	2,205,299	-	7,614,934	43,935,479	31,600,000
Other property, plant and equipment	13,485,043	3,070,337	12,127	16,543,253	9,255,578	3,493,626	3,663	12,745,541	3,797,712	6,399,874
	160,161,495	51,654,943	442,523	211,373,915	30,150,376	12,714,709	274,893	42,590,192	168,783,723	54,855,484

Sedibeng District Municipality

Annual Financial Statements for the year ended 30 June 2010

Supplementary Information

Appendix C: Segmental analysis of Property, plant and equipment

Sedibeng District Municipality

APPENDIX C for the period ended 30 June 2010

June 2010

GOVERNMENT TEMPLATE: SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010

	Cost/Revaluation					Accumulated Depreciation				
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Carrying Value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Executive & Council	2,294,832	540,229	-	21,403	2,813,658	1,233,927	732,901	8,943	1,957,885	855,773
Finance & Admin	49,789,565	4,529,093	-	77,016	54,153,626	12,869,391	4,696,081	28,387	17,537,085	36,704,557
Planning & Development	5,626,487	778,505	-	20,597	6,384,395	1,878,460	985,849	8,235	2,856,074	3,528,321
Health	864,723	140,075	-	5,899	998,899	465,018	290,311	2,356	752,973	245,926
Community & Social Services	2,060,075	312,410	-	27,193	2,345,292	1,251,466	580,836	1,861	1,830,441	514,851
Housing	230,959	23,946	-	10,300	244,605	107,442	42,955	2,583	147,814	96,791
Public Safety	10,977,228	29,546,184	-	252,307	40,271,105	5,517,427	2,168,528	215,100	7,470,855	32,800,250
Sport & Recreation	49,075	7,842	-	-	56,917	18,739	31,814	-	50,553	6,364
Environmental Protection	1,855,453	31,166	-	11,491	1,875,128	1,518,396	220,121	3,261	1,735,256	139,872
Waste Management	62,608	657	-	-	63,265	45,403	6,326	-	51,729	11,536
Road Transport	59,356,216	15,629,396	-	16,316	74,969,296	3,855,342	1,935,565	4,166	5,786,741	69,182,555
Water	-	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	-
Other	26,994,273	115,440	-	-	27,109,713	1,389,363	1,023,423	-	2,412,786	24,696,927
	160,161,494	51,654,943	-	442,522	211,373,915	30,150,374	12,714,710	274,892	42,590,192	168,783,723

Sedibeng District Municipality

Annual Financial Statements for the year ended 30 June 2010

Supplementary Information

Appendix D: Segmental Statement of Financial Performance

Sedibeng District Municipality

APPENDIX D for the period ended 30 June 2010

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

Prior year			Current year			
Actual Income	Actual Expenditure	Surplus / (Deficit)	Actual Income	Actual Expenditure	Surplus / (Deficit)	
(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	
Municipality						
-	18,302,688	(18,302,688)	Executive & Council	-	24,656,488	(24,656,488)
320,168,841	131,522,171	188,646,670	Finance & Administration	254,712,583	162,764,428	91,948,154
-	17,528,218	(17,528,218)	Planning & Development	-	23,322,881	(23,322,881)
30,256,516	40,429,733	(10,173,217)	Health	31,781,880	49,244,337	(17,462,457)
512,404	17,628,060	(17,115,656)	Community & Social Services	1,587,630	21,680,046	(20,092,416)
-	1,504,214	(1,504,214)	Housing	-	2,321,431	(2,321,431)
600,000	16,998,095	(16,398,095)	Public Safety	-	19,517,716	(19,517,716)
-	-	-	Sport and Recreation	-	-	-
-	12,364,202	(12,364,202)	Environmental Protection	-	15,626,797	(15,626,797)
-	-	-	Waste Water Management	-	-	-
38,553,050	32,063,871	6,489,179	Road Transport	42,307,114	36,151,287	6,155,827
-	-	-	Water	-	-	-
-	-	-	Electricity	-	-	-
7,824,481	4,231,308	3,593,173	Other	8,146,867	5,134,348	3,012,519
397,915,292	292,572,560	105,342,732		338,536,073	360,419,759	(21,883,686)

Sedibeng District Municipality
Annual Financial Statements for the year ended 30 June 2010

Supplementary Information

Appendix E(1): Actual versus Budget (Revenue and Expenditure)

Sedibeng District Municipality

APPENDIX E(1) for the ended 30 June 2010

June 2010

GOVERNMENT TEMPLATE: ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2010

	Actual Balance	Budget Amount	Variance		Explanation of Significant Variances greater than 10% versus Budget
	(000's)	(000's)	(000's)	Var	
Revenue					
Rental of facilities and equipment	8,429	9,734	(1,305)	(13.4)	Fresh produce market income not realized
Interest received 1	-	-	-	-	
Licences and permits	42,223	38,000	4,223	11.1	Revenue exceeds budget based on license renewals
Income from agency services	5,664	5,443	221	4.1	
Government grants & subsidies	252,454	272,813	(20,359)	(7.5)	NDPG project delay in public participation processes within Sharpeville
Trading and general	306	469	(163)	(34.8)	Fuel sales not realized
	309,076	326,459	(17,383)	(5.3)	
Other income					
Other income	1,865	2,911	(1,046)	(35.9)	Skills levy income not realized
Interest received - investment	13,813	13,000	813	6.3	
Property, plant and equipment	90	200	(110)	(55.0)	Losses on disposals of assets
Revenue from non exchange transactions	13,692	-	13,692	-	Initial recognition of fixed assets against fair value
	29,460	16,111	13,349	82.9	
Cost of sales					
Sale of goods	(256)	(261)	5	(1.9)	
Manufacturing - Depreciation and impairments	(8,963)	(6,669)	(2,294)	34.4	Rectification of revaluation reserve related to prior year resulted in over expenditure..
	(9,219)	(6,930)	(2,289)	33.0	
Total Revenue	329,317	335,640	(6,323)	-	
Expenses					
Employee related costs	(198,382)	(192,308)	(6,074)	3.2	
Remuneration of councillors	(7,673)	(7,900)	227	(2.9)	
Debt impairment	-	(450)	450	(100.0)	No debt impairment needed
Collection costs	(219)	(219)	-	-	

Repairs and maintenance	(7,864)	(8,010)	146	(0.7)	
Finance costs	-	(1)	1	(100.0)	Loans redeemed in total
Contracted Services	(33,920)	(34,273)	353	(1.0)	
Grants and subsidies paid	(20,152)	(1,500)	(18,652)	1,243.5	Capital projects transferred to Local Municipalities on completion
General expenses	(82,991)	(79,372)	(3,619)	4.6	
Property, plant and equipment	-	-	-	-	
	(351,201)	(324,033)	(27,168)	8.4	
Operating profit	(21,884)	11,607	(33,491)	(253.8)	
Other revenue and costs					
Net surplus/ (deficit) for the year	(21,884)	11,607	(33,491)	(253.8)	

Sedibeng District Municipality

Annual Financial Statements for the year ended 30 June 2010

Supplementary Information

Appendix E(2): Actual versus Budget (Acquisition of Property, Plant and Equipment)

Sedibeng District Municipality

APPENDIX E(2) for the period ended 30 June 2010

June 2010

	Additions	Under Construction	Closing Balance	Budget	Variance	Variance	Explanation of Significant Variances greater than 5% versus Budget
	Rand	Rand	Rand	Rand	Rand	%	
GOVERNMENT TEMPLATE: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2010							
Buildings							
Land	2,936,450	-	2,936,450	-	2,936,450	100	Revaluation of Land
Buildings	11,126,756	-	11,126,756	5,750,000	5,376,756	48	Revaluation of Buildings
	14,063,206	-	14,063,206	5,750,000	8,313,206	59	-
Motor vehicles							
Vehicles	-	-	-	1,585,000	(1,585,000)	-	Delay in tender procedure resulted in procurement process being postponed
	-	-	-	1,585,000	(1,585,000)	-	-
Office equipment	-	-	-	-	-	-	-
IT equipment							
Computer Equipment	4,190,646	-	4,190,646	9,220,610	(5,029,964)	(120)	Financial systems procurement not realized and further investigation currently underway
	4,190,646	-	4,190,646	9,220,610	(5,029,964)	(120)	-
Computer software							
Intangible Assets	256,369	-	256,369	300,000	(43,631)	(17)	Not all software procured as planned
	256,369	-	256,369	300,000	(43,631)	(17)	-
Infrastructure							
Security	30,074,385	-	30,074,385	31,600,000	(1,525,615)	(5)	
Airport	-	-	-	-	-	-	
Electricity	-	-	-	-	-	-	
Water	-	-	-	-	-	-	
	30,074,385	-	30,074,385	31,600,000	(1,525,615)	(5)	-

Sedibeng District Municipality

APPENDIX E(2) for the period ended 30 June 2010

June 2010

	Additions	Under Construction	Closing Balance	Budget	Variance	Variance	Explanation of Significant Variances greater than 5% versus Budget
	Rand	Rand	Rand	Rand	Rand	%	
Other property, plant and equipment							
Office Equipment	1,497,692	-	1,497,692	3,000,000	(1,502,308)	(100)	Delay in specifications resulted in under spending
Furniture & Fittings	1,572,645	-	1,572,645	3,399,874	(1,827,229)	(116)	Delay in specifications resulted in under spending
Total	3,070,337	-	3,070,337	6,399,874	(3,329,537)	(108)	-
Buildings	14,063,206	-	14,063,206	5,750,000	8,313,206	59	
Motor vehicles	-	-	-	1,585,000	(1,585,000)	-	
IT equipment	4,102,628	-	4,102,628	9,220,610	(5,117,982)	(125)	
Computer software	256,369	-	256,369	300,000	(43,631)	(17)	
Infrastructure	30,074,385	-	30,074,385	31,600,000	(1,525,615)	(5)	
Community	-	-	-	-	-	-	
Other property, plant and equipment	3,070,337	-	3,070,337	6,399,874	(3,329,537)	(108)	
Total	51,654,943	-	51,654,943	54,855,484	(3,200,541)	(6)	-

Sedibeng District Municipality

Annual Financial Statements for the year ended 30 June 2010

Supplementary Information

Appendix F: Disclosure of Grants and subsidies in terms of the Municipal Finance Management Act

Sedibeng District Municipality

APPENDIX F for the ended 30 June 2010

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

June 2010

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Sep	Dec	Mar	Jun		Sep	Dec	Mar	Jun		Sep	Dec	Mar	Jun				
Equitable Share	National Treasury	83,992,810	67,005,248	50,584,687	-	-	50,395,686	50,395,687	50,395,686	50,395,686	-	-	-	-	-	-	-	Yes	
Youth Grant	NYDA	-	-	1,000,000	-	-	250,000	250,000	250,000	250,000	-	-	-	-	-	-	-	Yes	
Ambulance Subsidy	Dept of Health	15,560,000	-	15,560,000	-	-	7,780,000	7,780,000	7,780,000	7,780,000	-	-	-	-	-	-	-		
NDPG Grant	National Treasury	-	-	23,873,000	-	-	-	-	-	4,603,852	-	-	-	-	-	-	-	Yes	
Operational Grant	National treasury	750,000	-	-	-	-	208,495	449,501	188,652	1,756,503	-	-	-	-	-	-	-	Yes	
DLG Grants	DLG Grants	-	-	-	-	-	39,106	994,509	191,507	2,224,172	-	-	-	-	-	-	-	Yes	
Provincial grants	Prvincial Treasury	-	-	650,000	-	-	1,461,302	1,518,133	3,506,325	408,248	-	-	-	-	-	-	-	Yes	
		100,302,810	67,005,248	91,667,687	-	-	60,134,589	61,387,830	62,312,170	67,418,461	-	-	-	-	-	-	-		

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocation

Sedibeng District Municipality

Annual Financial Statements for the year ended 30 June 2010

Supplementary Information