



Together we can keep water flowing



CITY OF  
**TSHWANE**  
IGNITING EXCELLENCE

**CITY OF TSHWANE**  
**MUNICIPAL ENTITIES**  
**SANDSPRUIT WORKS ASSOCIATION**  
**ANNUAL REPORT**  
**2012/13**

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# Sandspruit Works Association SOC Limited

(Registration number 1999/019160/08)

Trading as ODI Water Services

Annual Report for the year ended 30 June 2013

## General Information

<b>Company registration number:</b>	1999/019160/08
<b>Nature of business and principal activities:</b>	Water and Sanitation Services
<b>Chief Executive Officer (CEO):</b>	MJ Taetsane
<b>Chief Financial Officer (CFO):</b>	P Avenant
<b>Board of Directors:</b>	Adv K-D Garlipp (Non-Executive) CV Maboka (Non-Executive) KA Eales (Non-Executive) LN Bokaba (Non-Executive) T Moromane (Non-Executive) MJ Taetsane (Executive Director)
<b>Registered office:</b>	Molefe Makinta Highway Opposite Morula Sun Next to NTI Building Mabopane 0208
<b>Business address:</b>	Molefe Makinta Highway Opposite Morula Sun Next to NTI Mabopane 0208
<b>Postal address:</b>	Private Bag X1124 Ga- Rankuwa 0221
<b>Contact Details:</b>	(Tel) 012-701 9700 (Fax) 012-702 7101
<b>Controlling entity</b>	City of Tshwane Metropolitan Municipality (CTMM)
<b>Bankers</b>	Standard Bank of South Africa and ABSA Bank of South Africa
<b>Auditors</b>	Auditor-General South Africa (AGSA)

## **Vision**

*"To become the preferred water service provider that innovatively meets the water services provision challenges and needs of all its customers in a financially sustainable manner."*

## **CHAPTER ONE: INTRODUCTION AND CORPORATE PROFILE**

### **1.1 BACKGROUND**

Sandspruit Works Association currently undertakes the provision of water and sanitation services function in the northern region of the City of Tshwane Metropolitan Municipality (CTMM) and thus have the function of a Water Services Provider (WSP) in terms of the Water Services Act (Act 108 of 1997). The supply area of Sandspruit Works Association includes Ga-Rankuwa; Mabopane and Winterveldt. The principal activity of the company is to develop, prepare, install and maintain water and sanitation services and related services to these designated areas. It also fulfils the complete Operations, Financial, Marketing and Human resources and Legal functions.

Sandspruit Works Association is a Section 21 Entity, and with effect from the 1st of July 2005, it became a Business Enterprise of the City of Tshwane Metropolitan Municipality. The City of Tshwane is currently in the process to convert the company into a municipal entity of the City of Tshwane Metropolitan Municipality. Depending on how the process unfolds, the relationship between the CTMM and SWA could either be regulated through a Water Services Agreement (WSP Agreement) or a simple Service Level Agreement (SLA).

### **1.2 LEGISLATIVE BACKGROUND**

The legislative framework within which water supply and sanitation services take place is mainly provided by the Water Services Act (Act 108 of 1997) (WSA Act).

The Water Services Act derives its mandate from Section 27 of the Bill of Rights in the Constitution. This section of the constitution provides, among other rights, that everyone has the right to have access to sufficient food and water. One of the main objectives of the Water Services Act is thus, to provide for the right of access to basic water supply and to basic sanitation.

The Water Services Act provides that every water services authority must -

- Ensure access to efficient, affordable, economical and sustainable access to water services for all consumers;
- Develop and approve bylaws;
- Prepare water services development plan;

### 1.3 ROLE OF THE WATER SERVICE AUTHORITY

The WSA's water provision legislative role in the water services area is allocated to SWA. WSA's governance role provides for the following:

- Ensuring access;
- Regulating (bylaws, contract supervision);
- Planning (WSDP); and
- Funding of the operational shortfall.

### 1.4 ROLE OF SANDSPRUIT WORKS ASSOCIATION

The water provision function is currently undertaken by Sandspruit Works Association on behalf of CoT. The water services provision functions currently undertaken by SWA include the following:

- Daily operations;
- Maintenance;
- Customer relations;
- Health and hygiene promotion;
- Contract management;
- Financial management;
- Planning;
- Monitoring and reporting;
- Training and development of staff;
- Human resource management;
- Network system.

### 1.5 WATER SERVICE PROVIDER PROFILE

The areas in which SWA provides the water services functions on behalf of the CoT are outlined below:

#### **Urban:**

- Garankuwa;
- Mabopane; and
- Winterveldt

#### **Informal Settlements:**

- Kopanong / Thusanang, Winterveldt, A Informal and EW Informal;
- Units 20, 21 and 22; Ga-Tsebe

## **SECTION 2: CHAIRPERSONS FOREWORD**

We are pleased to submit a copy of the 2012 – 2013 Annual Report of Sandspruit Works Association. It outlines the many achievements and success of SWA and identifies our priorities for the coming year. Sandspruit Works Association has repeatedly demonstrated that it will continue to deliver in full co-operation with its parent municipality in meeting the challenges that lie ahead for the city. It should in the same spirit be noted that the development experienced by Sandspruit Works Association over the years has been of low cost housing which has posed a very serious challenge in revenue collection.

Sandspruit Works Association is however committed to sound corporate citizenship and has maintained its focus on ensuring that corporate governance policies and procedures are in line with best standard practices.

The phenomenal progress made in our board meetings for the past few months in conjunction with reports submitted by Sandspruit Works Association has contributed to the excellent service. These improvements, including unqualified opinion along with the support from City of Tshwane Metropolitan Municipality's Water and Sanitation division, are testament to our commitment to deliver world-class customer services.

Significant amount of work has been done, which has become a source of commitment and enthusiasm for many and has shown compounded progression with setting basic standards, policies and strategic implementation. This should prove beneficial in creating atmosphere of assurance that Sandspruit Works Association is conscientiously addressing water problems and continue to provide effective and efficient service to community.

In conclusion I wish to take this opportunity of thanking the management and staff of Sandspruit Works Association for the commitment, passion and enthusiasm displayed during the past year. Our acknowledgement also goes to the Executive Mayor, the Mayoral Committee and senior management of the parent Municipality for their continued support and guidance in ensuring that the activities are aligned with the integrated development Plan of the City of Tshwane Metropolitan Municipality.

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**CHAIRPERSON  
BOARD OF DIRECTORS**

### **SECTION 3: CHIEF EXECUTIVE OFFICERS FOREWORD**

Sandspruit Works Association (SWA) has already undergone a remarkable journey. It's been almost six years SWA achieving unqualified report. Given where we stand, it is important to appreciate that SWA has recorded several notable achievements since 2008. To mention a few of our attributions, the following areas were our primary focus:-

#### **Ensure that our work has benefited a Broad base of our communities.**

Over the past years, SWA has placed increasing emphasis in ensuring that the service it provides touches communities' lives in several important ways. The service was extended to indigents who were provided with 12 kl litres for free.

#### **Defining Moment**

For the year 2012/13 we selected both operation clean audit and service delivery as the focal topic of our Annual Report. I am convinced that the way we interacted on a daily basis and the way we chose to define, live and breathe our values and provide internal controls is by far the most important in our innovative strength.

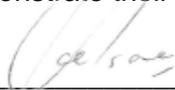
For six years in running SWA has achieved an unqualified audit opinion. Our continued ambition going into 2013/14 is to be recognised as the leading service provider and help to unlock potential growth.

#### **Overview Performance**

SWA has performed well against the targets set in an Annual Performance Plan, having met or exceeded 80% of targets for the year, which resulted SWA received clean Audit opinion on Performance.

The challenge is to reduce unaccounted for water to required national standard, while we increase revenue through setting priorities based on company's operations, strategic significance and existing resources.

In concluding I wish to gratefully acknowledged the ongoing and selfless contribution of management, and support from City of Tshwane Metropolitan Municipality, guidance from the Board and of course our staff whose efforts to meet every request presented to them demonstrate their commitment and dedication to delivering excellent service.

  
**MATSEPELA TAETSANE**  
**CHIEF EXECUTIVE OFFICER**

## **CHAPTER 2: PERFORMANCE MANAGEMENT**

### **INTRODUCTION**

Sandspruit Works Association is a Non Profit Company with an Independent Board of Directors appointed by the Executive Mayor of the City of Tshwane Metropolitan Municipality. It operates as an area-based water service provider, undertaking multi-functional initiatives, involving role-players like councillors and basing its effort on a number of constructive efforts, such as provision of potable water and sanitation, Waste Treatment Plant, collection of revenue, and building relationships through social responsibility with the community and other stakeholders

The services and projects implemented by Sandspruit Works Association are therefore complementary and in line with the Business plan, Service delivery Agreement and City of Tshwane Integrated Development Plan (IDP). The key functions carried out by SWA include:

- Daily Operations
- Maintenance
- Customer Relations
- Stakeholder Management
- Health and Hygiene Promotion
- Contract Management
- Financial Management and Planning
- Monitoring and Reporting
- Training and Development of Staff
- Human Resource Management
- Network System
- Legal Services

This report highlights the annual performance of Sandspruit Works Association during the 2012/2013 financial year, taking into account;

- (i) Targets set in the Business Plan 2012/2013
- (ii) Predetermined Objectives
- (iii) Achieving Clean Audit
- (iv) Financial Performance
- (v) Unaccounted for Water
- (vi) Revenue Enhancement

## SECTION 1: STRATEGIC OBJECTIVES AND KEY PERFORMANCE INDICATORS

<b>STRATEGIC OBJECTIVE 1 : PROMOTE SUSTAINABLE SERVICE INFRASTRUCTURE AND HUMAN SETTLEMENT MANAGEMENT</b>			
<b>KEY PERFORMANCE INDICATOR</b>	<b>BASELINE</b>	<b>TARGET 2013/2014</b>	<b>QUARTERLY TARGET JULY – SEPT 13</b>
Reduce Unaccounted for Water by 0.5% annually	22%	21.5%	21.5%
<b>STRATEGIC OBJECTIVE 2 : PROMOTE SHARED ECONOMIC GROWTH AND JOB CREATION</b>			
<b>KEY PERFORMANCE INDICATOR</b>	<b>BASELINE</b>	<b>TARGET 2013/2014</b>	<b>QUARTERLY TARGET JULY – SEPT 13</b>
100% of general workers employed for long term Operations projects must reside in Ga-Rankuwa, Mabopane or Winterveldt	100%	100%	100%
Use a minimum of number SMME contractors in SWA per annum	New Indicator	40	10
<b>STRATEGIC OBJECTIVE 3 : ENSURE SUSTAINABLE, SAFER CITY AND INTEGRATED SOCIAL DEVELOPMENT</b>			
<b>KEY PERFORMANCE INDICATOR</b>	<b>BASELINE</b>	<b>TARGET 2013/2014</b>	<b>QUARTERLY TARGET JULY – SEPT 13</b>
Number of indigent households receiving basic (12kl) water and sanitation services annually	New Indicator	600 households	150
<b>STRATEGIC OBJECTIVE 4 : PROMOTE GOVERNANCE AND ACTIVE CITIZENRY</b>			
<b>KEY PERFORMANCE INDICATOR</b>	<b>BASELINE</b>	<b>TARGET 2013/2014</b>	<b>QUARTERLY TARGET JULY – SEPT 13</b>
Financial compliance in terms of s 87(11) of the MFMA annually	100%	100%	100%
SCM compliance in terms s12 of the SCM regulations annually	100%	100%	100%
Compliance with contract management in terms of s116 of MFMA annually	100%	100%	100%
Number of ward committee meetings held annually to discuss community concerns	New Indicator	8	2

<b>STRATEGIC OBJECTIVE 5 : IMPROVE FINANCIAL SUSTAINABILITY</b>			
<b>KEY PERFORMANCE INDICATOR</b>	<b>BASELINE</b>	<b>TARGET 2013/2014</b>	<b>QUARTERLY TARGET JULY – SEPT 13</b>
Increase Revenue collection by 2% per annum.	66%	68%	68%
<b>STRATEGIC OBJECTIVE 6 : CONTINUED ORGANIZATIONAL DEVELOPMENT, TRANSFORMATION AND INNOVATION</b>			
<b>KEY PERFORMANCE INDICATOR</b>	<b>BASELINE</b>	<b>TARGET 2013/2014</b>	<b>QUARTERLY TARGET JULY – SEPT 13</b>
Number of training and leadership programmes scheduled annually in order to increase skills development of the employees	12	12	3

In addition to the above strategic objectives, Performance Management is implemented for all management levels on the organisational structure. The balanced scorecard is the tool being used for measurement. The performance indicators are linked to Sandspruit objectives and the IDP scorecard. Additional objectives are included to reinforce the culture of governance and risk management among managers.

Sandspruit started the rollout process to ensure that all employees in supervisory positions are included in the performance management strategy. Training of underperforming officials is being introduced as part of our coaching and mentorship process to improve the performance levels. Performance Management is being adopted as a positive management strategy rather than a punitive process, and in this way employees feel comfortable to be part of the process.

Sandspruit will continue to set new standards of service delivery and our customer relationship programme will serve as a pillar for our ongoing success. We remain firm in our commitment to sound stakeholder relationships and are committed to managing both short-term and long-term plans to standards that will ultimately benefit our communities. Some of the performance indicators which are not limited include the following:-

**Operations:**

- Reduce and Maintain Unaccounted for Water
- Completion of New Meter Installation in Zone 15
- Maintain Blue Drop Status
- Compliance with SANS 241

## **Marketing**

- Growing of stakeholder register and leverage stakeholder.
- Improved Customer Service (Gazebo)
- Installation of a new telecommunication system
- Customer Education

## **Human Resources**

- Introducing Interventions and Programs to assist the Organisation to develop Skills and Create awareness
- Promote Activities that support a healthy and productive Workforce
- Promote Care Wellness Programmes and Aids Awareness Campaigns

## **Legal**

- Maintain 100% Compliance in terms of MFMA
- Increase Debt Collection and Maintain Payment Levels
- Reduce UAW - Prevention of illegal Connections/Tampering
- Effective Contract Management
- Mitigate the Risk of Third Party Claims

## **Revenue**

- Increase Debt Collection and Maintain Payment Levels
- Reduce UAW
- Increase Commercial Payers by enforcing 100% credit Control
- Maintain and Ensure 100% Data Integrity

The areas managed by SWA's are not self-sustainable and operational costs exceed income due to the issues raised below:

The following income and expenditure patterns are common in the area of SWA

- Most pensioners only receive a social grant from government
- Unemployment is high in the area
- The household income levels reflect a relatively poor community, whereby a direct relationship exists between actual employment levels and house hold size with household income levels
- In line with communities in the area, the large proportion of income are utilised for food, followed by expenditure on items such as education, transport, housing, electricity and medical expenditure.

## **SECTION 2: ANNUAL PERFORMANCE REPORT**

### **1. INTRODUCTION**

Sandspruit Works Association (SWA) is a Non Profit Company with an Independent Board of Directors appointed by the Executive Mayor of the City of Tshwane. It operates as an area-based water service provider, undertaking multi-functional initiatives, involving role-players like councillors and basing its effort on a number of constructive efforts, such as provision of potable water and sanitation, Waste Treatment Plant, collection of revenue, and building relationships through social responsibility with the community and other stakeholders

The services and projects implemented by Sandspruit Works Association are therefore complementary and in line with the Business plan, Service delivery Agreement and City of Tshwane Integrated Development Plan (IDP). Sandspruit Works Association is managed by the Chief Executive Officer heading the following functional sections:

- Operations and Maintenance
- Finance
- Marketing and Communications
- Human Resource
- Legal Services
- Risk management
- Supply Chain Management

Targets are set annually and approved by the Board of Directors in the business plan.

### **2. ANALYSIS OF STRATEGIC OBJECTIVES**

Sandspruit Works Association has seven strategic objectives which are aligned to those of City of Tshwane

#### **2.1 STRATEGIC OBJECTIVE 1: PROVIDE BASIC SERVICES, ROADS AND INFRASTRUCTURE**

This strategic objective focuses on providing basic services to areas that do not have basic services. The basic services to be provided in this objective are water and sanitation:

Water and sanitation will be provided to informal settlements through the formalization process. Older established township areas that have below basic level services

should be upgraded to at least basic levels of service

Key outputs to be delivered include:

- Water connections
- Sanitation connections
- Waste water treatment works
- Supply of water and sanitation services to informal areas

## **2.2 STRATEGIC OBJECTIVE 2: ECONOMIC GROWTH AND DEVELOPMENT AND JOB CREATION**

The focus will be on job creation to the local communities; Economic development initiatives assist in providing support to growing home ownership, in order to grow the revenue base of Sandspruit Works Association.

## **2.3 STRATEGIC OBJECTIVE 3: SUSTAINABLE COMMUNITIES WITH CLEAN, HEALTHY AND SAFE ENVIRONMENTS AND INTEGRATED SOCIAL SERVICES**

This objective promotes improved quality of life. The provision of social and health services is an important element in ensuring sustainable communities. It is important to put in place mechanisms to support the very poor, such as free basic services to the indigent.

## **2.4 STRATEGIC OBJECTIVE 4: FOSTER PARTICIPATORY DEMOCRACY AND BATHO PELE**

The purpose of this objective is to promote more active participation of the communities in the affairs of local government, and to achieve good relations with stakeholders.

Customer satisfaction is crucial to Sandspruit Works Association's sustainable and viable existence and the continued practice and implementation of the Batho Pele principles will ensure the provision of as accessible and accountable service. The turnaround time to respond to customer queries must be reduced, and our responses must be accurate and meaningful. Customers must receive a quality service.

## **2.5 STRATEGIC OBJECTIVE 5: PROMOTE SOUND GOVERNANCE**

The development of sound corporate governance will serve as an internal control system encompassing legislation, policies, procedures and people, and address the expectations of

all stakeholders by directing and controlling management activities with good systems and processes. Sandspruit Works Association must achieve and maintain a clean audit opinion, and various institutional controls must be established to ensure this happens.

## **2.6 STRATEGIC OBJECTIVE 6: ENSURE FINANCIAL SUSTAINABILITY**

It is important for the finances of Sandspruit Works Association to be managed in a manner that increases revenues without placing increased burdens on households. Sandspruit Works Association aimed to recover its debts.

## **2.7 STRATEGIC OBJECTIVE 7: ORGANIZATIONAL DEVELOPMENT**

The purpose of this objective is to ensure that SWA has developed human capital, which is effectively used to achieve SWA's development, service delivery and governance. Skills development is necessary to ensure that employees are able to perform against responsibilities.

Key outputs include:

- Training and leadership programmes for employees
- Bursaries
- Human resources policies and plans

**KEY PERFORMANCE INDICATOR AS PER THE 2012/2013 BUSINESS PLAN  
AND REVISED KEY PERFORMANCE INDICATORS**

<b>Strategic Objective</b>	<b>Key Performance Indicator</b>	<b>Baseline</b>	<b>Target</b>	<b>Revised Key Performance Indicator</b>
1. Provide basic services, roads and infrastructure	1.1 Reduce unaccounted for water to 22% in yr. 2012/2013, reduction of 1% per year	23%	22%	Not revised
2. Economic growth, development and job creation	2.1 In yr. 2012/2013 100% of general workers employed for Operations and maintenance projects must be local (Garankuwa, Mabopane and Winterveldt).	New KPI	100%	Not revised
3. Sustainable communities with clean, healthy and safe environments and integrated social services	3.1 Promote employee wellness programs in yr 2012/2013	3	4	Not revised
4. Foster Participatory Democracy and Batho Pele	4.1 Establish effective stakeholder forums that are focused on achieving the City's goal socio- economic goals.	8	10	Establish effective stakeholder forums that are focused on achieving the City's goal socio-economic goals in 2012/13
4. Foster Participatory Democracy and Batho Pele	4.2 Entrench a customer focused approached to citizenry and businesses by maintaining standards guided by the Batho Pele Principles	4	8	Improve Customer service through staff training to maintain standards guided by the batho pele principles in 2012/13 financial year
5. Promote Sound Governance	5.1 Maintain unqualified audit report.	New KPI	100%	Maintain unqualified audit report in the

				2012/13 financial year, through following up on the 2011/12 management report
5. Promote Sound Governance	5.2 Financial Compliance in terms of the MFMA.	100%	100%	Financial compliance in terms of s87-88 of the MFMA in the 2012/13 financial year
5. Promote Sound Governance	5.3 SCM Compliance in terms of Supply Chain Management Policy	100%	100%	SCM compliance in terms of the s12 of the SCM regulations, in the 2012/13 financial year
5. Promote Sound Governance	5.4 Contract Management	100%	100%	Compliance with contract management in terms of s116 of MFMA in 2012/13 financial year
6. Ensure Financial sustainability	6.1 Increase revenue collection from 66% to 70% in yr. 2012/2013	66%	70%	Not revised
6. Ensure Financial sustainability	6.2 Ensure that all creditors are paid within 30 days in yr 2012/2013	99%	100%	Not revised
7. Organizational development	7.1 Review HR policies annually in 2012/2013	40%	100%	Review HR policies in terms of the matrix in 2012/13

#### 4 2012/2013 ANNUAL PERFORMANCE REPORT

Strategic Objective	Key Performance Indicator	Target	Annual Performance Achieved	Target Achieved or Not Achieved
1. Provide basic services, roads and infrastructure	1.1 Reduce unaccounted for water to 22% in yr. 2012/2013, reduction of 1% per year	22%	24.67%	Not Achieved
2. Economic growth, development and job creation	2.1 In yr. 2012/2013 100% of general workers employed for Operations and maintenance projects must be local (Garankuwa, Mabopane and Winterveldt).	100%	100%	Achieved
3. Sustainable communities with clean, healthy and safe environments and integrated social services	3.1 Promote employee wellness programs in yr 2012/2013	4	4	Achieved
4. Foster Participatory Democracy and Batho Pele	4.1 Establish effective stakeholder forums that are focused on achieving the City's goal socio-economic goals in 2012/13	10	18	Achieved
4. Foster Participatory Democracy and Batho Pele	4.2 Improve Customer service through staff training to maintain standards guided by the batho pele principles in 2012/13 financial year	8	8	Achieved
5. Promote Sound Governance	5.1 Maintain unqualified audit report in the 2012/13 financial year, through	100%	100%	Achieved

	following up on the 2011/12 management report			
5. Promote Sound Governance	5.2 Financial compliance in terms of s87-88 of the MFMA in the 2012/13 financial year	100%	100%	Achieved
5. Promote Sound Governance	5.3 SCM compliance in terms of the s12 of the SCM regulations, in the 2012/13 financial year	100%	100%	Achieved
5. Promote Sound Governance	5.4 Compliance with contract management in terms of s116 of MFMA in 2012/13 financial year	100%	100%	Achieved
6. Ensure Financial sustainability	6.1 Increase revenue collection from 66% to 70% in yr. 2012/2013	70%	65.63%	Not Achieved
6. Ensure Financial sustainability	6.2 Ensure that all creditors are paid within 30 days in yr 2012/2013	100%	100%	Achieved
7. Organizational development	7.1 Review HR policies in terms of the matrix in 2012/13	100%	100%	Achieved

## **4.1 MEASURES TAKEN TO IMPROVE PERFORMANCE FOR TARGETS NOT ACHIEVED**

### **4.1.1 Reduce Unaccounted for water to 22% in year 2012/13**

#### **4.1.1.1 Reasons for target not being achieved**

a) *The capital projects that were taking place in our area of supply specially network and meter replacement projects.*

- Water was lost when the supply was shifted from old network to new network
- Communication breakdown on meter replacement processes between the meter project and Sandspruit Works Association (SWA) has led to delays and wrong meter data capturing and as a result lead to water loss
- Other projects other than water and sanitation such as road and storm water, Telkom and Eskom while busy with construction damages pipes, which contributed towards water losses.

b) *RDP housing development within our area of supply*

- Most of the housing projects construction took place without them applying for water connection.
- Houses are handed over to the beneficiaries without meter connections

c) *Reduction of water sales*

- Although the number of consumers has increased from 48480 to 50537, there has been a decrease on sales from 10673782 kl to 10175744 kl which represent 5% decrease in sales. This was caused by change of meter reading service provider.

d) *Lack of meter auditing and credit control*

- Without meter auditing and credit control (restrictions and cut-offs) it's impossible to detect any illegal connection and by bypass

e) *Water supply through tankers*

- Due to lack of water supply infrastructure in some of the areas within our jurisdiction, water was been supplied through tankers from unmetered draw off points and as a results it lead to unaccounted for water

#### **4.1.1.2 Mechanisms adopted to achieve target**

The following interventions were implemented throughout the year to remedy the situation:

- a) Formal communication was done with water and sanitation department through contract meetings about our concern of contractors in our area of supply who damages our pipes and promised that the situation will be addressed with relevant contractors
- b) Drawing which shows existing systems was handed over to all contractors working in our area to avoid further damages
- c) We have appointed three contractors for the installation meters in order to get read of backlog
- d) Dropping of water sales was communicated to revenue department so that investigation can be conducted
- e) We have provided water and sanitation department with preliminary design for the installation of RDP standard of water supply to areas without water supply infrastructure in order to avoid the use of water tankers.
- f) We have audited government consumers meters and found out most of the meters are inside the yard which hinders on the accessibility for the meter reading

#### **4.1.1.3 Action plan to achieve the target of 21.5% in 2013/14**

- a) Expansion of telemetry system on the bulk meters to regulate water demand and pressure management
- b) Metering of all draw off points that are used to fill in water tankers
- c) Industrial and government customers meter auditing on quarterly basis to detect meter malfunctioning and illegal connections
- d) Appointment of service provider for the supply of pipes, fittings material and stock items to eliminate delays on response time during pipe burst due to lack of material in stores
- e) Moving of government institutions meters from the yard to the road reserves in order to ensure accessibility to meter readers
- f) Appointment of service provider to implement water demand management, pressure management and leak detection in the distribution network.
- g) Monitoring of response time on water and meter queries and make intervention to reduce response time

#### **4.2.1 Increase revenue collection from 66% to 70% in year 2012/2013**

##### **4.2.1.1 Reasons for target not being achieved**

- a) Incorrect readings submitted by the meter reading service provider which resulted in incorrect billing. This resulted in a decline in the number of paying consumers. As at June 2012, there were about 14 878 regular paying consumers as compared to 13 868 in June 2013.
- b) Indigent consumers who continuously consume more than the allocated 20kl per month. On average, about 1 664 indigent's consumers exceed the consumption of 20kl during the year ended June 2013. During the year, about 50 Water Management devices were installed to manage the indigent consumptions. Only 44 are still in working order.
- c) Lack of regular meter audits not performed by SWA to validate the readings supplied on a monthly by the service provider.
- d) Lack of continuous follow up with the consumers to ensure that at least their current charges are settled.

##### **4.2.1.2 Mechanisms adopted to achieve set targets**

- a) Meter readings
  - Verified meter readings submitted by the service provider
  - Had meetings with the service provider to validate the meter audit report
- b) Indigents
  - Identified consumers who are not supposed to be in the register and handover de-registration
  - Fast tracked the installation of electronic Water demand devices on indigents
  - Monitored indigent consumptions

##### **4.1.1.3 Action plan to achieve the target of 72% in 2013/14**

The following revenue collection strategy will be implemented to ensure that the target of 72% is achieved:

a) **Top 100 overdue Accounts**

A clean-up process of the debtors' book needs to take place in the new financial year. We selected the "top 100" accounts; representing debtors owing SWA more than R100 000.

The above debt will be approached as follows:

- Start with the priority areas, in the following sequence (1) business, (2) government, (3) residential (non-registered indigent consumers)
- Analyse (reconcile) the accounts to ensure accuracy, contact details, etc.
- For outstanding accounts above R100 000, set up meetings with senior management of the institutions to present details and request payment. For the smaller accounts (less than R10 000), first make contact (telephonic or personal visit) and if no reaction then letters of demand be issued requesting payment within seven days.
- Failure to pay within seven days, restrict the water supply and for commercial, complete disconnections are required. Restrictions are required for residential.
- After 28 days' notice hand accounts over for black listing (owners, directors) with credit bureau(s).
- Reconnection of water supply can only be done if arrangement is made to settle the account within three months.
- Follow ups and spot checks must be done to ensure water supply has not been illegally connected.

It should be noted that due to political circumstances, it is not always possible to recover outstanding debt from government institutions, especially schools, police stations, etc. However, these outstanding debts should also be followed up vigorously and where these departments show any lack of co-operation their accounts should be treated in the same manner as any private account. Once the cycle of the above 100 accounts are complete, another 100 accounts should be tackled in the same way.

It is important to note that these debts have been fully provided for in the balance sheet.

b) **Increase Current Collection Rates**

Systems and processes must be formalised to ensure that current accounts are managed on a monthly basis. Senior revenue controllers will be required to report on each of the current

collections in their respective areas. A reactive approach is costly, time consuming and less effective. Current account management must be a proactive approach, where the debtor is notified before due date that the payment is expected. This can be done through sms, telephone call, fax, notice, reminder/ flyer, notice boards, etc. The objective is to inform and remind the debtor to pay.

Only after the above has been done then can the reactive process start. The updating of direct deposits and cheque payments must be done before the cut off list is produced. Disconnection notices must be sent after due date and cut off lists provided to the contractors. Spot checks and follow ups are needed to ensure the disconnection or restriction process becomes effective.

#### **c) Inactive Accounts**

The next group for reconciliation will be “inactive accounts” with outstanding balances. Where possible, outstanding amounts should be investigated and collected in terms of the credit control and debt collection policy whilst other accounts should be written off in terms of the proposed write off policy. This exercise will be performed on a monthly basis and reported at management committee meetings.

#### **d) Meter Reading Process**

The meter reading process also poses serious problems and all meters with no movement should be investigated and corrections made. Where consumers were not billed for the period, the meters should be replaced, averages taken for three months and these consumers should be billed. Where accounts were placed on “extension” it should be lifted and the consumer must make an arrangement to settle the account over a maximum period of twelve months. The monthly meter reading variance and exception reports must be analysed and referred to an official dedicated to this task. In order to have effective revenue and debt management systems, the entity needs to ensure that accurate and credible accounts are produced.

Quarterly meter audits will be undertaken by SWA to confirm the validity of the readings supplied by the service provider. 100% of the meters will be audited in each quarter.

#### **e) Illegal Connections**

Systems and processes needs to be improved to ensure that disconnection instructions are

implemented and those consumers don't reconnect themselves. A system where periodic spot checks are conducted is needed, and if found that illegal reconnections were made, the illegal connection should be removed and the consumer must pay for a new connection plus a penalty. This message must be clearly communicated and stricter enforcement is a matter of urgency. Illegal reconnections must also be reported to the South African Police Services. The illegal connections are also contributing significantly to the high levels of unaccounted for water. Disconnections, restrictions and reconnections reports needs to be compiled on a monthly basis and strict monitoring of these reports should take place.

## **5 CONCLUSION**

SWA has achieved 10 out of the 12 set key performance indicators for the 2012/13 financial year, representing 83% of the key performance indicators

## SECTION 3: FINANCIAL PERFORMANCE

### Operating results

The operating results for the year ended 30 June 2013 are as follows:

<b>Detail</b>	<b>2012</b>	<b>2013</b>
	<b>Restated</b>	
	<b>R</b>	<b>R</b>
Total Revenue	273 056 554	316 107 559
Cost of sales	(108 457 226)	(132 962 550)
<b>Gross surplus</b>	<b>164 599 328</b>	<b>183 145 009</b>
Other income	1 757 672	4 026 129
Operating expenses	(204 790 553)	(214 159 971)
<b>Operating deficit</b>	<b>(38 433 553)</b>	<b>(26 988 833)</b>
Investment revenue	21 826 154	24 114 356
Finance cost	(2 199)	0
<b>Deficit for the year</b>	<b>(16 609 598)</b>	<b>(2 874 477)</b>

The South African economy experienced an average growth rate of 2.3% during the 2012/2013 financial period. The weak economy still continue to have a negative influence on job security, with the result that payment levels on consumer accounts drastically reduced during the financial period reported. Interest rates remained stable and the Rand weakened against most of the commodities. The Company was resilient and was able to deliver an improved level of service to the community.

The operating result for the year within the Water Services Provision Division was well within budget, except for a year-end adjustment in lieu of accruals. The Waste Water Treatment division has shown a operating loss of R1,2 million due to increases in electricity and security during the financial year.

Cost of sales increased as a result of unaccounted for water which did not relate to corresponding sales.

## Revenue

The Operating revenue consists of the following:

Revenue	2012	2013
	R	R
Waste Water Income	32 960 942	36 431 229
Water income	137 531 437	145 302 042
Other income	614 253	4 026 129
CTMM Subsidy	98 379 175	132 147 288
Project income	1 143 419	0
Government grants	4 185 000	2 227 000
Interest received	21 826 154	24 114 356
<b>Total revenue and Other Income</b>	<b>296 640 380</b>	<b>344 248 044</b>

The Company posted revenue and other income of R 344 million for the year, compared to R 296 during the previous year, an increase of 16,2%.

The main reason for the increase in revenue is as result of increase in water sales as result of the increase in tariffs.

The subsidy from the Shareholder, the City of Tshwane Metropolitan Municipality, has increased by 34% as result of the decrease in subsidy from Department of Water Affairs (DWA) and an increase in water supply to informal areas.

**SECTION 4: DEBTORS AGE ANALYSIS BY CATEGORY**

**Sandspruit Works Association - Supporting Table F3 Entity Aged debtors - June**

Detail	NT Code	Current Year 2012/13											
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	Bad Debts	>90 days	
<b>R thousands</b>													
<b>Debtors Age Analysis By Revenue Source</b>													
Rates	1200										-		-
Electricity	1300										-		-
Water	1400	10,431	10,155	9,616	8,746	9,877	6,501	325,481		380,807	359,021	350,605	
Sewerage / Sanitation	1500										-		-
Refuse Removal	1600										-		-
Housing (Rental Revenue)	1700										-		-
Other	1900										-		-
<b>Total By Income Source</b>	<b>2000</b>	<b>10,431</b>	<b>10,155</b>	<b>9,616</b>	<b>8,746</b>	<b>9,877</b>	<b>6,501</b>	<b>325,481</b>	<b>-</b>	<b>380,807</b>	<b>359,021</b>	<b>350,605</b>	
<b>Debtors Age Analysis By Customer Group</b>													
Government	2200	(719)	369	169	63	117	28	3,760		3,787	-		
Business	2300	139	551	444	299	432	242	1,870		3,977	-		
Households	2400	11,011	9,235	9,003	8,384	9,327	6,231	319,850		373,041	-		
Other	2500										-	359,021	
<b>Total By Customer Group</b>	<b>2600</b>	<b>10,431</b>	<b>10,155</b>	<b>9,616</b>	<b>8,746</b>	<b>9,876</b>	<b>6,501</b>	<b>325,480</b>	<b>-</b>	<b>380,805</b>	<b>359,021</b>		

**SECTION 5: ASSESSMENT OF ARREARS ON MUNICIPAL TAXES AND SERVICE CHARGES**

<b>ACCOUNT NO</b>	<b>LAST ST</b>	<b>NAME</b>	<b>STAND</b>	<b>BALANCE</b>
306540017	1	CITY OF TSHWANE	MABOPANE STATION	321 471.87
190549658	1	CITY OF TSHWANE	EMALAHLENI SKILL DEV	124 643.83
104527973	2	CITY OF TSHWANE	KEATLARETSE EARLY LR	62 518.42
190548295	1	CITY OF TSHWANE	ROAD AND STORM DIV	55 365.54
117540065	1	CITY OF TSHWANE	ZONE 17 PARK GARANKUWA	52 985.60
9001542122	1	CITY OF TSHWANE	MULTIPURPOSE CENTRE	61 860.05
307545314	2	CITY OF TSHWANE	MABOPANE C LIABRARY	48 959.74
301540086	1	CITY OF TSHWANE	WASTE MANAGEMENT	39 871.06
190540081	1	CITY OF TSHWANE	ROADS AND STORM	36 387.00
310549533	1	CITY OF TSHWANE	BLOCK M PARK 2	27 928.48
105525036	1	CITY OF TSHWANE	GARANKUWA TRC	25 186.03
108540079	1	CITY OF TSHWANE	ZONE 8 PARK 2	22 371.99
9001550214	2	CITY OF TSHWANE	DUBE COMMUNITY HALL	20 029.02
9001541908	1	CITY OF TSHWANE	SEWERAGE TREATMENT	19 449.53
308550125	1	CITY OF TSHWANE	BLOCK D PARK	18 868.20
307515784	3	CITY OF TSHWANE	BLOCK X PARK	17 184.81
150508193	2	CITY OF TSHWANE	GARANKUWA STADIUM	19 253.62
310549525	1	CITY OF TSHWANE	BLOCK M PARK 1	11 973.00
101515222	2	CITY OF TSHWANE	SUPEINTENDENT OFFICE	10 714.45
9001541711	1	CITY OF TSHWANE	WINTERVELDT COUNCIL	7 991.10
310550132	1	CITY OF TSHWANE	ROADS AND STORMWATER	7 042.32
502540289	1	CITY OF TSHWANE	LEBANON PARK 1	7 390.35
116570033	2	CITY OF TSHWANE	ZONE 16 PARK	6 239.91
310542776	1	CITY OF TSHWANE	MABOPANE INDOOR SPOR	6 138.90
350521089	1	CITY OF TSHWANE	MABOPANE FIRE STATIO	5 688.41
9001547434	1	CITY OF TSHWANE	WINTRVELDT CBD	4 704.73
101541363	1	CITY OF TSHWANE	ROADS AND STORMWATER	2 891.21
501570605	3	CITY OF TSHWANE	TSHWANE METRO COUNCI	2 781.37
101541223	1	CITY OF TSHWANE	GARANKUWA COMM HALL	3 264.72
307520524	1	CITY OF TSHWANE	BLOCK X REVENUE OFFI	2 597.60
303560149	2	CITY OF TSHWANE	ROADS & STORM WATER	2 207.88
302504202	2	CITY OF TSHWANE	MABOPANE OFFICE -B	2 133.43
301540884	1	CITY OF TSHWANE	MABOPANE WASTE MANAG	1 650.82
301530714	2	CITY OF TSHWANE	MABOP SUPRENT OFFICE	1 547.05
309540956	1	CITY OF TSHWANE	BLOCK S PARK 2	893.28
125539238	1	CITY OF TSHWANE	ZONE 25 PARK 11	910.00
305557056	1	CITY OF TSHWANE	28 BLOCK U PARK 4	798.39
502517937	1	CITY OF TSHWANE	LEBANON PARK 3	936.43
123510267	1	CITY OF TSHWANE	ZONE 23 PARK 4	526.56
125540317	1	CITY OF TSHWANE	ZONE 25 PARK 13	608.63
125540171	1	CITY OF TSHWANE	ZONE 25 PARK 12	626.99
150509289	3	CITY OF TSHWANE	METRO POLICE	334.84

123518969	1	CITY OF TSHWANE	ZONE 23 PARK 1 GARAN	328.78
125538703	1	CITY OF TSHWANE	ZONE 25 PARK 7	300.09
125539092	1	CITY OF TSHWANE	ZONE 25 PRAK 10	496.21
125538843	1	CITY OF TSHWANE	ZONE 25 PARK 8	562.39
120539108	1	CITY OF TSHWANE	ZONE 20 PARK 6	195.16
119508053	1	CITY OF TSHWANE	BLOCK V PARK	524.21
302540217	1	CITY OF TSHWANE	MABOPANE TRAFFIC ISL	500.15
102549899	2	CITY OF TSHWANE	VT SEFORA LIBRARY	35.99
116509679	2	CITY OF TSHWANE	DEPT OF WELFARE	27.58
350520074	3	CITY OF TSHWANE	Social Development	(42 040.55)
116509679	2	CITY OF TSHWANE	Dept of Welfare	254.66
116509687	2	CITY OF TSHWANE	Social Development	(5 886.21)
105549814	1	CITY OF TSHWANE	Social Development	571.01
				<b>1 077 138.08</b>

**SECTION 6: STATEMENTS OF AMOUNTS OWED BY GOVERNMENT DEPARTMENTS PUBLIC ENTITIES**

INSTNO	LASTST	NAME	ADDR1	ACCBAL
302535523	2	ATLEGANG HIGH SCHOOL	P O BOX 94	232.45
118548191	1	BACHANA MOKWENA SCHO	2202 GARANKUWA VIEW	1 757.39
303510958	2	BANA PRIMARY SCHOOL	PO BOX 238	318.90
105524021	2	BODUBELO PRIMARY	P O BOX 103	3 141.19
304538511	2	BOITEKANELO P SCHOOL	PO BOX 81	1 291.56
102525698	2	BOLOKANANG PRI SCHOO	2831 ZONE 2	3 005.02
104509266	3	DEPT OF PUBLIC WORKS	SUNSHINE HOSPICE	149 635.88
303550119	3	DEPT OF PUBLIC WORKS	TUMELO HOME & HOSPIC	63 766.69
107511083	2	DEPT OF PUBLIC WORKS	SEREMANE EL	26 469.98
305506273	2	DEPT OF PUBLIC WORKS	884 BLOCK U	11 621.17
502540653	1	DEPT OF PUBLIC WORKS	ZION CHRIRIAN CHURH	6 770.53
102549295	1	DEPT OF PUBLIC WORKS	JESUS MY ANSWER	6 179.98
304505281	3	DEPT OF PUBLIC WORKS	MAFULO A MATALA	3 134.78
107507329	2	DEPT OF PUBLIC WORKS	DEPT HEALTH SOC WELF	3 054.61
303560157	1	DEPT OF PUBLIC WORKS	KAMO BUSINESS CONSTR	1 437.77
502547666	1	DEPT OF PUBLIC WORKS	MIYELA SIDZEDZE CO	1 378.26
310553662	1	DEPT OF PUBLIC WORKS	MODUBU SPARKS	883.94
305505897	2	DEPT OF PUBLIC WORKS	924 BLOCK U	824.69
302540152	1	DEPT OF PUBLIC WORKS	JESUS CHRIST C.CHURC	642.97
106502412	4	DEPT OF PUBLIC WORKS	GAGOKALAFI (NPO)	610.86
108506415	2	DEPT OF PUBLIC WORKS	TJALE MD	1 007.93
305503967	2	DEPT OF PUBLIC WORKS	918 BLOCK U	444.88
303515178	3	DEPT OF PUBLIC WORKS	DEPT OF EDUCATION	352.14
304504544	2	DEPT OF PUBLIC WORKS	190 BLOCK C	244.94
107510958	2	DEPT OF PUBLIC WORKS	KGOSIMORE LP	135.44
308539253	3	DEPT OF PUBLIC WORKS	BADIRI OLD AGE HOME	2 029.55
303515151	3	DEPT OF WORKS	4445 B BLOCK B	160.24
9001544346	1	DIKGAKOLOGO P SCHOOL	PRIVATE BAG X304	784.84
301530072	2	DITSHABA PRIM SCHOOL	PO BOX 143	5 737.45
302535558	2	DITSHEGO MID SCHOOL	PRIVATE BAG X522	478.36
9001550222	1	DR S MOTSUENYANE SCH	STAND 1571	43 681.47
501585165	1	EDWIN MOALUSI P SCH	PRIVATE BAG X571	66.79
105549806	1	FORENSIC PATHOLOGY S	P O BOX 9514	4 101.80
502516574	2	GALEBOE MIDDLE SCHOOL	P O BOX 247	391.76
105505434	2	HOLELE HIGH SCHOOL	PRIVATE BAG X1050	2 423.66
9001544435	1	HOLY TRINITY COMMUNI	PO BOX 911-252	1 331.53
502518283	1	IKELENG P SCHOOL	PO BOX 780	318.90

190540405	1	KAGISANONG VIEW OFFI	P O BOX 108	15 344.99
501568279	2	KGABO CLINIC	P O BOX 9514	18 852.49
104529038	2	LESEGO PRIMARY SCH	PO BOX 130	159.46
105505442	2	LESOLANG PRIM SCHOOL	PO BOX 38	1 403.18
116509709	2	LOWE MIDDLE SCHOOL	ZONE 16	318.90
190500586	2	MABOPANE HIGH SCHOOL	PRIVATE BAG X503	7 417.75
303550178	2	MABOPANE POLICE STA-	BLOCK B	178.05
190500802	2	MAGISTRATE COURT	GARANKUWA ZONE 5	3 276.02
9001545482	1	MAHLWARENG P SCHOOL	PO BOX 232	1 580.12
116553686	2	MAPENANE M SCHOOL	193 ZONE 16	318.90
301530161	2	MARULA PRIM. SCHOOL	PO BOX 129	11 597.76
9001545431	1	MLOKOTWA-DUBE P SCH	PO BOX 76	3 425.82
102507665	2	MODIRI HIGH SCHOOL	PO BOX 139	318.90
101533476	2	MOEPATHUTSI ABET CEN	287 ZONE 1	3 159.54
102507657	3	MOLAPO PRIM SCHOOL	P O BOX 139	318.90
9001500411	2	MONTSHO PRIMARY SCHO	PO BOX 273	580.11
304537825	2	MPHO PRIMARY SCHOOL	PO BOX 80	4 725.04
103525446	2	NEO PRIMARY SCHOOL	4225 ZONE 3	246.17
502508628	2	NGAKA MASEKO H SCH.	PRIVATE BAG X561	143.50
103525454	2	ODI HIGH SCHOOL	PO BOX 204	20 009.10
305524506	3	ODI MILITARY BASE	ZONE U	284 336.54
190501493	2	ODI SPORTS STADIUM	MANGOPE HIGHWAY	3 208 316.84
101515214	2	PABALELO VERBETERING	PRIVATE BAG X 1006	3 531.34
101515249	2	PHEDISONG 1 CLINIC	DEPT OF HEALTH	356.09
104503322	2	PHEDISONG 4 CLINIC	DEPT OF HEALTH	854.34
104503349	2	PHEDISONG 4 CLINIC	DEPT OF HEALTH	283.31
104540163	1	PHEDISONG HEALTH CEN	DEPT OF HEALTH	27 578.97
190500799	2	POLICE STATION	PRIVATE BAG X2085	291 896.66
190501159	2	PRISON ODI	PRIVATE BAG X2085	85 301.43
103526248	2	RAKALE PRIMARY SCH	PO BOX 164	6 104.90
104510787	2	RANTAILANE HIGH SCHO	5799 ZONE 4	5 874.60
9001544508	1	REIMOLOTSWE P SCHOOL	PO BOX 6	609.96
9001544389	1	REINOTSWE SPEC SCH	PO BOX 57	2 004.75
302534772	2	RETLILEPELE PRIMARY	PO BOX 61	3 476.05
305526878	1	SEDILEGA CLINIC	DEPT OF HEALTH	1 903.91
306505777	1	SELELO P SCHOOL	417 BLOCK E	9 088.75
190500918	2	TECHNIKON NORTH WEST	CREDITORS(I BECKING)	11 719.43
9001544494	1	THABA P SCHOOL	P O BOX 909	2 065.39
9001544338	1	THULAGANYO MID SCHO	PO BOX 131	6 845.07
9001588335	1	TIDIMALONG P SCHOOL	ATT ME MAKGABUTLANE	0.09
302504237	2	TLAMELONG CLINIC	DEPT OF HEALTH	8 291.50
101515257	2	TLOTLOMPHO PRIM SCHO	PO BOX 3	3 735.91
190500578	3	TRANSPORT OFFICES	EFFORT KGAMEDI	43 352.47

103525268	2	TSHEPO MIDDLE SCHOOL	PO BOX 66	8 066.25
190500543	3	TSHWANE SOUTH COLLEG	PRIVATE BAG X1018	7 207.22
190500993	3	TSHWANE WEST DIS-D15	PRIVATE BAG X 38	145 275.64
9001544532	1	TSWAING HIGH SCHOOL	PRIVATE BAG X302	4 174.81
104529046	2	TSWELELANG MIDDLE	5800 ZONE 4	3 788.40
9002517873	1	TUT-HEBRON RESIDENCE	PRIVATE BAG X 38	19 199.40
9001500195	2	WINTERVELDT CLINIC	DEPT OF HEALTH	2 863.06
9001545415	1	WINTERVELDT HIGH SCH	PRIVATE BAG X597	1 274.13
				<b>4 673 059.26</b>

## SECTION 7: ASSESSMENT OF DIRECTORS AND SENIOR MANAGERS MUNICIPAL ACCOUNT

Name of Director/ Senior Manager	Designation	Name of Municipality	Municipal Account Name & Account Number	Account Status	Comments
M J Taetsane	Managing Director	Erkhuruleni	MJ Taetsane 2202285068	Current	N/A
P Avenant	Financial Manager	CTMM	P Avenant 2052509091 and 5004372309	Current	N/A
S Baronian	Operation Manager	Johannesburg	S Baronian LUM0023A	Current	N/A
A Singo	Human Resource Manager	CTMM	A Singo	Current	N/A
S Nkosi	Marketing Manager	CTMM	S Nkosi 5002048904 and 0310546798 2	Current	N/A
S Gramoney	Strategic Legal Advisor	CTMM	S Gramoney 5007004094	Current	N/A

## **CHAPTER THREE: DIRECTOR'S REPORT AND GOVERNANCE**

### **SECTION 1: STATEMENT OF RESPONSIBILITY BY THE BOARD**

In accordance with the Companies Act No 2008, Municipal Finance Management Act and King III, the Board is required to prepare annual financial statements that comply with Generally Required Accepted Practice.

The Board is responsible for ensuring that complete, accurate and reliable accounting records form the basis for preparing annual financial statements. The financial statements include judgments and estimates that are reasonable and prudent, made by management, reviewed and accepted by the Board. The Board also ensures that the accounting policies are appropriate to the organization. In order to achieve this objective the Board relies on the systems of internal control set up and maintained by management.

Independent internal auditor assist the Board in their task of ensuring that internal controls are adequate and operate as intended throughout the financial year under review. The internal controls include a risk based system of internal accounting and administrative controls designed to provide reasonable, but not absolute assurance that the assets are safeguarded and transactions executed and recorded in accordance with the generally accepted business practices as well as the organisation's policies and procedures. The Board has however, the ultimate responsibility for this system of internal controls and reviews the effectiveness of its operations primarily through the Audit and Risk Committee.

The Board has every reason to believe that the organization has adequate support from the shareholder to continue in operation in the foreseeable future and has for this reason adopted the going concern basis in preparing the annual financial statements. The Auditor General who were given unrestricted access to all financial records and related data including the minutes of the board and Board Committees, have audited the financial statements.

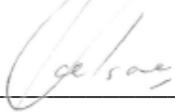
The Board believes that all representations made to the independent auditors during the audit are valid and appropriate. Their audit report on the annual financial statements is presented in pages 84.

The board is of the opinion that the annual financial statements fairly present the financial position of the organization at 30 June 2012, and the results of its operations and cash-flow for the year ended. Material facts or circumstances between the accounting date and the date that the report is disclosed in the annual financial statements. The annual financial

statements, have been approved by the Board on 29 August 2013 and signed on its behalf by:

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**CHAIRPERSON**  
**BOARD OF DIRECTORS**



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**MATSEPELA TAETSANE**  
**CHIEF EXECUTIVE OFFICER**

## **SECTION 2: CORPORATE GOVERNANCE STATEMENT**

The Board of Directors and Executives recognise and are committed to the principles of openness, integrity and accountability advocated by the King III Code on Corporate Governance. Through this process, shareholders and other stakeholders may derive assurance that the entity is being ethically managed according to prudently determined risk parameters in compliance with generally accepted corporate practices. Monitoring the entity's compliance with King Code on Corporate Governance forms part of the mandate of the group audit committee. The entity has complied with the Code in all respect during the year under review.

The Board of Directors has incorporated the City of Tshwane's Corporate Governance Protocol (the Protocol) in its Board Charter, which *inter alia* regulates its relationship with the City of Tshwane as its sole member and parent municipality in the interest of good corporate governance and good ethics.

The Protocol is premised on the principles enunciated in the King Report for Corporate Governance for South Africa 2002 ("King III report"). Sandspruit steadfastly consolidated its position in respect of adherence to the King II report on Corporate Governance. The entity's practices are, in most material instances, in line with the principles set out in the King II/III Report. Ongoing steps are however taken to align practices with the Report's recommendations and the Board continually reviews our progress to ensure that we improve our Corporate Governance. During the year under review Sandspruit entrenched its risk management reviews and reporting and compliance assessments were conducted in terms of the Companies Act and the Municipal Finance Management Act (MFMA). The annual Board assessments and evaluations were conducted and an annual report for the previous year was effectively completed in accordance with the terms of section 121 of the Municipal Finance Management Act. The current financial report was guided by the same principles.

### **SECTION 3: BOARD OF DIRECTORS**

Sandspruit Works Association has a unitary board, which consist of 1 executive and 5 non-executives directors. The board meets regularly, at least quarterly and retain full control over Sandspruit. The Board remains accountable to City of Tshwane Metropolitan Municipality, the sole member and its stakeholders. A Service Delivery Agreement (SDA) concluded in accordance with the provisions of the MSA governs the entity' relationship with the City of Tshwane. The Board provides Monthly, Quarterly, Bi-Annually and Annual Reports on its performance and service delivery to the parent municipality as prescribed in the SDA, the MFMA and the MSA.

Non-executive Directors contribute an independent view to matters under consideration and add to the depth of experience of the Board. The roles of Chairperson and Managing Director are separate, with responsibilities divided between them. The Chairperson has no executive functions. Members have unlimited access to Sandspruit Secretary, who acts as an advisor to the Board and its committees on matters including compliance with Sandspruit Rules and Procedures, statutory regulations and best corporate practices.

The Board or any of its members may, in appropriate circumstances and at the expense of Sandspruit, obtain the advice of independent professionals. An annual director and peer review is undertaken, as well as a Board evaluation.

<b>Board &amp; Board committees</b>	<b>No of meetings</b>
Board Meetings	10
Special board meetings	0

#### QUORUM

The required quorum was present at all meetings.

#### SPECIAL RESOLUTIONS

No special resolutions recorded during the 2012/2013 financial year.

## **SECTION 4: THE BOARD CHARTER**

### **1 INTRODUCTION**

- 1.1. Sandspruit Water Works Association (“Sandspruit”) is a municipal entity established in terms of the Municipal Systems Act, Act 32 of 2000. It has been established solely to develop, prepare and maintain water and sanitation services on behalf on the Tshwane Metropolitan Municipality in the areas of Mabopane, Ga-Rankuwa and Winterveldt.
- 1.2. Sandspruit is governed by the Municipal Finance Management Act (“MFMA”) and the Companies Act 63 of 1973 as well as the principles enshrined in the King Report on Corporate Governance.
- 1.3. This Charter sets out details of the functions and responsibilities of the Board of Directors of Sandspruit.

### **2 OBJECTIVES**

- 2.1 The overall objective of this Charter is to:-
  - 2.1.1 enable the Board of Directors to provide strategic guidance to Sandspruit and to effectively oversee management;
  - 2.1.2 clarify the respective roles and responsibilities of directors and management in order to facilitate management accountability;
  - 2.1.3 ensure a balance of authority so that no single individual has unfettered powers,
  - 2.1.4 ensure compliance with regulations and the laws of the Republic of South Africa;
  - 2.1.5 ensure that management adheres to mandate given to them by government as well as adhering to the approved budget.

### **3 ROLE OF SANDSPRUIT**

The main role of Sandspruit is to ensure that the governance and quality assurance is achieved across the provision of the water and sanitation provision with the area of operations.

#### **4 STRUCTURE AND COMPOSITION OF THE BOARD**

- 4.1 Sandspruit board consist of Six (6) directors. Five (5) of the directors are non-executive directors with the Chief Executive Officer being the only executive director of Sandspruit. All four [5] members of the board were appointed by the City of Tshwane Metropolitan Council (“The City”).
- 4.2 The City has the power at any point in time to remove any directors from the Board and to fill any vacancies created by such removal.
- 4.3 Board of directors shall be independent of management and free from any business or other relationship, which could materially interfere with the exercise of their independent judgment as board of directors.

#### **5 ROLE AND RESPONSIBILITY OF THE CHAIRPERSON**

- 5.1 The Chairperson’s responsibilities are to, inter alia:-
  - 5.1.1 preside over meetings of directors and to ensure the smooth functioning of Sandspruit in the interests of good governance;
  - 5.1.2 provide overall leadership to Sandspruit without limiting the principle of collective responsibility for Sandspruit decisions;
  - 5.1.3 arrange for new members appointed to Sandspruit to be properly inducted and oriented, and monitoring and evaluating Sandspruit and director appraisals;
  - 5.1.4 determine the formulation of an annual work plan for Sandspruit against agreed objectives and goals, as well as playing an active part in setting the agenda for Sandspruit meetings;
  - 5.1.5 maintain relations with the City and Auditor General and other key stakeholders;
  - 5.1.6 ensure that all directors play a full and constructive role in the affairs of Sandspruit and take a lead role in removing non-performing or unsuitable directors from Sandspruit;
  - 5.1.7 ensure that all the relevant information and facts are placed before the Board to enable the directors to reach an informed decision;
  - 5.1.8 ensure that directors exercise utmost good faith, honesty and integrity in all their dealings with or on behalf of Sandspruit and act independently of any outside fetter or instruction;
  - 5.1.9 always act in the best interests of Sandspruit and never for any sectoral or self interest;

- 5.1.10 be informed about the financial, operational and social environment in which Sandspruit operates;
- 5.1.11 treat any confidential matters relating to Sandspruit as a director, as strictly confidential and not divulge such matters to anyone without the authority of Sandspruit;
- 5.1.12 ensure that procedures and systems are in place to act as checks and balances on the information being received by Sandspruit and ensure that Sandspruit prepares annual budgets and regularly updates forecasts against which its performance can be monitored.

## 6 **QUORUM OF MEETINGS**

- 6.1 In any Board of Directors meeting, the Board shall comprise a minimum of 3 members.
- 6.2 If a quorum is not present at a directors' meeting, the Chairman shall postpone such meeting for a period of 7 (seven) Business Days and notice of such postponed meeting including the date, time and place of such postponed meeting, shall be sent to all directors.
- 6.3 No business shall be transacted at a directors' meeting unless a quorum is present at the commencement of that meeting.

## 7 **MEETINGS AND PROCEEDINGS**

- 7.1 The Board shall meet:-
  - 7.1.1 once every quarter; and/or
  - 7.1.2 whenever so required by any director on seven (7) days' notice in writing to Sandspruit.
- 7.2 The meetings shall be held at such time and place and in such a manner as the chairperson may from time to time determine;
- 7.3 Meeting agendas shall be prepared and distributed in advance, together with sufficient background information to enable the board of directors to appropriately prepare for such meetings. For purposes of clarity, where the business to be transacted at the Board meeting requires the passing of the

special resolution, the agenda and notices convening such meeting shall be distributed within 21 (twenty one) clear business days prior to such meeting taking place.

7.4 Matters requiring approval by the Board shall be decided on by way of a majority vote. Where there is an equality of votes, the chairperson shall have a casting vote so as to break a deadlock in decision-making, unless the chairperson is of the opinion that the aims and objectives of the business of Sandspruit shall be better served by referring the issue in question to the next meeting for fresh deliberation and voting.

7.5 Urgent matters requiring approval by the Board may be circulated to Board members for approval on a Round Robin basis. Such Round Robins should include sufficient information so as to allow Board members to make an informed decision as regards such matter. A Round Robin will require that a Board member respond within 72 hours (3 business days), failing that the matter(s) so considered will be deemed to have been approved.

7.6 Should any director wish to have the subject matter of the round robin considered before a full Board, that member may so request that a formal meeting be convened at which the matter will be formally placed for consideration.

7.7 Round Robin decisions will be tabled at the following Board meeting for ratification.

7.8 The minutes of the board meetings shall be circulated to board of directors and those in attendance within 120 hours (5 business days) of such meetings, for approval thereof as a correct record of proceedings.

7.9 Minutes of the board of directors shall be tabled at the following meeting of the board for signature by the Chairman of the meeting.

## **8 VACATION OF OFFICE**

8.1 A director may resign from the Board of Sandspruit by giving one month's written notice to the Chairperson who shall thereafter inform the Minister,

8.2 A director must vacate his or her office if he/she has been absent from more than three consecutive without leave of the chairperson of each such absence.

## 9 **FEES**

Board of directors not holding management positions in Sandspruit shall be remunerated for their services on the Board. The City of Tshwane Metropolitan Municipality shall determine the fees payable to members of the Board. The Chairman of the Board shall be paid additional fees for services rendered on the Board.

## 10 **SANDSPRUIT POLICIES**

10.1 Each director is bound by this charter, the code of conduct and Sandspruit's policies and, including:-

10.1.1 Audit Committee Charter;

10.1.2 Governance Committee Charter;

10.1.3 Procurement Committee Charter;

10.1.4 Remunerations Committee Charter;

10.1.5 Operations Committee Charter;

## 11 **CONFLICT OF INTEREST**

A member shall on his/her appointment to Sandspruit, disclose to the Chairperson of the Board any of his or her personal or material interest which may constitute a conflict of interest in respect of his or her duties as a member of the Board, and he or she shall in writing inform the Chairperson if any of such conflict or potential conflict arises after his or her appointment as a member of the board.

Sandspruit shall procure that such disclosure shall be kept at the registered office of Sandspruit and, subject to any reasonable restrictions as to the time and manner of inspection thereof that may be imposed by the board, shall be open to inspection by the City and/or other members Sandspruit.

## 12 **SANDSPRUIT COMMITTEES**

- 12.1 **Sandspruit** is responsible for ensuring corporate governance and is ultimately accountable and responsible for the performance and affairs of Sandspruit. Sandspruit acknowledges that committees mechanism to efficiently and effectively advice and provide the required leadership.
- 12.2 Sandspruit recognises that delegating authorities to committees does not in any way mitigate or exonerates directors from their duties and responsibilities.
- 12.3 Sandspruit realises that committees are merely a mechanism to aid and assist it and its directors in giving focused attention to specific areas of their duties and responsibilities in a more comprehensive evaluation of specified issues, such as audit, remuneration, risk management, etc.
- 12.4 To this end, Sandspruit has put in place the following Committees:-
- 12.4.1 Audit Committee,
  - 12.4.2 Bid Committee,
  - 12.4.3 Remunerations Committee,
  - 12.4.4 Risk and Operations Committee,
- 12.5 The membership, resources, responsibilities and authorities (composition, functions and operation) of these Committees are elucidated in the Terms of References annexed to this Charter.

## 13 **CONDITIONS OF SERVICE**

- 13.1 The Board in consultation with the Minister shall be responsible for the determination of the remuneration, allowances and those other benefits of board members and that remuneration and those allowances shall be paid out of Sandspruit's budgeted funds.
- 13.2 The Minister may prescribe any other reasonable conditions of appointment to a member in order to achieve the objectives of the grading process in the Republic of South Africa.

13.3 The Minister may appoint a member for such period as the he may determine in case of each member.

## 14 RESPONSIBILITIES OF THE BOARD

14.1 The directors have a collective responsibility to provide effective corporate governance that involves a set of relationships between the City Sandspruit, and other relevant stakeholder which include:-

14.1.1 Setting strategic direction and goals of Sandspruit and monitoring management's Implementation of that strategy;

14.1.2 Appointing such committees of Sandspruit as may be appropriate to assist in the discharge of its responsibilities and to determine their responsibilities;

14.1.3 Ensuring that procedures and practices are in place that protects Sandspruit' assets and reputation;

14.1.4 Monitoring financial outcomes and the integrity of reporting, in particular approving annual budgets and longer-term strategic and business plans;

14.1.5 Ensuring that effective audit, and compliance systems are in place to protect the Sandspruit's assets and to minimise the possibility of Sandspruit operating beyond legal requirements or beyond acceptable risk parameters;

14.1.6 Monitoring compliance with regulatory requirements and ethical standards.

The board shall be constituted in such manner as to represent the interests of Government and all business stakeholders.

## 15 REVIEW OF CHARTER

Sandspruit will reviews this Charter and the Charters of the sub-Committees annually to ensure they remain consistent with Sandspruit's objectives, responsibilities and relevant standards of corporate governance.

## **SECTION 5: BOARD COMMITTEES**

The following committees have been formed, each of which is chaired by a non-executive director.

- Remuneration Committee
- Risk Management Committee
- Audit Committee

### **3.1 Remuneration Committee**

The remuneration committee advises the board on remuneration policies, remuneration packages and other terms of employment for all directors and senior executives. Its specific terms of reference also include recommendations to the board on matters relating *inter alia*, general staff policy remuneration, profit bonuses, executive remuneration, director's remuneration and fees, service contracts, share purchase and option schemes, and retirement funds. The independent professional advisors advise the committee. The committee will have to meet three times during the year.

### **3.2 Risk Management Committee**

The shareholder i.e. the City of Tshwane Metropolitan resolved that risk management committee will be hosted by the city and therefore Sandspruit shall not have a Risk Management Committee.

### **3.3 Performance and Audit Committee**

The Sandspruit Audit Committee was incorporated to the City of Tshwane's audit committee to form a Group Performance and Audit Committee. The audit committee consist of non executive and independent members.

The role of the Group Performance and Audit Committee is to assist the board by performing an objective and independent review of the functioning of the organisation's finance and accounting control mechanisms. The committee exercises its functions through close liaison and communication with corporate management and the internal and external auditors. The committee met four (4) times during the year under review.

The Group Performance and Audit Committee operates in accordance in with a written charter authorised by Council and cognisance taken by the board, and provides assistance to the board with regard to:

- Ensuring compliance with applicable legislation and the requirements of regulatory authorities;
- Matters relating to financial accounting, accounting policies, reporting and disclosures;
- Appoint the Head of Internal and external auditors;
- Approve the Internal Audit Charter;
- Activities, scope, adequacy and effectiveness of the internal audit function and audit plans;
- Review/ approval of internal and external audit plans, findings, problems, reports and fees;
- Compliance with the Code of Corporate Practices and Conduct; and
- Compliance with code of ethics.

The audit committee addressed its responsibilities properly in terms of the charter during the year under review. Few changes to the charter were adopted during the year under review. Management has reviewed the financial statements with the audit committee and the audit committee has reviewed them without management or the external auditors being present. The quality of the accounting policies was discussed with the external auditors.

The audit committee considers the annual financial statements of the Entity to be a fair presentation of its financial position on 31 August 2013 and of the results of its operations, changes in equity and cash flow for the period ended then in accordance with GRAP and the Companies Act

## **SECTION 6: RISK MANAGEMENT AND INTERNAL CONTROLS**

### **RISK MANAGEMENT**

Effective risk management is integral to Sandspruit's objective of consistently adding value to the business. Management is continuously developing and enhancing its risk and control procedures to improve the mechanisms for identifying and monitoring risks.

Operating risk is the potential for loss to occur through a breakdown in control information, business processes and compliance systems. Key policies and procedures in place to manage operating risk involve segregation of duties, transaction authorisation, supervision, monitoring and financial and managerial reporting.

### **INTERNAL CONTROLS**

The board is responsible for the company's systems of internal financial and operational control. Sandspruit's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the annual financial statements and operational management information and ensures that assets are adequately safeguarded against material loss and that transactions are properly authorised and recorded. The system of internal controls includes a documented organisation structure and visions of responsibility, established policies and procedures, including a Code of Ethics to foster a strong ethical climate, which are communicated to the parent municipality. It also includes the careful selection, training and development of people.

Internal controls also provide assurance that Sandspruit's resources are utilised efficiently and that the activities of the group are in compliance with applicable laws and regulations, as per Section 132 of the MFMA and King III.

Internal auditors monitor the operation of the internal control systems and report findings and recommendations to management and the board of directors. Corrective actions are taken to address control deficiencies and other opportunities for improving the system as they are defined. The board, operating through its audit committee, provides supervisions of the financial reporting process and internal control systems. There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls.

Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets. Furthermore, the effectiveness of internal control systems can change with circumstances. A documented and tested business continuity plan exists to ensure the continuity of business-

critical activities. The entity assessed its internal control systems as at 30 June 2011 in relation to the criteria for effective internal control over financial reporting described in its Internal Control Manual. The internal control process has been in place up to the date of approval of the annual report and financial statements. Based on its assessment, the group believed that, as at 30 June 2011, its system of internal control over financial reporting and over safeguarding of assets against unauthorised acquisitions, use or disposition, met those criteria.

## **SECTION 7: INTERNAL AUDIT FUNCTION**

Sandspruit does not have an internal audit department as this function is performed by the Internal Audit Division of City of Tshwane.

The internal audit division has a specific mandate from the audit committee and independently appraises the adequacy and effectiveness of Sandspruit's systems, internal controls and accounting records, reporting its findings to local and divisional management; the Auditor-General South Africa and the audit committee. The Chief Audit Executive reports to the Audit committee and functionally to the City Manager and has direct access both the chairman of the audit committee and that of the board of directors.

The Chief Audit Executive prepares a risk based plan for approval by the audit committee. The audit committee assess the adequacy prior to approval. This ensures that the audit coverage is focused on and identifies areas of high risk.

The internal audit department of the City of Tshwane has a current complement of 18 personnel. It has a specific mandate from the audit committee and, independently appraises the adequacy and effectiveness of the group's systems, internal controls and accounting records. It reports its findings to local and divisional management, the external auditors as well as the audit committee. Internal audit also provides a consulting service on risks, controls and governance developments. The head of internal audit reports to the audit committee, meets with board members, has direct access to senior executive management and is invited to attend various management meetings.

In 2011/2012, internal audit increased its focus on reviewing significant non-financial risk areas as well as sustainability and legal compliance activities. This coincided with activities to advise the business on development of a combined assurance model and other recommendations made in the King III report on corporate governance. The forensic activity was streamlined to increase effectiveness.

## **SECTION 8: RESPONSE TO AUDITOR GENERAL REPORT**

Matters raised by the Auditor General have been noted and will be addressed in 2013/2014 financial year.

## **SECTION 9: CORPORATE ETHICS AND ORGANISATION INTERGRITY**

Sandspruit has developed a Code of Conduct ("the Code") which has been fully endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism.

In summary the Code requires that at all times, all Sandspruit personnel act with utmost integrity and objectivity and in compliance with the letter and spirit of both the law and Sandspruit policies. Failure by employees to act in terms of the Code results in disciplinary action. The Code is discussed with each new employee as part of his or her induction training and all employees are asked to sign an annual declaration confirming their compliance with the Code. A copy of the Code is available to interested parties upon request. A toll-free anonymous telephone facility exists for reporting of non-adherence to the Code or ethic related matters. Furthermore, any breach of the Code is considered a serious offence and is dealt with accordingly; as a result, this acts as a deterrent. The directors believe that ethical standards are being met and fully supported by the ethics programme.

## CHAPTER FOUR: HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

### SECTION 1: HUMAN RESOURCE MANAGEMENT

The entity has aligned its Human Resource practices and policies to those of the City of Tshwane.

#### Staff information

Key function (as per organisational structure, eg, planning, connections, etc)	2012/2013		2011/12	
	Number of posts	Number of posts filled	Number of posts	Number of posts filled
Management	17	16	14	14
Administration	163	164	156	149
Field staff	79	75	77	73
<b>Total</b>	<b>261</b>	<b>255</b>	<b>247</b>	<b>236</b>

### SECTION 2: EMPLOYMENT EQUITY

Occupational Categories	MALE			FEMALE				White male	Foreign Nationals		Total
	A	C	I	A	I	C	W		Male	female	
Top management	3				1			2	-	-	6
Senior management (Managers)	4			1							5
Professionally qualified and experienced specialists and mid-management	1			2							3
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	12		1	10				2			25
Semi-skilled and discretionary decision making	73	1		56			1				131
Unskilled and defined decision making	71			4							75
Total permanent	164	1	1	73	1		1	4			245
Non-permanent employees	3			6				1			10
Grand total	167	1	1	79	1		1	5			255

**SECTION 3: SKILLS DEVELOPMENT AND TRAINING**

Expenditure on training for various skills priorities during 2012/13 – **R579 831.47**

**Learning Intervention Statistics**

<b>Occupational Category</b>	<b>Total</b>
Legislators, senior officials and managers	4
Professionals	7
Clerical & Administrative Workers	7
Machinery Operators and Drivers	2
Elementary Workers	1
Bursaries	5

**Learnerships and apprenticeships for 2012/13**

<b>Name of learnership Name of apprenticeship</b>	<b>Number of students during intake of Learnership or apprenticeship</b>	<b>Learnership or apprenticeship budget</b>	<b>Provider</b>	<b>Start date</b>	<b>Proposed ending date</b>
No learnership and Apprenticeship were implemented during the 2012/2013 FY.					

**Occupational health and safety**

Number of injuries on duty: **2**

**Pension funds/ Provident Fund**

Alexander Forbes Provident Fund - 242 members

**Medical aid funds**

Medical Aid Fund - Discovery Health Medical Fund

Number of Members - 24

Medical Aid Fund - Sizwe Medical Fund

Number of Members - 209

The balance of employees is on their spouses' medical aid.

Outstanding amounts owed to the entity by employees:

Not applicable to the entity

The table below indicates expenditure on salaries over the last 3 years:

	<b>2012/13</b>	<b>2011/12</b>	<b>2010/11</b>
	<b>R ' 000</b>	<b>R ' 000</b>	<b>R ' 000</b>
Total operating expenditure	161 844	167 741	150 900
Total payroll expenditure	73 559	71 969	64 375

The table below indicates expenditure on salaries over the last 3 years:

	<b>2012/13</b>	<b>2011/12</b>	<b>2010/11</b>
	<b>R ' 000</b>	<b>R ' 000</b>	<b>R ' 000</b>
Total payroll expenditure	73 559	71 969	64 375

## **CHAPTER FIVE: AUDITED STATEMENTS AND RELATED FINANCIAL INFORMATION**

Section 1: Annual Financial Statements (AFS) **(ANNEXURE A)**

Section 2: Auditor General Report **(ANNEXURE B)**

Section 3: Management Letter Action Plan **(ANNEXURE C)**