



EMFULENI
LOCAL MUNICIPALITY

Vaal River City, the Cradle of Human Rights



ANNUAL REPORT

2017/18

TABLE OF CONTENTS

List of Abbreviations	
CHAPTER 1 MUNICIPAL OVERVIEW	1
1.1 Municipal Overview	1
1.2 Service Delivery Overview	7
1.3 Financial Overview	11
1.4 Organizational Development Overview	14
1.5 Statutory Annual Report Process	17
CHAPTER 2 GOVERNANCE	18
2.1 Political Governance	18
2.2 Administration Governance	22
2.3 Intergovernmental Relations	25
2.4 Public Participation and Meetings	26
2.5 Integrated Development Plan and Alignment	27
2.6 Risk Management	28
2.7 Anti - Fraud and Corruption	36
2.8 By-Laws	37
2.9 Website	37
CHAPTER 3 SERVICE DELIVERY	38
3.1 Water	38
3.2 Sanitation	44
3.3 Electricity	47
3.4 Solid Waste	51
3.5 Housing	56
3.6 Roads and Stormwater	59
3.7 Planning	66
3.8 Local Economic Development	72
COMMUNITY AND SOCIAL SERVICES	75
3.9 Sports ,Recreation, Arts and Culture	75
3.10 Parks and Cemeteries	79
3.11 Social Development	83
3.12 Primary Health	86
3.13 Environmental Health	88
3.14 Municipal Courts Fire and Rescue	92
3.15 Traffic and Security	95
3.16 Fire and Disaster Management	97
3.17 Library Services	100
3.18 Executive Council	101
3.19 Human Resources	102
3.20 Legal	102
3.21 Property Management	105
CHAPTER 4 ORGANISATIONAL DEVELOPMENT	108
4.1 Municipal Personnel	108
4.2 Disciplinary Actions	110
4.3 Equity	111
4.4 Policies	113
4.5 Capacitating Municipal Workforce	115
CHAPTER 5 FINANCIAL PERFORMANCE	117

5.1 Introduction to Financial Statements	117
5.2 Revenue Performance by Source	117
5.3 Grants	120
5.4 Asset Management	121
5.5 Financial Ratios Based on Key performance Indicators	122
5.6 Spending Against Capital Budget	125
5.7 Capital Spending on 5 Largest Projects	126
5.8 Cash Flow Management and Investments	128
5.9 Supply Chain Management	129
5.10 GRAP Compliance	130
CHAPTER 6 AUDITOR GENERAL FINDINGS	131
6.1 Action Plan To Address AGSA Findings 2016/17	131
2017/18 Annual Performance Report	
APPENDECICES	

LIST OF ABBREVIATIONS

AG:	Auditor-General
CAPEX:	Capital Expenditure
CBP:	Community Based Planning
COSO:	Committee of Sponsoring Organizations of the Treadway Commission Framework
DPLG:	Department of Provincial and Local Government
DORA	Division of Revenue Act
CPMD:	Certificate Programme of Leadership, Management, and Development
DWAF:	Department of Water Affairs and Forestry
EE:	Employment Equity
ELM:	Emfuleni Local Municipality
EPWP:	Expanded Public Works Programme
ERM	Enterprise Risk management
ERP:	Evaton Renewal Programme
GDACE:	Gauteng Department of Agriculture Conservation and Environment
GAMAP:	Generally Accepted Municipal Accounting Practice
GRAP:	Generally Recognized Accounting Practice
HR:	Human Resources
IDC:	Industrial Development Corporation
IDP:	Integrated Development Plan
IMFO:	Institute for Municipal finance officers
KPA:	Key Performance Area
KPI:	Key Performance Indicator
LED:	Local Economic Development
LLF:	Local Labour Forum
MAYCO:	Executive Mayoral Committee
MFMA:	Municipal Finance Management Act (Act No. 56 of 2003)
MIG:	Municipal Infrastructure Grant
MM:	Municipal Manager
MMC	Member of Mayoral Committee
MOU:	Memorandum of Understanding
MPAC:	Municipal Public Accounts Committee
MSA:	Municipal Systems Act No. 32 of 2000

MTEC:	Medium Term Expenditure Committee
NGO:	Non -Governmental Organization
NT:	National Treasury
OPCA:	Operation Clean Audit
OPEX:	Operating Expenditure
PIER:	Public Information Education Relation Relations
PMS:	Performance Management System
PMT:	Political Management Team
PT:	Provincial Treasury
SALGA:	South African Local Government Association
SAICE:	South African Institute of Certified Engineers
SCM:	Supply Chain Management
SDBIP:	Service Delivery and Budget Implementation Plan
SMME:	Small Medium Micro Enterprise
SMT:	Senior Management Team
SDF:	Spatial Development Framework
VEM:	Vehicles, Equipment and Machinery



CLLR GIFT MOERANE
Executive Mayor

CLLR GIFT MOERANE

EXECUTIVE MAYOR'S FOREWORD

The Annual Report is presented to give an account on the Emfuleni Local Municipality's Performance for the period 2017/2018 in line with the set strategic objectives as enshrined in the Municipal Integrated Development Plan. The Annual Report complies with the provisions of Chapter 6, Section 46 of the Local Government Municipal Systems (Act 32 of 2000).

Notwithstanding, the immense infrastructure backlogs in the areas of water and sanitation, electricity and roads, which have been compounded by the decline in the regional economy, the municipality has been driving an integrated service delivery programme which seeks to address the aspirations of the people of Emfuleni Local Municipality.

To this end, we embarked upon a process of reengineering the municipal planning processes guided by the commitment and intensified public participation to ensure that the outcome of our intervention were driven by the people and key stakeholders of our City. Partnerships with various sections of the community ranging from the youth, faith-based organizations, non-government organizations and in particular the ward committees and private sector added the much need impetus in the realization of our objectives.

Our five focus areas namely, institutional stability, public participation, the clean City, economic development and good governance ensured the consolidation of the desired outcomes to improve revenue and to curb losses, reducing expenditure and the creation of a credible indigent register.

In partnership with our communities we hosted amongst others the water summit, revenue enhancement workshops and redirected the heritage programmes to promote tourism in our region.

The most significant deliverable was the adoption of the municipality turn-around strategy as a road map to maximise both the limited municipal resource allocation and utilization. The partnership between our municipality and other spheres of government produced qualitative results. The Gauteng Government's imposition of Section 139 of the Constitution facilitated a coordinated support programme from both provincial and national government.

During the Public participation processes on the Integrated Development Plan, the people of our City appreciated that programmes and projects must embrace the reality that the municipality is financial strapped, thus the rebased budgeting and efforts to engage financial institutions such as the Development Bank of Southern Africa (DBSA) were explored.

We are confident that the milestones we have set ourselves create a sound foundation to move forward in meeting our peoples' needs for a better future.

The road ahead is filled with immense opportunities for the revival of the economy guided by the Regional economic development framework. Our people's involvement in the **Clean my City campaign** has demonstrated the capacity of our people to build their City. The efforts to curb corruption and the misuse of municipal resources form the backbone of sustaining and protecting the people's assets.


We look forward to the new-year and we are gradually marching ahead to attack the huge backlogs that we inherited from the apartheid system. More specifically, we must ensure that the morale of our staff is restored.

The deployment of the senior leadership in the administration must possess the most needed competencies to meet our development challenges. Support programme for Ward Councillors, Ward Committees will be sustained through relevant programmes.

On our own we cannot transform the municipality, and accordingly the municipality must make a conscious effort to build civil society organs through funded programmes designed to capacitate their participation in the running of their municipality.

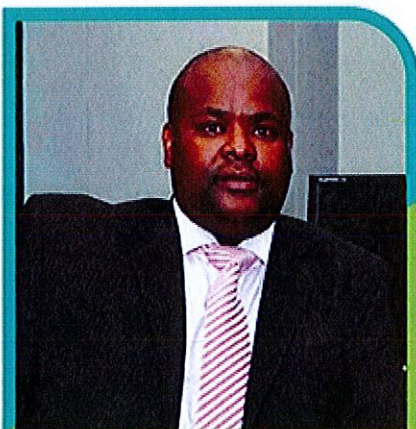
We believe that the people and the municipality are instrumental in attaining their aspirations; and therefore the people must be empowered in all respects. I wish to thank all stakeholders for their relentless support and criticism to the leadership of the municipality and we look forward to intensified interface in the future.

This report presents a unique platform and is an instrument to measure the performance of the municipality; your positive inputs to evaluate our performance in this regard will be highly welcomed.



Cllr. G. MOERANE

EXECUTIVE MAYOR



D NKOANE
Municipal Manager

MUNICIPAL MANAGER'S OVERVIEW

The Annual Report of the Emfuleni Local Municipality (ELM) for the period 1 July 2017 to 30 June 2018 is presented in compliance with the National Treasury Regulations and in accordance to section 46 of the Municipal Systems Act of 2000. Emfuleni employs an inclusive, integrated and interactive process to compile a compliant report by engaging user departments and is driven from the Office of the Municipal Manager.

The reliance on the 2017/18 non-financial and financial performance information is derived from the assurance provided through the audited quarterly, midyear and annual performance reports to ensure credible reporting and accountability. The comprehensively audited reports are considered by the Performance Audit Committee, Audit Committee, Mayoral Committee and by Council.

In line with our mandate to render basic services to our communities, we give an account on our performance for the 2017/18 period as envisaged in the municipality's approved Integrated Development Plan which outlines our strategic priorities and performance indicators. The report furthermore brings an account in line with the Service Delivery and Budget Implementation Plan (SDBIP) which is monitored and reported upon quarterly, half yearly, and reported annually in this regard.

The municipality has experienced both positive and negative events in the pursuit of meeting the community's service delivery demands and expectations. The highlights are recorded as follows:

CHALLENGES

External Audit

The 2017/18 Annual Report including the Annual Financial Statements and Annual Performance Report (Audit of Predetermined Objectives) of the municipality were developed and accordingly submitted to the Auditor General at the end of August 2018. The final annual report has been concluded for tabling to the municipal council by the end of January 2019, however with the exception of the Auditor General's audit report as required by the MSA Section 45(b) on the audit of the performance information. Following the shooting incident related to the Auditor General's official, the external audit was postponed. As a result of this, the Auditor General was unable to conclude their audit of the municipality's annual financial statements and annual performance information for the period 2017/18 as required by the MFMA in Sections 126 (3) & (4). Consequently to unaudited Annual Performance Report, the Council only took note of the Annual Report on 30 January 2019.

To date The Audit 2017/18 of Annual Performance Report (Audit of Predetermined Objectives) and Financial Statements was completed and signed off on 3 May 2019.

Service Delivery

The provision of basic services was affected by a number of factors, namely, critical vacancies in key positions including the senior management positions, lack of machinery, poor fleet availability, poor infrastructure and rapid deterioration of municipal assets resulting in water leakages and the overflowing of sewerage systems, water and electrical losses, irregularities and deficiencies in

procurement procedures; a general lack of consultation; and a lack of cooperation between municipality and the business community.

Electricity

The existing electrical infrastructure challenges such as bridged meters, illegal connections and serious theft and vandalism impacts negatively on the budget and the revenue of the municipality. These challenges require innovative measures to prevent total collapse of services, and important for the protection of the shrinking municipal revenue. To this end, the metering and billing system has been prioritized as corrective measure rendering an opportunity of an immediate impact for improved and sustainable revenue.

Roads and Storm water

Roads and storm water operations have been severely affected by the non-availability of critical maintenance plant such a Motor Graders, Tipper Trucks and Excavators. As a result, Storm water and gravel roads maintenance is not maintained effectively. ELM adopted the Gauteng Municipalities norms and standard for weekly household refuse collection. In this regard the waste management services were set at a strategic target of 85% compliance to the weekly household refuse collection Schedule. However due to fleet challenges the weekly household collection target has been reduced from 85% to 50%. This has resulted in many areas that are now on a backlog of two to three weeks on non-collection of waste.

The public open spaces are maintained as part of solid waste management for informal settlements. The frequency of cleaning dump sites (public open spaces) has been affected by same fleet challenges that also affects household refuse collection.

Water and Sanitation

Water and Sanitation is faced with the high technical vacancies and other resource limitations which affects the turnaround time and service delivery. The problem of theft and vandalism at pump stations, waste water treatment works, manholes and pressure regulating valves, foreign objects into the manholes which result in sewer blockages and aged infrastructure are still a major problem. These challenges collectively contribute to the slowing down of development within ELM.

Community Services

The municipality has been faced by an ongoing challenge of addressing the plight of the Military Veterans and to this end the municipality has developed a Military Veterans Policy which is currently at final stages of the approval processes, namely consideration by the Local Labour Forum then subsequently approval by the municipal Council. The policy seeks to assist the Military Veterans in ensuring that they obtain support in the form of economic and social support.

Financial Management

The municipality realized a deficit of R 662m for the financial year ended 2017/18 and this was a 4.42% reduction in deficit as compared to the 2016/17 financial year. Our current liabilities exceeding current assets by R 1 831m (2017: R 1 264m), which is a cause for concern and may cast significant doubt on the municipality's ability to fund its operations and the future and continue as a going concern. The municipality has been experiencing chronic cash flow challenge occasioned by historic revenue collection challenges, which impacts heavily on the implementation of the municipality's operational developmental plans. While we note the chronic cash flow challenges we did however register an improvement in the cash closing balances as compared to the previous financial year. The cash and cash equivalents balance as at 30th June 2017 was negative (R19.7million) and this improved to a positive cash balance of R 67.5million in the year under review.

The revenue collection challenge in itself is a product of vexed historical socio-economic factors impacting on the municipal environment. These are as a result of high poverty and unemployment

levels, ageing and inadequate infrastructure, culture of non-payment for services, and electricity and water losses amongst others.

The municipality has experienced chronic high-water distribution losses amounting to 40% (R 308 447 312) of our bulk water purchases as well as electricity losses amounting to 43.72% (R 785 057 231) of our bulk electricity purchases, which require focused and dedicated interventions. Initiatives in this regard have already been taken and should yield improvements.

In our fight against fraud and corruption, we have reviewed contracts and agreements that which the municipality on boarded in the past three financial years. The objective of the exercise was to understand the root cause of irregular expenditure that has been raised by the Office Auditor General in the past financial years and further uproot the systematic corruption that has caused the financial collapse of the municipality.

During the 2017/18 financial year we proactively declared R768 million irregular expenditure that emanate from transgression of municipal supply chain policy and laws and regulations. The report was tabled at the council of October 2018 and council further referred the report to the Municipal Public Accounts Committee for further investigation. The investigation process is ongoing and expected to be concluded before the end of the 2018/19 period.

An analysis of the municipality's financial ratios further corroborates the challenges faced by the municipality. The current ratio is currently sitting at 0.35 which is way below the norm of 2:1 which is an indication that the municipality's current assets are not sufficient to cover its current liabilities. The cost coverage ratio is (0.08) which is not favourable indicates that the municipality does not have enough reserves to cover its monthly fixed costs. The norm for this ratio is 90 days. These ratios are an indicator of the municipality's challenges in effectively funding service delivery operations and of the ongoing service delivery backlogs experienced.

INTERVENTIONS AND ACHIEVEMENTS

Institutional Stability

The municipality commenced with the recruitment process of Section 56 managers from March 2018, and the process expected to be concluded by January 2019. This process took into account the provisions of the Municipal Systems Act 32 of 2000, and Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers: 2014.

South African National Defence Force (SANDF)

The Vaal River System intervention through the SANDF as announced by the Minister of Finance in October 2018 will be focusing on securing and refurbishing the waste water treatment works, gravity and rising main pipes and pump stations. The Water and Sanitation Infrastructure Grant (WSIG) allocated to Emfuleni Local Municipality is also addressing the sewer pump stations, water reservoirs and water treatment works challenges.

Electricity

The municipality is currently implementing a number of strategies in order to address the challenges within the Electricity operations and to improve the overall electricity services and revenue management. These include amongst others the following;

- Implementation of automated meter reading and meter management systems;
- Review of current by-laws to improve the back billing period from 6 to 36 months;
- Strategies for preventing cable theft through cable tracking programs and improvement of level security at substation through installation of Robust Doors;
- Comprehensive maintenance programmes that reduce outsourcing;

- Implementation of Energy Balancing programmes to control electricity demand during peak periods and installation of zonal meters between Eskom and ELM;
- Improvement of current tariff to reflect cost effectiveness based on Cost of Supply.

Roads and Storm water

The municipality is currently implemented a number of strategies for the effective maintenance of roads and storm-water networks within the municipality. The Pavement Management Systems indicated an urgent need for the periodic maintenance of roads to the tune of R400 million annually over a period of 5 years. Considering the high level of distress in most tarred roads, the municipality plans to continue with the implementation of a Roads Rehabilitation Programme that will focus on roads renewal programmes that involve the rejuvenation, rehabilitation and resealing of major roads.

Considering the current financial constraints facing the municipality, the Roads and Storm water Department is currently engaging with sister municipalities, the Provincial Department of Roads and Transport and also with CSIR to seek assistance in identifying other roads and storm water maintenance strategies and funding models aimed at raising the required capital infrastructure investment which the municipality is unable to raise through own taxes and revenue.

The municipality is taking great care in its planning and implementation of roads maintenance programme to prevent investing much of the limited financial resources on roads programmes that do not seek to prolong the life span of the road infrastructure network. The continuation of loading more capital on patching potholes instead of investing on renewal, resealing and rehabilitation programmes will only provide short-term relief and not a lasting solution.

Environmental Management and Planning Services

The municipality has begun a process of reviewing revenue strategies for waste management which includes the waste-to-energy Programme feasibility study. The programme focuses on the Biomass nutrient facility which will include waste characterisation, waste diversion and the development of a waste-to-energy facility for the use of organic waste to generate revenue and employment whilst minimising final waste deposited in the Landfill sites.

The waste-to-energy Biomass nutrient facility is a programme initiated by the Climate Fund (a United Nations Social Responsibility Programme) and the National Treasury. Additionally, an amount of R20 million has been approved by Provincial Treasury for the Gauteng Department of Agriculture and Rural Development (GDARD) to implement waste management programmes (Bontle-ke-Botho) in the municipality for the 2018/19 period.

Water and Sanitation

The municipality has embarked on several programmes on refurbishing the Vanderbijlpark reservoir, Vaalower water treatment plant, pump stations, water conservation and water demand management programmes which are due for completion in 2018/19 financial year.

DBSA is also assisting with the Water conservation and Water demand where a pilot project will be launched in an area where there are high losses. DBSA has committed R 5 Million as part of CSI which will be directed towards water conservation and Water demand Management.

Provincial Intervention

The Gauteng Provincial Government resolved to invoke Section 139 (1) (b) (i) and Section (5) (a) of the Constitution of the Republic of South Africa (Act 108 of 1996). Section 139 (5) (a) requires the development and imposition of the Financial Recovery Plan and this plan is currently being drafted by

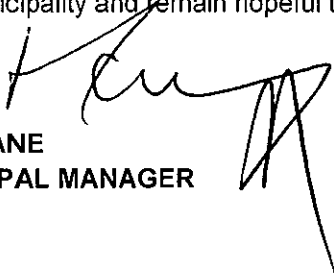
the National Treasury in line with the MFMA. As soon as the National Treasury finalizes the plan, Provincial Treasury will submit the plan to ELM for Council adoption and implementation.

CONCLUSION

We trust that our communities will find this Annual Report as an adequate, reliable and honest account on the work we have undertaken during this reporting period. We wish to further thank our communities, councillors and employees in contributing to the achievement of what we set out to deliver and to remain steadfast in our resolve to work harder in the resolution of the challenges that still remain. We furthermore wish to express gratitude to our sister municipalities, our local business partners and all who have played a role in the various programmes implemented across our municipality in an effort to turn around our City.

We commit ourselves to rise above the existing challenges that threaten the future sustainability of our municipality and remain hopeful that the work we have done to date reflects this commitment.

D NKOANE
MUNICIPAL MANAGER

A handwritten signature in black ink, appearing to read 'D Nkoane', with a stylized flourish extending downwards and to the right.

CHAPTER 1: MUNICIPAL OVERVIEW

This Annual Report reflects on the performance of the Emfuleni Local Municipality against pre-determined objectives, as well as on achievements obtained and challenges encountered by the municipality during the period under review.

The Annual Report is structured into the following 5 Chapters:

- Chapter 1 of the report provides an overview of the municipality, and a brief summary of key service delivery imperatives;
- Chapter 2 is Good Governance and Public Participation ;
- Chapter 3 is on the implementation of the municipality's Service Delivery and Budget Implementation Plan ("SDBIP");
- Chapter 4 includes the Human Resource Administration and Organizational Development aspects of the municipality;
- Chapter 5 are the unaudited financial statements of the municipality; and
- Chapter 6 appendices relating to associated chapters of the Annual Report.

Emfuleni Local Municipality's Annual Report for the period 1 July 2017 to 30 June 2018 is presented in compliance with Section 121 of the Local Government: Municipal Finance Management, 2003 (Act No. 56 of 2003) and read with section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) and Treasury Regulations.

1.1 MUNICIPAL OVERVIEW

Emfuleni Local Municipality (ELM) is one of the three local municipalities that constitute the Sedibeng District Municipality. It is the Western-most local municipality of the district, which covers the entire southern area of the Gauteng Province extending along a 120 kilometres axis from east to west. It covers an area of 987.450 km².

The municipality has two main business districts, namely, Vereeniging and Vanderbijlpark. It forms the "heartland" of what was formerly known as the Vaal Triangle, renowned for its contribution to the iron and steel industry in South Africa.

It comprises of six large townships namely Evaton, Sebokeng, Sharpeville, Boipatong, Bophelong and Tshepiso. The other ten small settlements that are suburban in nature and are within a six kilometres radius of the above towns: they are Bonanne, Steel Park, Duncanville, Unitas Park, Arcon Park, Sonlandpark, Waldrift, Rust-ter-Vaal, Roshnee and Debonairpark.

1.1.1 Population, Environmental and Economic

Year	Population By Sex		Population Group By Age			Total Population
	Males	Females	0-14	15-64	65 -	Total
2016	361 692	371 752	188 801	474 865	69 779	733 445
2011	354 862	366 800	184 425	501 786	35 453	721 663

(Source: Stats SA 2011 and Community Survey 2016)

Year	Population Group					Total Population
	Blacks	Whites	Coloureds	Asians/Indians	Other	Total
2016	625 778	90 996	7 368	7 368	-	733 445
2011	616 095	86 948	8 356	7 078	3 186	721 663

(Source: Stats SA 2011 and Community Survey 2016)

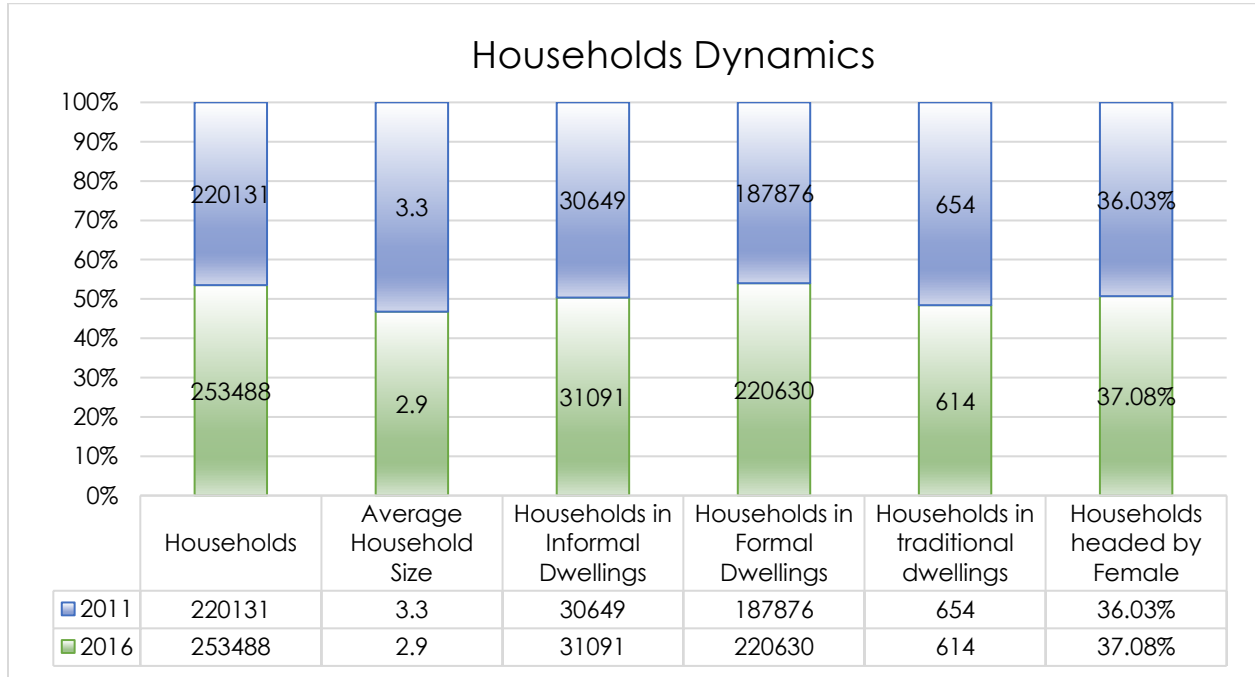
The two tables above show the distribution of population by sex, age and the population groups for the Census 2011 and Community Survey (CS) 2016. According 2016 Community survey the population of Emfulenei Local municipality is totaled at 733 445 which is an increase from 2011.

Population by age groups for Census 2011 and CS 2016 shows slight increase in population between 0-14 years, slight decline in population between the ages of 15-64 years for the CS 2016 compared to Census 2011. While for persons aged 65years upwards considerable population increase is noted from 2011 to 2016. The distribution of population by sex indicate that for both Census 2011 and CS 2016 ELM ratio of males per 100 females as 97.3 in CS 2016 and 96.7 Census 2011.

Black African population is dominating in Emfulenei Local Municipalities, followed by White, Coloureds and Indian/Asian populations respectively.

Community Survey 2016 further indicated data on number of children in Emfulenei who are 18 years and less who either lost only one parent or both parents. In 2016 there were 13 114 being paternal orphans 6 350 being maternal orphans and 3 532 double parental orphans.

1.1.2 Households



Source: Stats SA 2011 and Community Survey 2016

The above graph shows the number of households and the average household size for Emfuleni between the periods, 2011 and 2016. The total number of household has increased from 220 131 to 253 488 between the two periods while the average household size reflects a slight decrease from 3. 3 to 2. 9.

The graph also indicates the distribution of households in Emfuleni by type of main dwelling. Emfuleni is dominated by households in formal dwellings. Households in informal dwellings follow while those in traditional dwellings and other types of dwellings reflect the lowest proportions.

1.1.3 Socio- Economic Status

Year	Employment		Dependency Ratio Per 100 (15-64)	Level of Poverty		Education		
	Unemployment rate	Youth unemployment rate		Poverty headcount	Poverty Intensity	No schooling	Completed Grade 12	Higher education
2016	-	-	46.6	3.2%	43%	4.1%	36.1%	11.9%
2011	34.7%	45.0%	43.8	3.4%	42.3%	4.0%	32.4%	12.9%

(Source: Stats SA 2011 and Community Survey 2016)

The table indicates the Unemployment rate of 34.7% in Emfuleni Local Municipality and Youth unemployment rate aged between 15-34 years is calculated at 45.0%. Dependency ratio showing the

number of dependents, aged zero to 14 and over the age of 65, to the total population, aged 15 to 64 has increased from measure 43.8% to 46% in Emfuleni .However Poverty Trends according to Community survey shows slight decline in poverty between 2011 which was 3.4 and in 2016 became 3.2.

The figures were calculated using the upper-bound poverty line (UBPL) of R992 per person per month (pppm) in 2015 prices. There was 3.7 % increase of proportion of persons who completed Grade 12 between Census 2011 and CS 2016, and slow decrease of those with higher educational level. Emfuleni Main Economic Sectors: Manufacturing (40.8%), community services (22.3%), finance (16%), trade (7.4%), transport (4.4%), construction (3.5%), electricity (3.3%).

1.1.4 Overview of Neighborhoods within Emfuleni Municipality

Overview Of Neighborhoods Within Emfuleni Municipality		
SETTLEMENT TYPE	FORMAL DWELLING UNITS	POPULATION
TOWNS		
Vanderbijlpark	29 998	95 844
Vereeniging	31 113	99 783
Sebokeng	51 546	218 511
Boitumelo	4 809	17 688
Sharpeville	10 497	37 596
Evaton	28 614	132 582
Subtotal	156 577	602 274
TOWNSHIPS		
Vanderbijlpark	23 070	50 349
Arconpark, Sonlandpark, Three Rivers and extensions	7 677	19 032
Three Rivers East and Extensions, Sebokeng and units	52 323	221 055
Evaton and Extensions, Evaton West	28 614	132 852
Extensions, Sharpeville and Extensions	10 497	37 596
Bophelong and Extensions, Boipatong and Extensions	18 216	46 089
Subtotal	140 199	489 873
RURAL RESETTLEMENTS		
Lasiandra, Mantervrede, Van Waartshof	303	747
Stephano Park, Staalrus, Houfkop	348	1437
Subtotal	651	2184
INFORMAL SETTLEMENTS		
Loch vaal/Barrage, Boiketlong, Lybya	3 546	10542
Vaalower, New Village, Sebokeng Zone 7	150	25191
Sonderwater, Sebokeng zone 24	No official stats figures available	No official stats figures available
Subtotal	3 696	35 733
Total 721 633		

1.1.5 Natural Resources

<p>Natural Watercourses; Upper Barrage Catchment area in the Vaal River.</p>	<p>Watercourses define uninterrupted greenbelts with ample opportunities to develop recreational open spaces to generate greater business opportunities and employment. The Vaal River forms the southern boundary of ELM and its strategic location affords it many opportunities for tourism and other forms of economic development</p>
<p>Heritage and Historical precincts.</p>	<p>ELM is rich in history as it encapsulates the South African War with the signing of the peace treaty in Vereeniging, heritage assets such as the Sharpeville Monument and the liberation struggle epitomized by the signing of the Constitution of the Republic of South Africa (Act 106 of 1996) in Sharpeville.</p>
<p>Rich coal fields close to the Vaal River.</p>	<p>The discovery of coal close to the Vaal River led to the establishment of Vereeniging in 1892 and in 1941 a new Iron and Steel works for ISCOR was built in Vanderbijlpark and also attracts other industries that contributed to employment and economic growth of the area.</p>

1.2 SERVICE DELIVERY

1.2.1 Electricity

Emfuleni Local Municipality is responsible for providing electricity in the Vanderbijlpark, Bophelong, Boipatong, Vaal Oewer, Ironsyde, Eatonside, Roshnee, Rust-ter-Vaal, Tshepong and Vereeniging areas. Eskom has a license to provide electricity in the remaining areas.

The municipality's electricity infrastructure is characterized by the following:

Item	Quantity
Primary substations	38
Secondary substations	636
Miniature substations	505
High voltage cables (m)	80,488
High voltage overhead lines (m)	88,782
Low voltage cables (m)	1210,445
Low voltage overhead lines (m)	635,782
Streetlights	24 151
High mast lights	630
Traffic lights	131
Prepaid electricity meters	47 200
Smart meters	5805
Conventional electricity meters	10 500

Electricity Bulk Purchases

In accordance with the latest statistics reported to National Energy Regulator of South Africa (NERSA) there are approximately 69330 consumers of which 63566 are residential and agricultural. The residential and agricultural consumers consume approximately 20% of the total energy distributed by the municipality. The other 80% of electricity is consumed by the industrial and business consumers.

Energy Efficiency and Green Energy Initiatives

ELM adheres to the international drive for energy efficiency and utilizes electricity equipment that has the highest possible level of efficiency. This includes low loss transformers and the optimization of cable and overhead line systems to reduce "losses" to the minimum. Further use is made of more energy efficient lighting sources for public lighting (street lighting as well as traffic signals).

Ninety five percent (95%) of the street lighting has been replaced with more energy efficient. In 2017/18 financial year, 780 lamps were replaced with LED lighting. The replacement to date has already led to a saving of 60% of the streetlight energy consumption of the previous year. Furthermore with the change in technology the municipality is piloting LED lights as an initiative to save energy. The municipality also encourages the developers of new areas to make use of energy efficient building methods as well as solar power systems.

Illegal connections

In dealing with illegal connections, the municipality has installed special locking mechanisms in most of the meter boxes in the area. The aim is to reduce the chances of consumers connecting themselves illegally onto the reticulation system and also to keep the meter boxes locked at all times for the safety of the households situated near these meter boxes. The municipality has embarked on installation of robust doors in the substations to curb the theft and vandalism.

The replacement of faulty prepaid meters and bypassed meters with split meters were carried out in all Vereeniging and Vanderbijlpark Municipal flats. The municipality is currently rolling out the smart meter and to date 5805 smart meters are installed in SE7, SE3, CE2, Falcon Ridge and Three Rivers.

The load control system was installed in almost all the houses that are supplied with electricity by the municipality. This system is used for the management of energy consumption at peak times of electricity usage. The system also reduces the cost of electricity by shifting the consumption of energy from the very expensive peak times to the relatively lower cost in standard or off peak times.

Free Basic Electricity

Free Basic Electricity (FBE) is provided to all registered indigents at 50kWh per month. FBE is provided to approximately 3400 consumers on a monthly basis.

1.2.2 Potable Water

Emfuleni Local Municipality supplies potable water to all informal and formal settlements in accordance with the National Water Act, 1998 (Act No. 36 of 1998). The purpose of the National Water Act is to ensure that South Africa's water resources are protected, used, developed, conserved, managed and controlled in ways which take into account factors such as:

- Meeting the basic human needs of present and future generations;
- Promoting equitable access to water;
- Promoting the efficient, sustainable and beneficial use of water in the public interest, and
- Providing for growing demand for water use.

ELM's potable water infrastructure includes 2882 km of potable water reticulation network, 14 528 water network valves, 1482 fire hydrants, 99 pressure reducing valves, and 15 reservoirs.

Bulk Water Purchases

Emfuleni's total bulk water demand was 93,254,354kl at a cost of R 821 476 324.72 for the year, which is a growth of 1.87% on last year's demand.

Physical water losses for the reported financial year was mainly due to network operations and economical losses was caused by faulty metres. Total distribution losses by June 2018 amounted to R 227 503 649, which indicates 1.10% increase in water loss as compared to previous financial year

Achievements and Challenges

In compliance with the Water Act, the National Department of Water and Sanitation (DWS) has implemented IRIS Water Systems to regulate the compliance of Water Services Authorities. The Blue Drop System evaluates the total management process of potable water regarding budget, planning, operations, water demand conservation, water quality, monitoring and evaluation.

Other initiatives include the installation of 1 49 000 smart water meters which is aimed at enhancing accurate billing; assist with network leak detection and improving the public satisfaction. The initiative is still halt due to court verdict.

The municipality has installed 149 000 smart water meters which is aimed at enhancing accurate billing; assist with network leak detection and improving the public satisfaction. The project's pilot installations will start in August 2018 after the official launching of the project.

ELM and Rand Water signed a co-operation agreement for the implementation of Water Demand and Conservation initiatives. This project intends to implement measures that will reduce water losses in the network through active pressure management and retrofitting of internal networks.

The municipality has also installed 42 standpipes in the Boiketlong Settlement with funding assistance from the national department of Cooperative Governance and Traditional Affairs. This project created 60 job opportunities for local community members.

In terms of 2017/2018 financial year, the department managed to attend to the following activities.

- 80% of Pressure Reducing valves (PRV) were serviced
- Replaced 707 faulty/stolen water meters;
- Repair 2480 pipe bursts, and
- Attend to a total 14511 water complaints (spillages).

The municipality, as part of the strategic plan, continues to address challenges that affect service delivery due to the theft of brass water meters, vandalism of pressure reducing valves which resulted in increased water pressures with subsequent pipe bursts, ageing infrastructure etc.

1.2.3 Sanitation Services

Sanitation Services in the municipality ensures that water resources are protected, used, developed, conserved, managed and controlled as per National Water Act (Act no 36 of 1998). This is done in order to ensure that the following factors are achieved:

- Collection, conveyance and treatment of waste water;
- Reducing and preventing pollution and deration of water resources;
- Protecting aquatic and associated eco system and their biological diversity, and
- Promoting dam safety.

The municipality renders 100% sanitation services to formal settlements. Sanitation provision is still a challenge in areas that are not yet formalized as townships, but they do make use of Pit / Long drop toilets. The sanitation gravity network provides waterborne sewer connections to 230 000 stands .The infrastructure consists of 3000 km of gravity sewer pipe lines, 33 328 sewerage manholes, 44 sewerage pump stations, and 34 km sewer pump pipe-lines.

During the reported financial year several initiatives were taken enhance service delivery .Scada System was upgraded, maintenance of telemetry system for sewer and security measures were installed at pump stations. The following achievement were noted:

- 1163 m of sewer pipeline Replaced
- 2114 length of sewer pipes were cleaned,
- 9700 sewer spillages and blockages complaints were resolved,
- Replaced 95m meters of the 350 mm diameter outfall line at Union Street.

- Module 6 and 7 of Sebokeng water care works which is part of Sedibeng Regional Sewer Scheme is in progress

Measures are put in place to address the challenges such as ageing infrastructure, shortage of human resources, lack of capital funding for upgrading of waste water care works and replacement of outfall sewer

lines. Emfuleni received grant funding for 2018/19 Financial Year for refurbishing of sewer pump stations. The challenges in sludge treatment at Sebokeng, Rietspruit and Leeuwkuil will be addressed under Sedibeng Regional Sanitation Scheme.

1.2.4 Roads and Storm Water

The Roads and Storm Water function is responsible for the planning, providing and maintenance of municipal roads and storm water infrastructure network. The functions are categorised into Planning and Projects, Operations and Maintenance Divisions. There are three (3) maintenance depots which are situated in Vanderbijlpark, Vereeniging and Sebokeng regions. These depots together are responsible for the cumulative maintenance of 1 510km of asphalt roads, 1 045km gravel roads, 158 445m² road markings and 14 602 road signs in order to provide a functional roads network.

Achievements and Challenges

In regards to annual maintenance of roads and storm water, the table below indicates achievements for 2017/18 financial year.

Key Activities	Actual Achievement
Road Re-sealing	2.96 km
Potholes patching	13 759.27 m ²
Stormwater catchpits cleaned	1 554 no.
Concrete channels cleaned	414 m
Stormwater concrete pipes cleaned	2 967m
- Roads Marking Maintained	17 738.69m ²
Road traffic signs replaced	343 no.
Gravel Roads Maintained	110.2 km
Gravel channels cleaned	146 m

Challenges

There is backlog on refurbishment /maintenance of the municipal tar roads .The municipality is in a process of addressing the challenge before it can reach deeper level of deterioration and affect the entire pavement structures.

Lack of adequate yellow fleet, white fleet, small plant and the shortage of labour component, contributed to failure to reach annual targets.

Challenges that were faced by municipality of poor availability of maintenance plant and machinery were addressed.

Achievements

Positively, the municipality managed to align the road maintenance programmes rehabilitation programmes such as gravel base layer repairs, surface layer rejuvenation and resealing activities with the budget allocation.

The intervention from provincial Roads and Transport in the program of patching potholes and re-gravelling our roads has given the Emfuleni Roads & Stormwater a relief as the shortage of resources has been a major challenge.

Practically, as is now the programme is achievable through the use of hired plant and machinery. The only drawback is the high cost factor which affects the effectiveness, efficiency and economic aspects of the maintenance budget.

Taking into account the current size of the workforce available, which has about 79% vacant positions, the municipality is looking at recruiting trained personnel and even at expediting the process of acquiring the training and skills development programmes for existing persons.

1.2.5 Solid Waste and Landfill Management

Solid Waste Management in Emfuleni Local Municipality is categorized as follows: households' collections, illegal dumps, businesses and industrial refuse collection, informal settlements, CBD cleansing, and landfill sites operations and management.

Total of 189, 659 of Solid waste is collected once a week from all municipalll formal areas. The remainder of the households represents the informal settlements that are serviced through the removal of illegal dumps. The municipality curbside collection is on an average of 47% and below set target on weekly basis in all formal households. Solid waste generated by businesses is collected on a daily basis in the Vanderbijlpark, Vereeniging area, and all township areas. Street sweeping services are also being done daily in Vereeniging, Vanderbijlpark (and outer business centers), Sebokeng taxi rank and all main roads.

The following operational landfill sites are operated and managed in Emfuleni Local Municipality:

- Boitshepi Landfill site; calculated lifespan to final closure: 3.65 years
- Palm Springs landfill site; calculated lifespan to final closure: 32.11 years,
- Waldrift Landfill site; calculated lifespan to final closure is 5.92 years.

Highlights /Achievements

- The afternoon / night shift cleaning program was introduced in the CBD's as part of improving service delivery and sustain services in the town center.
- ELM successfully implemented a youth jobs in waste project which contributed to the creation of 70 temporary jobs support for community clean up campaigns.
- 11 waste recyclers were formalized and provided with PPE, training, recycling trollies and form part of the monthly recycling meetings.
- A total of 12 illegal dumps were successfully rehabilitated and converted to mini-parks and food gardens through partnership with the local communities.

Challenges

Lack of resources, such as compactor trucks for household collection services; 3 ton trucks for collecting waste in the business routes; the lack of 6m³ skip bins which are used in mini dump transfer stations contributed to decline in accomplishing service delivery targets.

Average household collection kerbside was 47% below projection of 67%, collection of bulk refuse in informal settlements were at 8% against the set target of 63% and only total of 109,100m³ of illegal dumps were removed during 2017/18 financial year .

1.3 Financial Overview

1.3 FINANCIAL OVERVIEW

The municipality realized an accounting deficit of R658 m in the year under review, with the main contributors to this deficit being depreciation charge as well as debt impairment. The main reasons for the recognized high value of these non-cash items are fair valuing of assets as a result the implementation of GRAP17 in 12/13 financial year as well as non-performing debtors' book of the municipality.

The operating revenue was 8% above the annual budget, this can be attributed to new property developments within the Emfuleni area which requires new service connections, and on the other hand

operational expenditure was 30% above the annual budget mainly due to debt impairment, finance costs, contracted services and general expenditure.

The below table depicts a picture of the audited statement of financial performance for the financial year under review.

2017/18			
	Adjusted Budget	Actual	Achievement
	R'000	R'000	%
Operating revenue	5,644,818	6,088,304	108%
Operating expenditure	5,176,732	6,746,624	130%
Surplus/(deficit)	468,086	-658,320	

See detailed Statement of Financial Performance in Chapter 5

Analysis of operational income

Services	2017/18 R'000	2016/17 R'000 (Restated)	Year on Year increase (%)	Approved tariff increase (%)
Assessment rates	799,015	659,291	21.2%	6.1%
Electricity	1,688,686	1,943,898	-13.1%	6.84%
Water	1,468,179	1,239,571	18.4%	12.2%
Refuse	223,053	213,744	4.4%	8%
Sewer	406,674	345,467	17.7%	12.2%

Assessment rates – the tariff increase was 6.1% in 2017/18. The real increase in revenue was 15.1%, which can be attributable mainly to the increase in valuation of properties and new developments around Emfuleni Municipality.

Electricity – the tariff increase for 2017/18 was 6.84%, there was a decline in revenue from electricity services mainly due to the reduction in electricity consumption as consumers are more careful when using the prepaid electricity unlike when on conversional metering system. Electricity also have a challenge with meters that are currently bypassed. A project to audit all prepaid meters and Large power users is currently underway

Water – the tariff increase was 12.2% in 2017/18 and the actual increase in revenue was 18.4%, the real increase was 6.2% which can be attributed to new service connection in the area. The municipality is still faced with the challenge of billing flat rate in almost 90 000 household. The municipality is looking at various option on funding for the installation of meters to this areas to ensure that everyone is billed according to their consumption.

Refuse – the approved tariff increase was 8%. The increase is below the yearly tariff increase because of equalization of the tariffs which reduce the tariffs for certain towns that where paying for the distribution of refuse bins

Sewer – the approved tariff increase for 2017/18 was 12.2%. Actual increase in revenue was 17.7%. The difference of 5.5% is due to the increased sewer services

Analysis of operational expenditure:

Major Key cost drivers and non-cash items are analysed below:

	2017/18 (Adjusted budget)	2017/18 (Actual)	2016/17 (Actual) Restated	2017/18 Achievement (Budget vs Actual)
	R'000	R'000	R'000	%
Cash items				
❖ Employees cost	1,151,914	1,025,027	1 156 532	89%
❖ Repairs and maintenance	128,682	63,740	234 415	50%
❖ Bulk purchases – Electricity	1,458,471	1,640,447	1 435 153	112%
❖ Bulk purchases – Water	793,024	786,294	731 411	99%
❖ Contracted services	110,455	159,599	149 143	144%
Non-Cash items				
❖ Depreciation	473,278	374,935	456 233	79%
❖ Debt impairment	0	1,161,360	1 141 401	100%

- Employee cost was underspent by 11% mainly due to budgeted vacant positions which were never filled in the year under review; coupled with resignations and retirements without replacements.
- Repairs and maintenance was underspent by 50% in the current financial year due to cashflow constraints experienced by the municipality and is therefore unable to spend on maintenance.
- Bulk purchases on water was on par with the annual budget whereas electricity was 12% overspent as a result unforeseen demand in electricity supply.
- Contracted services was 44% above the annual budget Several existing contracts were reviewed and re-negotiated in the current financial year with the quest to contain costs, hence the low spending on contracted services.
- Depreciation was 37% above the budgeted amount due to insufficient provision made in the budget.
- Debt impairment provision was 19% above the budgeted amount due to insufficient provision made in the budget.

Cash flow and liquidity ratios

	Norm	2017/18	2016/17	2015/16	2014/15
Liquidity ratio	2:1	0.35	0.43	0.8	0.5
Cost coverage ratio	1 to 3(months)	0.08	0	0.3	0.4
Creditors payment period	30 days	251	212	144	124

Analysis

The municipality continued to experience the cash flow challenges in the year under review and the situation has further declined when compared to the previous year. The current ratio was sitting at 0.35 (2016/17 – 0.43) at the end of the financial year which was below the norm of 2:1. This indicates the inability to settle invoices within the regulated 30 days' timeframe. On average as per the above table, the current turnaround time to settle creditors' invoices is 251 days.

The cost coverage ratio is also not favorable, indicating that the challenge faced by the municipality to cover its monthly fixed costs with the available reserved funds. The norm for this ratio is 90days (three months) and the municipality was sitting at less than a month, meaning the municipality cannot survive a single month without additional cash collection.

Remedial action

An intervention by the Provincial Government was put in place during the year under review which resulted in the secondment of both the Municipal Manager and the Chief Financial Officer as part of the intervention. Furthermore a Financial Recovery Plan(FRP) was drafted to address the cashflow situation of the municipality.

1.4 ORGANIZATIONAL DEVELOPMENT OVERVIEW

Organizational Development Performance

The municipality has reviewed the Macro –Organizational Structure in the quest to reduced costs resultant to the financial position of the municipality. The project yielded a saving of four million rands in salaries excluding salary overhead costs.

Another significant performance milestone is the establishment of the body of knowledge and capacity in the Municipal Standard Charts of Accounts (mSCOA) throughout the organization. The municipality has works streams as prescribed in the Mscoa circular and departments are currently engaging in mapping out the Fifteen Business Processes as required. Managers, Assistant Managers and other supervisory levels have been trained in Mscoa hence the ability to map departmental business processes.

Ethics awareness workshops were conducted at various job levels, for example Job Level 2-3, Level 6-14 were and training on Train the Trainer were done by the Ethics Institute of South Africa for Ethics Champion and other change agents. The awareness workshops are schedule for the new financial year with organized labour and other stakeholders. The Speaker's Office was very key to the training of Councilors on ethics. The structure and policies are at the advanced stage of establishment and approval.

The Job Evaluation committee has thus far evaluated three hundred and fifty four (354) jobs at various levels in the organization. The Job Evaluation processes for the next financial year will be affected with the pronouncement of section 139 of the Municipal Finance Management 56 of 2003 read with section 139 of the Act 108 of 1996. This pronouncement has amongst other interventions prompted the Review of the Functional Organizational Structure of the municipality which has four (4) phases.

Employees Assistance Programme

- Ongoing EAP counseling : 240 Employees consulted either formal or informal referrals from various departments and employee levels;
- HIV Counseling and Testing (HCT)- 78 employees tested for HIV and AIDS , the programme is a monthly intervention;
- Medical Surveillance- 254 employee took part (vital signs e.g. glucose, TB, Body Mass Index, High Blood and cholesterol, etc);
- Trauma Awareness Workshops: 68 employees took part in the trauma awareness workshops at various Traffic Departments;
- Financial Management Workshops: 217employees was reached through financial management workshops, including pre-retirement programmes;
- Additionally Flu vaccinations were provided to ELM employee belonging to Bonitas Medical scheme: 65 employees were reached; and
- A Cancer Awareness Day was also conducted and 64 employees were reached

The above-mentioned are meant to address and contribute to the National Key Performance Area "Releasing Human Potential and which is in line section 152 (1) (d) of Act 108 of 1996.

The following Employee Assistance Programme (EAP) interventions are continuously done for the employees by self and formal referrals and pro-active programmes.

- Individual Counseling
- Financial Management Workshops/pre-retirement
- Communication & Conflict management Workshops
- Attitudes/Behavior & Absenteeism Workshops
- Trauma debriefings/awareness
- Medical Surveillances
- Voluntary Counseling & Testing
- World Aids Day
- Referrals for Counseling and Psychological interventions

Critical Vacancies

Processes are underway to fill critical vacancies.

Human Resources

The responsibility of the Human Resources function is to deliver effective and innovative HR services that addresses both skills development and administrative functions. The Work Place Skills Plan (WSP) for 2018/2019 financial year together with the Training Plan has been submitted to the Local Government Sector Education and Training Authority (LGSETA) on 30th April 2018 as required by the Skills Development Act, 2008.

The total Training Budget was reduced to R7 058 073.00 (R 7 million) and total expenditure committed from July 2017 to June 2018 amounts to R 7 039 771.77). The committed amount represents a 99% expenditure on the total revised training budget of R7 058 073.00. A total number of 887 employees were successfully trained in different training interventions during the period under review. A full summary of training interventions is reflected in Chapter 4 of this Report.

Critical Vacancies and Turnover:

69 critical vacancies occurred during the year 2017/18, 7 of those were for section 56 Managers, i.e. Executive Directors for: Public Works, Shared Services, Chief Financial Officer, Chief Audit Executive, Agriculture, Economic Development Planning and Human Settlements, Infrastructure Development, and Community Development. These positions were advertised in the national newspapers and on the Municipal website and the closing dates were 26 February 2018 and 19 March 2018 (section 56 Managers) respectively.

The municipality is in the process of filling the following critical vacancies:

- Manager: Electricity
- Manager: Occupational Health and Safety
- Manager: Insurance
- Manager: Secretariat and Administration Support
- Manager: Debtors Management
- Manager: Revenue
- Assistant Manager Financial Control
- Assistant: Project Planning
- Assistant Manager: Water
- Manager: Office of the Chief Financial Officer
- Manager: Fleet Services
- Manager: Facilities
- Chief Director: Metsi-a-Lekoa
- Assistant Manager: Environmental Management
- Manager; Environmental Health & Social Development
- Manager Legal Services
- Manager Integrated Development Planning
- Manager Programmes and Administration

On a progressive basis, the Municipality is able to fill all vacancies throughout the structure of approved and budgeted posts.

Vacancy Rate (2017/2018)

The municipality has a total of 2 624 employees. A total of 48 vacancies were filled of which 18 were critical vacancies.

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate
2015/16	79	187	7.3%
2016/17	41	195	7.3%
2017/18	48	188	7.3%

Employee Turnover Rate (2017/2018)

A total number of 188 employees have exited the institution; either through resignations, dismissals, retirements or ill.

1.5 STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting). July	July
3	Finalize the 4th quarter Report for previous financial year	
4	Submit draft year 2017/18 Annual Report to Internal Audit	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of the municipality and entities (where applicable).	
8	Mayor tables the unaudited Annual Report	August
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	September
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase of the following financial year	September
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - November
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	January
14	Audited Annual Report is made public and community representation is invited make inputs	January
15	Oversight Committee assesses Annual Report	January- March
16	Council adopts Oversight report	March
17	Oversight report is made public	March
18	Oversight report is submitted to relevant provincial and National departments	March - April
19	Finalization of Budget/ IDP for next financial year. Annual Report and Oversight Reports to be used as input	April

1.6 Auditor General Report

Report of the auditor-general to the Gauteng Provincial Legislature and the council on the Emfuleni Local Municipality

Report on the audit of the financial statements

Opinion

I have audited the financial statements of the Emfuleni Local Municipality set out on pages 1 to 91, which comprise of the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Emfuleni Local Municipality as at 30 June 2018, and its financial performance and cash flows for the year then ended, in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2017 (Act No. 3 of 2017) (Dora).

Basis for opinion

I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.

I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material uncertainty relating to financial sustainability

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

I draw attention to note 41 to the financial statements, which indicates that the municipality incurred a net loss of R662 108 727 during the year ended 30 June 2018 and, as of that date, the municipality's current liabilities exceeded its current assets by R1 831 253 069. As stated these conditions indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern.

Emphasis of matters

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

Restatement of corresponding figures

As disclosed in note 30 to the financial statements, the corresponding figures for 30 June 2017 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2018.

Material uncertainties

As disclosed in note 34 to the financial statements, the municipality is the defendant in various lawsuits. The ultimate outcome of these matters cannot presently be determined and/or reliably measured; therefore, no provision for any liabilities that may result has been made in the financial statements.

Material impairments

As disclosed in note 3 to the financial statements, the trade and other receivables from exchange transactions balance has been significantly impaired. The allowance for impairment amounts to R5 054 185 580 (2016-17: R4 224 477 923) which represents 94.2% (2016-17: 91.2%) of total trade and other receivables from exchange transactions. The contribution to the allowance for impairment was R747 237 835 (2016-17: R861 348 158).

As disclosed in note 4 to the financial statements, the trade and other receivables from non-exchange transactions balance has been significantly impaired. The allowance for impairment amounts to R1 512 109 857 (2016-17: R1 113 293 999) which represents 84.6% (2016-17: 83.3%) of total trade and other receivables from non-exchange transactions. The contribution to the allowance for impairment was R414 122 496 (2016-17: R280 052 840).

Material losses – electricity

As disclosed in note 33 to the financial statements, material electricity losses amounting to R785 057 231 (2016-17: R262 364 150) were incurred, which represent 43.7% (2016-17: 18%) of the total electricity purchased. The losses are mainly due to illegal connections and faulty meters.

Material losses – water

As disclosed in note 33 to the financial statements, material water losses amounting to R308 447 312 (2016-17: R220 549 675) were incurred, which represent 40% (2016-17: 30.7%) of the total water purchased. The losses are mainly due to illegal connections and faulty meters.

Responsibilities of the accounting officer for the financial statements

The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA standards of GRAP and the requirements of the MFMA and Dora and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the accounting officer is responsible for assessing the Emfuleni Local municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the

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

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected clusters presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators/ measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected clusters presented in the annual performance report of the municipality for the year ended 30 June 2018:

Cluster	Pages in the annual performance report
Basic services	1 – 6
Utilities and strategic projects	9 – 11

I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

The material findings in respect of the usefulness and reliability of the selected clusters are as follows:

Basic services

I was unable to obtain sufficient appropriate audit evidence for the reported achievement of targets for indicators listed in the table below. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements.

Performance indicators	Reported achievement
% of Own Funded Electricity Capital Budget Spending 2017/2018	65%
% of Electricity Repairs and Maintenance Budget Spent in 2017/2018	105.3%
Number of Formal Houses within the NERSA Licensed Area of the Municipality Connected to Electricity Network by Means of Electricity Meters in 2017/2018	55 819
% Compliance to Average Turnaround Time (24 Hours) to Restore Electricity Service Interruptions, Measured from the Time of Receipt of the Interruption Alert to the Time of Restoration in 2017/2018	60.6%

Utilities and strategic projects

I did not raise any material findings on the usefulness and reliability of the reported performance information for this cluster.

Other matters

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

Achievement of planned targets

Refer to the annual performance report on pages 1 to 45 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the reliability of the reported performance information in paragraph 24 of this report.

Adjustment of material misstatements

I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of basic services and utilities and strategic projects. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on audit of compliance with legislation

Introduction and scope

In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statement and annual report

The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of property, plant and equipment, trade payables, revenue from service charges, other income, general expenses and commitments identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e).

Reasonable steps were not taken to prevent irregular expenditure of R768 175 002 as disclosed in note 31 to the financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with supply chain management (SCM) regulations due to deviations being inadequately approved.

Reasonable steps were not taken to prevent fruitless and wasteful expenditure of R128 529 684, as disclosed in note 31 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was due to interest and penalties on long outstanding accounts.

Reasonable steps were not taken to prevent unauthorised expenditure amounting to R209 455 131, as disclosed in note 31 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.

Procurement and contract management

Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of SCM regulation 17(a) and (c). Similar non-compliance was also reported in the prior year.

Goods and services with a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was also reported in the prior year.

Some of the contracts were awarded to bidders based on functionality criteria that differed from those stipulated in the original invitation for bidding, in contravention of Preferential Procurement Regulations.

Some of the contracts were extended or modified without the approval of a properly delegated official, in contravention of SCM regulation 5.

Consequence management

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

Irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Other information

The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected clusters presented in the annual performance report that have been specifically reported in this auditor's report.

My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected clusters presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. I have nothing to report in this regard.

Internal control deficiencies

I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

The accounting officer did not exercise adequate oversight responsibility regarding financial and performance reporting, compliance with laws and regulations and related internal controls which resulted in instances of non-compliance with the MFMA, SCM regulations and Preferential Procurement Regulations.

Senior management did not prepare accurate and complete financial and performance reports that are supported by reliable evidence. The financial statements and the annual performance report were subject to material amendments resulting from the audit.

Gauteng

03 May 2019



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

CHAPTER 2: GOVERNANCE

Good Governance in the municipality embodies processes, structures and systems by which the municipality is directed, controlled and held to account for. It is characterized by a dynamic interface between political office bearers, political structures and administration. Intergovernmental Relations, Public Participation and Corporate Governance form part of Governance.

This chapter integrates the municipality's overarching governance framework, decision making processes and legislative obligations of the various governance structures and committees. There are a number of assurance role players for corporate governance in the municipality and they provide different types of assurances.

COMPONENT A POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 POLITICAL GOVERNANCE

The Mayoral Committee of Emfuleni Local Municipality is the political governance structure that is established in terms of Section 60 of Local Government: Municipal Structures Act 117 of 1998.

Cllr JL Khawe is the Executive Mayor of Emfuleni Local Municipality and the public face of the municipality. He is the chair of the Mayoral Committee comprising of ten (10) Councillors accountable him.

The Mayoral Committee meets regularly to co-ordinate the work of municipality and make recommendations to Council. The Executive Mayor steers the development and implementation of Integrated Development which encapsulates service delivery and performance.

Cllr ME Tsokolibane is the Speaker of Emfuleni Local Municipality. The Speaker carries out the duties of Chairperson of the Municipal Council under the Municipal Structures and Systems Act. She enforces the Code of Conduct and exercises delegated authority in terms of the Municipal Systems Act. She ensures that Council meets regularly, maintains order during the meetings and that Council meetings are conducted in accordance with rules and orders of Council.

Over and above these roles, the Speaker is also a driving force of the public participations, petitions, ward committees, capacitation of Councillors' with specific reference to their portfolios. During the year under review, the Office of the Speaker has conducted 180 ward committee meetings, 8 training and capacitation workshops were also conducted 53 petitions were attended.

Cllr MC Sale is the Chief Whip of the municipality. The role of the Chief Whip is to strengthen and maintaining healthy relations between all the parties in Council. The Chief Whip is also responsible for ensuring that portfolio committees are functional and that councillors are allocated appropriately.

The duties of the Chief Whip of Council includes facilitation and implementation of whippery, study groups, multi-party forums. During the reporting period the Office of the Chief Whip has successfully held 6 whippery meetings 39 study groups, 2 multi-party forums.

The following diagram portrays the Political Governance Structures of Emfuleni Local Municipality.



Cllr Maipato Tsokolibane
SPEAKER OF COUNCIL



Cllr Gift Moerane
EXECUTIVE MAYOR



Cllr Christinah Sale
CHIEF WHIP OF COUNCIL

Mayoral Committee



Cllr Edwin Kele
Human Settlements



Cllr Dimakatso Malisa
Health and Social
Development



Cllr Pias Maseko
Agriculture, LED,
Development Planning &
Tourism



Cllr Busi Mncube
Corporate and Governance



Cllr Khethiwe Ntombela
Infrastructure Planning
and Development



Cllr Thembile Nquba
Public Works
(Resigned from the portfolio as MMC: Public Works)



Cllr Jan Mosholuba
Public Safety



Cllr Penny Sengoatsi
Sport, Recreation, Arts and Culture,
Library Information Services,
Parks & Cemeteries



Cllr Robert Thema
Finance & Revenue
Acting MMC: Public works



Cllr Nomvula Thulo
Environmental Management
and Planning



2.1.1 Municipal Council

During the reporting period Municipal Council composed of 90 councilors of which 45 are Ward Councilors and 45 are Proportional Representatives (PR) Councilors. The Councilors at Emfuleni Local Municipality participate in the decision making and represent the local constituencies in Council.

They also contribute to the strategic direction of the municipality through their participation in the development and revision of Integrated Development Plan (IDP). In performing these duties they engage through the public participation meeting and ward committee meeting to consider the diversity of interest of the local communities.

Council and Mayoral Committee Meetings as at June 2017:

	Meetings	Resolutions Passed
Council	15	259
Mayoral Committee	29	50
Total	44	309

During the year under review Council held fifteen (15) meetings. During these meetings 259 resolutions were passed. On the other hand, the Mayoral Committee had twenty nine (29) meetings and in those, fifty (50) resolutions were passed.

Key decisions and commitments taken in these meetings:

During the period under review; the municipality passed a sum total of 298 resolutions which were considered under ordinary and special sittings. These types of meetings are open to members of the public who attend under the observer status.

Council also considered and approved a sum total of 11 resolutions which were approved in enclosed meetings; referred to as In-Committee discussion. Under this arrangement only confidential reports are considered and members of the public as well officials including members of the Senior Management Team (SMT) are excluded.

This brings the number of resolutions to 309 from July 2017 to June 2018. All Council resolutions are equally important; however there are key resolutions that stand-out in that they determine the direction the municipality ought to take and have direct impact on a number of areas that form part of the mandate of the municipality. These types of resolutions directly impact on the following areas:

- Governance
- Risk Management and Mitigation
- Service Delivery
- Economic Development and Enhancement
- Improving Quality of Lives
- Closing Policy Gaps
- Cost Curtailment and Control of Excessive Expenditure
- Budget Monitoring & Control
- Improving Labour Peace
- Support and Enhancement of Public Participation

The following provides a brief reflection of the said resolutions:

- Strategy to create consumer and business confidence in addressing a culture of payment of services by all stakeholders

- Revenue enhancement analysis and strategy
- Rules and Orders of Council (Approved in principle; undergoing public participation and comments).
- Web Based Central Supplier Database
- External Mayoral Bursary Scheme

2.1.2 Council Committees

Section 80 Committees

Each member of the Mayoral Committee heads a Portfolio Committee in terms of Section 80 of the Municipal Structures Act of 1998. The Section 80 Committees are set up to deal with oversight roles, support and perform the advisory role to the Executive Mayor and Council.

The Mayoral Committee of the municipality has the following portfolios: Shared Services, Public Works, Environmental Management and Planning, Community Services, Health and Social Development, Finance and Revenue, Agriculture, Local Economic Development Planning and Tourism, Human Settlement, Infrastructure Planning and Development and Sport Recreation, Culture, Library Information Services, Parks and Cemeteries.

Section 79 Committees

Ethics Committee: The Ethics Committee is chaired by the Speaker of Council, Cllr Tsokolibane. The committee ensures compliance with the Code of Conduct as set out in Schedule 1 of the Local Government: Municipal Systems Act 32 of 2000 as amended. The Code requires that a Municipal Council to establish a special committee that investigates and make a finding on any alleged breach of the Code and make appropriate recommendations to the Municipal Council, and three meetings were scheduled in that regard.

The Audit Committee: The Audit Committee is a committee of the Council and performs the statutory responsibilities assigned to it by the Local Government: Municipal Finance MFMA (sections 165 and 166), and other relevant responsibilities delegated to it under its charter by the Council. The committee is chaired by LS Mofokeng. It is an independent advisory body that advise Council, the political office-bearers, the accounting officer and the management of the municipality on matters relating to internal financial control and internal audits; risk management; accounting policies; the adequacy, reliability and accuracy of financial reporting and information and performance management.

Municipal Public Accounts Committee: The Municipal Public Accounts Committee (MPAC) is functional and is headed by Cllr. MM Nthebe. The MPAC is the custodian of the Annual Report and also heads up all forms of community or public participation on the annual report. During the year under review the committee held nine (9) meetings to give an expression on the quarterly performance report and annual report. The committee has fully considered the 2016/17 Annual Report with its content submitted to Council to adopt the Oversight Report. Council approved 2016/17 Annual Report on time with reservations. In addressing the reservations the following recommendations were made:

- *Operational Clean Audit Plan and key commitments be submitted to Council on quarterly basis addressing the Auditor General's findings;*
- *Measures be taken to improve cash flow;*
- *Financial Statements be prepared quarterly to comply with Section 122 of Local Government: Municipal Finance Management Act of 2003;*
- *Supply Chain Management Policy and Regulations be enforced at all times; and*
- *Report on all investigation as indicated by the Auditor General of South Africa be finalised.*

Spatial Planning and Land Use Management Act (SPLUMA) 16 of 2013 is a new framework which prescribes that municipalities embark on a process of disestablishing the old Municipal Tribunal Committee established

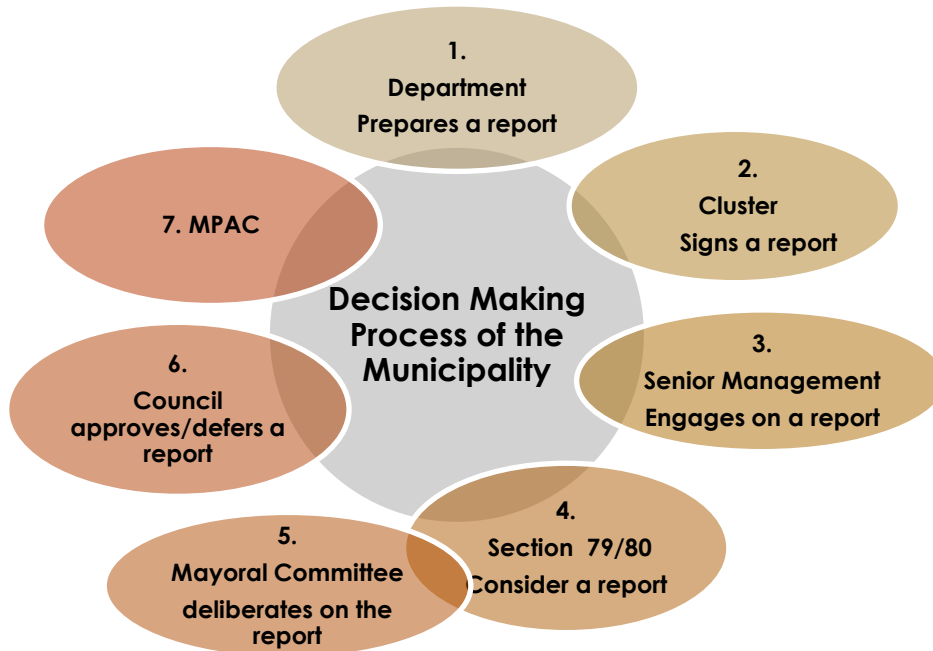
in terms of section 79 of the Municipal Structures Act 117 of 1998 and the Town Planning and Townships Ordinance 15 of 1986.

The Municipal Planning Tribunal (MPT) is chaired by P Steyn. The municipality's Appeals Authority (AA) was established in 2016 in terms of the provisions of Sections 35 and 51 of the Spatial Planning and Land Use Management Act 16 of 2013 (SPLUMA) is headed by Ms. M Mohlala-Mulaudzi .

The purpose of the Municipal Planning Tribunal (MPT) is to consider and adjudicate on land development applications in the municipality area of jurisdiction in terms of the delegated authority as delegated by Council. The purpose of the Appeal Authority (AA) is to consider and adjudicate on land development applications within the Emfuleni's area of jurisdiction wherein the applicant has lodged an appeal against an unsatisfactory decision taken at the MPT level. For the reporting year, eleven (11) tribunals were held.

2.1.3 Decision Making

The following is a cycle of decision-making that is followed by Emfuleni Local Municipality:



The process flow above indicates that Council decisions are taken after the report has been deliberated by various levels of authority and submitted to the Mayoral Committee which must make a recommendation to Council. When Council agrees by a majority vote, the recommendation becomes a resolution of Council.

2.2 ADMINISTRATION GOVERNANCE

The Administrative Governance of the municipality is driven by the Municipal Manager - Mr O Nkoane as the Accounting Officer. The Municipal Manager is supported by a team of 8 members of the Executive Committee. The municipal administration has the overall responsibility for management and strategic direction of the municipal business affairs. Other duties of the Municipal Administration include financial planning, reporting and accountability, enforcing internal controls and revenue enhancement etc.

The municipality is divided into 9 Administrative Clusters, each with focused and clear roles and responsibilities. They provide support function and service delivery to the community. Each cluster is responsible for its own planning and budget in accordance with the municipality's overall strategic plan. The Senior Management Team meetings are conducted weekly and an extended senior management team meeting is held bi-weekly, to discuss reports that are recommended to Sections 79 and 80 respectively, Mayoral Committees and Council for approval.

During the 2017/18 reporting period, there has been organizational restructuring at the municipality. Key principles that have driven the redesign process include the need to align to good practice principles of organisational design (span of control; talent management opportunities; aiding flexibility, creation of an integrated and efficient high-level institutional design, strengthen the capacity of the municipality to provide services to citizens and residents and bring about a seamless integration of the municipality's service delivery and business processes.

The following diagram portrays the Executive Committee of Emfuleni Local Municipality



COMPONENT B INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

2.3.1 National Intergovernmental Structures

The municipalities participate in national forums through the provincial structures such as the Min-MEC IGR Forums and other forums. Decisions taken/resolutions taken at national level are then cascaded to provincial and local governments.

2.3.2 Provincial Intergovernmental Structure

The municipality attends to issues of mutual interest with neighboring municipalities, provincial government and national government to address the nine government outcomes, policy and practice matters. The structures that our municipality participate are the following structures:

- Premier's Inter-Governmental Forum;
- Ntirhisano Forums;
- Provincial and National Departmental /Sectoral IGR Forums;
- International IGR Forum;
- Municipal Managers IGR Forums headed by DG;
- Chief Financial Officers IGR Forums;
- Working Groups Forum;
- MECs/MMC's IGR Forums;
- COGTA IGR Forum;
- IGR Practitioners Forum;
- SALGA IGR Forums.

The value obtained from these forums, especially at provincial level, is implemented across the spheres of government and drive a common agenda such as Gauteng City Region, development of common policies, commenting on audits conducted by both by national and provincial government.

The municipality has established a manager's IGR forum with the sole purpose of avoiding to work in silos as clusters, support each other and implement decisions/resolutions taken at provincial and national government.

2.3.3 District Intergovernmental Structures

The Emfuleni Local Municipality currently has no entities but intends to establish same in the near future. The municipality participates in the Sedibeng District Forums. The intention of the forum is to promote and facilitate intergovernmental relations and co-operative governance between the district and its locals, ensure coherent planning, development and effective provision of services, strive to eliminate conflict and competition between the different spheres of government, monitor implementation of priorities as set out in the IDPs and agree on joint programmes.

The forum is also a consultative platform on matters of mutual interest. While it is not an executive decision making body, it may adopt resolutions or make recommendations in terms of agreed procedures. Furthermore, discuss and implement matters arising from the different IGR Forums attended between the different government forums.

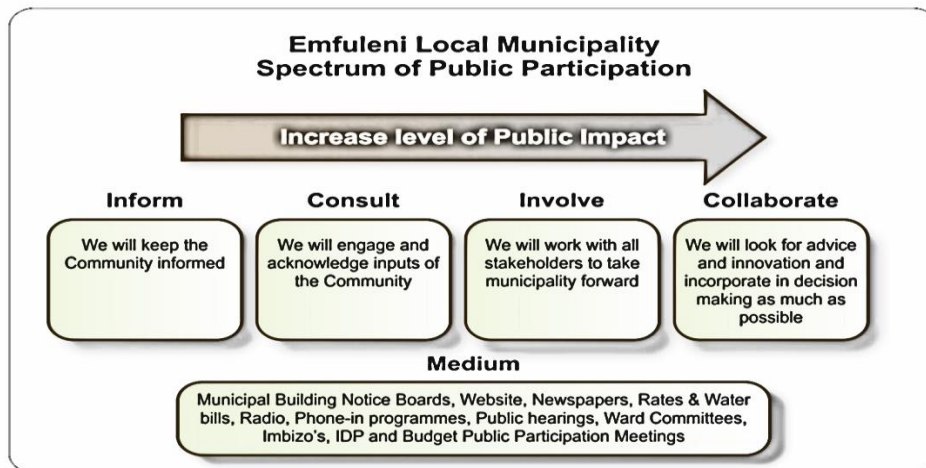
COMPONENT C PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4 PUBLIC PARTICIPATION AND MEETINGS

Public participation process plays a vital role of bridging the gap between the municipality and communities. The process of communication cannot be regarded as a phenomenon which simply occurs but should be seen as a process which involves the municipality and its communities negotiating their roles with desired outcomes.

Effective communication with communities is important for both the development of our municipality and its communities. It is central and key to the work of our municipality and plays a crucial important role in contributing to the public's understanding of public service and their engagement with local issues. It also plays a vital role of bridging the gap between the municipality and communities.

The following diagram depicts the municipality's public participation and engagement spectrum:-



Public participation in the municipality is coordinated through ward committees, Petitions committee, Public hearings, IDP & Budget Public Participation Meetings, Sectors engagement meetings and Mayoral Izimbizo. These forums are also utilized as report back platforms on service delivery matters. The Speaker of Council plays an important role in coordinating public participation programs. The municipality uses various media platforms such as Notice boards, Website, Newspapers, Rates and water bills to spread information about prices, new plans, budget priorities, etc. The commercial media as well as community radio is also used to inform people, and in some cases through phone-in programmes.

2.4.1 Ward committees

There are 45 functional Ward Committees in the municipality comprising of 10 members per ward with total of 450 ward committee members, but currently 8 members have resigned and 4 passed on. We therefore have total number of 438 ward committee members currently.

Ward Committees are established:

- To get better participation from the community and to inform them about Council decisions. These committees seek to ensure that there is more effective communication between the Council and the community.
- To create formal unbiased communication channels and cooperative partnership between the community and the municipality in the ward
- To create harmonious relationship between the communities of a ward, the ward councilor, geographically spread community and the municipality. During the year under review 180 ward committee meetings were held to engage on Integrated Development Plan and infrastructure projects.

2.4.2 Public Meetings

Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)
Saul Tsetetsi Sports Centre	27 September 2017	4	26	448	Yes
Mafatsane Hall	28 September 2017	11	23	244	Yes
Wilberforce College Hall	3 October 2017	14	16	188	Yes
Bophelong Community Hall	4 October 2017	5	17	202	Yes
Mayors Parlour Vanderbijlpark	5 October 2017	3	24	23	Yes
Boipatong Hall	10 October 2017	12	13	277	Yes
Vereeniging Banquet Hall	11 October 2017	13	21	120	Yes
Sharpeville Community Hall	12 October 2017	5	16	332	Yes
Mafatsane Hall	10 April 2018	7	15	341	Yes
Bophelong Community Hall	17 April 2018	8	13	380	Yes
Sharpeville Community Hall	18 April 2018	7	18	402	Yes
Elikwa Primary School	24 April 2018	10	17	81	Yes
Boipatong Hall	3 May 2018	7	11	189	Yes
Wilberforce College Hall	9 May 2018	11	9	182	Yes
Saul Tsetetsi Sports Centre	10 May 2018	6	15	334	Yes
Vereeniging Banquet Hall	13 May 2018	6	15	174	Yes

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	No
Does the IDP have priorities, objectives, KPIs, development strategies?	YES
Does the IDP have multi-year targets?	YES
Are the above aligned and can they be calculated into a score?	YES
Does the budget align directly to the KPIs in the strategic plan?	YES
Do the IDP KPIs align to the section 57 Managers	YES
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	YES

Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	YES
Were the indicators communicated to the public?	YES
Were the four quarter aligned reports submitted within stipulated time frames?	YES

2.5 INTEGRATED DEVELOPMENT PLAN AND ALIGNMENT

COMPONENT D CORPORATE GOVERNANCE

2.6 RISK MANAGEMENT

The Risk Management function within the municipal environment is a critical component of strategic management. Risk Management must be able to influence Strategy in relation to the major risks that the municipality is facing and must be informed by the extent of its risk exposure, be it financial, reputational or operational in nature. With the modern day economic uncertainties that directly and indirectly impact on the municipality’s own business environment, risk management plays a crucial role in identifying both risks and opportunities that are present and to take a strategic position in minimizing the said risks and maximizing present opportunities for the benefit of its citizens.

The role of the Risk Management department is to provide the municipality with expertise and support for institutionalizing ERM and thereby embedding a risk intelligent culture. This is achieved through various approaches including employee education and training on the principles and practices of risk management; coordinating efforts in determining the municipality’s risk exposure and in the development of mitigating actions by management for addressing the identified risks.

During the 2017/18 reporting period, the municipality had a functional Risk Management Unit as well as a functional Risk Management, Anti-fraud and Anti-corruption Committee (RMAAC) which has held 3 meetings during the year. The municipality maintains the following Risk Management Policies and Plans;

- The Risk Management, Anti-fraud and Anti-corruption Committee Charter;
- The Enterprise Risk Management Policy;
- The Enterprise Risk Management Framework;
- The Annual Risk Management Plan;
- The reviewed Strategic Risk Register;
- The Anti-fraud and Anti-corruption Strategy; and
- The Insurance Administration Policy.

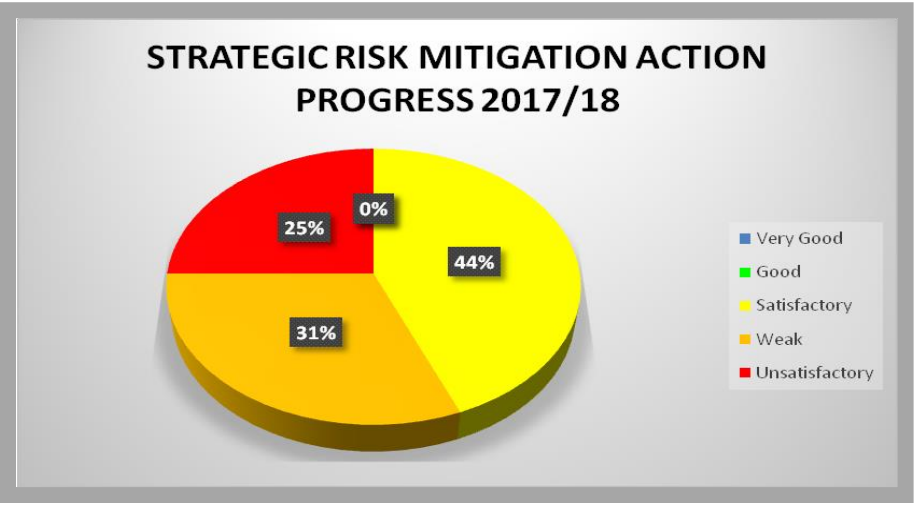
The municipality maintains a Strategic Risk Register as well as departmental Operational Risk Registers. The Strategic Risk Profile of the municipality for the 2017/18 period is depicted as follows:

2.6.1 Strategic Risk Profile for the period 2017/18:



The Strategic Risk Profile has been developed in line with the municipality's Strategies, the 5Rs Plus 2. The 2017/18 review reveals that of the 16 risks identified, 14 (87%) are high, 2 (13%) are medium and 0 is low. The risk profile is troublesome in that the status quo of the risks has remained unchanged since the initial identification of the risks in the 2011/2012 period.

2.6.2 Progress on Risk Mitigation Actions for the period 2017/18:









The overall progress registered on the implementation of the risk mitigation actions reveals that actions deemed satisfactory make up 7 (44 %) of the risks, with 5 (31 %) being weak and 4 (25 %) being Unsatisfactory.










The management of risks within the municipality remains a big challenge, attributable to the shortage of staff (high vacancy rates and critical skills gap), inadequate budgets and cash flows and inadequate and/or un-implemented or poorly implemented controls, in ensuring that objectives are not only achieved but that they are achieved within acceptable risk limits and with minimal losses. The Operations of the







municipality are burdened with risks which when un-managed result in the losses that the municipality ever so often experiences.










The following were identified as the Strategic Risks of the municipality in terms of the residual risk values of the risks being the highest at 20 and above.

2.6.3 The Strategic Risk progress registered on the implementation of Risk Mitigation Actions is as follows:




No.	Strategic Risk	Risk Rating	Key Achievements	Mitigation Progress/ Movement	Mitigation Action Adequacy & Effectiveness
1.	Declining Economy	High Risk 	<p>Council approved LED Strategy in August 2015;</p> <p>Extension of Urban Development Zones approved;</p> <p>Agricultural Support Strategy has been approved by Council;</p> <p>Feasibility study on Vaal Logistical Hub has been done that includes Environmental Study, Geology Study, Logistics, Site Due Diligence and Traffic Impact Study;</p> <p>The Social Development Master Plan is currently under development.</p>	<p>Progressing</p> <p></p>	<p>Unsatisfactory</p> <p></p>
2.	Inadequate, Old and Ageing Municipal Infrastructure	High Risk 	<p>IMQS Infrastructure Planning and Management tool functional; Approved Master Plan in place to enable Infrastructure decision making; The Sedibeng Regional Sewer Scheme in progress and the Sebokeng Waste Water Treatment Works upgrades are ongoing with Module 6 and 7 for Sebokeng upgrade having commenced.</p> <p>Department of Water and Sanitation has allocated an amount of R8mil to upgrade Leeukuil Water Care Works.</p> <p>Capital Replacement Reserves Policy approved by Council and to be cash backed; 100 % MIG Funds fully spent at year end on Infrastructure upgrades and new Infrastructure development; Laboratory Services upgrade since December 2016. The Smart Meter Contract commenced and already about 5000 Electricity Smart Meters have been installed. The ELM Own Funded Capital Budget for Electricity Approved at R142 million for 2017/18. A contract for the Energy Demand Management will be advertised and implemented by 2nd Quarter 2017/18. R14, Million has been allocated through the COGTA grant for pump stations (upgrading of pumps and</p>	<p>Progressing</p> <p></p>	<p>Unsatisfactory</p> <p></p>

			<p>pipe work). Pipe repairs (Slip lining) on pump station 10 rising main and repairs at union street (R3.5 Million); Upgrading of pump stations; Expected completion date: 12 December 2017; Stanley Street: and union street (Completed)</p> <p>R1,6 Million has been allocated through the COGTA grant for PRVs maintenance PRV Maintenance Expected completion date: June 2018.</p>		
3.	High Levels of Unemployment in the Region	High Risk 	<p>LGSETA programmes (e.g. Training of Technicians); Skills Audit finalised for Basic Services for Training of Technicians-LGSETA; Partnership with SEDA for Business Training(the municipality has partnered with SEDA as per Council Resolution. The municipality anticipate that in 2018/19 financial year they will be in a position to participate and fund the partnership); Development of a Rural Development Strategy at Mayco level for approval; Established Maize triangle programme and Machinery & Equipment donated from Province; Partnerships formed and MoU's signed with respect to the Vaal Logistics Hub; LED Strategy approved.Through ELM participation in job creation forum formed by the Gauteng Department of Economic Development, ELM managed to provide learnership for 44 community members in the programme of i-Fundi; Partnered with Department of Rural Development & Land Reform whereby 39 youth from ELM were appointed to participate in NARYSEC Programme.</p>	Progressing 	Unsatisfactory 
4.	Urban Decay	High Risk 	<p>SDF revised and approved annually ; Gauteng Development Planning Bill going to Parliament (Provincial Mandate) on Integration of Town Planning Schemes; Vereeniging Inner-City Urban Regeneration Strategy & Business Plan approved by Council; Development of Old Vereeniging Hospital Precinct approved by Council; Approved Urban Development Zone (UDZ) Vereeniging; Climate Change Toolkit completed.</p>	Progressing 	Weak 
5.	Lack of Integrated Public Transport System	High Risk 	<p>Sedibeng Regional Sewer Scheme addressing Sewer capacity to unlock new developments; Feasibility studies to be conducted for the Vaal Logistics Hub; Vereeniging Inner-City Urban Regeneration Strategy & Business Plan approved by Council; Development of Old Vereeniging Hospital Precinct approved by Council; Approved Urban Development Zone (UDZ) Vereeniging.The Sedibeng District provides for an Integrated Transport Plan</p>	Unchanged 	Unsatisfactory 

			for the Entire District. The ITP links with the ELM Infrastructure Development Programmes. The Sedibeng District provides for an Integrated Transport Plan for the Entire District. The ITP links with the ELM Infrastructure Development Programmes		
6.	Environmental Pollution	High Risk 	Climate change toolkit has been developed and implemented, Green programs are part of Bontle-ke-Botho and a business plan has been developed for the initiative, other green projects includes partnerships with GDARD and Accellor Mittal, Environmental Inspectors has been appointed by GDARD, First draft of state Environment as part of the Environmental Management Framework has been completed, Enforcement and control is in place to regular inspections, Citations for non-compliance have been issued. The Green Programs were held during the 2016/17 period and will continue into the new financial period. A contract for the Landfill Site Operations has been advertised for implementation during September 2017. All Landfill Sites were Audited through an appointed external service provider and they are all complying with minimum Environmental Standards for Air Quality. The Green Programs which were held during the 2016/17 period will continue into the new financial period. A contract for the Landfill Site Operations has been advertised for implementation during November 2017. All Landfill Sites were Audited through an appointed external service provider and they are all complying with a minimum Environmental Standards for Air Quality. The municipality is furthermore working on the refurbishment of Water-care Works and Pump Stations to address the sewer spillages experienced.	Progressing 	Weak 
7.	Fraud and Corruption	High Risk 	Fraud and Corruption Investigations undertaken and Disciplinary & criminal cases opened; Reviewed Anti-fraud and Anti-corruption Strategy circulated to management for inputs 22 February 2017; Municipal Integrity Project plan drawn launched 8 Aug 2016; Employee Focus Groups and Councillors awareness workshop completed in November 2016; MoU concluded with the Ethics Institute of South africa in order to establish an Ethics Office; Ongoing forensic investigations and criminal cases; An Ethics Survey commenced 02 May 2017 and several depots, main buiding, Trust bank and OK Buildings visited; Online Survey launched 9 May 2017 and	Progressing 	Satisfactory 

			completed, Ethics Working Group established and approved by SMT; Training of 4 Ethics Trainers completed; 2 additional Ethics Officers certified and 2 other in progress of certification; Final EMMA Reports submitted by TEI.		
8.	Weak Governance and Accountability	High Risk 	Quarterly operational reporting against planned performance targets and as per regulations done; Systems of Delegations Framework has been approved by Council, King 3 Code of Corporate Governance has been adopted and Legal Compliance Framework has been approved by Council. A compliance checklist has been developed to monitor legal compliance; Council, Mayoral Committee & Section 80 Committees fully functional; RMAAC, Performance and Audit Committees sitting on a regular basis; AGSA Best Practice guide for Consequence Management adopted by Council in March 2018.	Progressing 	Satisfactory 
9.	Failure of PMS to enable Public Accountability <i>(Incorrect or Unsound Performance Reporting)</i>	Medium Risk 	The Performance Management Policy, Framework, and Manual were approved by Council on 30 May 2014. The electronic, automated performance management system was implemented in the 2014/15 reporting period. A set of "new" organizational (Tier 1) performance indicators are being developed for the 2017/18 reporting period. The Rewards and Incentives Policy is to be approved by 30 June 2019. Cascading of individual performance management is targeted for the 2018/19 reporting period.	Unchanged 	Satisfactory 
10.	Information Technology Collapse <i>(and failure as strategic partner to shape municipal business on a technology landscape)</i>	High Risk 	ICT Strategy has been approved by Council and implemented except for activities that were hampered by budget constraints which have been carried over; ICT Governance Framework have been approved by Council and implemented but awaiting AG audit for assurance, ICT Governance Committee is in operation, Information Security Policy has been approved and is continuously being implemented; Backups are performed daily and the tapes are stored at the Library; An automated DRP offsite processing facility is up and running in Duncanville for a year now and it will be tested thoroughly in September 2017. Staff has been complimented by an in-take of interns on a yearly basis who are offered appropriate training. The department also has a capital budget of at R5 000 000 for the past two years which should be increased.	Unchanged 	Satisfactory 

11.	Inadequate Institutional Skills and Capacity	High Risk □	Skills Audit finalised; Central Bargaining Council updates in terms of employee remuneration; Service Provider appointed to review Organisational Design however to be revised as the focus was on Metropolitan municipality- Organogram to be revised by June 2017; Reviewed Recruitment Policy; Recruitment and Selection Policy reviewd and approved by Council (Item A2838 of 25 June 2014), HRM and HRD Strategy approved by Council.The Council approved the Human Resources Management and Development Strategy on 07 July 2017 which will contribute to the Effectice management of Human Resouces and Skills and Development of workers.	Unchanged ↔	Weak ☹
12.	Misalignment of Organizational Design to Strategy	High Risk □	Review of Organisational Structure and Functions (Orgplus); Updating of employee records on Payday; Restructuring of Departments; Organisation design completed with analysis. Workplace Skills Plan (WSP) is fully implemented.	Unchanged ↔	Weak ☹
13.	Loss of Revenues	High Risk □	Revenue Turnaround Strategy in place; Installation of Smart Meters ongoing; Established fully fledged Customer Care Contact Centre; Merged and reduced Billing Cycles; Reviewed Indigent and Debt Collection Policies; Data Cleansing; Management of Disconnections and reconnections; Introduced Inclining Block Tariffs; Established Revenue Task Team; Council approved 4 Pillars Strategy; Forensic Investigations underway into Revenue losses from fraud and corruption; Reviewed Indigent Household Policy in Council May 2017;	Unchanged ↔	Satisfactory 😊
14.	Potential Lack of Sustainable Leadership to implement Long term vision of municipality <i>(Institutional instability and lack of continuity)</i>	High Risk □	Work Skills Plan Approved; Finalization Skills Audit in progress; Section 56 and level 02 managers on MFMP training; PDP's up to Level 2 in place;	Unchanged ↔	Weak ☹
15.	Inability to timely and adequately recover from Major Business Interruption and Disasters	High Risk □	Developed the ICT BCP and Disaster Recovery Plans; Review of Contracts for critical systems with service providers; Established an ICT Nerve Centre for Recovery.	Unchanged ↔	Unsatisfactory ☹

16.	Loss of Public Confidence <i>(Inadequate and/or ineffective Public Accountability)</i>	Medium Risk 	Ward committee meetings held monthly. Public participation programmes (Public Meetings) held quarterly and frequently during the IDP / Budget consultation processes. Municipal Website is updated regularly with Municipal Activities and Programs. A mayoral Lekgotla was held in Rustenburg to craft new strategy and way forward as well as to review the IDP and align to the SDBIP. Mayoral Lekgotla was held in March 20217 and IDP, Budget and Public Participation meetings currently being held with last session due May 2017; Petitions & Public Participation Management Committee meetings are held twice (2) in a quarter; Engagements with Community Leaders; Mayoral Cleaning Campaign;	Progressing 	Satisfactory 
-----	--	---	--	---	--

MATERIALIZED STRATEGIC RISK ELIMINATED FROM MUNICIPAL STRATEGY TO DATE:

The strategic risks of the municipality reflect the current state of affairs and majority are actual as opposed to being potential events, the distinction lies only in the extent of gravity of each risk. In addition to the risks having materialized, the below mentioned risks have materialized through their elimination from the Strategies of the municipality.

- Collapse of the Processes for the establishment of the Metropolitan Municipality -2015
- Collapse of the Process for the establishment of the Revenue Agency – 2016

EMERGING AND MATERIAL RISKS OCCURENCES:

The municipality has experienced the following significant risks in the past 12 months;

- Attachment of municipal primary account;
- Delayed transfer of the Equitable Share (Unconditional Grants) by National Treasury due to technical challenges
- Increasing instances of Power Failures/ Outages
- Threats of Bulk Services- Power Cuts by Eskom
- Bulk Water Supply Pressure reduction measures by Randwater

The following risks are brought to Management attention as a consequence of risks that may have materialised or worsening conditions in terms of municipal operations such that the occurrence of the following will further exacerbate ongoing challenges:

- Collapse of Smart Meters Project and Contract leading up to significant legal liability;
- Significant Third Party (Business) Liability due to increasing frequency of Power Outages;
- Possible loss of Electricity Distribution License due to current state of Electricity Infrastructure and non-implementation of key projects- Refurbishment of Infrastructure; and non-compliance with Repairs and Maintenance requirements (Revoking by Nersa);
- Withholding of Equitable Share due to mSCOA under-compliance;
- Legal liability to proposed contract review and termination processes;
- Cyber Threats- financial attack/ hacking and possible hijack of critical payments i.e. Bulk Invoices (Eskom & Randwater);

The municipality has in terms of the Risk Management Implementation Plan (RMP), not achieved all its targets as anticipated due to staffing and budgetary constraints however a critical aspect of sustaining management awareness and commitment was achieved through the risk review workshops conducted for the Clusters. The municipality achieved a Risk Maturity Score of 3.1 with the following matters remaining outstanding;

- Capacitating the Risk Management Department (Staffing);
- Defining the Risk Appetite and Risk Tolerance Levels (currently defined in the framework in terms of the risk rating criteria) ;

- Risk Assessment aligned with IDP and Budget Processes (Key challenges in this regard have been considered by the Senior Management Team particularly the staff shortages);
- Creating a library of Risk Incidents

The RMP for the 2018/19 period will take these outstanding matters into account to ensure their finalization with the goal of improving the risk management culture of the municipality to become pro-active and effectively its risk maturity levels across the board.

2.7 ANTI-FRAUD AND CORRUPTION

The Risk Management, Anti-fraud and Anti-corruption committee plays an oversight role over the function of fraud and corruption prevention in the municipality, and reports its findings on fraud risks to the Audit Committee. The municipality has an approved Anti-fraud and Anti-corruption Strategy and Fraud Prevention Plan in place and they are multidisciplinary and cross-functional.

The Anti-fraud and Anti-corruption Strategy of the municipality is currently under review and at the level of the Section 80 for Corporate and Governance. The complete Strategy is made up of the following parts;

- Anti-fraud and Corruption Strategy
- Fraud Prevention Policy
- Forensic Investigation Policy
- Whistle Blowing Policy
- Code of conduct
- List of Fraud Risks

2.7.1 Ethics

The Gauteng CoGTA in partnership with the Ethics Institute (TEI), South Africa, has rolled out a Municipal Integrity Project in line with the approved 2016 Local Government Anti-Corruption Strategy which focuses on enhancing Municipal Integrity or Ethics within the municipal environment. The municipality has in this respect achieved the following milestones;

- An MoU has been signed with the Ethics Institute;
- The Chief Risk Officer has been assigned as the Project Coordinator;
- The Municipal Manager has been designated as the Ethics Champion;
- An Ethics Gap Analysis/ Maturity Assessment has been conducted with a preliminary result of 46.3 which essentially means that the municipality has significant improvements to make with respect to enhancing its ethical value system;
- An Ethics Risk Assessment Survey has been conducted and concluded;
- 4 Focus groups have been held with Managers and Assistant Managers,
- A Councillors Workshop was conducted on the 23rd November 2016;and
- 4 Municipal Officials have undergone the Ethics Certification Programme and have subsequently qualified as Certified Ethics Officers;
- 4 Ethics Trainers Trained

The municipality will furthermore embark on the establishment on an Ethics Office in the 2017/18 period as well as undertake the following deliverables;

- Review the Municipal Ethics Policy;
- Conduct additional Councillors Training;
- Conduct the Senior Management Workshops;
- Train 2 additional Ethics Officers, and

2.8 BY LAWS

The following By-Laws were drafted:

Newly Developed/Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
1. Public Open Spaces and Parks By-Law	Yes	26 March to 30 April 2018	No	N/A
2. Derelict and Unightly Building By-Law	Yes	26 March to 30 April 2018	No	N/A
3. Street Trading By-Law	Yes	26 March to 30 April 2018	No	N/A

The Councillors will be trained on above-mentioned by-laws. The next step in the process is to conduct public participation and publish them for promulgation. The promulgation of the draft by-laws will be completed in 2018/2019 financial year.

2.9 WEBSITE

Section 75 of the Municipal Finance Management Act, 56 of 2003, requires the accounting officer of a municipality to place on the website referred to in section 21A of the Municipal Systems Act the following documents of the municipality:

Information to be placed on the website	2017/18
1. Adjustment budget	Yes
2. Mid-Year and Performance Report	Yes
3. MTREF Budget	Yes
4. Final IDP	Yes
5. All budget related policies	Yes
6. SDBIP	Yes
7. Annual Report	Yes
8. Oversight report	Yes
9. Performance Agreements as per s57 (1) (b) of MSA	Yes
10. All service delivery agreements	No
11. All long-term borrowing contracts	Yes
12. All SCM contract above R100 000 per quarter	Yes
13. Public-private partnership agreements	Yes

CHAPTER 3 – SERVICE DELIVERY

Chapter 3 of this annual report focuses on the service delivery milestones achieved against the municipality's strategic objectives. These strategic objectives have been captured into the 2017/2018 IDP and translated into cluster Service Delivery Budget Implementation Plans.

COMPONENT A BASIC SERVICES

3.1 WATER

Emfuleni Local Municipality supplies potable water to all informal and formal settlements in accordance with the National Water Act, 1998 (Act No. 36 of 1998). The municipality is obliged by the Act to implement measures to protect, use, develop, conserve, and manage and control water resources in ways which take into account factors such as:

- Meeting the basic human needs of present and future generations;
- Promoting equitable access to water;
- Promoting the efficient, sustainable and beneficial use of water in the public interest, and
- Providing for growing demand for water use.

ELM's potable water infrastructure includes 2882 km of potable water reticulation network, 14 528 water network valves, 1482 fire hydrants, 99 pressure reducing valves, and 15 reservoirs.

Bulk Water Purchases

ELM's total bulk water demand was 94,674,073 Kl at a cost of R 821 476 324.72 for the year, which is a growth of 1.87% on last year's demand.

Physical water losses for the reported financial year was mainly due to network operations and economical losses was caused by faulty metres. Total distribution losses by June 2016 amounted to R 227 503 649, which indicates 1.10% increase in water loss as compared to previous financial year

Achievements and Challenges

In compliance with the Water Act, the National Department of Water and Sanitation (DWS) has implemented IRIS Water Systems to regulate the compliance of Water Services Authorities. The Blue Drop System evaluates the total management process of potable water regarding budget, planning, operations, water demand conservation, water quality, monitoring and evaluation.

Other initiatives include the installation of 149 000 smart water meters which is aimed at enhancing accurate billing; assist with network leak detection and improving the public satisfaction. The initiative is still halt due to court verdict.

Resultant to this initiative the municipality has received Blue Drop compliance for the past three consecutive years. Other initiatives include the installation of 149 000 smart water meters which is aimed at enhancing accurate billing; assist with network leak detection and improving the public satisfaction. The project's pilot installations will start in August 2018 after the official launching of the project.

Emfuleni and Rand Water signed a co-operation agreement for the implementation of Water Demand and Conservation initiatives. This project intends to implement measures that will reduce water losses in the network through active pressure management and retrofitting of internal networks.

The municipality has also installed 42 standpipes in the Boiketlong Settlement with funding assistance from the national department of Cooperative Governance and Traditional Affairs. This project created 60 job opportunities for local community members to:

- Maintain 379 Pressure Reducing valves (PRV);
- Replace 713 stolen water meters;
- Repair 1109 pipe bursts, and
- Attend to a total 13911 water complaints (spillages).

The municipality, as part of the strategic plan, continues to address challenges that affect service delivery due to the theft of brass water meters, vandalism of pressure reducing valves which resulted in increased water pressures with subsequent pipe bursts, ageing infrastructure etc.

3.1.1 Total Use of water by sector

Total Use Of Water By Sector(Cubic Meters)					
	Agriculture	Forestry	Industrial	domestic	Unaccountable water losses
2013/2014	615 086	0	1,576,542	58,138,576	31,549,282
2014/2015	603 213	0	1,435,099	61,006,954	30,556,625
2015/2016	485,735	0	1,181,907	58,925,836	37,226,404
2016/2017					28,944,439
2017/2018					37,301,741,6

Currently Emfuleni water demand shows a decrease in the agriculture, Industrial and domestic demand. This can be attributed to the ongoing public awareness and educational programs to educate consumers in water conservation. However there is an increase unaccountable water losses forms part of apparent losses.

3.1.2 Water Service Delivery Levels

Water Service Delivery Levels						
Households						
Description	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	Actual	Actual	Actual	Actual	Actual	Actual
	No.	No.	No.	No.	No	No
Water: (above min level)						
Piped water inside dwelling	154	173	173	173	173	173
Piped water inside yard (but not in dwelling)	53	34	35	35	35	35
Using public tap (within 200m from dwelling)	7	14	14	14	14	14
Other water supply (within 200m)						
Minimum Service Level and Above sub-total	215	221	221	221	221	221

Minimum Service Level and Above Percentage	98%	100%	99%	100%	100%	100%
Water: (below min level)						
Using public tap (more than 200m from dwelling)						
Other water supply (more than 200m from dwelling)	5	-	2	1	1	1
No water supply						
Below Minimum Service Level sub-total	5	-	2	1	1	1
Below Minimum Service Level Percentage	2%	0%	1%	0%	0%	0%
Total number of households*	220	221	223	223	223	223

3.1.3 Household –Water Service Delivery levels below minimum

Households - Water Service Delivery Levels below the minimum									
Households									
Description	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual	Actual	Actual	
Formal Settlements									
Total households	220	221	248	248	250	250	250	250	
Households above minimum service level	215	221	248	248	249	249	249	249	
Proportion of households above minimum service level	98%	100%	100%	100%	100%	100%	100%	100%	
Informal Settlements									
Total households	220	221	248	248	250	250	250	541	
Households below minimum service level	5	-	2	2	1	1			
Proportion of households below minimum service level	2%	0%	1%	1%	0%	0%			

3.1.4 Access to Water

Access to water			
	Proportion of households with access to water points*	Proportion of households with access to piped water	Proportion of households receiving 6kl free#
2013/14	48496	201504	1632
2014/15	41056	207344	1632
2015/16	41577	207344	1632
2016/17	41577	207344	1632
2017/18	41577	207344	1632

The portion of households with access to water points revere to informal settlements and informal households situated in the back of formalized stands. The portion of households receiving 6Kl free basic water is only applicable to consumers registered on the indigent register. The largest portion of water customers has access to piped water within their properties and houses.

3.1.5 Employees: Water

Job Level	Total Posts	Employees 2016/17	Employees 2017/18	Vacancies Fulltime	Vacancies as %
0 - 3	3	1	1	2	67%
4 - 6	18	14	13	5	28%
7 - 9	46	18	18	28	61%
10 - 12	30	27	26	4	13%
13 -15	16	11	11	5	31%
16 -	146	88	88	58	40%
	259	159	157	102	40%

Water Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2013/2014		2014/2015		2015/2016		2016/2017	2017/2018
		Target	Actual	Target	Actual	Target	Actual	Actual	
Renewing our communities and reviving a sustainable environment	Formalized stands with access to Basic Level of Water	168 374	191 478	168 374	197 167	197 167	197 167	197 167	197 167
	Water Service Development	100%	100%	100%	100%	100%	100%	100%	N/A

	Plan Reviewed								
	Quality of Portable Water	97.00%	99.90%	97.00%	99.90%	97.00%	99.90%	97.00%	96%

3.1.6 Water Services: Service Delivery and Budget Implementation Plan

3.1.7 Capital Expenditure: Water and Sanitation Services

Capital Expenditure Water and Sanitation Services					
2017/18					
Capital Projects	Original Budget	Adjustment Budget	Actual Expenditure	Variance (Act – Adj) %	Variance (Act-OB) %
Water					
Water And Sanitation	66,897,670.00	63,161,718.00	45,638,897.82	-38%	-47%
Water Supply Houtkop To Unitaspark	3,000,000.00	981,001.00	891,000.73	-10%	-237%
Water Pipe Line Lethabong To Houtkop	1,000,000.00	1,069,788.00	842,429.82	-27%	-19%
Water Supply Evaton Res To Dadeville	2,500,000.00	2,038,700.00	1,465,731.65	-39%	-71%
Water Supply Quaggasfon Res To Johandeo	23,346,127.00	19,946,127.00	19,578,534.94	-2%	-19%
Water Supply Tshepiso To Sharpeville	1,500,000.00	1,661,300.00	1,385,728.31	-20%	-8%
Water Supply Unitas Res To Sonlandpark	850,000.00	1,750,000.00	1,261,750.34	-39%	33%
Water Supply Western Areas & Vaaloewer	702,343.00	2,789.00	2,789.00	0%	-25083%
Refurbishment Of Pumpstation#8 & Upgrade	13,482,000.00	13,482,800.00	2,823,182.08	-378%	-378%
Refurbishment Of Vanderbijlpark Resevoi	9,845,610.00	9,845,610.00	9,899,272.04	1%	1%
Refurbish Vaaloewer Water Treatment Wor	-	700,000.00	-		
Refurbish Vaaloewer Water Treatment Wor	-	2,512,013.00	-		
Refurbish Vaaloewer Water Treatment Wor	6,671,590.00	6,671,590.00	5,089,932.52	-31%	-31%
Eastern Outflow Diversion	2,000,000.00	-	-		

Outfall Sewer N1 And R28 Intersection	2,000,000.00	2,500,000.00	2,398,546.39	-4%	17%
---------------------------------------	--------------	--------------	--------------	-----	-----

3.1.8 Financial Performance: Water Service

Water Services					
Financial Performance 2017/18: Water Services					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	-1,316	-1,039,739	-1,039,739	-392,489	-165%
Expenditure:					
Employees	18	61,788	61,788	17,951	-244%
Repairs and Maintenance	11	16,424	7,424	6,740	-144%
Other	1,735	1,264,462	1,273,463	330,195	-283%
Total Operational Expenditure	1,764	1,342,674	1,342,674	354,887	-278%
Net Operational (Service) Expenditure	448	302,935	302,935	-37,602	906%

3.1.9 Overall Performance

The Emfuleni water balance currently indicates a water loss which is also attributed to old infrastructure and lack of resources. There was however an increase in the bulk water purchases of due to new developments in the area. Emfuleni Local Municipality signed a collaboration agreement with Rand Water for the implementation of Water Conservation and Water Demand Management projects. The business plan which identified all the most effective initiatives and high loss areas were compiled. Applications for funding of these projects were sent to CoGTA for approval and allocation from the WC/WDM fund.

Emfuleni Local Municipality in conjunction with Rand Water, the bulk water supplier, ensure that the water supplied within the Emfuleni area, is in line with the Blue Drop regulations and the SANS 241 standards, comply with the international standards of water quality for human consumption. Emfuleni has been one of the leaders in providing safe potable water to its community by receiving Blue Drop Certification for 2 consecutive years with an increase in compliance from 94.75% in 2011 to 96.87% in 2012. The Department of Water Affairs only did a RISK PAT audit on the potable water purification plants in 2017. The purposes of the audit were to establish if the different purification plants are ready for the stricter regulations of the new SANS 241:2015 document which will become applicable in 2014. The RISK PAT rating range is dependent on the amount of customers served and ELM falls on level 7. The range is from 7% which is Low Risk to 63% which refer to Critical Risk Rating

Emfuleni was awarded a risk rating of 12.5% which indicate that we are ready to comply with the new water quality regulations. In 2015 Department of water and sanitation (DWS) release a 2014 report where municipality receive the score of 88.16, however the water quality for the audit year complied with all requirements for the save provision of drinking water to the community.

- Monthly water quality tests (33 samples ELM and 90 samples Rand Water).
- 24 hour pressure control.
- Dedicated reaction team for water quality complaints and resolution.
- Daily monitoring of main water supply infrastructure.
- Active Water Safety Plan and Incident Management Protocol.
- Daily raw water and process monitoring and tests at the Vaaloever Potable water Purification Plant.
- Three monthly Water Quality Liaison Committee Meeting between Emfuleni Municipality and Rand Water.

- 24 Hour security at major water supply infrastructure.
- 24 Hour stand-by teams to react to infrastructure and supply emergencies.
- Electrical, mechanical and Instrumentation Maintenance & Support.

ELM's total water demand for the year was 93 254 354 Kl of which 99% were received from Rand Water and 1% was purified through the Vaaloever water purification plant that only provide water to the Vaaloever community.

3.2 SANITATION

The sanitation networks consist of 2900 Km of gravity sewer pipelines, 33328 sewer manholes, 44 pump stations and 94 sewer pumps. The sanitation network is maintained and operated by **12** sewer maintenance teams attending to sewer blockages, maintenance, and cleaning as well as pipe repairs.

Emfuleni Local Municipality has three Waste Water Care Works namely, Leeuwkuil, Sebokeng and Rietspruit. All the Works are classified in terms of the National Water Act. Rietspruit Water Care Works are categorized as class A, Leeuwkuil WCW as class A and Sebokeng WCW as class A in terms of the National Water Act.

These Water Care Works are to receive and treat Wastewater from all areas in Emfuleni Local Municipality and discharge it to receiving water resources of Rietspruit and Vaal River at acceptable compliance as per Water Use License and Green Drop required.

3.2.1 Sanitation Service Delivery Level

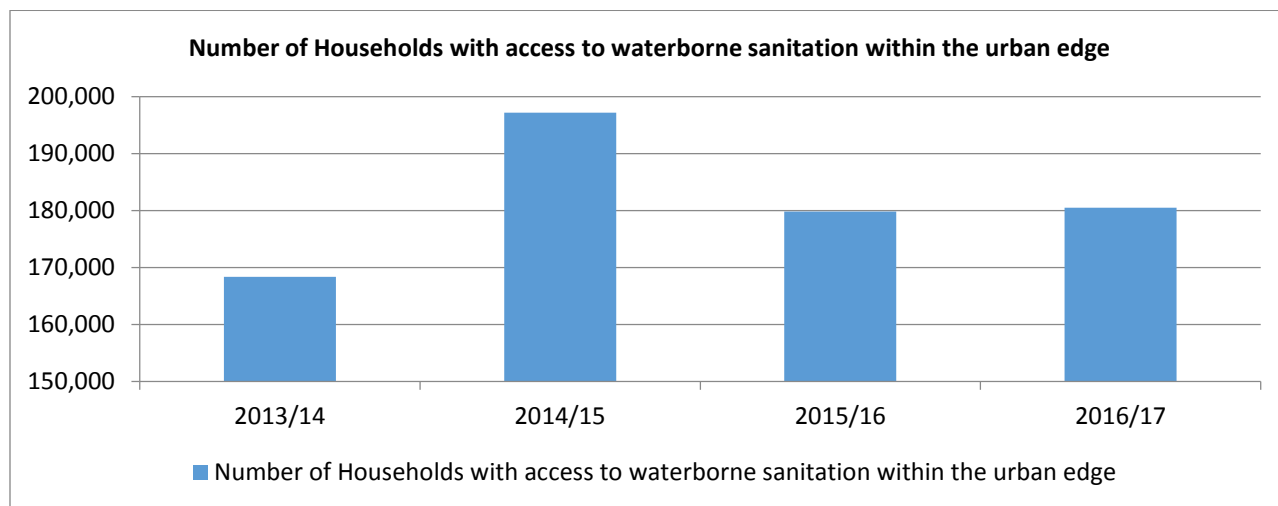
Sanitation Service Delivery Levels

*Households				
Description	2014/15	2015/16	2016/17	2017/18
	Outcome	Outcome	Outcome	Actual
	No.	No.	No.	No.
<u>Sanitation/sewerage: (above minimum level)</u>				
Flush toilet (connected to sewerage)	197,167	179,814	180,492	180,492
Flush toilet (with septic tank)	N/A	N/A	N/A	N/A
Chemical toilet	N/A	N/A	N/A	N/A
Pit toilet (ventilated)	N/A	N/A	N/A	N/A
Other toilet provisions (above min.service level)	N/A	N/A	N/A	N/A
Minimum Service Level and Above sub-total	0	0	0	0
Minimum Service Level and Above Percentage				
<u>Sanitation/sewerage: (below minimum level)</u>				
Bucket toilet	N/A	N/A	N/A	N/A
Other toilet provisions (below min. service level)	N/A	N/A	N/A	N/A
No toilet provisions				
Below Minimum Service Level sub-total	0	0	0	0
Below Minimum Service Level Percentage				

3.2.2 Households - Sanitation Service Delivery Levels

Households - Sanitation Service Delivery Levels						
Households						
Description	2014/15	2015/16	2016/17		2017/18	
Formal Settlements						
Total households	197,167	179,814	179,814	179,814	180,492	180,492
Households below minimum service level	0	0	0	0	0	0
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
Informal Settlements						
Total households	N/A	N/A	N/A	N/A	N/A	N/A
Households below minimum service level	N/A	N/A	N/A	N/A	N/A	N/A
Proportion of households below minimum service level	100%	100%	100%	100%	100%	100%

3.2.3 Access to Sanitation



During the 2013/2014 financial year, the number of households with access to waterborne sanitation within the urban edge was 168 374, whereas during the 2014/15 financial year, the number of households with access to sanitation was 197 167.

3.2.4 Employees: Sanitation

Job Level	Total Posts	Employees 2016/17	Employees 2017/18	Vacancies Fulltime	Vacancies as %
0 - 3	3	1	1	2	67%
4 - 6	18	14	13	5	28%
7 - 9	46	18	18	28	61%
10 - 12	30	27	27	3	10%
13 - 15	16	11	10	6	38%
16 -	146	88	87	59	40%
	259	159	156	103	40%

3.2.5 Sanitation Service Policy Objectives Taken From IDP

Sanitation Service Policy Objectives Taken From IDP								
Service Objectives	Outline Service Targets	2014/2015		2015/2016		2016/2017		2017/2018
		Target	Actual	Target	Actual	Target	Actual	Target
Service Objective								
Renewing our communities and reviving a sustainable environment	Formalized stands with access to Basic Level of Sanitation	168 374	197 167	179 814	180 492	179 814	180 492	179 814
	Effluent Discharge standard for Rietspruit and Sebokeng WWCW	90.00%	95.00%	90.00%	95.00%	90.00%	90.00%	90.00%
	Effluent Discharge standard for Leeuwkuil WWCW	90.00%	90.00%	90.00%	90.00%	14%	14%	14%

3.2.6 Financial Performance: Sanitation

Sanitation Services					
Financial Performance 2017/18: Sanitation Services					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	385,733	-295,052	-295,052	-107,774	-174%
Expenditure:					
Employees	30,429	31,194	31,194	14,781	-111%
Repairs and Maintenance	47,826	0	2,336	492	100%
Other	26,776	88,330	88,330	7,475	-1082%
Total Operational Expenditure	105,031	119,524	119,524	22,257	-437%
Net Operational (Service) Expenditure	280,702	-175,528	-175,528	-85,518	-105%

3.2.7 Overall Performance

The municipality has successfully achieved the following within the waste water section:

COGTA grant for refurbishment of pump stations

- 44 pump stations (54 new pumps including pipework and valves).

Major Sewer Pipe Repairs

- Refurbishing of sewer pump stations rising mains and gravity lines in Evaton and Sebokeng
- Union street pipe replacement (Open Excavation between Stanley Avenue and Senator Marks Avenue –95m)
- Total length of pipes repaired including all pipes sizes is 1 193.4 meters

Cleaning of sewer lines of different diameters ranging from 110mm to 600mm

- 2114m

Response to attending sewer spillages and blockages.

3.3 ELECTRICITY

Emfuleni Local Municipality (ELM) licenced area of supply, electricity is distributed to all categories of consumers. The categories include residential, agricultural, business and industrial consumers. All consumers connected to the electricity network receive a full service at the applicable rates/tariffs as approved by the National Energy Regulator of South Africa (NERSA) every year.

Bulk Purchases of Electricity

The area covered by the municipality's distribution licence consumed 1,087,073,614 kWh. In accordance with the latest statistics reported to NERSA there are approximately 69,330 consumers of which approximately 64751 are residential and agricultural. These consumers consume approximately 20% of the total energy distributed by the municipality. The other 75% of energy sold is consumed by the industrial and business consumers. The bulk purchases of electricity procured from Eskom for 2017/18 amounted to R1, 377,101,729.

The distribution losses for 2017/18 which is mainly caused by illegal connections, physical network operation and economical losses due to faulty equipment's like meter.

3.3.1 Service Delivery Levels

Electricity Service Delivery Levels				
Description	Households			
	2014/15	2015/16	2016/17	2017/18
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Energy: (above minimum level)				
Electricity-conventional (at least min. service level)	61 607,00	69 237,00	69 330,00	10 500,00
Electricity - prepaid (min. service level)				53 005,00
<i>Minimum Service Level and Above sub-total</i>	61 607,00	69 237,00	69 330,00	63 505,00
<i>Minimum Service Level and Above Percentage</i>	100,0%	100,0%	100,0%	100,0%
Energy: (below minimum level)				
Electricity (< min. service level)				
Electricity - prepaid (< min. service level)				
Other energy sources				
<i>Below Minimum Service Level sub-total</i>				
<i>Below Minimum Service Level Percentage</i>	0,0%	0,0%	0,0%	0,0%
Total number of households	62	69	69	64

3.3.2 Households - Electricity Service Delivery Levels below the minimum

Households - Electricity Service Delivery Levels below the minimum						
Description	2014/15	2015/16	2016/17	2017/18		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	n/a	n/a	n/a	n/a	n/a	n/a
Households below minimum service level	n/a	n/a	n/a	n/a	n/a	n/a
Proportion of households below minimum service level	n/a	n/a	n/a	n/a	n/a	n/a
Informal Settlements						
Total households	n/a	n/a	n/a	n/a	n/a	n/a

Households ts below minimum service level	n/a	n/a	n/a	n/a	n/a	n/a
Proportion of households ts below minimum service level	n/a	n/a	n/a	n/a	n/a	n/a

3.3.3 Electricity Service Policy Objectives Taken From IDP

Electricity Service Policy Objectives Taken From IDP								
Service Objectives	Outline Service Targets	2015/16		2016/17		2017/18		2018/19
Service Indicators		Target	Actual	Target	Actual	Target	Actual	Target
Provide electricity to new housing development	Additional households connected to the electricity network	1440	1440	69237	69000	69290	69290	69350
Area Lighting	Number of high mast lights installed	17	35	17	17	30		500

3.3.4 Employees: Electricity Services

Job Level	Total Posts	Employees 2016/17	Employees 2017/18	Vacancies Fulltime	Vacancies as %
0 - 3	4	2	2	2	50%
4 - 6	24	19	19	5	21%
7 - 9	67	58	58	9	13%
10 - 12	39	28	27	12	31%
13 -15	42	13	13	29	69%
16 -	63	56	55	8	13%
	239	176	174	65	27%

3.3.5 Capital Expenditure: Electricity Services

Capital Expenditure : Electricity Services					
2017/18					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Electricity	150,500,000.00	94,500,000.00	10,192,449.35	-827%	-1377%
Replacement Of 88kv Current Transformer	2,000,000.00	-	-		
Replacement Of Old 88kv Switchgear	5,000,000.00	5,000,000.00	16,264.98	-30641%	-30641%
Upgrading Mckinnon Chain 88/6.6kv Subs	1,000,000.00	1,000,000.00	361,257.93	-177%	-177%
Replace Pilot- With Optic Fibre Cables	5,000,000.00	5,000,000.00	10,912.50	-45719%	-45719%
11kv Switchgearvarios Substation	12,000,000.00	11,382,807.00	-		
Replace Battery System On 11kv System	500,000.00	500,000.00	-		
Replace Doors At Various Substations	3,000,000.00	3,000,000.00	1,027,579.00	-192%	-192%
Replacement Of 11kv Rmi(Ring Main Units	1,000,000.00	1,000,000.00	-		
Install Second Supply To Se10 Substatio	2,000,000.00	-	-		
Sonlandpark & Falconridge 88/11kv Subs	3,000,000.00	3,000,000.00	-		
Upgrade 11 Kv Network Mario Milani Vrg	3,000,000.00	-	-		
Upgrade High Voltage Cables	5,000,000.00	5,000,000.00	-		
Upgrading 11kv Rural Lines	5,000,000.00	5,000,000.00	3,661.49	136656%	136656%
Replacement Lt Panels	3,000,000.00	3,000,000.00	14,291.89	-20891%	-20891%
Upgrade Low Voltage Cables	2,000,000.00	-	-		
Upgrading Of Public Lighting (Emfuleni)	3,000,000.00	-	-		
Upgrading Of Traffic Lights	3,000,000.00	3,000,000.00	-		
20mva 88/11kv Trans & Switch Duncvil Su	20,000,000.00	20,000,000.00	1,101,000.00	-1717%	-1717%
20mva; 88/11kv Transformer Vesco Subs	2,000,000.00	2,000,000.00	1,116,779.25	-79%	-79%
Building Of New Substation At Verdi Sw5	2,000,000.00	2,000,000.00	-		
Increase Notified Max Dem Eskom Subs	10,000,000.00	10,000,000.00	4,850.53	-206063%	-206063%
Install 20 Mva Transformer Unibijl Subs	20,000,000.00	-	-		
Powerville 1 22kv Substation	2,000,000.00	-	-		

Replace Enermax- Online Remote Metering	2,000,000.00	-	-		
Install Bundle Conductor	2,000,000.00	2,000,000.00	-		
Installation Of New Streetlights	5,000,000.00	5,000,000.00	5,807,666.14	14%	14%
Mobile 500kva Standby Generator	2,000,000.00	2,000,000.00	894,744.35	-124%	-124%
Power Quality Measuring Instruments	1,000,000.00	1,000,000.00	-		
New Connections & Network Reinforcement	4,000,000.00	4,000,000.00	- 694,387.73	676%	676%
Red Plant	10,000,000.00	-	-		
White Plant	10,000,000.00	617,193.00	535,152.00	-15%	-1769%

3.3.6 Financial Performance: Electricity

Electricity Services					
Financial Performance 2017/18: Electricity Services					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	1,902,110	-2,149,047,136	-2,149,047	-780,868	-175%
Expenditure:					
Employees	36,221	76,535	76,535	27,910	-174%
Repairs and Maintenance	59,772				
Other	1,570,386	1,801,564	1,801,564	587,584	-207%
Total Operational Expenditure	1,666,378	1,878,099	1,878,099	615,494	-205%
Net Operational (Service) Expenditure	235,732	-270,949	-270,949	-165,374	-64%

3.3.7 Overall Performance

Electrification of new low cost housing developments is done with the assistance of the Department of Energy (DoE). The funding received from DoE is however not sufficient to install an electricity network that will be sustainable for the medium to long term in these new areas and the municipality therefore provides additional funding to ensure that a sustainable electricity network is installed. As part of the electrification, area lighting is also provided to ensure a good standard of living and increased security for the residents of the affected areas.

Within Emfuleni Local Municipality (ELM) licenced area of supply, electricity is distributed to all categories of consumers. The categories include residential, agricultural, business and industrial consumers.

3.4 Solid Waste

The Environmental Management and Planning function the municipality is responsible for the waste management services rendered in terms of the National Environmental Management: Waste Act (Act No.

59 of 2008). The core functions include household collection, operations and management of landfill sites (Boitshepi, Palmsprings and Waldrift), Litter Picking, street sweeping, management of mini dumps/transfer stations, prepaid collection service, cleaning of illegal dumps and environmental management and education and awareness.

The second component of the Environmental Management and Planning deals with environmental management which is responsible for environmental protection. This function is rendered in terms of the National Environmental Management Act 107 of 1998 and Specific Environmental Management Acts (SEMAS).

The core functions of this unit include conducting industrial inspections to ensure compliance with all relevant environmental legislations, providing environmental input in all the strategic planning structures of the municipality, implementing air quality programs in line with the Vaal Triangle Air Quality Plan, resolving environmental complains and conducting environmental education and awareness campaigns with the general communities and schools.

3.4.1 Solid Waste Service Delivery Levels -A

Solid Waste Service Delivery Levels				
Description	Households			
	2014/15	2015/16	2016/217	2017/2018
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Solid Waste Removal: (Minimum level)</u>				
Removed at least once a week	188,970	189,247	189,452	189,659
Minimum Service Level and Above sub-total	188,970	189,247	189,452	189,659
Minimum Service Level and Above percentage	85.4%	85.5%	85.8%	85.9%
<u>Solid Waste Removal: (Below minimum level)</u>				
Removed less frequently than once a week				
Using communal refuse dump	32,360	32,083	31,435	31,228
Using own refuse dump				
Other rubbish disposal				
No rubbish disposal				
Below Minimum Service Level sub-total	32,360	32,083	31,435	31,228
Below Minimum Service Level percentage	14.6%	14.5%	14.2%	14.1%
Total number of households	221,330	221,330	220,887	220,887

3.4.2 Solid Waste Service Delivery Levels –B

Households - Solid Waste Service Delivery Levels below the minimum						
Households Description	2014/15	2015/16	2016/17	2017/2018		
	Actual	Actual	Actual	Original	Mid-year	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	189,009	189,009	189,452	189,452	189,591	189,659
Households below minimum service level	31,608	31,608	31,435	31,435	31,296	31,228
Proportion of households below minimum service level	17%	17%	17%	17%	17%	17%
Informal Settlements						
Total households	220,887	220,887	220,887	220,887	220,887	220,887
Households ts below minimum service level	31,608	31,608	31,435	31,435	31,296	31,228
Proportion of households ts below minimum service level	17%	17%	17%	17%	17%	17%

3.4.3 Waste Service Policy Objectives Taken From IDP

Strategic Objectives	Key Performance Indicators	2015/2016		2016/2017		2017/2018	
		Annual Target	Actual Achieved	Annual Target	Actual Achieved	Annual Target	Actual Achieved
Renewing our communities and reviving a sustainable environment	% of formal households with access to basic level of solid waste collection	85%	86.27%	85%	76.27%	85% (Quarter 1&2) Reduced to 50% Quarter 3&4)	47.07%
	75% average of completed solid waste collection schedule for informal settlements	New performance indicator	Not Applicable	75%	62.62%	75% (Quarter 1&2) Reduced to 50% Quarter 3&4)	8.15%
	Solid waste removed from illegal dumps	130,000m³	137,149m³	140,000m³	166,520m³	110,000m³ (75,000m³ (Quarter 1&2) Reduced to 35,000m³ Quarter 3&4))	109.190m³

3.4.4 Employees: Waste

Job Level	Total Posts	Employees 2016/17	Employees 2017/18	Vacancies Fulltime	Vacancies as %
0 - 3	4	2	2	2	50%
4 - 6	9	6	5	4	44%
7 - 9	16	6	5	11	69%
10 - 12	70	39	35	35	50%
13 - 15	23	0	0	23	100%
16 -	354	286	281	73	21%
	476	339	328	148	31%

3.4.5 Capital Expenditure: Waste Management

Capital Expenditure Year 2017/18: Waste Management Services					
Capital Projects	Year 2017/2018			Variance from original budget	Total Project Value
	Budget	Adjustment Budget	Actual Expenditure		
Waste Management	2,200,000.00	1,527,890.00	1,401,953.70	-9%	-57%
Develop New Transfer Station Sebokeng	100,000.00	-	-		
Develop New Transfer Station Vaalower	100,000.00	27,890.00	27,890.00	0%	-259%
New Gen Landfill Sites Pre- Planning	1,000,000.00	1,500,000.00	1,374,063.70	-9%	27%
Palm Spring Landfill Site Phase 2	1,000,000.00	-	-		

3.4.6 Financial Performance: Solid Waste Management Services

Employees: Solid Waste Magement Services					
Financial Performance 2017/18: Solid Waste Management Services					
R'000					
Details	2016/17	2017/18			
	Actual	Original	Adjustment	Actual	Variance to
Total Operational Revenue (excluding tarrifs)	234,166,958	-187,945	-187,945	-63,934	-194%
Expenditure:					
Employees	41,973,206	86,567	86,567	31,753	-173%
Repairs and Maintenance	0				
Other	66,278,866	109,234	114,234	657	-16538%
Total Operational Expenditure	108,252,071	195,801	200,801	32,410	-504%
Net Operational (Service) Expenditure	125,914,887	7,856	12,856	-31,524	125%

3.4.6 Overall Performance

Household waste is collected weekly to a total of 189,452 households as recorded at 01 July 2018 .A total of 207 newly completed households were provided with a weekly sustainable curbside services in 2017/18 financial year.

Street Cleaning – CBD's: a total of 189 (75 Sebokeng, 60 Vanderbijlpark 54 Vereeniging) EPWP workers were appointed to assist the Department in keeping the CBD's of Vanderbijlpark and Vereeniging clean. This programme was achieved through the implementation of the two shift system on weekly basis as part of improving street cleaning services.

Estimated life span of three operational landfill sites: Based on the Minimum Requirement of the Waste disposal by Landfilling require municipality to perform bi-annual landfill external audits. The audits are performed to assess the extent and volume of waste disposed and the remaining available airspace was determine by a topographical survey based on the approved permit for the individual landfill sites and the estimated calculation conclusion for the respective operational landfill sites valuation process concluded during June 2017 are as follows:

Boitshepi Landfill site calculated lifespan to final closure: 3.3 years.

Palm Springs landfill site calculated lifespan to final closure: 21.99 years

Waldrift Landfill site calculated lifespan to final closure: 5.52 years

Landfill compliance in accordance with minimum requirements and Environmental Legislation

- o Boitshepi Landfill site (operational) 62% achieved
- o Palm Springs Landfill site (operational) 77 achieved
- o Waldrift Landfill site (operational) 67% achieved
- o Zuurfontein (closed site) 75% achieved

Waste Management and Air Quality By-Laws: The By-Laws of this Department were successfully updated, aligned with the NEM: Waste Act (Act 59 of 2008) and they have also been approved by council. The draft

by-laws are currently waiting for publishing before they can be administered by the municipality. Some of the major challenges faced by the municipality are discussed below.

The department experienced a drastic decline in the provision of household collection services due to the shortage or non-availability of fleet. The initial SDBIP target for 2017/2018 was 85% however this target was reduced to 50%. Due to the fundamental challenges experienced the department was forced to temporarily change the weekly waste collection frequency to biweekly where waste was collected once in a period of two weeks.

Removal of illegal dumps. The department usually performs this function using a 90 day maintenance plan which focuses on cleaning all the illegal dumps within the 45 wards of ELM. The annual SDBIP target for this activity was 150,000m² however this target was reduced to 75,000m² because of non-availability of fleet.

However, through the provincial support received from the Provincial department of Roads and Transport from June 2018, the EMP department was able to achieve an annual performance of 109,190m².

Mini dump transfer stations: Currently, bulky refuse is being deposited on the ground and there are few tipper trucks available to remove waste. In addition, the surrounding infrastructure is being vandalized as a result of bulky refuse being dumped against the fences and being damaged with removal processes. This Department needs at least 100 x 6m³ bins and 4 dedicated vehicles to assist with proper management and control of operations.

The external audit procedures that are usually conducted on biannual basis were not done for 2017/2018. This was due to the lack of funds by the department. However the municipality actively participated in the internal and provincial audits that were conducted by GDARD and municipal officials. The compliance levels of the landfill sites have dropped due to the lack of maintenance of infrastructure. This shortage of supervision is also contributing to the deteriorating state of the landfill sites. A proposed structure for the better management of the landfill site is being considered by the municipality.

Successes Factors

The key objectives identified in the IDP in terms of this section is the implementation of environmental management plan. This Section managed to achieve a 100% of the SDBIP targets and objectives set. The key deliverables achieved for the 2017/18 financial year include the following:

All identified Environmental calendar day were celebrated thus educating and promoting environmental awareness in communities.

In terms of waste minimization initiatives, a total of 6 cooperatives were successfully formalized and they were provided with training (financial management, health and safety, and project management), they were also provided with protective clothing, recycling trollies and identification cards through the support received from GDARD and Anglo platinum.

The department successfully implemented the "Clean My City" campaign which was led by Executive Mayor and other departments. Through this campaign a total of 20 wards were cleaned in 2017/2018 and the roll-out of this campaign is still proceeding with much support from the communities and other stakeholders.

The department supported community initiatives where a total of 15 illegal dumping areas were rehabilitated and converted into mini-parks. These kinds of initiatives are fully supported by the department and more funders and participants are requested and encouraged to work together with the municipality.

3.5 Housing

The Human Settlements function is committed to the delivery of diversified habitable houses, with all social amenities in a secure and development friendly environment. This is done by implementing the National Outcome 8 – breaking new grounds and policy to initiate, plan, coordinate, facilitate, promote and enable appropriate housing development in the municipal areas.

The municipality upholds the Batho Pele principles by ensuring cost effective and affordable services; being responsive and sensitive to the social and housing needs of our communities and providing a range of affordable shelter options. The identification of suitable land for establishment of new housing projects to reduce backlog on the Gauteng waiting list; and adhere to the 5 attributes to security, namely, affordability, accessibility, habitability, location and innovation and designs are key activities that defines the scope of the

Human Settlements division. The municipality provides the following services:

- Rental Accommodation;
- Eradicating informal settlements – through the provision of proclaimed townships, with service stands and houses;
- Identifying suitable land for the establishment of new housing projects to reduce the housing backlog on the Gauteng Waiting list;
- Rental Housing Information Offices where Rental Tribunal Administration is performed;
- Issuing of Title Deeds; 289 Title Deeds were handed out to the lawfull beneficiaries of R.D.P. houses.
- The following housing units will be transferred to the tenants/purchasers through the Retro Programme:
Leeuhof Extension 1; Sonhof Flats; CW5 Low Cost Housing units in Vanderbijlpark; and Housing units in Rust-ter-Vaal.

Furthermore it must be stipulated that the provision of houses is the competency of Gauteng Department of Human Settlements. The land availability is the function of Emfuleni Local Municipality with the view to facilitate building of houses and ultimately delivery to the deserving community members.

After the land transfer to Emfuleni Local Municipality, Gauteng Department of Human Settlements interact with the relevant departments before commencing with a project. (eg. Water and Sanitation, Electricity, Roads and Stormwater and Land Use Management).

3.5.1 Housing

Year end	Total Households including in formal and informal settlements	Households in formal settlements	Percentage of households in formal settlements
2013/14	55133	11536	29.90%
2015/14	178058	15915	8.9%
2015/16	178058	15915	8.9%
2016/17	178058	9307	5.23%
2017/18	178741	8624	4.82%

3.5.2 Housing: Service Delivery and Budget Implementation Plan

Housing :Service Delivery and Budget Implementation Plan						
Outline Service Targets	2014/15		2015/16		2016/17	2017/18
	Target	Actual	Target	Actual	Target	Target
Management of rental housing stock % of valid lease agreements	100%	100%	100%	100%	100%	100%
200 Title Deeds handed over to rightful beneficiaries in 2016/17 (New KPI)	-	-	-	-	173 Delivered 86.5%	100%

3.5.3 Employees: Housing

Job Level	Total Posts	Employees 2016/17	Employees 2017/18	Vacancies Fulltime	Vacancies as %
0 - 3	2	2	2	0	0%
4 - 6	16	11	6	10	63%
7 - 9	15	1	2	13	87%
10 - 12	2	4	0	2	100%
13 -15	0	0	0	0	0%
16 -	17	0	1	16	94%
	52	18	11	41	79%

3.5.4 Financial Performance: Housing

Financial Performance 2017/18: Housing Services					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	8,708	-18,278	-18,278	-4,960	-269%
Expenditure:					
Employees	5,617	25,029	25,029	7,960	-214%
Repairs and Maintenance	74	218		56	-286%
Other	12,638	3,188	3,188	190	-1575%
Total Operational Expenditure	18,329	28,216	28,216	8,150	-246%
Net Operational (Service) Expenditure	-9,621	9,939	9,939	3,191	-211%

3.5.5 Overall Performance: Housing

In an effort to provide effective service the Human Settlements function provides the following services:

- Rental accommodation;
- Eradicating informal settlements – through the provision of proclaimed townships, with serviced stands and houses;
- Identifying suitable land for the establishment of new housing projects to reduce the housing backlog on the Gauteng Waiting list;
- Rental Housing Information Offices where Rental Tribunal Administration is performed, and
- Issuing of Title Deeds received from Gauteng Department of Human Settlements.

The following housing units will be transferred to the tenants/purchasers through the Retro Programme:

- Leeuhof Extension 1;
- Sonhof Flats;
- CW 5 Low Cost Housing units in Vanderbijlpark; and
- Housing units in Rust-ter-Vaal.

Furthermore it must be stipulated that the provision of houses is the competency of Gauteng Department of Human Settlements. The land availability is the function of Emfuleni Local Municipality with the view to facilitate the building of houses and ultimately delivering to the deserving community members. Housing backlog for the municipality is 73598 units. The Gauteng Department of Housing has delivered the following:

Number of houses built:

▪ Golden Gardens	-	53
▪ Tshepong Proper Ph 3	-	182
▪ Sonderwater	-	371
▪ Westside Park	-	9
▪ Sebokeng Zone 24	-	60
▪ Sebokeng Zone 28	-	8

The total number of houses built is 683 units.

3.6 ROADS AND STORMWATERS

Roads and Storm Water plays significant role in the economic development of the municipality through planning, provision and maintenance of the road and storm water infrastructure. The function is classified into three sections, namely: planning, operations and auxiliary each with a different focus but taking an integrated approach in rendering the service to the community.

The municipality is also responsible for the development, implementation and management of various electronic management systems and master planning for all roads infrastructure. ELM is also responsible for the quality of implementation of capital projects, administration of the capital budget and approval of applications for new development. The road infrastructure of Emfuleni Local Municipality links directly to national roads thus making access to other key strategic economic hubs like Johannesburg, Ekurhuleni, and the City of Tshwane etc. easy and convenient.

3.6.1 Gravel Road Infrastructure

The maintenance of gravel roads includes operations such as the grading of the gravel roads to improve the riding quality, the re-graveling process i.e. to re-work and re-compact the pavement layers, and the operation also includes drainage improvements on gravel roads.

Gravel Road Infrastructure				
Kilometers				
Year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2014/2015	296	0	29	267
2015/2016	333	0	15	318
2016/2017	442	0	4	438
2017/2018	114.2	0	3	111.2

In the 2017/2018 period a total of 3 kilometres of gravel roads were upgraded to tar. In the 2016/2017 period a total of 4 kilometres of gravel roads were upgraded to tar. In the 2015/2016 period a total of 15 kilometres of gravel roads were upgraded to tar. The maintenance of existing gravel roads in 2015/16 has increased from 267 kilometres in 2014/15 to 318 kilometres. The maintenance of existing gravel roads in 2017/18 has decreased from 438 kilometres in 2016/17 to 111.2 kilometres in the current period. The municipality could not afford to hire plant and the internal plant is not functioning due breakdowns and aging fleet.

3.6.2 Asphalted Road Infrastructure

In the 2017/2018 period the roads department managed to maintain an equivalent of 13 631 square meters of tarred roads through the patching of potholes programme. This was an under achievement when considering the current state and increased level of deterioration of the municipal tarred roads network. Due to constraints of cash availability to execute the budget, there was only 2.96 kilometres of resealing of existing tarred roads, however a total of 3 kilometres of new roads were tarred during 2017/2018 through MIG funded projects.

Cost of Construction/Maintenance						
R' 000						
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
2013/2014	-	81,495,586.13	600,000.00	81,495,586.13	5,000,000.00	35,848,114.65
2014/2015	-	120,380,570.97	660,000.00	20,380,570.97	26,400,000.00	15,000,000.00
2015/2016	-	43,236,486.37	4,060,000.00	43,236,468.37	-	
2016/17	-	25,911,249.20	-	25,911,249.20	180,157,737.00	180,157,737.00
2017/18	-	67,974,638.38	-	67,974,638.38	4,773,838.62	4,337,713.57

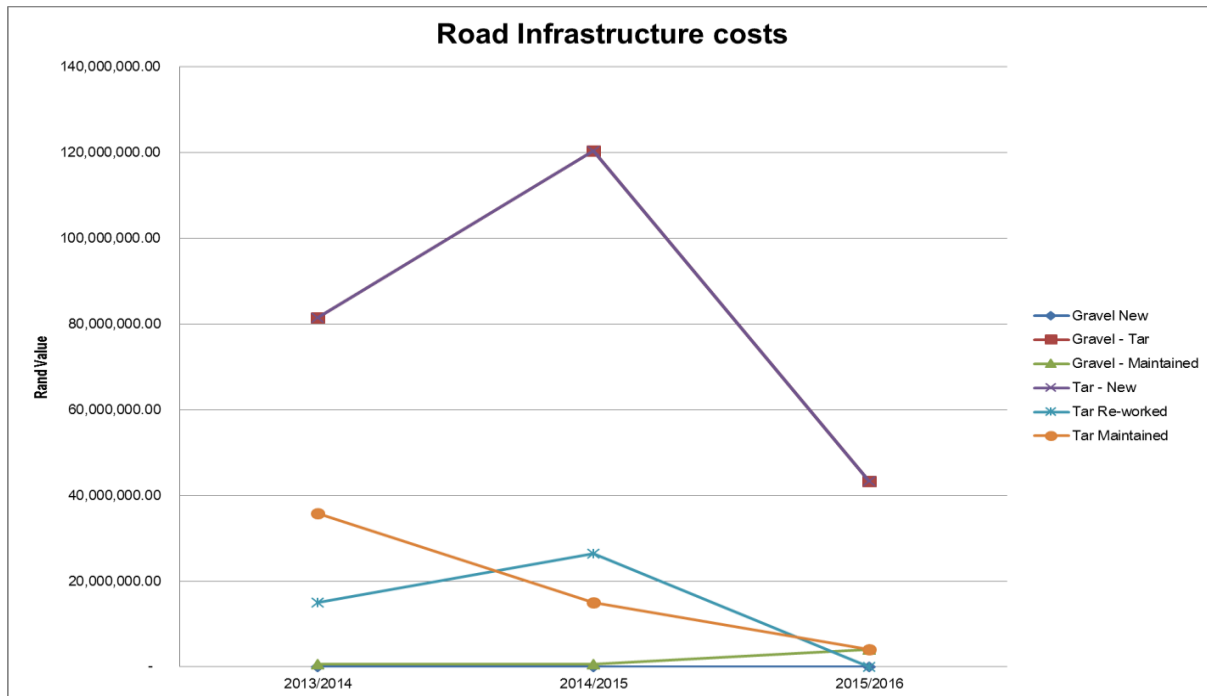
3.6.3 Tarred Road Infrastructure

Tarred Road Infrastructure					
Kilometers					
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar Roads maintained
2014/2015	69.94	28.834	20.55	0	21
2015/2016	2936.01	15.3	0.00	0	2.921
2016/2017	45.83	3.55	35.66	0	6.62
2017/2018	8.46	3	2.96	0	2.5

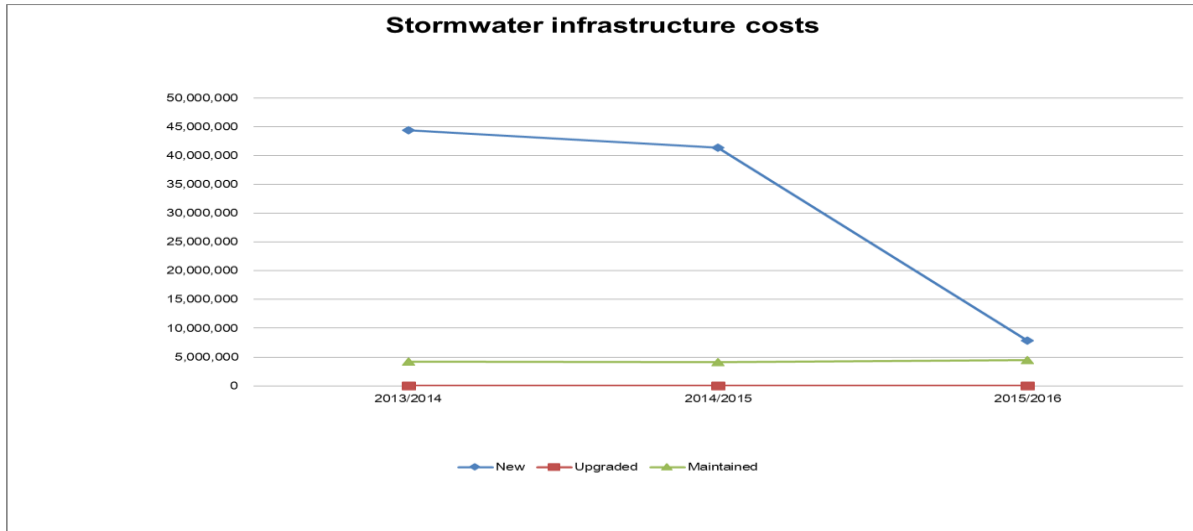
The maintenance of tarred roads through patching of potholes programme has been negatively affected by cash flow constraints even though funds were appropriately budgeted.

3.6.4 Gravel Roads - Cost of Construction/Maintenance

In the 2017/2018 period both the MIG budget for upgrading gravel roads and the Operation and Maintenance Budget for Tarred Roads showed a decreased in allocation when compared to the previous allocation in 2014/2015 for both programmes respectively. Only about 2.921km (15406.83m²) of tarred road were maintained through pothole patching.



3.6.5 Stormwater Infrastructure Costs



3.6.6 Employees: Roads Services

Employees : Roads							
Job Level	Total Posts	Employees 2016/17	Resigned etc.	Appointed etc.	Employees 2017/18	Vacancies Fulltime	Vacancies as %
0 - 3	3	1	1	1	1	2	67%
4 - 6	17	11	2	3	12	5	29%
7 - 9	45	12	1	1	12	33	73%
10 - 12	137	36	2	0	34	103	75%
13 -15	70	7	4	0	3	67	96%
16 -18	546	112	3	0	109	437	80%
19-20	818	179	13	5	171	647	79%

3.6.7 Employees: Storm water

Job Level	Total Posts	Employees 2016/17	Employees 2017/18	Vacancies Fulltime	Vacancies as %
0 - 3	1	1	1	0	0%
4 - 6	3	2	2	1	33%
7 - 9	2	0	0	2	100%
10 - 12	59	7	6	53	88%
13 -15	28	6	6	22	79%
16 -	480	68	66	414	86%
	573	84	81	492	56%

3.6.8 Capital Expenditure 2017/2018: Road and Stormwater

Capital Expenditure Year 2017/18: Road Services					
2017/18					
Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance From Original Budget	Total Project Value
Construction Nkomo Drive Sharpville	6,000,000.00	12,618,255.00	13,341,197.53	5%	55%
Beverly Hills - Roads And Stormwater	100,000.00	27,890.00	27,890.00	0%	-259%
Bishop Tutu Street R&S Boitumelo	421,374.00	37,801.00	37,801.00	0%	-1015%
Blacktop Road And Sw Chris Hani Str	1,500,000.00	1,287,569.00	1,287,568.77	0%	-16%
Construction Of Thomas Nkobi	2,500,000.00	323,746.00	323,745.09	0%	-672%
Construction U Street Sebokeng Zone 7	6,000,000.00	8,356,955.00	8,356,954.06	0%	28%
Construction Van Schalkvyk Str Eatonsid	3,000,000.00	-	-		
Evaton R&S Upgrade Project	6,000,000.00	26,722,861.00	26,935,454.49	1%	78%
Little Rock Street Evaton West	2,000,000.00	-	-		
Stormwater Channelsebokeng Zone 10	2,663,333.00	863,333.00	475,375.44	-82%	-460%
Tarring Bikitsha Street Zone 12 Plannin	6,036,005.00	5,987,704.00	5,878,490.26	-2%	-3%
Tarring Of Begonia Street	2,000,000.00	2,000,000.00	1,747,696.68	-14%	-14%
Tarring Of Cetshwayo Street	1,000,000.00	5,695,121.00	5,322,690.08	-7%	81%
Tarring Of Dhlamini Street	3,000,000.00	263,080.00	263,079.25	0%	-1040%
Tarring Of Main Road Ext4 Evaton West	2,000,000.00	-	-		
Tarring Of Micado Road Evaton	2,000,000.00	-	-		
Tarring Of Ntja Street	963,995.00	-	-		
Tarring Of Pitseng And Uranium Street	3,000,000.00	231,946.00	231,945.35	0%	-1193%

Tarring Of Raboroko Street Sharpeville	5,000,000.00	-	-		
Tarring Of Ramagwase Street	6,000,000.00	8,815,135.00	8,586,094.83		30%
Tarring Of Swineflue Road Zone 14	7,720,000.00	11,518,969.00	10,911,264.23		29%
Upgrade Glasco & Dona Road Evaton	6,000,000.00	10,846,268.00	10,846,267.17		45%
Beverly Hills - Roads And Stormwater		-	7,003,602.76		
Khateka Street Seb Zone 11)	7,839,650.00	13,656,390.00	13,548,683.10		
Upgr R&S In Sebokeng Zone 6 Ext 5	3,000,000.00	4,410,000.00	4,260,981.83		
Upgr R&S System Seb Zone 6 Ext 5	3,000,000.00	3,100,000.00	2,951,997.89		
Stormwater Man Proj Across Bophelong	1,200,000.00	-	-		

3.6.9 Storm water Infrastructure

The storm water operations includes the maintenance of concrete lined channels and gravel earth channels. The processes of maintenance focuses on new pipes laid, existing channels cleaned and number of catch pits rebuilt.

Storm water Infrastructure				
Kilometers				
	Total Storm water measures	New storm water measures	Storm water measures upgraded	Storm water Measures maintained
2014/2015	44,158	3	18	44,136
2015/2016	81	0	15	67
2016/2017	15	0.575	0	14.769
2017/2018	11.462	4.995	0.307	6.16

The annual target for the maintenance of storm water for 2017/2018 was 25 kilometres and the department only managed to achieve 6.16 kilometres due to financial constraints. During the same period the municipality through MIG grant funded projects upgrades 11.462 kilometres of storm water systems.

3.6.10 Cost of Construction/Maintenance

Cost of Construction/Maintenance			
Storm Water Measures			
	New	Upgraded	Maintained
2013/2014	44,396,959	0	4,208,406
2014/2015	41,386,372	0	4,080,000
2015/2016	7,870,215	0	4,500,000
2016/2017			
2017/2018	15,378,995.90	0	

Storm water maintenance activities from the Operational department was done sparingly due to unavailability of yellow plant and also the municipal cash constraint as hired plant could not be brought to do the operations on the existing storm water infrastructure.

3.6.11 Financial Performance: Roads and Storm water

Financial Performance 2017/18: Roads Services					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)					
Expenditure:					
Employees	31,433	31,360	32,610	13,546	-132%
Repairs and Maintenance	73,686	23,400	0	21,325	-10%
Other	26,209	261,840	280,270	-16,876	1652%
Total Operational Expenditure	131,328	316,600	312,880	17,995	-1659%
Net Operational (Service) Expenditure	-131,328	316,600	312,880	17,995	-1659%

Stormwater Services					
Financial Performance 2017/18: Stormwater Services					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)					
Expenditure:					
Employees	14,074	27,297	27,297	11,035	-147%
Repairs and Maintenance	1,055				
Other	10,452	5,856	4,576	88	-6527%
Total Operational Expenditure	25,581	33,153	31,873	11,124	-198%
Net Operational (Service) Expenditure	-25,581	-33,153	-31,873	-11,124	-198%

3.6.12 Overall Performance of Roads

There is a need to refurbish/maintain the tar roads before they reach a level where deterioration has affected the entire pavement structure. This can only be achieved by aligning the needs of the roads in terms of resealing projects with the budget allocation. Investing more money in repairing potholes without resealing afterwards does not prolong the life span of the road as an asset of the municipality.

However there are challenges of financial support. The current allocation of funds for the maintenance of existing tar roads is insufficient to effectively address the challenges of the deteriorating tar road network. The municipality is working on acquiring the financial support to curb these challenges.

Strategically the roads and storm water section strives to be a dynamic community centred service provider that continuously improves and renews the quality of lives. To provide an efficient, competitive and responsive economic infrastructure network

Achievements:

The following is an indication of the achievements made during the 2017/18 period in line with the key performance indicators in the departments Service Delivery and Budget Implementation Plan.

- Storm water pipes and Channels Cleaned : 6 160 (m) metres
- Potholes Patched: 13 631.78 m² square metres
- Number of Road Signs Replaced: 343
- Roads Marking Maintained: 17 738.69 (m²) square metres
- Gravel Roads Maintained : 111.2 (km) kilometres

3.7 PLANNING

The Land Use Management (LUM) functions include evaluation and processing of received development applications (rezoning, consent uses, townships establishment, removal of restrictive conditions of title, subdivisions, and divisions of land, site development plans, building plans and other development planning related applications). Spatial Planning is a component of the Land Use that deals with the development of the Spatial Development Frameworks (SDFs) of the municipality. Spatial planning integrates vertical alignment of plans (local, district and provincial level) in order to guide the

development, investments and at ensuring annual compliance in terms of the Local Government: Systems Act (no.32 of 2000).

The five (5) year term for the Emfuleni Spatial Development Framework, 2012 – 2017 came to an end in June 2017. As a result, a new Spatial Development Framework for the new five year term (2017 – 2021) has been developed and was adopted by Council in May 2017. The new Spatial Development Framework will reflect the status quo, spatial development strategies for the municipality and new projects including Capital Investment Frameworks and alignment with National and Provincial spatial planning priorities. However, as mandated by relevant legislation, the Spatial Development Framework 2017 – 2018 underwent the annual review process in this past financial year and the Reviewed Spatial Development Framework, 2018 -2019 was approved by Council in May 2018.

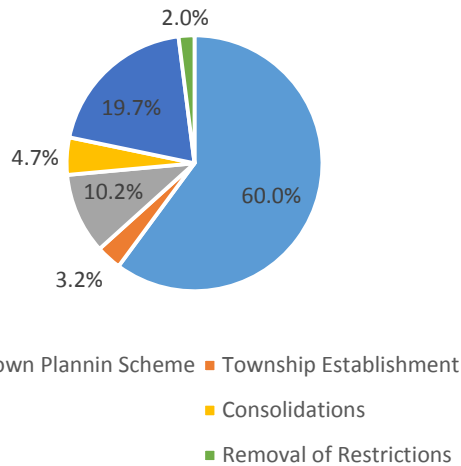
The municipality uses Geographic Information System (GIS) for the capturing, storing, integrating, manipulating and analyzing and displaying its spatial data. This system has a primary function of providing and technically encoding geographic and spatial information to the ordinary members of the public, councilors and officials for infrastructural planning purposes. GIS has progressively succeeded in helping the municipality to uncover municipal properties that would not have been discovered by other asset identification tools. The use of GIS as a revenue enhancement tool has also assisted the Council to increase its rate and taxes collection rate.

3.7.1 Applications for Land Use Development

Detail	Applications for Development
Applications received	320
Determination made in the reporting period	3
Applications withdrawn	0
Applications outstanding at year end	317

Application for land development entails the administration of development applications that includes (1) Rezoning, (ii) Removal of Restrictions, (iii) Township Establishments, (iv) Consent Uses, (v) Consolidations, (vi) Subdivisions and (vii) Evaluation and assessment of building plans. The Table above reflects the number of land development applications that were processed and are still in the system in respective areas of the Municipality.

Applications for Development



The municipality has received a total of 204 applications for Amendment of Town Planning Schemes and approved 21; received 11 Township Establishment and approved 2, received 35 Subdivision applications and approved 23; received 16 Consolidation applications and approved 8, received 67 Consent Use applications and approved 13; received 7 Removal of Restrictions and approved 2.

The total outstanding applications (applications still in progress) at the end of the current financial year were 300. Non approval on some of the town planning applications is due to the fact some applications were not fully complying with the statutory requirements such as outstanding municipal accounts and bond holders consent.

APPLICATIONS FOR LAND USE DEVELOPMENT				
Detail	Received and still in process for reporting			Approved Total
	PDA Areas	Vanderbijlpark Areas	Vereeniging Areas	
Amendment of Town Planning Scheme	16	79	94	23
Township Establishment	3	1	5	2
Subdivisions	16	9	22	29
Consolidations	11	2	10	10
Consent uses	19	2	13	20
Removal of Restrictions	9	1	3	4
Total outstanding applications – Applications in Progress	38	94	139	112

The table above reflects applications received during 2017/2018 financial year. These applications were also finalized during the period of reporting.

Recent Township Establishments

Township Name	Nature of Project
Vanderbijlpark SW 7 Extension 11	1100 currently undeveloped erven
Flora Gardens Extension 2	500 – Residential units
Vanderbijlpark SW 7 Extension 10	13 – Residential units

Eaglest Nest	249 - Residential units
Vanderbijlpark SE 8 Extension 1	3 - Retirement Village (3400 Res units)
Vanderbijlpark SE 8 Extension 2	2 - Retirement Village (2500 Res units)
SE 9	5 - Residential units (2400 Res units)
Bophelong Extension 25	142 - Residential units
SW Extension 12	13 - Residential units
	2 - Private Open Space
Sebokeng Unit 6 Ext 6	1- Commercial township (shopping mall).
SW 8	8 - Residential units
Sebokeng Extension 30, 32 & 34	3 343 - Residential units
Bedworth Park X 8	Commercial Township
	200 residential units
	100 commercial stands 50 Business stands
Powerville Park X 5	Commercial township (31 stands)
Powerville Park X 6	Commercial township (two stands)
Sebokeng Extension 29	203 - Residential
Vaalower Ext 1	450 - Residential units
SW 7 Ext 10	39 - Residential units
Lethabong	3200 - Residential
SE 5	1 751 - Residential
SW 7 Extension 5	2 – Business
Driefontein Estate	40 Residential
Sylviavale 4	Residential 2 – 5 Units Business 4 – 1
Lochvaal Extension 1	Residential 1 – 30
Sebokeng Extension 33	Business 1 – 2 Public Garage – 1
Northdene	Residential 1 – 4
Kaalplats	Residential 1 – 30
Bonane Extension 2 & 4	Residential 1 - 298

The table above reflects recent township establishments. Some of the township establishments were finalized in the 2017/2018 financial year.

3.7.2 Land Use: Employees

Job Level	Total Posts	Employees 2016/17	Employees 2017/18	Vacancies Fulltime	Vacancies as %
0 - 3	3	2	2	1	33%
4 - 6	20	13	14	6	30%
7 - 9	2	2	2	0	0%
10 - 12	5	4	1	4	80%
13 - 15	0	0	0	0	0%
16 -	0	0	0	0	0%
	30	21	19	11	37%

3.7.3 Land Use Management: Service Delivery and Budget Implementation Plan

Land Use Management: Service Delivery and Budget Implementation Plan						
Outline Service Targets	2016/2017		2017/2018		2018/2019	
	Target	Actual	Target	Actual	Target	
Review Spatial Development framework	Formulation of the new five year ELM SDF	Council approved new SDF	Council Approved SDF	Reviewed Council Approved SDF	Council Approved SDF	

3.7.4 Financial Performance: Planning

Planning					
Financial Performance 2017/18: Planning					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	13,663				
Expenditure:					
Employees	35,229	5,725	5,725	1,529	-274%
Repairs and Maintenance	74				
Other	30,603	126	126	12	-921%
Total Operational Expenditure	65,905	5,851	5,851	1,542	-280%
Net Operational (Service) Expenditure	-52,242	5,851	5,851	1,542	-280%

3.7.5 Building Control

Building Controls function is to ensure that compliance with the requirements of National Building Regulations and Standard Act 103 of 1977 is achieved in Emfuleni-area. Building control process (Building Plan Approval) guarantees compliant buildings success in helping to achieve reasonable standards of health & safety, energy conservation, accessibility and sustainability for building users.

Approval of Building plans is one of the core function. However, all plans received for approval range from houses, commercial buildings, Cell Mast, Temporary Structures. Plans that are not approved are archived for a period of a year only. All plans that have lapsed in the system must be resubmitted again. The annual number of applications submitted to building control for approval fluctuates.

Building control also looks after aspects of construction, including controlling demolition, business licensing and dealing with dangerous structures. Continuously building control monitors, review, improvement and implementation of building regulatory processes, systems, innovation, service excellence and best practice through operational and enforcement initiatives. Building Control also assists in ensuring public safety at events, venues and within sports facilities.

3.7.6 Applications for Approval of Building Plans

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Building Plan applications received for approval	1569	1580	5539	2283	2139	1737
Determination made in year of receipt	1598	685	1198	1581	1039	958
Determination made in following year	0	0	0	0	0	0
Applications not approved	840	908	2819	702	886	533
Applications outstanding at year end	0	0	1522	702	214	246

3.7.7 Service standards

The service provided to customers is important; therefore, we provide the following service level, which we consider as our minimum standard:

- Examining applications submitted under Building Regulations
- Inspecting building work in progress
- Providing an advisory service in respect of Building Regulations
- Administering the issue of Occupation Certificates
- Advising on dangerous structures
- Delivering information and training events for the building industry on the Building Regulations and other legislation
- Advising on Public Safety at Events
- Enforcing the Energy Performance of Buildings Regulations

The following additional compulsory inspections are executed as and when:

- Provisional Authorization to commence or proceed with the erection of a building or part thereof is granted;
- Permission to deviate from or for exemption from one or more provisions of the National Building Regulations is granted;
- Demolition Permits to proceed with demolition works are issued;
- Applications to use a building or part thereof before the Certificate of Occupancy has been issued are received;
- Applications to Issue a Certificate of Occupancy for an existing building where such Certificate was not issued on completion of the works and the building is occupied/not occupied are received; and
- Permits for Minor Building Work for new buildings and additions/alterations to existing buildings are issued.

3.7.8 Overall Performance

There were two projects that were successfully performed in this regard during the reporting period. These projects were the review of the Spatial Development Framework, 2017 – 2018 and the approval of the Vanderbijlpark CBD Urban Renewal Strategy. Work on the integrated Land Use Management Scheme formulated in line with the Spatial Planning and Land Use Management Act, 2013 (SPLUMA) that was initiated in the last financial year has progressed. The department has however been facing challenges with regards to the GIS capturing of electronic town planning information, an activity which is currently ongoing. The aforementioned projects were developed to guide, facilitate and coordinate land

developments, attract investments and ensure legislative compliance to land use development of the municipality. The Reviewed SDF, 2018 – 2019 was approved by Council at the end of May 2018.

As is stipulated by SPLUMA, 2013, the department developed the SPLUMA BY-LAWS to give effect to the nominations and appointment of members of the Municipal Planning Tribunal (MPT) and the Appeal Authority (AA) committees. Members of both these committees have been officially appointed by Council, replacing the section 79 committee (Land Tribunal). Both committees were subsequently gazetted in March 2018 and the MPT has already commenced adjudication of all contested land development applications lodged with the municipality.

The Municipality has set 26 applications before the Land Tribunals and 20 have been finalized and the remaining 6 will be finalized in the 2018/2019 financial year. The Municipality previously faced challenges regarding several late postponements by members and as such most hearings could not take place. It is envisaged that the appointment of the new MPT and AA committees will eventually solve this challenge. During the period under review there were about 926 Land use inspections, 318 transgressions (non-compliance to land use legislations). 74 Court Cases were submitted.

Geographic Information System (GIS) Function which is designed for capturing, storing, integrating, manipulating, analyzing and displaying data spatially referenced has assisted in providing usable information to officials, councilors and ordinary members of the public. The updating and verification of cadastral data has assisted the Municipality to plan, manage and implement infrastructural projects including asset management verification and alienation of municipality-owned parcels of land.

Land Use Management inspectors have established a proper work plan according to which all reported Land Use transgressions are dealt with and owners prosecuted. This has a positive effect on the minimizing of the total Land Use transgressions in the Emfuleni-area. Through land development tribunals, many outstanding land development applications were concluded. However, it must be mentioned that there are applications that are seen as backlog where all comments (internal and external) have been received and all the required documentation has also been submitted by the applicant and only reporting is outstanding.

LUM is continually promoting development by minimizing the approval period for applications and thus promoting development by reducing the cost of doing business in ELM area. Spatial Planning/Forward Planning responsibilities include the use of methods to influence the distribution of people and activities in spaces on various scales. The municipality also has the Law Enforcement Division (Inspectorate) that include investigations of alleged transgressions of the town planning schemes in operation and other planning related pieces of legislation and promotion of remedial measures.

Land Use management inspectors continuously report land use transgressions through municipal courts and responsible owners are summoned to that effect. This has a positive effect on the minimizing of the total land transgressions in the Emfuleni area. Through land development tribunals, many outstanding land development applications were concluded. However it must be mentioned that there are applications that are seen as backlog where all comments have been received and all the required documentation has also been submitted by the applicant. And only reporting is outstanding. Land Use Inspectors continuously investigate alleged transgressions of the town planning schemes in operation and other related pieces of legislation, issues notices to transgressors to cease illegal use or activities; issues summons for transgressors of the provisions of the applicable Town-planning legislation, inform interested parties of town planning provisions and instituting of litigations (opening of criminal cases) against transgressors).

3.8 LOCAL ECONOMIC DEVELOPMENT

Local Economic Development (LED) at the Municipality involves identifying and using local resources to create opportunities for economic growth and employment creation. The function also focuses on forming local partnerships with key and relevant stakeholders such as National & Provincial governments, District municipality and Private sector organizations. This is done to promote and support local economic

development initiatives aimed at enhancing Economic Growth and providing infrastructure for investment attraction and promotion of Emfuleni as a tourist destination.

Other key functions of LED and Tourism include:

- **Enterprise development:** Encouragement, support and promotion of SMME's and Cooperatives;
- **Advertisement:** Approvals of advertising in the area, monitoring and removals of illegal advertising and advertising by-law enforcement;
- **Informal Trading:** Enforcement of informal street trading by- laws in the municipality, demarcation of trading spaces, identifying places which can be used for informal street trading markets, Issuing of trading permits to traders, Identifying where stalls can be erected for traders, interacting with the Provincial Government and other relevant stakeholders for more support for the sector;
- **Business Retention and Growth:** Urban regeneration, renewal and retention, Identification of ways to improve business climate. Maintenance of relationships with business associations, forums and business service providers. Develop and maintain the data system to track trends within the business community;
- **Tourism:** Promotion and marketing of Tourism within the municipality; and
- **Agriculture:** Promotion and facilitation of agricultural development in the Municipality

3.8.1 Economic Activity by Sector

Economic Activity by Sector			
Sector	2015/16	2016/17	2017/18
Agriculture, forestry and fisheries	183 789	181 623	167 432
Mining and quarrying	470 567	452 695	377 557
Manufacturing	8 383 272	8 075 113	7 937 293
Wholesale and retail trade	3 194 849	3 216 139	3 242 310
Finance, property market, etc.	6 683 364	6 748 833	6 864 367
Government, community and social services	5 832 897	5 832 572	5 858 270
Infrastructure services	3 194 849	1 088 228	1 086 335

Whilst Government, Community & Social services, Wholesale & Retail trade are increasing and Finance & Property market are fluctuating, Manufacturing; Mining; Agriculture, Forestry and Fisheries and Infrastructure services sectors have been declining:

3.8.2 Economic Employment by Sector

Economic Employment by Sector Jobs			
Sector	2015/16	2016/17	2017/18
Agriculture, forestry and fishing	2729	2289	2036
Mining and quarrying	8332	8812	9023
Manufacturing	32 647	31 046	29 306
Wholesale and retail trade	28 131	26 596	25 453
Finance, property, etc.	27 384	26 768	25 943
Government, community and social services	26 019	25 725	24 523
Infrastructure services	86 98	9023	9416

All the other sectors are declining except infrastructure services and mining are increasing.

3.8.3 Local Economic Development Objectives Taken from IDP

Service Objectives	Outline Service Targets	2015/2016		2016/2017		2017/2018
		Target	Actual	Target	Actual	Target
Sustainable Livelihoods through decent employment	Approved LED Strategy	Stakeholder Consultation	Stakeholder Consultation	Implementation	Implementation	Implementation
	LED, Agriculture and Tourism initiatives implemented	7 Initiatives implemented	7 Initiatives implemented	4 Initiatives implemented	4 Initiatives implemented	3 Initiatives implemented
	1 Storage facility built at Markpark for informal traders			1 Storage facility built at Markpark for informal traders	1 Storage facility built at Markpark for informal traders	

- Built storage facility for informal traders at mark-park in Vereeniging
- Provided clear-view security fencing around food-vendor kiosk at Mark-park in Vereeniging
- Repaired ablution facilities both in Vereeniging and Vanderbijlpark CBDs to service informal traders, taxi drivers/commuters and the general public.
- Distributed One hundred (100) Homestead food garden starter-packs.
- In partnership with DTI, ELM facilitated training of 51 Informal traders on basic business management skills.
- Forty Two (42) youths were enrolled on Business Administration learner-ship program.
- Demarcated 300* new Informal trading stands in Vereeniging CBD
- 36 Cooperatives were offered training on Cooperative Act, Cooperatives Governance and Conflict Management skills
- Through National Rural Youth Service Co-ops (NARYSEC) program, sixty Two (62) youth from rural areas were trained through Technical, Vocational, and Educational and Training programs linked to the identified developmental community projects in rural areas. This program is run in partnership with Provincial Department of Agriculture and rural development.
- In partnership with Department of Agriculture & Rural Development and Sedibeng, the department held the Annual Farmer's Exhibition Day.
- 38 cooperatives attended International Cooperatives Day Celebration build- up Workshop in October 2017. Held SMME development Seminar in partnership with Ceramics Industries.

3.8.4 Financial Performance: Local Economic Development

Local Economic Development Services					
Financial Performance 2017/18: Local Economic Development Services					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	726	-686	-686	-348	-97%
Expenditure:					
Employees	4,894	8,898	8,898	3,740	-138%
Repairs and Maintenance	0				
Other	4,050	1,579	1,579	253	-523%
Total Operational Expenditure	8,943	10,477	10,477	3,993	-162%
Net Operational (Service) Expenditure	-8,217	9,791	9,791	3,645	-169%

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

3.9 SPORTS, ART AND CULTURE

Sport and Recreational implement a number of sport development programs that are focusing in the underprivileged areas. Some of the programs which were implemented included inter alia, sporting codes such as cycling, soccer, softball, boxing, netball, volleyball and athletics. It is estimated that a number of more than 2000 participants and emerging officials/coaches were reached through these programs.

The Division Arts and Culture is responsible for creating a conducive environment for artists through staging of events, while profiling our local artists in different art forms. The other objective is to search for new talent, develop and nurture it further. Supporting our local artists to excel and be professionals, thus leads to creation of job opportunities.

3.9.1 Services Statistics

The following programmes were successfully implemented in 2017/18

- Arts & Culture Symposium (150)
- Kasie & Hip-Hop Festival (200)
- VRC Theater Festival (80)
- VRC Street Parade (400)
- VRC Indigenous & Brass Band Festival (800)

- Best Dance Crew Festival (100)
- DJ Knockout Redsquare Festival (8 000)
- Launch of Cultural Creative Industries Federation of South Africa (200)
- Nangalembe Massacre Film Screenings (200)
- Human Rights Day Celebration (15 000)
- Puisano Jazz Festival (1 000)
- Arts & Culture Traditional Dance Festival (100)
- Book Launch of Unfinished Revolution (50)

3.9.2 Sport, Recreation, Arts and Culture policy objectives taken from IDP

Library, Sport, Recreation, Arts and Culture policy objectives taken from IDP							
Service objectives	Outline service targets	2014/15		2015/16		2016/17	2017/18
		Target	Actual	Target	Actual	Target	Actual
Searching for talent, support , develop and nature local artists	Sports programs and projects implemented	8	8	8	8	8	12
	Arts and Culture programs	7	9	6	10	7	7
Searching for talent, support, develop and nurture local artists	Development of artist	5	5	7	7	7	7

3.9.3 Employees: Sport, Recreation, Arts and Culture

Job Level	Total Posts	Employees 2016/17	Employees 2017/18	Vacancies Fulltime	Vacancies as %
0 - 3	4	3	4	1	0%
4 - 6	7	6	6	3	43%
7 - 9	8	5	5	3	38%
10 - 12	30	24	24	6	20%
13 - 15	30	4	3	27	90%
16 -	92	53	53	39	42%
	171	95	95	79	46%

3.9.4 Financial Performance

Sport and Recreation					
Financial Performance 2017/18: Sport and Recreation					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	-1,329	-134	-134	-129	-4%
Expenditure:					
Employees	18,583	31,346	31,346	12,451	-152%
Repairs and Maintenance	1,265				
Other	21,135	6,253	3,874	130	-4726%
Total Operational Expenditure	40,983	37,599	35,220	12,581	-199%
Net Operational (Service) Expenditure	39,654	37,466	35,087	12,452	-201%

3.9.6 Capital Expenditure: Sport, Recreation, Arts and Culture

Capital Expenditure 2017/18

Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Sports, Arts & Culture	25,227,508.00	19,643,742.00	18,704,919.29	-5%	-35%
Ablution Fac & Caretaker Home Zn3 Stad	2,100,000.00	36,990.00	-		
Commissioning Of Community Halls	1,000,000.00	-	-		

Highmast Lights In Dick Fourie Stadium	250,000.00	-	-		
Multi Purp Rec Facility Palmsprings	6,350,000.00	8,650,000.00	7,702,249.61	-12%	18%
Rec Fac Sharpville Ward 13	3,227,508.00	2,727,508.00	2,573,425.90	-6%	-25%
Upgrading Of Zone 7 Stadium	3,100,000.00	-	-		
Upgr Fence Irrigation & Facil Boipatong	900,000.00	-	-		
Upgrade Rust-Ter-Vaal Stadium Phase 2	6,000,000.00	8,429,244.00	8,429,243.78	0%	29%
Upgrading Of Dickensonpark	1,000,000.00	-	-		
Upgrading Of Zone 11 Stadium	500,000.00	-	-		
Upgrading Of Tennis Courts	800,000.00	-	-		

3.9.7 Overall Performance (2017/18)

The membership of public libraries was increased to 20 829. This was mainly due to the implementation of free membership and effective programs presented. The number of library materials used were 159 768 through conducting various reading campaigns which were attended by 18 555 people.

2 860 new books procured through the approved tender process for all ELM Libraries. A total of R 1 800 000 Grant Funding was received and all was spent. There have been challenges, which impacted negatively to the implementation of the projects.

3.10 PARKS AND CEMETERIES

The Division of Parks is responsible for the provision; development and maintenance of public open spaces; green-belts; parks, wetlands, environmental sensitive areas municipal gardens and civic decorations.

3.10.1 Service Standards

For the period under review the municipality has successfully achieved the following:

- grass cutting 110 developed parks (1 060 000m²) and 603 undeveloped parks (1 500 000m²)
- 1 090 formally planted street trees,
- maintained 18 green belts around clinics and 45 municipal gardens and flower beds, and
- maintained 12 green belts around libraries and 600 fire breaks around electrical substation

3.10.2 Parks and Cemetery Policy Objectives Taken From IDP

Parks and Cemetery Policy Objectives Taken From IDP						
Services Objectives	Outline Service Targets	2016/2017		2017/2018		2018/2019
		Annual Target	Actual Achieved	Annual Target	Annual Achieved	Annual Target
Maintained cemeteries, parks, public open spaces and green belts in urban areas.	Arboricultural and horticultural maintained parks, public open spaces and green belts in urban areas	1,500,00m ² grass cut in developed public parks, public gardens and green belts	1,500,00m ² grass cut in developed public parks, public gardens and green belts	1,060,000m ² grass cut at developed public parks, public gardens, and green belts	1,060,000m ² grass cut at developed public parks, public gardens, and green belts	Arboricultural and horticultural maintained parks, public open spaces and green belts in urban areas
	Arboricultural maintenance on parks, public open spaces and green belts in urban areas	7 093 133.00 m ² grass cuts in developed parks per annual	7 093 133.00 m ² grass cuts in developed parks per annual	1 500 000m ² grass cut at undeveloped public open spaces	1 500 000m ² grass cut at undeveloped public open spaces	Arboricultural maintenance on parks, public open spaces and green belts in urban areas
	100% Turnaround time of 3 working days for the provision of graves for burial purposes, measured from the time of receipt of applications to the time of completion for providing the graves	100% Turnaround time of 3 working days for the provision of graves for burial purposes, measured from the time of receipt of applications to the time of completion for providing the graves	100% Turnaround time of 3 working days for the provision of graves for burial purposes, measured from the time of receipt of applications to the time of completion for providing the graves	100% Turnaround time of 3 working days for the provision of graves for burial purposes, measured from the time of receipt of applications to the time of completion for providing the graves	100% Turnaround time of 3 working days for the provision of graves for burial purposes, measured from the time of receipt of applications to the time of completion for providing the graves	Provision of graves for burial purposes, in a well-maintained cemetery.

3.10.3 Employees: Cemeteries and Parks

Job Level	Total Posts	Employees 2016/17	Employees 2016/18	Vacancies Fulltime	Vacancies as %
0 - 3	3	2	2	1	33%
4 - 6	12	4	4	8	67%
7 - 9	61	17	17	44	72%
10 - 12	25	5	5	20	80%
13 -15	279	49	47	232	83%
16 -	641	83	81	560	87%
	1021	160	156	865	85%

3.10.4 Financial Performance: Parks

Financial Performance 2017/18: Bio-Diversity; Landscape and Other					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)		-292	-292	-307	105%
Expenditure:					
Employees	2,424	2,263	2,263	1,983	88%
Repairs and Maintenance	159	0	0	0	0%
Other	2,446	1,461	1,591	1,426	98%
Total Operational Expenditure	5,028	3,724	3,854	3,409	92%
Net Operational (Service) Expenditure	-5,028	3,433	3,563	3,102	90%

3.10.5 Financial Performance: Cemeteries

Financial Performance 2017/18: Cemeteries and Crematoriums					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	-10,033	-10,000	-10,000	-4,005	-13%
Expenditure:					
Employees	25,746	12,260	12,260	5,535	-7%
Repairs and Maintenance	-65				
Other	40,666	72	2,572	1,058	0%
Total Operational Expenditure	66,346	12,332	14,832	6,594	-4%
Net Operational (Service) Expenditure	-56,313	2,332	4,832	2,589	8%

3.10.6 Capital Expenditure: Cemeteries

Capital Expenditure Year 2017/18: Cemeteries					
Capital Projects	Year 2017/2018			Variance from original budget	Total Project Value
	Budget	Adjustment Budget	Actual Expenditure		
Cemeteries	12,714,315.00	2,767,560.00	3,510,908.56	21%	-262%
Upgrading Of Rustervaal Cemetery	714,315.00	32,223.00	32,223.00		
Upgrading Of Evaton Cemetery (Sedibeng Grant)	1,000,000.00	-	-		
Upgrading Of Evaton Cemetery	3,000,000.00	2,627,665.00	3,388,790.82	22%	
Upgrading Of Nanescol Cemetery	1,500,000.00	27,890.00	27,890.00	0%	
Upgrading Of Tshepiso Cemetery	1,500,000.00	50,000.00	-		
Upgrading Of Vuka Cemetery	500,000.00	-	32,223.00	100%	-1452%
Upgrading Of Vanderbijlpark Cemetery	4,500,000.00	29,782.00	29,781.74	0%	-15010%

3.10.7 Overall Performance

Gauteng Department of Agriculture and Rural Development has a program of Cleaning and Greening whereby they develop public open spaces which are subjected to illegal dumping and endeavor to stop the said illegal dumping by developing parks thereon. As a result of this program the public open space, Erf 8855, adjacent to Dhlomo Dam, Sharpeville, was developed.

The following were funded, supplied and erected / planted by Gauteng Department of Agriculture and Rural Development:

- 1,000m² of lawn
- 1x three-seater swing
- 1x round-about
- 4x park benches
- 4x swing bins
- 100 concrete bollards
- 1x outdoor gym - pull and push chair
- 1x outdoor gym - space-walker
- 1x outdoor gym - bicycle
- 105m² of paving

The table below indicates the temporary job opportunities that were created:

No	Activity	Number of local / beneficiaries used
1	Planting of lawn	5
2	Erection of three-seat swing & Roundabout	2
3	Installation of Park benches & swing bins	2
4	Installation of Concrete bollards	3
5	Installation of Outdoor Gym equipment	2
6	Laying of Paving	2

3.11 SOCIAL DEVELOPMENT

Social development is a multi-disciplinary in nature and cuts across sectors and is driven by the social work profession in caring out services. Social workers are a corner stone of developmental approach they guide and shape the nature of development. Emfuleni Social Development render social work services to various target groups namely; children, youth women, families, older persons and people with disabilities. Social Programmes rendered to these target groups entails socio-economic, moral regeneration, empowerment, and poverty reduction programmes.

Levels of intervention utilized in rendering services to these target groups are: Prevention, Early Intervention (Non-Statutory) and re-integration. Interventions provided includes child abuse, sexual, emotional and financial abuse. Door to door campaigns, distribution of educational materials and presenting of workshops and meetings as part of prevention and early intervention to protect children from abuse.

Achievements

- The service statistics regarding the above mentioned community support programme includes the following:
- 2017/18 Financial year 7570 indigent household verified and registered in the indigent program with a total household market value exceeding R250, 000 thresholds;
-
- A total of 125 indigent & pauper burials conducted within the municipality;
-
- 6 ward based indigent campaigns conducted which focuses on educating and promoting registration and reviewing of the indigent program, with a total number of 664 people attended;
-
- 850 older persons attended the event which was focusing on reviving the club and increasing membership, speakers presented on healthy lifestyle, education on their rights and types of abuse faced by elderly people;
-
-
- 140 Life skills program at Thabovuyo and Thutotiro High school and distribution of sanitary towels;
-
- 60 community members attended the event on 16 (365) Days of Activism against Women and Children Abuse –Soul Tsotetsi hall;
-
- 1811 people attended the ICROP program which is the integrated program conducted with various departments on service delivery programs;
- 1200 Substance Abuse & Drug Awareness program which took place at Moloantoa primary School. The program aimed at reducing the use of substances among learners within the schools;

-
- 192 community members attended HIV and AIDS World's Day Campaign at Vereeniging taxi rank;
- 644 therapeutic sessions were initiated for families in distress in the four regional offices;
-
- 113 attended International day against alcohol and substance abuse in ward 25- Vanderbijlpark Plots at Jamela Rehabilitation Centre.
-
- Service Delivery Campaign at Maboelleng, Pheello, Pitseng Primary Schools: To make parents and school children aware of available resources and their locations. 151 parents and 1 461 school children were reached.
-
- TRAINING OF ECD PRACTITIONERS: It is done by Matthew Goniwe School of Leadership with the initiative of ELM Social Development to capacitate 62 practitioners for NQF Level 4 cohort 5
-
- ICROP (INTEGRATED COMMUNITY OUTREACH PROGRAMME) AT THUSONG MULTIPURPOSE CENTRE IN EVATON: This is an inter-departmental programme aimed at bringing service to the people in a decentralised manner initiated by SASSA. FSCA, Home Affairs, NGICS, Regional DSD, ELM DSD participated in the planning and implementation of the campaign. Breakfast and lunch was provided by SASSA for service providers and participants.
-
- 16 DAYS OF ACTIVISM ON NO VIOLENCE AGAINST WOMEN AND CHILDREN TOGETHER WITH WORLD AIDS DAY: It was held at Mullersteine Hall, at Ward 25. 35 people attended as majority of the people are working in the plots and town. Abuse of drugs and alcohol are often the cause of violence.
-
- .
- WAR ROOM ON POVERTY – SERVICE BLITZ: Poverty Alleviation Programme campaign held Saul Tsoetsi Sport Centre Hall in Ward 30 Zone 14 Sebokeng. The program aimed at creating awareness of existing programs and resources around the Emfuleni. The Sedibeng Regional Department of Social Development, Sustainable Livelihood Unit initiated the program where Emfuleni Local Municipality Department of Social Development was invited to form partnership. The following service providers participated: National Youth development Agency, SASSA, Departments of Labour and Agriculture which took CVs from Youth for internships and learnerships, ELM Social Development, etc.
-

3.11.1 Social Development Policy Objectives Taken From IDP

Outline Service Targets	2015/16		2016/17		2017/18	
	Annual Target	Actual Achieved	Annual Target	Annual Achieved	Annual Target	Annual Actual
Number of indigent household applications verified	3800	4375	100%	100%	4000	7570
Implement developmental program and awareness campaigns.	6	15	8	12	8	12
100% indigent Burial applications verified	100%	100%	100%	100%	100%	100%

3.12.2 Employees: Social Development

Job Level	Total Posts	Employees 2016/17	Employees 2017/18	Vacancies Fulltime	Vacancies as %
0 - 3	1	0	1	0	0%
4 - 6	26	13	7	19	73%
7 - 9	13	2	0	13	100%
10 - 12	20	15	14	6	30%
13 -15	0	0	0	0	0%
16 -	0	0	0	0	0%
	60	30	22	38	63%

3.11.3 Financial Performance: Social Development

Financial Performance 2017/18: Child Care; Aged Care; Social Programmes					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)					
Expenditure:					
Employees	5,576	6,593	6,593	5,622	-17%
Repairs and Maintenance	0				
Other	2,231	2,462	2,750	2,394	-3%
Total Operational Expenditure	7,807	9,055	9,343	8,016	-13%
Net Operational (Service) Expenditure	7,807	9,055	9,343	8,016	-13%

3.11.4 Expenditure: Social Development

Capital Expenditure Year 2017/18: Social Development					
Capital Projects	Year 2017/2018				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Social Development Grant	12,075,000.00	9,075,000.00	8,927,469.22	-2%	-35%
Social Development Grant	4,025,000.00	10,936,234.00	10,632,251.47	-3%	62%

3.11.5 Overall Performance

Indigent household Mass registration and verification program/ campaign that require more staff members to conduct door to door verification and registration of new applicants. There is no budget to execute the program, the department will continue with ward based verification.

Indigent pauper/burial which has been increased over the years because of high rate of unemployment and poverty in the community. The municipality is receiving a more applications than the actual allocated budget, R500, 000 additional is likely to be requested.

3.12 PRIMARY HEALTH CARE

The Primary Health Care function is the competency of Gauteng Provincial Department of Health in terms of the National Health Act 61 of 2003. The National Health Council resolved on 24 November 2005 that Primary Health Care Services in District Councils be transferred back to province. The Gauteng Provincial Health Council resolved on 19 March 2014 to transfer PHC services from district municipalities to province by end of the 2015/16 financial year. Subsequently the Emfuleni Local Municipality resolved with item A 2844 on 29/06/2014 to support the provincialisation of PHC services.

A project manager was appointed to facilitate the provincialisation of PHC function in Sedibeng which commenced with negotiations for transfer of personnel as the 1st phase and will be followed by transfer of movable and fixed assets as the 2nd phase of the process. The transfer of personnel is taking longer to conclude due to differences in service conditions between the two spheres of government.

3.12.1 Service Data Clinics

		2017/2018	2017/2018	2016/2017	2015/2016
	Details	Actual No:	Estimate No:	Actual No:	Actual No:
1	Average number of Patients visits per day	5265	5300	4825	4130
2	Total Medical Staff available on an average day	7	8	9	9
3	Average Patients waiting time	90 min	124min	100min	140 min
4	Number of HIV/AIDS tests undertaken in the year	125439	102 789	113 067	126 000
5	Number of tests in 4 above that proved positive	17425	15 501	14 000	13 995
6	Number of children that are immunized under 1 year of age	12218	11 919	15 000	16 500
7	Child immunizations above compared with the child population under 1 year of age	98 %	98%	95%	93.3%

3.12.2 Primary Health Care Policy Objectives Taken From IDP

Primary Health Care Policy Objectives Taken From IDP						
Strategic Objectives	Key Performance Indicators	2017/18		2016/17		2015//2016
		Annual Target	Actual Achieved	Annual Target	Actual Achieved	Annual Target
Proportion of population visiting public health clinics	% of children under 1 year that are immunized	95%	96%	95%	98%	95%
Proportion of population visiting public health clinics	% of those tested for HIV/AIDS that proved positive; (number of those tested)	35%	30%	35%	28.7%	35%

3.12.3 Employees: Primary Health

Job Level	Total Posts	Employees 2016/17	Employees 2017/18	Vacancies Fulltime	Vacancies as %
0 - 3	1	1	1	0	0%
4 - 6	38	34	34	4	11%
7 - 9	102	48	48	54	53%
10 - 12	24	10	10	14	58%
13 -15	25	4	4	21	84%
16 -	33	18	18	15	45%
	223	115	115	108	48%

3.12.4 Financial Performance: Primary Health

Clinics					
Financial Performance 2017/18: Clinics					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	-277	-163,504	-181,574	-419,995	61%
Expenditure:					
Employees	23,702	202,552	181,884	164,241	-23%
Repairs and Maintenance	252				
Other	13,779	262,902	318,811	322,775	19%
Total Operational Expenditure	37,733	465,454	500,696	487,015	4%
Net Operational (Service) Expenditure	37,456	301,950	319,122	67,020	-351%

3.13 ENVIRONMENTAL HEALTH

The function includes the provision of a comprehensive Environmental Health Services to enable the community to live in a healthy and hazard free environment. Environmental Health is rendered in terms of National Health Act 61 of 2003. Municipal Health Services composed of nine (9) elements or focus areas, which are the mandate of ELM with regard to Municipal Health Services, namely

- Food Control
- Health surveillance of premises
- Vector control
- Prevention of communicable diseases
- Disposal of the dead
- Water Quality Monitoring
- Environmental Pollution Control
- Control of hazardous waste
- Chemical Safety

Important to note is that the definition of MHS includes aspects of at least the following Schedule 4 Part B and Schedule 5 Part B functions, which are to be performed by the Environmental Health Division?

- Air Pollution
- Noise Pollution
- Solid Waste removal and disposal
- Water and Sanitation
- Licensing and Control of undertakings that sell food to the public
- Control of Public Nuisances
- Child Care Facilities
- Municipal Abattoirs

3.13.1 Municipal Statistics

Environmental Health functions as stipulated in the National Health Act, 2003 (Act 61 of 2003)

Water quality control:

- Monitoring and sampling of potable water (26 samples).

- Monitoring and sampling of open water (30 samples) as well as all other sources.
- Awareness programs during suspected disease out breaks.

Food control:

- Regular inspections (3062 inspections) and monitoring of all food premises to ensure compliance with legislation and that a safe and wholesome product is provided to the public.
- 10 food samples were taken.
- Special events were monitored for the safe provision of foodstuffs to the public
- 3062 Inspection Reports were issued.
- A total of **48 172kg** of foodstuffs was surrendered for destruction (unfit for human consumption)

Waste management:

- Monitor environment in respect of illegal dumping and littering and take the necessary remedial actions.
- 70 Inspections of Medical Waste Generator Premises.

Health surveillance of premises:

- Conduct inspections at premises to ensure compliance to legislation and Council policies.
- Standard Operating Procedure for the handling of complaints were drafted and workshop with all the Environmental health Practitioners to have a common understanding.
- Investigate complaints and ensure that remedial actions are taken.
- 687 Pre-School inspections were done.
- Inspection Reports were issued.
- Pre-school owners were workshop on Environmental Health related topics.

Surveillance and prevention of communicable diseases, excluding immunizations:

- Trace sources of infections and take samples for analysis if necessary.
- Take preventative measures to prevent spreading of outbreaks by means of information.
- Environmental Health plan drafted to ensure a preventative/action plan that would assist in curbing the consequences that may be caused by Cholera/Waterborne diseases in the area of Emfuleni Local Municipality. No infectious water-borne diseases were reported.
- A total number of 1 notifications were received from Province for investigation and Feedback reports were submitted to Province.
- Liaison with the District and Provincial Outbreak response team.

Vector control:

- Eradication of vectors on Council property by means of poisoning or fumigations.
- Investigate complaints regarding vector and ensure that remedial actions are taken if necessary.

Environmental pollution control:

- Investigate sources and complaints (49) regarding all forms of pollution.
- Monitoring of air quality using the relevant equipment.
- Ensure compliance and adherence to relevant legislation.

Disposal of the dead:

- Regular inspections of funeral under takers and mortuaries.
- Supervises exhumations.

A total of 162 inspections of funeral undertaker premises have been Conducted.

3.13.2 Health Inspection and Policy Objectives Taken From IDP

Service Objectives	Outline Service Targets	Health Inspection and Policy Objectives Taken From IDP							
		Year 2016/17		Year 2017/2018		Year 2017/2018		Year 2018/2019	
		Target	Actual	Target	Actual	Target	Actual	Target	Actual
Healthy and safe environment for communities - Number of Food Premises Inspections	Food Premises Inspections 2018/2019	7960	7960	7190	7960	7190	7960	3780	3062
	Pre-School Inspections 2018/2019	2200	2500	2300	2500	2300	2500	1080	687
	Funeral Undertaker Premises Inspections 2018/2019	320	320	290	320	290	320	1270	46
	Samples Taken 2018/2019	1120	1120	968	120	968	120	270	66

3.12.3 Employees: Environmental Management

Job Level	Total Posts	Employees 2016/17	Employees 2017/18	Vacancies Fulltime	Vacancies as %
0 - 3	1	1	1	0	0%
4 - 6	10	8	8	2	20%
7 - 9	32	12	11	21	66%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 -	4	0	2	2	50%
	47	21	22	25	53%

3.13.4 Financial Performance: Environmental Health

Pollution Control					
Financial Performance 2017/18: Pollution Control					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	12,515	0	0	0	100%
Expenditure:					
Employees	10,623	28,194	28,194	10,431	-170%
Repairs and Maintenance	8				
Other	10,615	10,061	7,561	319	-3049%
Total Operational Expenditure	35,965	38,255	35,755	10,750	-256%
Net Operational (Service) Expenditure	-23,450	38,255	35,755	10,750	-256%

3.13.5 Overall Performance

The Environmental Health Division is responsible for monitoring all aspects of food handling at public events to ensure compliance with all relevant legislation pertaining to food safety. Monitoring is also undertaken in the form inspection of food premises for hygiene standards, inspection of food handlers for personal hygiene practices, inspection of transportation modes, ascertaining the possession of a Certificate of Acceptability by the service provider and ensuring adequate provision of water supply and proper sanitation.

The following projects were conducted:

- Led by councillors and SAPS, joint inspections were conducted.
- Several cleaning up campaigns
- Hand washing workshop for ECD
- Celebration of Environmental Health Calendar
- ECD workshop on Food Safety

COMPONENT G: PUBLIC SAFETY

The Department Public Safety is responsible for the safety of the community, municipal staff and municipal assets.

Public Safety involves the functions of Municipal Courts Services, Fire & Rescue Services, Disaster Management Services, Traffic Policing, Road Safety Promotions, Social Crime Prevention, Security & Investigation Services.

The Municipal Courts conducts prosecution in respect of contraventions of, or failure to comply with a provision of by-laws or regulations of the municipality, other legislation administered by the municipality and legislation determined by the National Director of Public Prosecutions.

ELM's Fire, Rescue and Disaster Management Services have 4 Fire Stations which are strategically placed in the area and has attended to calls within the applicable South African National Standards (SANS)

Emfuleni Local Municipal (ELM) Traffic & Security services are provided in all 45 municipal wards. The following functions are performed in order to secure efficient and effective service delivery to the communities: Law Enforcement, Administration, Logistical Support Services, Accident Management, Training, Traffic Engineering, Social Crime Prevention, Community Policing, Traffic Policing, and Security Services inclusive of investigations into theft and losses and V I P services. The function is divided into three regions and has successfully implemented the Emfuleni Traffic & Security Law Enforcement Year Plan of which all the targets were met. Joint road blocks were also held with SAPS and different Provincial Traffic Departments. Road safety promotional campaigns were conducted at schools and in the community, based on vulnerability and risk assessments conducted and as per the request from the community

The ELM Crime Prevention is aligned to the National Crime Prevention Strategy, the Provincial Crime Prevention Strategy and the District Crime Prevention Strategy. Social Crime Prevention campaigns were held with the departments of Education, Correctional Services, Provincial Community Safety, SAPS and the CPF's targeting school safety, drug abuse, reintegration of offenders to the community as per Correctional Services guidelines and policies, domestic violence and all forms of abuse.

3.14 MUNICIPAL COURTS

The core function of the Municipal Courts is to impartially adjudicate municipal related legislation in compliance with legislative standards determined by the Department of Justice and Constitutional Development, (DoJ & CD) and the National Prosecuting Authority, (NPA).

The Municipal Courts is a multi-disciplinary function with a territorial jurisdiction within the magisterial district boundaries, determined by the Department of Justice & Constitutional Development, aligned with the municipal boundaries of Emfuleni.

3.14.1 Court Administration

Court Administration includes Processing Services, Admission of Guilt Services, Accounting and Finance Services, Help Desk Services, Back Office Services, Offices of the Prosecutors, Offices of the Magistrates, Interpreter Services, Fine Recovery Services, Court Orderly Services and Messenger Services.

It also involves liaison with the respective magistrate courts, liaison with relevant stakeholders such as the South African Police Services and law enforcement agencies within council, interacting with the Department of Corrections when necessary, case flow management, court support services, budgeting and fiscal management, procurement, audit and internal control, etc.

The Accounting and Finance function oversees the collection of and accounting for all admissions of guilt, (court fines), court costs, fees, bail, reimbursement of fines when applicable and the disbursement of contempt of court funds.

The status of Court Administration in the respective magisterial jurisdictions is as follows:

- **Vanderbijlpark Magisterial District**

The Vanderbijlpark Municipal Court is promulgated a Branch Court of the Vanderbijlpark Magistrates Court.

- **Sebokeng Magisterial Sub-District**

The Municipal Court is accommodated at the Sebokeng Magistrates Court. This is an interim arrangement between the Department of Justice and Emfuleni until construction of the Municipal Court building is completed.

- **Vereeniging Magisterial Sub-District**

The Vereeniging Municipal Court functions are divided between the Vereeniging Magistrates Court and the Duncanville premises. The office of the Municipal Courts Prosecutor is situated at the Vereeniging Magistrates Court where the Magistrate, presiding over municipal cases is seated. The Admission of Guilt Clerks and Pay Point functions are remotely situated in Duncanville.

3.14.2 Court Support Services

Court support services form an integral component in the realization of acceptable service delivery. The Municipal Courts has the responsibility of providing acceptable service levels, required by the criminal justice system in order to facilitate effective court and cash flow management.

Court support services consist of back office services, accounting and finance services; help desk services, fine recovery operations and training.

The following court support services were rendered during the year:

3.14.3 Service Statistics

Documentation processed:	2015/16	2016/17	2017/18
Section 56 Notices Captured	41 779	37 308	10 382
Section 341 Notices Captured	39 649	33 143	17 087
Camera Mailers printed	207 964	253 906	523 696
Summonses – Section 54's generated	171 679	860	22 259
Summonses served	1 229	30	343
Court rolls done	670	632	531
Cases on court register	42 266	32 363	21 930
Offender tracing road blocks conducted	140	67	126
Representations Received	35 828	27 536	78 363
Representations Finalized	37 430	22 201	77 853
Help Desk Calls Received	6 421	4 034	6 895
Warrants Executed	2 691	1 556	446
Warrants withdrawn & returned (Justice directive)	31 018	1 105	244
SMS sent to offenders	83 866	4 597	371 072
Receipts issued	35 295	28 902	84 521
Value of receipts issued (incl. miscellaneous income)	R12 240 866	R10 557 014	R30 904 281
Collection Rate	8.00%	4.33%	10.84%
Annual documentation processed	587 208	511 710	765 711

3.14.4 Employees: Municipal Courts

Job Level	Total Posts	Employees 2016/17	Resigned etc.	Appointed etc.	Employees 2017/18	Vacancies Fulltime	Vacancies as %
0 - 3	1	1	0	0	1	0	0%
4 - 6	13	5	0	0	5	8	7.76%
7 - 9	79	24	3	1	20	59	57.28%
10 - 12	7	0	0	0	1	6	5.83%
13 - 15	3	0	0	0	0	0	0%
16 -	0	0	1	0	0	3	2.91%
TOTAL	103	31	4	1	27	76	74%

3.14.5 Overall the Performance

The Municipal Courts continually strived to fulfill its obligation and its mandate as stipulated in terms of the Municipal Systems Act of 2000. Section 112 of the Act enables a municipality to conduct prosecution in respect of a contravention of, or failure to comply with a provision of a by-law or a regulation of the municipality, other legislation administered by the municipality and other legislation as determined by the National Director of Public Prosecutions.

The Municipal Courts increased its case finalization rate from 4.33% to 10.84% during the financial year,

A total of 83 309 cases were finalized, 690 warrants of arrest executed and the Prosecutors considered a total of 77 853 representations during the year.

The Fine Recovery Unit conducted 126 operations. During these operations, 1 869 offenders paid admission of guilt on their 4 758 outstanding fines at the mobile office facilities to the amount of R 1,374,925.

During the same operations, 400 warrants of arrest were executed to the value of R 259,050 when 389 offenders settled their outstanding warrants of arrest recorded against their names.

The Clerk of the Court prepared 531 court rolls for scheduled court dates with 21 930 cases on court register.

Defendants paid admissions of guilt to the value of R 30,682,629 at the respective Municipal Courts Pay Points, including the mobile offices mentioned above.

The total of revenue collected by the Municipal Courts, included miscellaneous payments, amounted to R30 904 281 for the 2017/18 financial year.

The Back Office processed 22 259 Section 54 summonses and allocated it to summons servicers for serving thereof upon defendants.

Defendant details were timely and efficiently validated to trace those with unsettled fines and those who committed contempt of court.

A total of 371 072 SMSes were sent to notify defendants of fines and warrants of arrest recorded against their names.

The Help Desk attended to 6 895 telephone inquiries, 10 693 email and 3 290 fax enquiries during the reporting period.

3.15 TRAFFIC AND SECURITY

ELM's Traffic & Security Services is aligned to the National Crime Prevention Strategy, the Provincial Crime prevention Strategy and the District Crime Prevention Strategy. The function is divided into three regions and has successfully implemented the Emfuleni Traffic & Security Law Enforcement Year Plan and all the targets were met. Joint road blocks were also held with SAPS and different Provincial Traffic Departments. 17 road safety promotional campaigns were conducted in schools and in the community, based on vulnerability and risk assessments conducted and as per the request from the community. Social Crime Prevention campaigns were held with the Departments of Education, Correctional Services, Provincial Community Safety, SAPS; the CPF's targeting school safety, drug abuse, and reintegration of offenders to the community as per Correctional Services guidelines and policies, domestic violence and all forms of abuse.

3.15.1 Service Statistics

Traffic and Security Service Data					
	Details	2017/2018	2016/2017		2017/2018
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of road traffic accidents during the year	7159	7219	8671	7420
2	Number of all by-law infringements attended (include parking meters)	9426	9000	6972	7800
3	Number of Traffic officials in the field on an average day (Traffic Officers & Traffic Wardens)	94	100	105	96
4	Number of all Traffic personnel on duty on an average day (includes Traffic Officers Security, Crime Prevention, General Workers, admin personnel)	132	145	144	134

3.15.2 Traffic and Security Policy Objectives Taken From IDP

Traffic and Security Policy Objectives Taken From IDP						
Service Objectives	Outline Service Targets	2015/2016		2016/17		2017/18
		Target	Actual	Target	Actual	
Renewing our communities and reviving sustainable Environment	Fraud and loss control - investigations	Maximum turn-around time of 24 hours	Achieved 100% maximum turn-around time of 24 hours	Turn-around time of 24 hours, 100% compliance	Renewing our communities and reviving sustainable Environment	Fraud and loss control - investigations
	Social crime prevention campaigns implemented	Conduct 16 Local Crime Prevention campaigns. (4 campaigns per quarter).	Conducted 16 Local Crime Prevention campaigns	Conduct 16 Local Crime Prevention Campaigns ,4 campaigns per quarter		Social crime prevention campaigns implemented
	Conduct law enforcement operations in relation to ELM Annual law enforcement plan	Conduct 12 law enforcement operations	Conducted 12 law enforcement operations	Conduct 12 law enforcement operations,3 campaigns per quarter		Conduct law enforcement operations in relation to ELM Annual law enforcement plan

13.15.3 Employees: Traffic and Security

Job Level	Total Posts	Employees 2016/17	Employees 2017/18	Vacancies Fulltime	Vacancies as %
0 - 3	1	1	1	0	0%
4 - 6	10	7	6	4	40%
7 - 9	197	120	123	54	27%
10 - 12	65	25	25	40	62%
13 -15	4	1	1	3	75%
16 -	13	4	4	9	69%
19	50	0	0	50	0%
	340	158	160	160	47%

3.15.4 Financial performance: Traffic and Security

Financial Performance 2017/18: Traffic					
R'000					
Details	2016/17	2017/18			
	Actual	Original	Adjustment	Actual	Variance to
Total Operational Revenue	-165,249	-126,052	-126,052	-15,285	-725%
Expenditure:					
Police Officers	35,516	60,598	60,598	26,913	-125%
Other employees	6,293	29,683	29,683	12,622	-135%
Repairs and Maintenance	79				
Other	29,144	88,278	88,278	39,159	-125%
Total Operational	330,256	148,877	148,877	66,072	-125%
Net Operational (Service)	165,006	22,824	22,824	50,786	55%

3.15.5 Overall Performance

The following performance highlights were recorded in assisting Traffic and Security to achieve its objective of bringing services closer to the people and improving their quality of life. The ELM Annual Law Enforcement Plan was implemented of which all the targets set out in the program were met.

Joint roadblocks were also held with the SAPS, the Gauteng Provincial Traffic Department and Free State Provincial Traffic Department. During 2017/18 386 joint operations were conducted. A total of 10 law enforcement operations were conducted covering all three regions as demarcated by Public Safety with total of 21 443 fines issued.

16 Crime prevention campaigns were conducted as per the CSF Annual plan with the Departments of Education, Correctional Services, Provincial Community Safety, Sedibeng District Municipality, SAPS, Social Development and the CPFs targeting school safety, drug abuse, rape, 365 days of activism against women and child abuse, altering of crime hotspots through CPTED (Crime prevention) and environmental design. Other campaigns include campaigns to decrease gangsters through public education and awareness, school safety promotion through talks and searching of learners with SAPS as well as reclaiming our culture in Evaton targeting gangsters and drug abuse.

Twelve (12) Road Safety promotional campaigns were conducted in schools and various targeted areas within the community based on conducted vulnerability- and risk assessments and as per requests from the community to identify the root causes of crime within ELM wards towards the review of the ELM crime prevention strategy.

All theft, loss or abuse / misuse of municipal property were investigated in order to prevent and minimize future theft, loss or abuse / misuse of municipal property. There has been an increase in vehicle accidents from 9 176 in 2016/17 to 9 517 in the 2017/18 of which most accidents happened over the weekends. This trend impacted negatively on efforts to reduce accidents and prevent the loss of life.

3.16 FIRE & DISASTER MANAGEMENT

The Fire and Rescue services are provided in all 45 municipal wards. The municipal area is subdivided into 3 regions (Vereeniging, Vanderbijlpark and Sebokeng / Evaton). The core function of the Fire and Rescue Services are to render firefighting, rescue and fire safety services and ensure the safety of human life and property. The Municipality is also responsible for Disaster Management and has established Fire Protection Associations which relates to veld and bush fires on the farms and small holdings.

3.16.1 Fire and Rescue Services

	Details	Year 1617	Year 1718		Year 1819
		Actual No.	Estimate No.	Actual No.	
1	Total fires attended in the year	800	600	840	Total fires attended in the year
2	Total of other incidents attended in the year	800	1000	445	Total of other incidents attended in the year
3	Average turnout time - urban areas	3 to10min	3 to10min	3 to10min	Average turnout time - urban areas
4	Average turnout time - rural areas	10 to 20 min	10 to 20 min	10 to 20 min	Average turnout time - rural areas
5	Fire fighters in post at year end	164	164	125	Fire fighters in post at year end
6	Total fire appliances at year end	26	26	27	Total fire appliances at year end
7	Average number of appliances off the road during the year	16 of 27	15 of 27	20 of 27	Average number of appliance off the road during the year

3.16.2 Fire and Disaster Management Service Policy Objectives Taken From IDP

Service Objectives	Outline Service Targets	Year 16/17		Year 17/18		Year 18/19
		Target	Actual	Target	Actual	
3 minutes turnout time	80% turnout time within 3 minutes (1056 Calls)	New indicator	89,7% within 3 minutes	80% turnout time within 3 minutes	80% turnout time within 3 minutes	80% turnout time within 3 minutes
20 minutes to all destinations	80% turnout time within 3 minutes (1285 Calls)	80% turn-up times within 3 to 20 minutes	89,5% within 20 minutes	80% turn-up times within 3 to 20 minutes	80% turn-up times within 3 to 20 minutes	80% turn-up times within 3 to 20 minutes
Disaster Management	80% turn-up times within 3 to 20 minutes (1285 Calls)	Approved Disaster Management Plan Level 3 by 30 June 2017	Inputs from PDMC had to be incorporated in the plan	Approved Disaster Management Plan Level 3 by 30 June 2017	Update and review Disaster Management Plan Level 3	Update and review Disaster Management Plan Level 3

3.16.3 Disaster Management Statistics

Emergency relief and support were given in the form of:

	2016/17	2017/18
Blankets	170	84
Salvage Sheets distributed	9	1
Tents distributed	0	1
Referrals to food bank to assist families in need of relief in conjunction with Sedibeng District Municipality.	3	17
Referrals to Social Development.	9	17
House/shack fires	18	17

3.16.4 Financial Performance: Fire Services

Financial Performance 2017/18: Fire Services					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-366	-467	-467	-740	37%
Expenditure:					
Fire fighters	30,739	32,407	11,000	10,657	-204%
Other employees	2,930	4,976	4,978	4,531	-10%
Repairs and Maintenance	86				
Other	40,827	37,384	15,978	15,189	-146%
Total Operational	74,582	77,509	60,319	88,637	13%
Net Operational (Service)	74,215	77,042	59,852	87,897	12%

3.16.5 Overall Performance

No capital projects for 2017/18 for Fire & Rescue Services due to lack of funds.

During the year 2017/18 the Emfuleni Fire & Rescue attended to more than 1 285 calls within the applicable South African National Standards (SANS Code) response time of 20 minutes in comparison to the 1 499 in the previous financial year. These calls included all household and property fires, veld fires, provision of rescue and extrication services to both fire related and motor vehicle incidents and accidents.

Fire safety inspections were conducted to premises to prevent fires, limit dangerous hazards and enforcement of fire safety.

	2016/17	2017/18
Inspections	107	129

The following performance highlights were recorded in assisting the division to achieve its objective of bringing services closer to the people and improve their quality of life:

Fire Fighting Services

The Municipality attended to a reduced number of fire related incidents due to the PIER (Public Information Education Relation) programs in the area.

	2016/17	2017/18
Awareness programs conducted	44	112
Basic First Aid to community	717	103
Basic firefighting to community	628	283
School visits	11	22

Disaster Management

A Disaster Management Committee was established and all the different Clusters as well as Sedibeng District Municipality formed part of the Committee.

Although Disaster Management assists the community in distress (floods, fire, storms etc.) there is not an approved organizational structure and a dedicated staff component to execute the important function of Disaster Management and Event Safety.

Due to financial constrains no blankets, tent and salvage sheets were procured in 2017/18 financial year.

Event Safety

Event Safety Management Committee was established and functional, consisting of Traffic and Security, By-Law Unit, Environmental Health, Electrical, Water, Fire and Rescue, Emergency Medical Services, ELM Disaster Management and Waste Management. The Event Safety Management Policy was approved in the 2013/14 financial year.

The Events Safety Committee serves as a one stop shop to assist event organizers to comply with the requirements of the Safety at Sports and Recreational Events Act, Act 2 of 2010. The Event Safety Committee has weekly meetings to ensure that planned events comply with the Act.

3.17 LIBRARY SERVICES

Emfuleni Library and Information Service are preserving the past and securing the future through providing free access and guidance to information which fulfill the intellectual, educational, social and recreational needs of the people of Emfuleni in order to improve their quality of life. Community Libraries intent is to act as development agents providing dynamic Library and Information Services to all the people of Emfuleni in their quest for lifelong learning, literacy, cultural expression, recreation and economic development. Libraries in ELM is managed and controlled under various legislative guides of which the following two is the most important:

- a. The Constitution of the Republic of South Africa - According to schedule 5A Public Libraries are the competency of Provincial Government and for the fact that this is an unfunded mandate. This situation is addressed by receiving conditional grants and equitable share transfers from the Gauteng Provincial Government; and
- b. South African Public Library and Information Services Bill (Draft) - The draft bill will set uniform minimum norms and standards, principles for Library and Information Services, Institutional arrangements, inter-governmental arrangements and assignment of functions.

3.17.1 Service Statistics

Among the service standards and successes, ELM had initiated, Born to Read Program - 3 Libraries implemented program on monthly basis. Soccer Legends Reading Programs - 6 Vegetable Gardens at Clinics and Libraries established. Early Childhood Development Program – Presented at 138 Crèches in rural areas. Holiday Programs – 12 159 Participants.

3.17.2 Service Policy Objectives Taken From IDP

Service Policy Objectives Taken From IDP							
Service Objectives	Outline Service Targets	2016/17		2017/18		2018/19	
		Target	Actual	Target	Actual	Target	
		Previous Year	Previous Year	Current Year	Current Year	Following Year	
Healthy and safe environment for communities	24 Library programs implemented in 2016/17	24	81	16	24	16	

3.17.3 Employees: Library

Employees: Library							
Job Level	Total Posts	Employees 2016/17	Resigned etc.	Appointed etc.	Employees 2017/18	Vacancies Fulltime	Vacancies as %
0 – 3	1	1	0	0	1	0	0%
4 – 6	4	4	0	0	4	0	0%
7 – 9	40	15	0	0	15	25	62.5%
10 - 12	74	36	1	1	36	38	51%
13 -15	3	1	0	0	1	2	66%
16 -	35	18	2	0	18	17	48.5%
	157	75	3	1	75	78	49.6%

3.17.4 Expenditure: Library

Capital Expenditure Year 2017/18:Library					
Capital Projects	Year 2017/2018			Variance from original budget	Total Project Value
	Budget	Adjustment Budget	Actual Expenditure		
Library Grant	2,260,000.00	2,260,000.00	2,211,559.75	-2%	-2%
Library Grant	-	2,000,000.00	513,727.86	-289%	100%

3.17.5 Overall Performance

The membership of public libraries was increased to 20 528. This was mainly due to the implementation of free membership and effective programs presented. The number of library material used was 132 708 through conducting various reading campaigns which were attended by 12 159 people. 5 527 new books was procured through the approved tender process for all ELM Libraries. A budget of R 1 500 000 was allocated for the above projects by Grant Funding. A total of R 1 500 000 was spent which brought the expenditure to 100% of the budget

COMPONENT I CORPORATE POLICY OFFICES

3.18 EXECUTIVE COUNCIL

Emfuleni Local Municipality is categorized in terms of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998) as a Category B local municipality. It has a Mayoral Committee that is headed by the Executive Mayor. The Executive Mayor is supported by ten members of the Mayoral Committee as described in Chapter 2 of this report under Political Governance.

The Accounting Officer (Municipal Manager) is appointed in accordance with the Municipal Systems and Procedures contemplated in Section 54A and is supported by a Senior Management Team as described in Chapter 2 under Administrative Governance. The functions performed and coordinated by

the office of the Municipal Manager are governance related. The office of the Municipal Manager monitors and oversees the administrative components of the following political offices:

- ❖ The office of the Executive Mayor including Monitoring and Evaluation;
- ❖ The office of the Speaker, and
- ❖ The office of the Chief Whip.

3.18.1 Employees: Fleet Services

During the year under review the municipality managed to achieve 50% annual availability of the acquired fleet.

In the 2018/19 financial year the Fleet Department will be in the process to acquire more fleet consisting of the White fleet (Compactors, Trucks, Bakkies and Sedans), Red Fleet (Fire Engines), Yellow Fleet (Graders and TLBs to improve the availability of the service delivery vehicles and equipment.

3.19. HUMAN RESOURCES

The Human Resources Management Department is well established and its primary function is to render an effective as well as an innovative Human Resources service that addresses both skills development and generic human resources functions within the Municipality. The HRM is also primed to provide a strategic organizational development function aimed at promoting the future growth and sustainability of ELM as an institution.

The functions of the HRM Department comprises of the following:

- Benefits Administration;
- Personnel Administration;
- Recruitment and Selection;
- Leave Management;
- Training and Development; and
- Human Resource Policy Development and compliance monitoring.
- Strategic input with regard to human capital planning

3.19.1 Service Statistics of Human Resources Services

The following service terminations were processed during the financial year 2017/2018:

Resignations	Dismissals	Medical Boarding	Deaths	Retirements	Contract terminations	Total
25	1	6	23	51	82	195

3.19.2 Human Resources Management and Development Strategy

ELM has developed a Human Resources Management and Development Strategy (HRM and DS). The HRM and DS is a blueprint for a systematic and strategic approach to human capital development. The prime objective is to capacitate employees and communities in order to maximise their competencies and thus their contribution towards meeting the Municipality's objectives.

The HRM and DS aims to achieve the following:

- Ensure adequate human resources to meet the strategic goals and operational plans of ELM - the right people with the right skills at the right time;
- Keep up with social, economic, legislative and technological trends that impact on human capital advances in our area and in the Local Government Sector;
- Develop flexible and competent personnel that are adaptable to the changing world of work.
- To attract and retain talent in line with best human capital practices nationally and globally.

The following progress has been made since the development of the draft HRM and DS;

- The Strategy has been approved by Council, as at & July 2017.
- The Strategy has been workshopped with both Labour unions i.e. SAMWU and IMATU

- The Strategy will be implemented in phases commencing from 2017/18 year cycle
- The HR module on the Pay Day system is slowly being implemented by HR, with special focus is being given to Benefits administration and Recruitment and Selection
- The ESS has now being downloaded on to employees' mobile phones in order to expedite leave applications even from a remote location.

3.19.3 Overall Performance

The following performance was registered during the period under review:

- The Department reviewed four Human Resources Policies i.e Promotion Demotion and Transfers Policy, Leave Administration Policy, Acting Policy, Standby Allowance Policy and Overtime Policy;
- The Department successfully processed and filled a total of 48 vacant positions; of which 22 were promotions of internal employees of the Municipality;
- Successfully processed 195 employees who exited the employ of the Municipality due to resignations, dismissals, medical boarding, deaths retirements and contract terminations;
- The employee self-service for automated leave applications has been rolled out throughout the Corporate Services Cluster and currently being introduced to other Departments. From 2018/19 both IT and the Training Unit will jointly run the roll out project.
- Workplace Skills Plan (WSP) and Training Plan has been submitted to LGSETA within the prescribed period / time during the financial year under review;
- New Retention and Succession Planning and Management Policies have been developed, vetted by the Legal Department. Consultation process on these crucial Policies has started with the Senior Management and currently awaiting the sitting of the Sec 80 committee of corporate service and governance;
- Conducted 6 roadshows on leave management and administration, Acting policy, and ESS to line Departments and workshops to organized labour and Councilors on Human Resources Management and Development Strategy;
- A total of **887** employees were successfully enrolled and trained on various training programmes;
- ELM has provided experiential-learning opportunities for **150** unemployed learners in the categories of Internships, Learnerships and Work-Integrated-Learning programs.

3.19.4 INSTITUTIONAL PROFILE EMPLOYMENT EQUITY

Institutional Profile Job Level = Sec 56 And Job Levels 1 – 16									
Race & Gender									
	AM	AF	CM	CF	IM	IF	WM	WF	TOTAL
Total Permanent	1360	836	13	7	2	1	91	70	2380
Total Contract	38	28	1	0	0	0	0	2	69
Total Workforce	1398	864	14	7	2	1	91	72	2449
EAP(Demographics)	42%	35%	5%	5%	2%	1%	6%	4%	100%
% Current Status	57%	35%	1%	0%	0%	0%	4%	3%	100%
ELM Targets 2017/18	9	13	1	10	55	12	1	5	106
ELM Targets 2018/19	5	5	1	5	35	5	0	3	59
GOAL	14	18	2	15	90	17	1	8	165
Goal expressed in %	8%	11%	1%	9%	55%	10%	1%	5%	100%
Current status (appointments effected)	19	11	0	1	0	0	0	1	32

Current status expressed in % of total Goals	11.5%	6.6%	0%	0.6%	0%	0%	0%	0.6%	19.3%
---	-------	------	----	------	----	----	----	------	--------------

The above table depicts the workforce representation at Emfuleni Local Municipality including contracts and permanent staff at Section 56 and Job level 1- 16.

The first row shows the total number of employees (2449) divided into contract and permanent staff with African Males are overrepresented at 57% of the entire workforce compared to 35 % of African Females.

In line with the National Economic Active Population percentages(EAP) for Employment Equity , the Municipality's workforce profile should constitute 42% African Males, 35% African Females, 05% Coloured Males, 05% Coloured Females, 02% Indian Males, 01% Indian Females, 06% White Males, and 04% White Females. The Employment Equity department therefore set targets for the period 2017/18 and 2018/19 in an effort to move closer to achieving its goals by the end of the financial year 2019/2020

Thirty two (32) appointments were effected at the end of the period 2017/2018 constituting 19.3% of the set goals.(i.e. 32 /165)*100%

The last row of the table shows that there was no significant movement in the appointment of Coloured Males (0%), Indian Males (0%), Indian Females (0%) whereas the appointment of African Males stood at (8.2%) compared to (13%) of African Females and 1% of White Females.

The status of representation across occupational levels inclusive of people with disabilities is hereunder analyzed as follows:

- The report shows that women are still under-represented at top and senior management levels. However there is evidence that the Municipality has made significant strides in the appointment of females at different levels and categories. There is generally an underrepresentation of Indians, Coloureds and Whites especially at the skilled-technical, semi-skilled and unskilled level and therefore the organization will continues to make concerted efforts to change this situation.

3.19.5 Financial Performance: Human Resource Services

Employees: Human Resource Services					
Financial Performance 2017/18: Human Resource Services					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	-1,645	-2,360	-2,360	0	
Expenditure:					
Employees	17,014	27,609	27,609	15,604	-77%
Repairs and Maintenance	-				
Other	47,890	14,766	14,766	4,346	-240%
Total Operational Expenditure	64,904	42,375	42,375	19,951	-112%
Net Operational (Service) Expenditure	63,258	40,015	40,015	19,951	-101%

3.20 LEGAL

The legal department is located in the Shared Services Cluster. It offers legal support and advice to the municipality. The support includes but not limited to:

- Vetting of contracts and other legal documents.
- Legal opinions and comments;
- Litigation management;
- Advice on legislation and its application / implication;
- Advising on by-laws and related matters;

- Legal compliance management; and
- General legal support to the municipality.
- The department is in the process of strengthening its capacity to conduct research on all new and amended legislations, regulations policies. This will have a positive impact in strengthening the Legal Materiality Framework thus impacting on the next reporting period.

3.20.1 Service Statistics

Matters and progress made by 30 June 2018:

Status Quo On Cases	Number Of Cases
Rulings in favour ELM	05
Rulings against ELM	03
Pending	44
Abandoned/ Settled	04
Total Matters	56

The service statistics show an improvement in litigation management compared to the past financial years. A number of finalised matters is increasing and a number of rulings against the municipality has also decreased. Contingent liabilities are still a challenge because new civil cases are still instituted against the municipality. Institution of these cases can be attributed to ELM's failure to settle service provider's invoices timeously and thus leading to litigations which had it not been for cash flow, they would not have been instituted in the first place.

The legal department is tasked in ensuring good governance within the municipality. This has been achieved through the advice that the department gave in all legal related matters. The personnel within the department sat in various committees to ensure compliance and good governance. The department played a role in maintaining discipline within the institution by having its personnel acting as either a chairperson or initiator during disciplinary hearings.

3.20.2 Financial performance: Legal Services

Legal Services					
Financial Performance 2017/18: Legal Services					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)					
Expenditure:					
Employees	3,210	7,736	7,736	2,020	-283%
Repairs and Maintenance					
Other	27,691	15,967	15,967	7,198	-122%
Total Operational Expenditure	30,901	23,703	23,703	9,218	-157%
Net Operational (Service) Expenditure	30,901	23,703	23,703	9,218	-157%

3.21 PROPERTY MANAGEMENT

Property Department in Emfuleni Local Municipality is responsible for the disposal of Council owned properties and vacant land as well as the lease of Council owned properties and vacant land. The Department is also involved in the acquiring of land for municipal purposes if necessary. The Department must ensure that the above processes are executed in accordance with all applicable legislation and all processes as prescribed by relevant legislation. The Department is further responsible for access monitoring applications and registration of servitudes over Council owned land.

3.21.1 Statistics

Lease reports approved under delegated authority	Leases Signed	Number of properties auctioned	Number of properties sold
39 reports	43 leases	0 properties	0

- 39 reports on applications for the lease of Council land were drafted and considered under delegated authority. Short term leases up to a maximum period of three years are approved under delegated authority.
- 43 leases were signed. The remaining reports mentioned above forms part of applications declined as well as applications where certain processes are still in process like valuations, advertising for objections and payment of fees by applicants. The signing of the lease agreements is the final step in the process and can only be signed after all these processes are finalized.
- No properties were auctioned during 2017/18 financial year.

3.21.2 Service Delivery Budget Implementation Plan

Service Delivery Budget Implementation Plan					
Outline Service Targets	2016/17		2017/18		2018/19
	Target	Actual	Target	Actual	Target
	Previous Year	Previous Year	Previous Year	Previous Year	Current Year
Percentage of Valid leases for leased properties.	100%	100%	100%	100%	100%

Property Department received 100% of valid lease agreements for Council land and buildings.

3.21.3 Employees: Properties

Employees: Properties							
Job Level	Total Posts	Employees 2016/17	Resigned etc.	Appointed etc.	Employees 2017/18	Vacancies Fulltime	Vacancies as %
0 - 3	1	1	1		0	1	100%
04/5	3	1	1	0	1	2	33%
06-	7	4	1	0	4	3	57%
08-	2	0	0	0	0	2	0
09-	2	2	0	0	2	0	100%

3.21.4 Overall Performance Service

- The lease register is updated very effectively and the department has engaged on renewals on a month to month basis, where agreements could not be renewed due to non-compliance/non- payments and outstanding legal processes;
- Notices are served on a monthly basis to non-compliant occupants;
- Limited staff members poses a great challenge;
- Poor working environment which delays the production and affects performance of staff members is a challenge.
- Invasion and for eviction of illegal occupants on Council land is taking too long.

CHAPTER 4 ORGANIZATIONAL DEVELOPMENT

The Organizational Development function provides diagnostic, advisory and intervention services to the municipality. It's core functions are derived from the Municipal Structures Act 117 of 1998, the Municipal Systems Act 32 of 2000, Municipal Finance Management Act 56 of 2003, Employment Equity Act 55 of 1998, Skills Development Act 97 of 1998, Occupational Health & Safety Act 85 of 1993, Local Government Main Collective Agreement and Organizational Development & Design Framework Gauteng Province 2017 etc.

The core functions of the department are as follows:

- Organizational Design;
- Job Analysis & Evaluation;
- Change Management;
- Business Process Mapping/Re-engineering; and
- Employee Assistance Programme.

4.1 MUNICIPAL PERSONNEL

Post Establishment					
Descriptions	2016/2017		2017/2018		
	Employees No.	Approved post	Employees No	Variance No.	Variance %
PUBLIC SAFETY AND COMMUNITY DEVELOPMENT	5	5	5	0	0%
Public Safety	332	698	334	366	52%
Environmental Management, Health & Social Development	166	365	144	221	61%
Sports, Recreation, Arts & Culture and Library Inform Service	186	349	262	87	25%
Parks and Cemetery	160	1021	182	839	82%
Super By-Law	3	4	3	1	25%
BASIC SERVICES	2	11	3	8	73%
Roads and Stormwater	255	1390	233	1157	83%
Electrical	166	251	176	75	30%
Waste Management	339	490	353	137	28%
Metsi-A-Lekoa	282	694	335	359	52%
ECONOMIC DEVELOPMENT PLANNING	4	6	4	2	33%
Housing	18	50	16	34	68%
Land Use Management	21	30	24	6	20%
Local Economic Development		23	14	9	39%
Properties	10	13	10	3	23%
Building Control	24	60	24	36	60%

INFRASTRUCTURE PLANNING	2	3	2	1	33%
Asset Management	3	12	4	8	67%
Programmes and Administration	7	19	16	3	16%
Project Planning & Construction	13	19	6	13	68%
CORPORATE SERVICES	3	3	3	0	0%
Human Resource Management	39	50	42	9	18%
Labour Relations	5	13	8	5	58%
Legal Services	11	22	13	9	41%
Organizational Development	7	19	7	12	63%
Secretariat & Administration	28	49	31	18	37%
Facilities	47	86	51	35	41%
Employment Equity	1	1	1	0	0%
Fleet Management	39	79	38	41	52%
CHIEF FINANCIAL OFFICER	5	9	5	4	44%
Revenue and Customer Care	87	111	84	27	24%
Budget and Reporting	6	13	5	8	62%
Expenditure	16	47	17	30	64%
Supply Chain Management	25	81	23	58	72%
Credit Control & Debt Man	18	43	13	30	70%
Financial Control	13	27	16	11	41%
MUNICIPAL MANAGER	3	5	3	2	40%
Risk	12	18	10	8	44%
IGR	1	1	1	0	0%
IDP	10	10	6	4	40%
Performance Management	2	9	4	5	56%
Monitoring & Evaluation	8	8	8	0	0%
Chief Information Officer	1	1	1	0	0%
Communications	8	12	10	2	25%
Policy and Strategy	1	1	1	0	0%
AUDIT	13	24	14	10	42%
POLITICAL OFFICE	57	69	64	5	7%
Other i.e. Interns	24	6299	39	10	0%
TOTAL	2545	6323	2708	3748	59%
NB. Notice must be taken that placement of Interns and contract employees does affect the outcome of information					

4.2 DISCIPLINARY ACTIONS

Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalized	Date Finalized	
Snr Engineering Technician	Fraud and Corruption	19-Jun-17	Employee Resigned	30-Jun-17	
General Worker	Fraud and Corruption	1-Jan-00	Matter handled by attorneys no progress report	Matter handled by attorneys and still outstanding	
Assistant Manager Planning Coordinator	Fraud and Corruption	19-Jun-17	Matter handled by attorneys no progress report	Matter handled by attorneys and still outstanding	
	Putting Municipality disrepute	the in	14-Jul-17	Matter pending on appointment of prosecutors the appointed prosecutor's contract ended.	Matter pending
Accountant	Fraud and Corruption	18-Jul-17	Charge sheet served to respective employee, matter still ongoing	Matter scheduled for 30 July 2018	
Traffic Officer	Fraud and Corruption	18-Jul-17	Employee suspension uplifted, Matter Finalised	12-Apr-18	
Admin Officer	Fraud and Corruption	18-Jul-17	Employee suspension uplifted, Matter Finalised	12-Apr-18	
Traffic Officer/VIP Officer	Fraud and Corruption	18-Jul-17	Employee suspension uplifted, Matter Finalised	3-Apr-18	
Manager Labour Relations	Misrepresentation	21-Aug-18	Employee suspension uplifted, Matter Finalised	3-Apr-18	
Assistant Manager Labour Relations	Misrepresentation	21-Aug-18	Employee suspension uplifted, Matter Finalised	3-Apr-18	
Act Manager Facilities	Assault	31-Oct-17	Matter finalised	09-Jan-18	
Driver Speakers Office	Assault	31-Oct-17	Matter finalised	27-Feb-18	
By Law Officer	Gross Insubordination	15-Nov-17	Charge sheet served to respective employee, matter still ongoing	Matter scheduled for 23 July 2018	
By Law Officer	Gross Insubordination	15-Nov-17	Charge sheet served to respective employee, matter still ongoing	Matter scheduled for 23 July 2018	
General Worker	Misrepresentation and Gross Dishonesty	20-Sep-17	Employee diseased		
Personnel Officer	Misrepresentation/Fraud and Gross Dishonesty	29-Nov-17	Parties negotiating a settlement agreement which is still not finalised	Matter still ongoing	
General Worker	Theft	24-May-18	Charge sheet served to respective employee, matter still ongoing	Matter scheduled for 20 July 2018	
General Worker	Theft	24-May-18	Charge sheet served to respective employee, matter still ongoing	Matter scheduled for 20 July 2018	
Driver Speakers Office	Assault	31-Oct-17	Matter finalised	27-Feb-18	

By Law Officer	Gross Insubordination	15-Nov-17	Charge sheet served to respective employee, matter still ongoing	Matter scheduled for 23 July 2018
By Law Officer	Gross Insubordination	15-Nov-17	Charge sheet served to respective employee, matter still ongoing	Matter scheduled for 23 July 2018
General Worker	Misrepresentation and Gross Dishonesty	20-Sep-17	Employee diseased	
Personnel Officer	Misrepresentation/Fraud and Gross Dishonesty	29-Nov-17	Parties negotiating a settlement agreement which is still not finalised	Matter still ongoing
General Worker	Theft	24-May-18	Charge sheet served to respective employee, matter still ongoing	Matter scheduled for 20 July 2018
General Worker	Theft	24-May-18	Charge sheet served to respective employee, matter still ongoing	Matter scheduled for 20 July 2018
Cashier	Fraud and Corruption	04-Jun-18	Charge sheet served to respective employee, matter still ongoing	Matter scheduled for 30 July 2018
Special Workman	Allegations of Fraud and Corruption (the financial implications to be determined with the progression of the case)	29 March 2017	Matter ongoing	Matter scheduled for the 26-27 July 2018
Clerk	Allegations of Fraud and Corruption (the financial implications to be determined with the progression of the case)	29 March 2017	Matter ongoing	Matter scheduled for the 20& 24 July 2018

4.3 EQUITY

Chapter 3 of the Employment Equity Act 55 of 1998, Section 15(1) requires a designated employer to implementing affirmative action measures that are designed to ensure that suitably qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce.

The Employment Equity department was therefore established to ensure that Emfuleni Local Municipality complies with this requirement by removing barriers to affirmative action and ensuring equal representation and advancement of people from designated groups. Through the implementation of Employment Equity and Affirmative Action programmes, the Municipality has made significant strides in creating an environment that is conducive to equitable representation of designated groups in order to achieve broad representation of the South African demographics.

4.3.1 Achievements

The EE department conducted four (4) roads-shows and advocacy campaigns in this reporting period with the aim of providing a common understanding of the Employment Equity Act, its interpretation and application.

The department also drafted and facilitated the approval of the Employment Equity Plan in compliance with Section 20 of the Employment, Act 55 of 1998. The plan was approved by Council on the 30 June 2015 and will remain effective until June 2017. The Municipality has an existing Employment Equity and Skills Development Forum. The intention of the forum is to provide a platform for workers or their duly representatives to engage effectively with management on Employment Equity and Affirmative Action

matters. The establishment of this forum has contributed to the harmonization of relations with trade union and other stakeholders.

4.3.2 Appointments made against the employment equity targets

Out of the 82 appointments received and analyzed against employment equity targets 50% were in line with Employment Equity targets whereas the other 50% did not comply with the targets. This is attributed mainly to other designated groups not applying for positions as well as non-availability of suitable candidates from these groups. To this end the department has plans to embark on alternative recruitment methods including fair discrimination to ensure equitable representation of designated groups in line with the national and provincial demographics

The Municipality has put measures in place to enforce compliance with equity targets across all levels in

Appointments Assessed Against Employment Equity Targets									
Gender & Race	AM	AF	CM	CF	IM	IF	WM	WF	TOTAL
Employment Equity Targets	19	48	9	3	0	0	1	2	82
Appointments in line with EE Targets	11	26	1	1	0	0	0	2	41
Appointments not in line with EE Targets	8	22	8	2	0	0	1	0	41

the organization. These include the Employment Equity personnel involvement in the shortlisting and interviewing processes and making inputs to the panel recommendations for approval by the Municipal Manager.

Legends: Appointments Assessed Against Employment Equity Targets

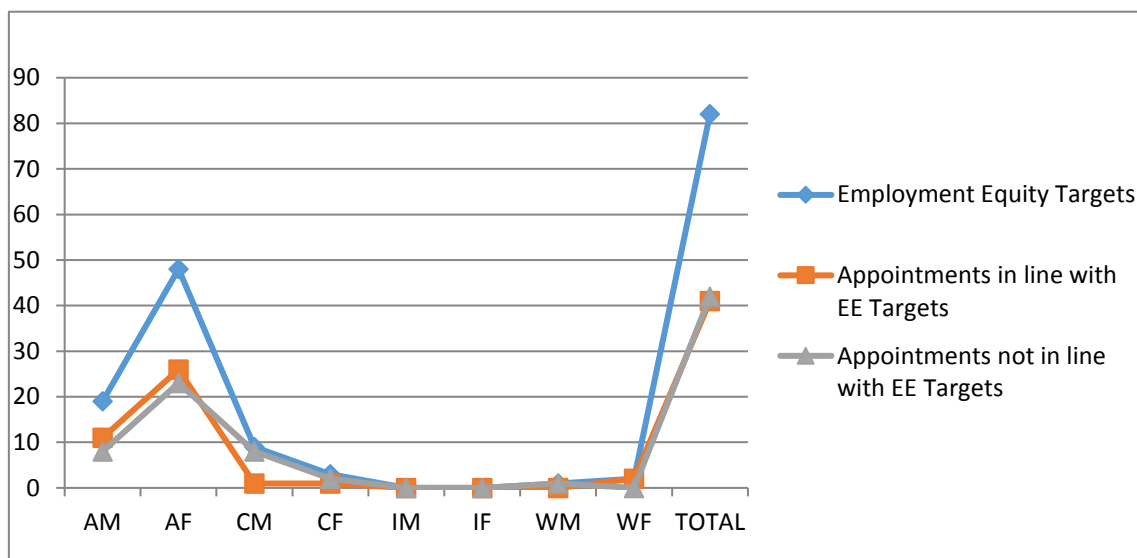
AM- African Males	AF-African Female	CM-Coloured Male	WF-White Female
CF- Coloured Female	IM- Indian Male	IF- Indian Female	WM-White Male

The table above reflects the total employment Equity targets for the reporting period 2015/2016. Out of a total of 82 appointments made, 50% were in line with EE targets and 50% were not in line with EE targets.

4.3.3 Overall Performance

- Conducted analysis of workforce profile and consulted with internal employment equity stakeholders, Organized Labour and cluster representatives
- Conducted and analysis and updated the profile for People Living with Disabilities
- Developed a successive employment equity plan in line with Section 23 of Employment Equity Act 55 of 1998 and facilitated the implementation of employment equity targets as prescribed in the plan.
- Compiled and submitted the annual Employment Equity Report to the National Office of the Department of Labour for the 2015 reporting period
- Processed 82 G47's with employment equity recommendations for targeted recruitment.
- Conducted 4 Employment Equity road-shows during this period to create awareness regarding amendments to the Act as at January 2014.
- Displayed a summary of the recent Employment Equity Report in four municipality buildings as part of the duty to inform in line with Section 25 of the Employment Equity Act 55

The graph below represents the appointments achieved through equity targets



4.4 POLICIES

4.4.1 Human Resources Policies

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Affirmative Action	N/A	N/A	Incorporated in the Emfuleni Local Municipality Employment Equity Policy (01 October 2009)
2	Attraction and Retention	N/A	N/A	Draft policy has been developed and currently under consultation.
3	Code of Conduct for employees	100%	N/A	As per Municipal Systems Act No 32 of 2000 Schedule 2
4	Delegations, Authorization & Responsibility	100%	N/A	17 October 2013, currently undergoing review process.
5	Disciplinary Code and Procedures	100%	N/A	Main Collective Agreement 21 April 2010
6	Essential Services	100%	N/A	18 September 2008
7	Employee Assistance / Wellness	100%	N/A	30 May 2014
8	Employment Equity	100%	N/A	1 October 2009
9	Exit Management	N/A	N/A	Will form part of the Recruitment and Selection policy during the review process.

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
10	Grievance Procedures	100%	N/A	Main Collective Agreement 21 April 2010
11	HIV/Aids	100%	N/A	30 May 2014
12	Human Resource and Development	100%	N/A	30 May 2014
13	Information Technology	100%	N/A	1 October 2009
14	Job Evaluation		N/A	Main Collective Agreement 21 April 2010
15	Leave Administration		N/A	07 July 2017
16	Occupational Health and Safety		N/A	11 November 2010
17	Official Housing		N/A	Main Collective Agreement Gazette 30306, 01 September 2007
18	Official Journeys	N/A	N/A	
19	Official transport to attend Funerals	N/A	100%	29 June 2018
20	Official Working Hours and Overtime	100%	N/A	Main Collective Agreement 21 April 2010 & overtime policy of 29 June 2018
21	Organizational Rights	100%	N/A	Main Collective Agreement 21 April 2010
22	Payroll Deductions	N/A	N/A	
23	Performance Management and Development	100%	N/A	11 November 2012
24	Recruitment, Selection	100%	N/A	25 June 2014
25	Remuneration Scales and Allowances	100%	N/A	
26	Resettlement	N/A	N/A	
27	Sexual Harassment	100%	N/A	26 October 2004
28	Skills Development	100%	N/A	30 May 2014
29	Smoking	N/A	N/A	
30	Special Skills	N/A	N/A	
31	Work Organization		N/A	Main Collective Agreement Gazette 30306, 01 September 2007
32	Uniforms and Protective Clothing	N/A	N/A	
33	Other		N/A	
34	Acting Policy (amended)		100%	07 July 2017
35	Code of Ethics	100%		28 June 2013
36	Relocation Policy	100%		25 June 2014
37	Head Hunting Policy	100%		25 June 2014

4.5 CAPACITATING MUNICIPAL WORKFORCE

The Human Capital Management Department is the custodian for capacity building of employees within the Municipality and contributes to the building and creation of a capable service delivery organization. The Skills Development Act No 97 of 1998 as Amended in 2008 sets clear guidelines and requirements for the organization to implement capacity building initiatives for employees.

In response to the quoted legislative framework and related regulations such as the National Skills Development Strategy (NSDSIV) and the Local Government Sector Education and Training Authority (LGSETA), Emfuleni acquitted itself well under the prevailing circumstances i.e. financial constraints.

The Workplace Skills Plan (WSP) for 2018/19 financial year with its attended Training Plan was submitted to the Sector Education and Training Authority for Local Government (LGSETA) by 30 April 2018 as per requirement.

The allocated training budget for the 2017/18 financial year for personnel training was initially R7, 058,073 .00 The Training Budget represents 0, 7% of the total ELM salary budget spent of R 954 000 000. The 0,7% is exclusive of conditional skills development grants received from SETAs. This represents a slight decrease from the 0.8% of the previous financial year. A total of 887 employees were trained on various skills interventions during the 2017/18 financial year even with the reduced budget.

4.5.1 Skills Development, Related Expenditure on the Financial Competency Regulations

Training and skills development interventions are mainly aimed at increasing the knowledge, proficiency, ability and skills of ELM Human Capital to improve bottom line performance. ELM Training Plan is informed by key strategic documents such as IDP, Sector Skills Priorities (SSPs), internal Skills Audit Results as well as the National Treasury Minimum Competency Regulations of 2007. September 2015 was set by National Treasury as the final deadline by which compliance at the various sectorial and professional work levels must be achieved. This deadline has since been extended by National Treasury with a year starting February 2017.

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, the chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are critical to the successful implementation of the Municipal Finance Management Act. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

All Section 56 employees have since left the employ of ELM save for two. ELM is in the process of recruiting new S56 senior managers and compliance with the National Treasury Financial Competency Regulation is one of the key requirements for shortlisting. Currently a total of 54 senior and middle managers (work levels 2, 3) completed the Certificate Program in Management Development (CPMD) with the University of the Witwatersrand (WITS). Fifty (55) staff members – who are levels 4-6 and mainly drawn from the Finance and related Clusters have also completed the MFMP even though they are outside the peremptory compliance categories as set by National Treasury. ELM currently has an additional cohort of 32 employees who will undergo the MFMP with WITS Business School. This cohort consists of newly appointed managers and assistant managers as well as additional supervisors from level 4 and 5.

Additionally, ELM has trained 150 officials in the compulsory Municipal Standard Chart of Accounts (MSCOA) training as prescribed by National Treasury towards the migration to the new standardised reporting framework for Municipalities.

Milestones

The following achievements were registered by the Department:

- Compliance with the National Treasury Minimum Competency Levels Regulations, Gazette 29967 of April 2012
- Twenty (20) employees have completing Apprenticeship and Learnership programmes in the following disciplines: Fitting and Turning; Electricians.

- Thirty (30) Employees have completed plumbing learnership.
- A total of 62 officials have completed the MSCOA training as prescribed by National Treasury

- A total number of 887 employees including Councillors were trained during the 2017/18 cycle.
- A total of 150 learners were provided with Internship, learnership and work-integrated –learning opportunities at ELM

CHAPTER 5: FINANCIAL PERFORMANCE

5.1 Introduction to Financial Statements

The municipality reported a deficit of R 658m for the current financial year, with the main contributors to this deficit being debt impairment as well as depreciation charges. The total revenue increased by 4% when compared to the previous financial year similarly total expenditure also increased by 4% when compared to the previous financial year.

5.2. Revenue Performance by source

Revenue Performance by Source						R '000
Description	2016/17	2017/18		2017/18 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	659,291	786,045	786,045	799,015	2%	2%
Service Charges - electricity revenue	1,943,898	2,129,363	1,612,707	1,688,686	-26%	4%
Service Charges - water revenue	1,239,571	1,594,559	1,594,757	1,468,179	-9%	-9%
Service Charges - sanitation revenue	345,467	366,959	366,959	406,674	10%	10%
Service Charges - refuse revenue	213,744	197,067	197,067	223,053	12%	12%
Rentals of facilities and equipment	11,975	21,475	21,475	16,410	-31%	-31%
Interest earned - external investments	6,015	7,675	7,675	3,561	-116%	-116%
Interest earned - outstanding debtors	47,111	44,881	44,881	66,454	32%	32%
Fines	165,126	84,681	83,970	347,646	76%	76%
Licences and permits	117	225	225	189	-19%	-19%
Transfers recognised - operational	698,451	739,504	744,087	711,112	-4%	-5%
Other revenue	322,901	62,614	62,614	146,924	57%	57%
Total Revenue (excluding capital transfers and contributions)	5,653,668	6,035,048	5,522,462	5,877,904	-3%	6%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.						T K.2

5.2.1 Financial Summary

Financial Summary						
R' 000						
	2016/17	Current Year 2017/18			2017/18 Variance to actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance						
Property rates	659,291	786,045	786,045	799,015	2%	2%
Service charges	3,742,680	4,287,948	3,771,490	3,786,592	0%	0%
Investment revenue	6,015	7,675	7,675	3,561	-54%	-54%
Transfers recognised - operational	698,451	739,504	744,087	711,112	-4%	-4%
Other own revenue	547,231	213,876	213,165	577,623	171%	171%
Total Revenue (excluding Capital transfers & contributions)	5,653,668	6,035,048	5,522,462	5,877,904	6%	6%
Employee costs	1,157	1,145,586	1,150,202	1,025,027	-11%	-11%
Remuneration of councillors	49,342	50,320	55,120	55,234	0%	0%
Depreciation & asset impairment	456,233	473,278	473,278	374,935	-21%	-21%
Finance charges	111,845	29,746	34,746	141,924	308%	308%
Materials and bulk purchases	2,148,564	2,518,982	2,518,982	2,426,742	-4%	-4%
Transfers and grants	0	0	0	0	0%	0%
Other expenditure	3,690,489	1,645,839	1,170,844	2,722,761	133%	133%
Total Expenditure	6,457,630	5,863,751	5,403,172	6,746,624	25%	25%
Surplus/(Deficit)	-803,962	171,297	119,290	-868,720		
Transfers recognised - capital	140,952	32,847	82,523	210,401	0%	0%
Contributions recognised - capital & contributed assets	0	0	0	0	0%	0%
Surplus/(Deficit) after capital transfers & contributions	-663,011	204,144	201,813	-658,319	-426%	-426%
Share of surplus/ (deficit) of associate						
Surplus/(Deficit) for the year	-663,011	204,144	201,813	-658,319	-426%	-426%
Capital expenditure & funds sources						
Capital expenditure						
Transfers recognised - capital	140,952	32,847	82,523	210,401	0%	0%
Public contributions and donations	0	0	0	0	0%	0%
Borrowing	0	0	0	0	0%	0%
Internally generated funds	0	0	0	0	0%	0%
Total sources of capital funds	140,952	32,847	82,523	210,401	155%	155%
Financial position						
Total current assets	941,884	980,164	980,164	985,338	0%	0%
Total non current assets	11,370,250	11,685,668	11,645,538	11,246,812	-3%	-3%
Total current liabilities	2,191,167	2,235,390	2,235,390	2,789,060	0%	0%
Total non current liabilities	429,762	258,475	258,475	410,204	0%	0%
Community wealth/Equity	9,691,205	10,171,967	10,131,837	9,032,886	-11%	-11%
Cash flows						
Net cash from (used) operating	123,211	1,089,825	1,089,825	342,331	-69%	-69%
Net cash from (used) investing	-215,294	20,500	20,500	-249,034	-1315%	-1315%
Net cash from (used) financing	-4,949	0	0	-6,074	100%	100%
Cash/cash equivalents at year end	-97,033	309,633	391,467	174,452	-78%	-78%
Cash backing/surplus reconciliation						
Cash and investments available	-20,790	971,187	971,187	87,224	0%	-1013%
Application of cash and investments	77,262					
Balance - surplus (shortfall)	56,472	971,187	971,187	87,224	0%	-1013%
Asset management						
Asset register summary (WDV)	11,370,250	11,101,206	11,061,077	11,246,812	2%	2%
Depreciation and asset impairment	456,233	473,278	473,278	374,935	-21%	-26%
Renewal of Existing Assets	0	0	0	0	0%	0%
Repairs and Maintenance	234,415	185,162	203,119	63,740	-69%	-219%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						
This table is aligned to MBRR table A1						

T5.1.1

5.2.2 Financial Performance by Service

Financial Performance of Operational Services						
R '000						
Description	2016/17	2017/18		2017/18 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	448	302,935	302,935	(37,602)	905.63%	905.63%
Waste Water (Sanitation)	(280,702)	(175,528)	(175,528)	(85,518)	-105.25%	-105.25%
Electricity	(236)	(270,949)	(270,949)	(165,374)	-63.84%	-63.84%
Waste Management	(125,915)	7,856	12,856	(31,524)	124.92%	140.78%
Housing	9,621	9,939	9,939	3,191	-211.49%	-211.49%
Component A: sub-total	(396,784)	(125,747)	(120,747)	(316,828)	60.31%	61.89%
Waste Water (Stormwater Drainage)	25,581	(33,153)	(31,873)	(11,124)	-198.03%	-186.53%
Roads	131,328	316,600	312,880	17,995	-1659.37%	-1638.70%
Transport	8,683	75,299	75,172	97,768	22.98%	23.11%
Component B: sub-total	165,592	358,747	356,180	104,639	-242.84%	-240.39%
Planning	55,431	5,851	5,851	1,542	-279.54%	-279.54%
Local Economic Development	8,943	9,791	9,791	3,645	-168.61%	-168.61%
Component B: sub-total	64,374	15,642	15,642	5,187	-201.58%	-201.58%
Planning (Strategic & Regulatory)	16,461	657	657	–	0.00%	0.00%
Local Economic Development						
Component C: sub-total	16,461	657	657	–	0.00%	0.00%
Community & Social Services	22,623	8,298	8,298	10,321	19.60%	19.60%
Environmental Protection	23,450	38,255	35,755	10,750	-255.85%	-232.60%
Health	37,456	301,950	319,122	67,020	-350.54%	-376.16%
Security and Safety	165,006	22,824	22,824	50,786	55.06%	55.06%
Sport and Recreation	39,654	37,466	35,087	12,452	-200.89%	-181.78%
Corporate Policy Offices and Other	(815,552)	(453,948)	(471,005)	(591,319)	23.23%	20.35%
Component D: sub-total	(482,697)	(45,155)	(49,919)	(451,317)	89.99%	88.94%
Total surplus/(deficit)	(633,054)	204,144	201,813	(658,319)	131.01%	130.66%
In this table operational income (but not levies or tariffs) is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						T5.1.2

5.3 Grants

5.3.1 Operational Grants Performance

Grant Performance R' 000						
Description	2016/17	2017/18		2016/17 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	619,412	646,297	646,719	647,309	0%	0%
Equitable share	608,581	633,240	633,240	633,193	0%	0%
Municipal Systems Improvement	0	0	0	0		
Finance Management	1,475	1,550	1,550	1,548	0%	0%
Infrastructure Skills Development Grant	0					
Municipal Infrastructure Grant	6,848	8,660	9,082	9,721	11%	7%
DACE	0					
EPWP	2,508	2,847	2,847	2,847	0%	0%
Neighborhood Development Grant	0	0	0	0		
National Electrification Grant	0	0	0	0		
Municipal Demarcation Transition Grant		0	0	0		
Levy replacement	0					
Other transfers/grants [insert description]	0					
Provincial Government:	52,149	83,860	61,835	55,897	-50%	-11%
Health subsidy	43,216	65,765	44,272	44,272	-49%	0%
HIV/AIDS Grant	0					
Library Grants	5,086	9,145	14,951	10,568	13%	-41%
GRAP 17	0	500	500	500	0%	0%
EPWP	0					
Social Development Grant	0	0	0	0		
Bontle ke Botho	0	0	0	0		
LED Grant						
Cogta Maintenance Grant	3,755	0	0	0		
Cogta Sewer Pumpstation Grant	0	0	0	0		
Performance Management Grant	0	1,000	1,000	494		
Gauteng Dept Roads & Transport	0	7,450	0	0		
District Municipality:	0	0	0	0		
Project Funded Ex-Sedibeng district Grant	0	0	0	0		
Sedibeng Maintenance grant	92	0	1,112	63	100%	-1661%
	0					
Other grant providers:	0	0	0	0		
EPWP	0					
Boiketlong Water Grant	0					
MSIG (Sedibeng)	0					
Total Operating Transfers and Grants	671,561	730,158	708,554	703,206		

5.3.2 Capital Grants Performance

Grant Performance R' 000						
Description	2016/17	2017/18			2016/17 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Capital Transfers and Grants						
National Government:	164,063	232,985	206,537	194,941	-20%	-6%
Municipal Infrastructure Grant (MIG)	153,915	172,985	167,063	166,424	-4%	0%
National Electrification Program	2,097	0	0	0		
Neighbourhood Partnership Grant	8,051	30,000	9,474	8,054	-272%	-18%
Water Services Infrastructure Grant	0	30,000	30,000	20,463	-47%	-47%
Restructuring Grant	0					
Regional Bulk Infrastructure Grant	0					
N:Social Infrastructure Grant	0					
Performance Management	0					
ICT Programme Grants	0					
Kwa-Masiza Grant	0					
Asset Managemnt	0					
Provincial Government:	2,962	18,360	26,823	2,725	-574%	-884%
Library Grant	2,962	2,260	4,260	2,725	17%	-56%
Sedibeng regional sewer scheme	0					
Water & Sanitation Grant	930					
New Waste Water Treatment Pumpstation	11,449	0	2,551	0		
Social Development Grant	16,662	16,100	20,011	20,011	20%	0%
District Municipality:	1,544	0	0	0		
Grants Ex -District	1,544	0	0	0		
Other grant providers:	189	730	730	582	-25%	-25%
<i>Bontle-ke-Botho</i>	189	730	730	582	-25%	-25%
Total Capital Transfers and Grants	168,758	252,075	234,089	198,249	0	0

5.4 Asset Management

The asset register of the municipality is fully GRAP compliant. The sectorial work-streams meetings are scheduled on a monthly basis to ensure that all completed projects are capitalized, assets are physically verified and unbundling of infrastructure assets is undertaken.

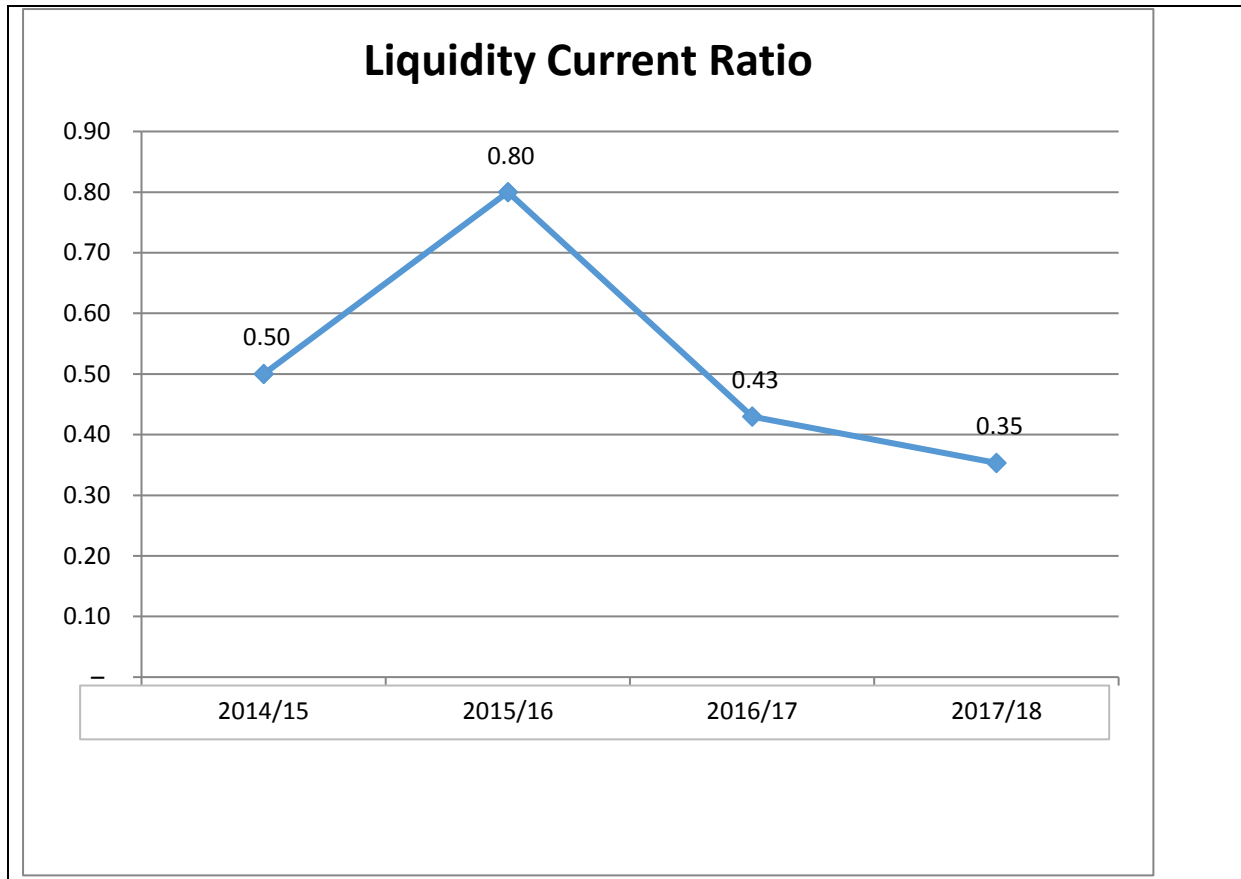
5.4.1 Repairs and Maintenance Expenditure

Repair and Maintenance Expenditure 2017/18 R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	185,162	203,119	63,740	65.58%
				T5.3.4

The spending on repairs and maintenance was 10% below the budget which has improved as compared to previous financial years. The improvement was due to the Executive Mayor's programme on repairing and maintaining infrastructure assets.

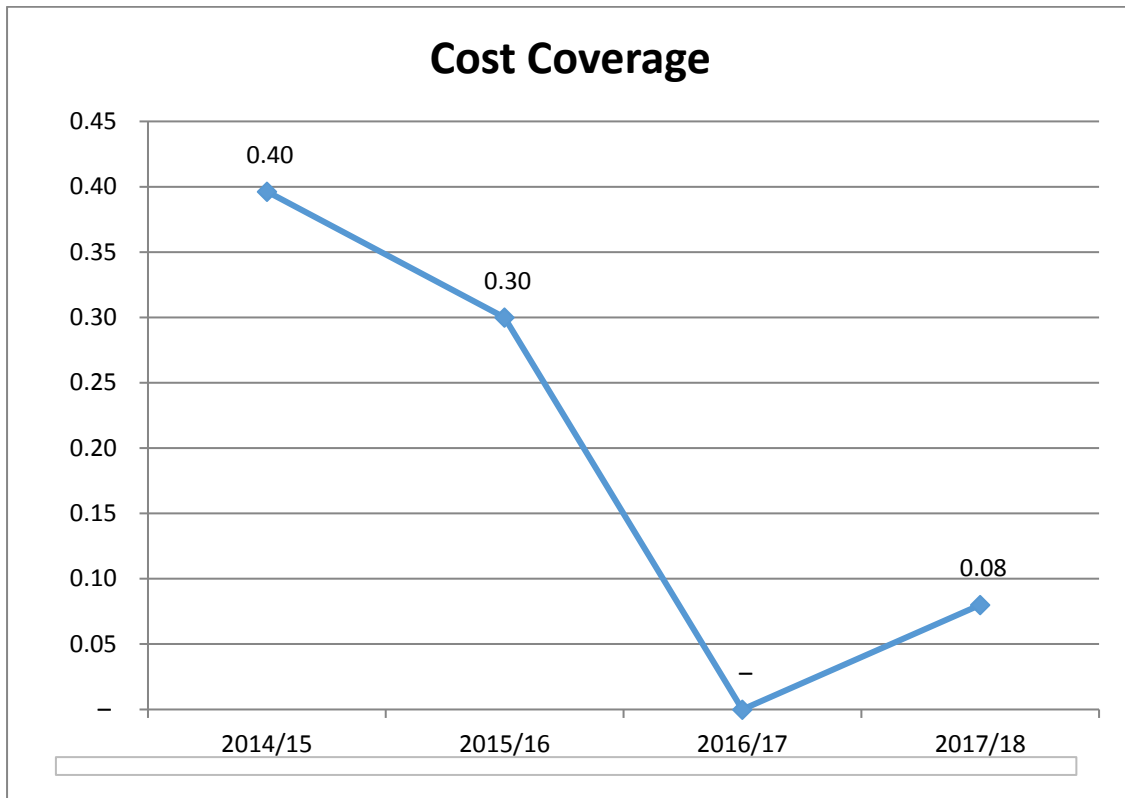
5.5 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

5.5.1 Current Ratio



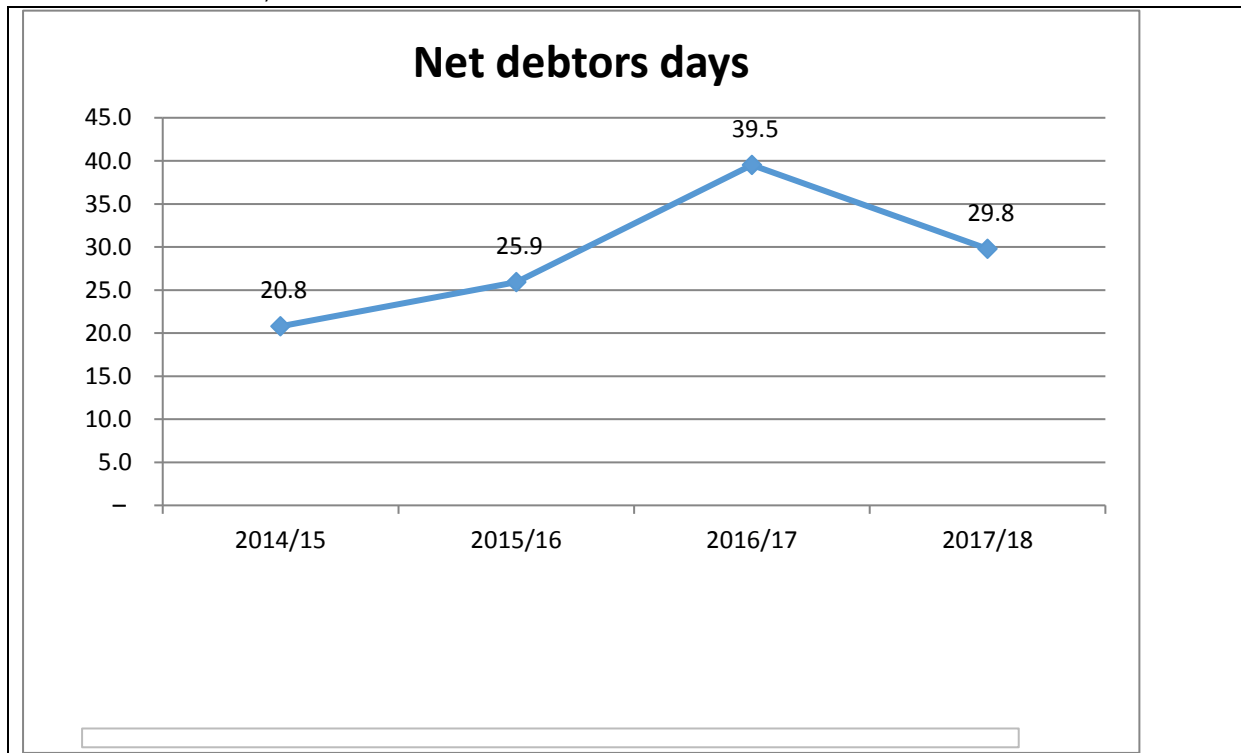
The Municipality's current ratio has deteriorated over the past financial years. This is an indication that the municipality's short term liquid assets are not able to cover the short term liabilities. This is mainly due to the increase in current liabilities that is more than the increase in liquid assets.

5.2.2 Cost Coverage Ratio



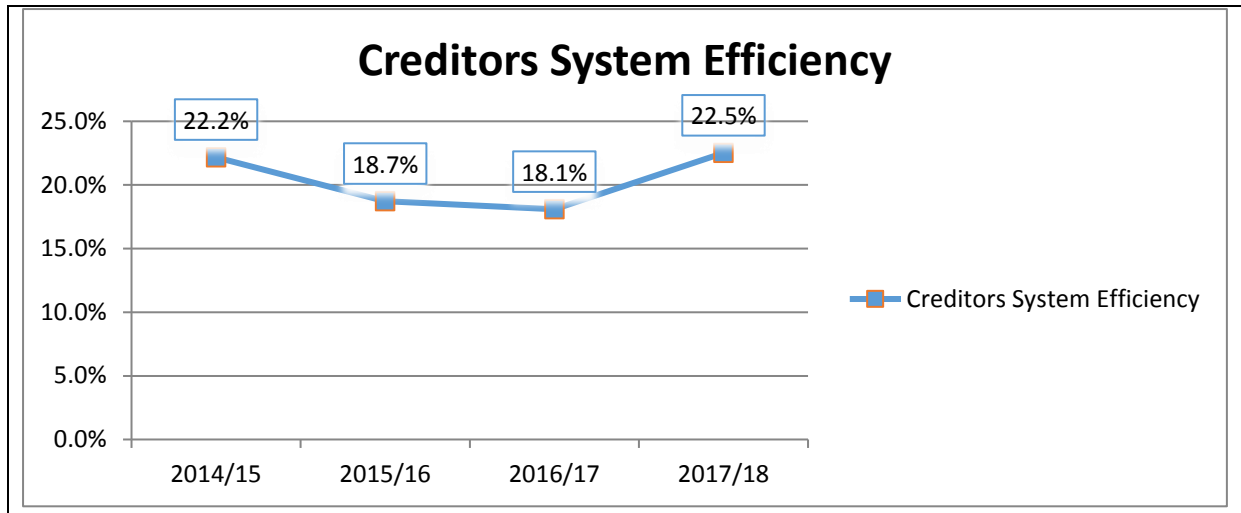
This ratio indicates the extent to which the municipality is able to meet its monthly fixed operating expenditure. This ratio has deteriorated substantially as compared to the previous financial year which indicates that the municipality is unable to cover its monthly fixed costs.

5.2.3 Net Debtors Days



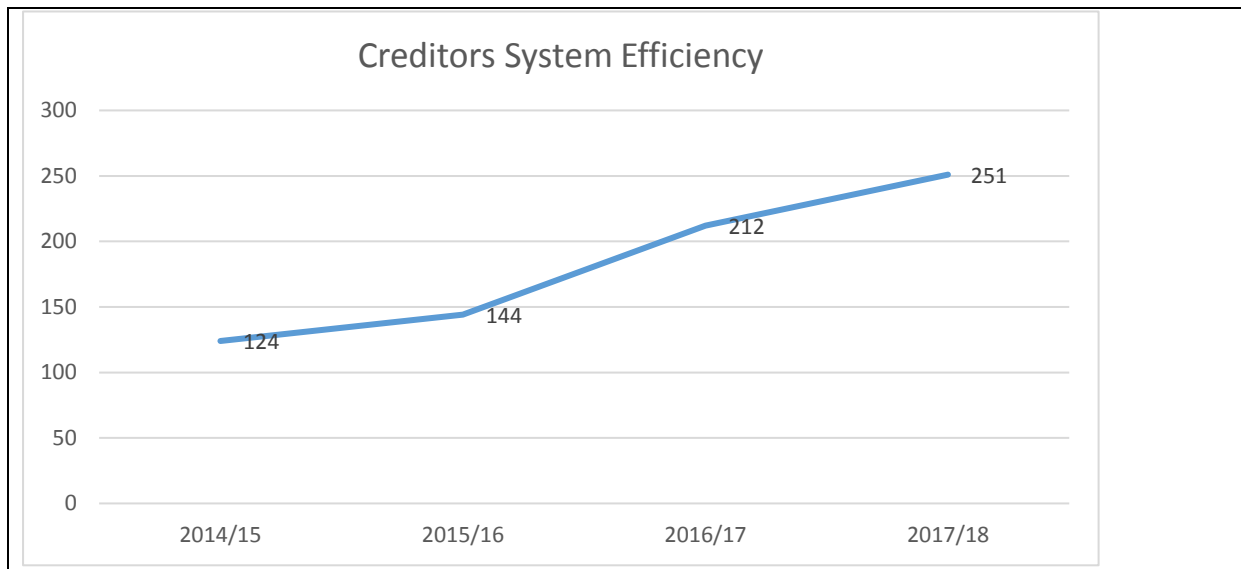
This ratio is a measure of the cashflow available to pay debt obligations. This ratio has remained constant over the past financial years.

5.5.4 Creditors Payment Days



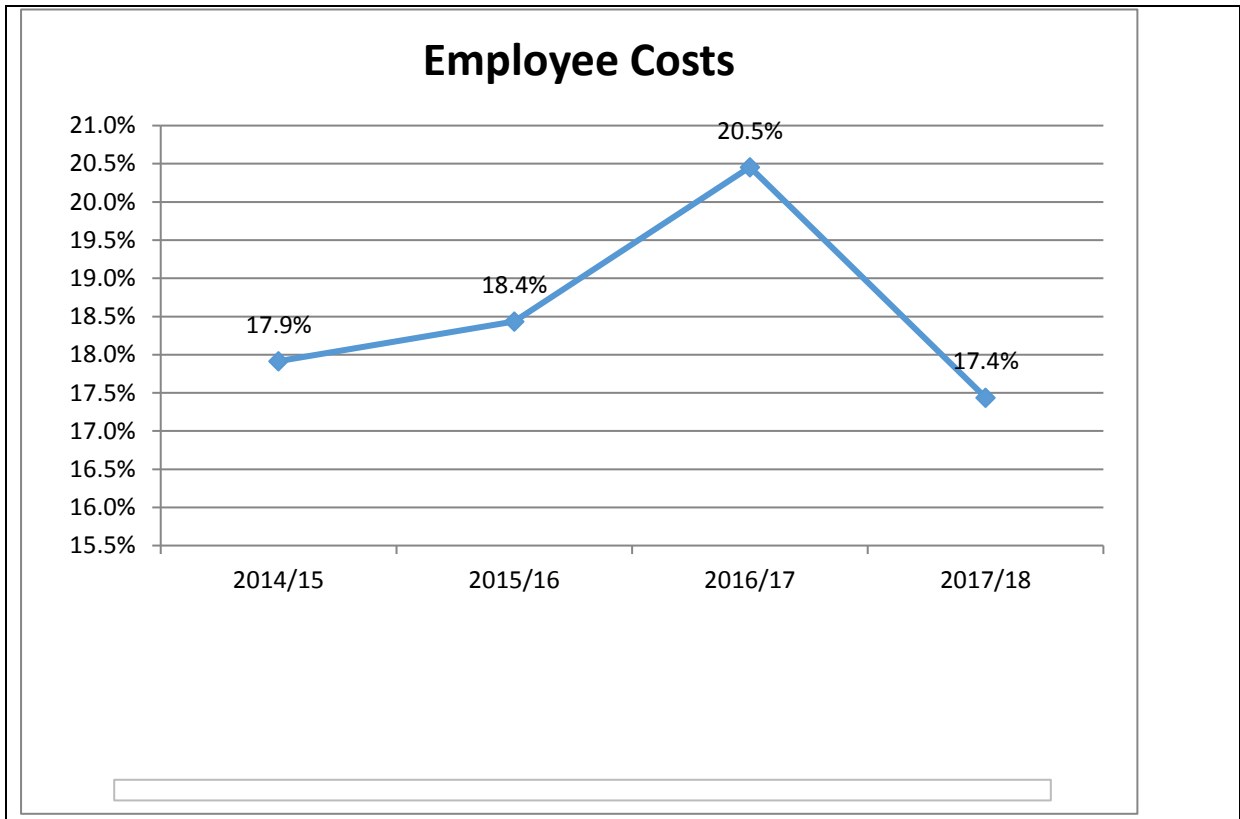
This ratio calculates the number of days taken by the municipality to settle supplier's invoices. The number of days taken by the municipality to settle invoices has increased by 44 days as compared to the previous financial year. This is mainly due to ongoing cash flow challenges experienced by the municipality.

5.5.5 Capital Charges to Operating Expenditure Ratio



Capital Expenditure as a percentage of operating expenditure has increased as compared to the previous financial year this is mainly due to grant funded purchases.

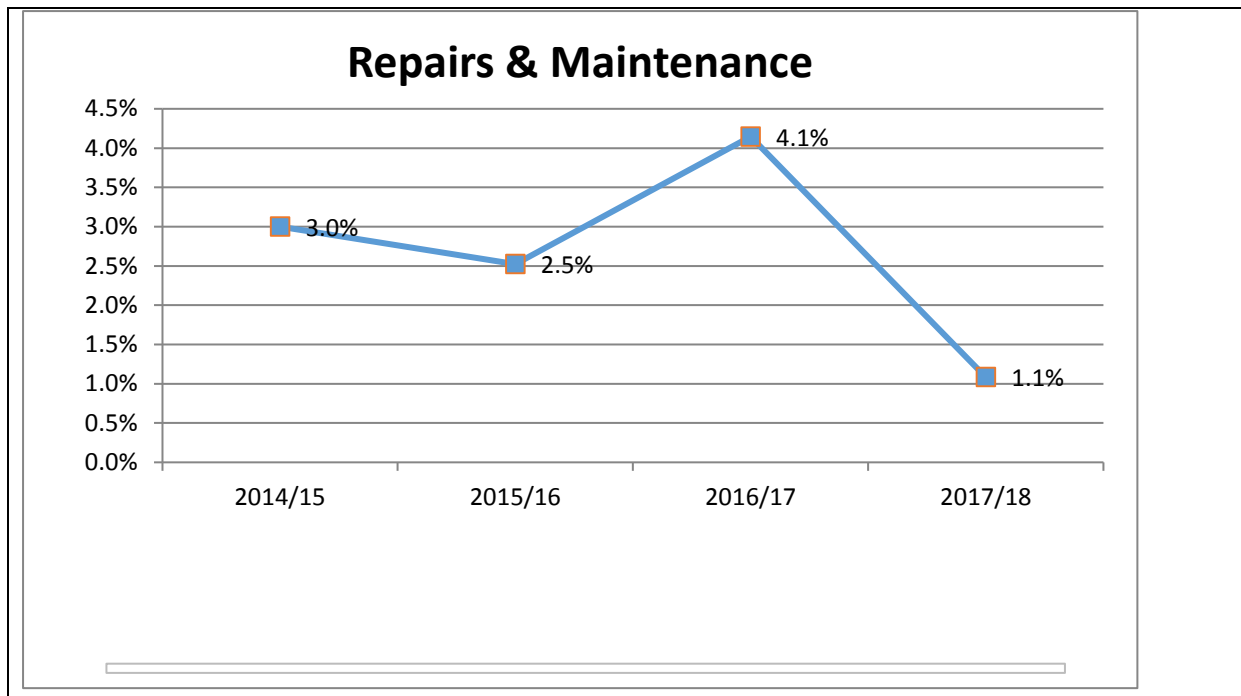
5.5.6 Employee Cost ratio



Operating expenditure as a percentage of total operating costs has decreased as compared to the previous financial year this is mainly due to retirements and resignations that have taken place without filling the positions.

5.5.7 Repairs & Maintenance





This ratio has decreased as compared to the previous financial year this is mainly due to cost containment measure which have been put in place.

5.6 SPENDING AGAINST CAPITAL BUDGET

5.6.1 Capital Expenditure and Source of funding

	Expenditure % (Actual vs Budget)	Original Budget	Adjustment Budget	Audited Full Year Total
Capital Expenditure	6.63%	423,589	383,459	249,599
Operating Expenditure	93.37%	5,863,951	5,403,171	6,746,624
Total expenditure		6,287,539	5,786,630	6,996,222

The total capital expenditure of R 258 million was mainly funded by grants, this is an indication that the municipality is still heavily reliant on treasury to fund capital projects. The municipality is also faced with cash flow challenges which restricts the implementation of own funded projects.

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
Name of Project	Current: Year 0			Variance: Current Year 0	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
	R' 000				
N:BULK WATER SUPPLY FROM QUAGGASFONTEIN	40,547,093	60,167,073	59,523,979	-0.47	-48%
N:CONSTRUCTION OF AN ECD CENTRE	14,000,000	23,500,000	14,795,754	-0.06	-68%
N:UPGRADING OF RUST-TER-VAAL SPORT STADI	8,000,000	16,200,000	14,098,498	-0.76	-103%
N:NEIGHBOURHOOD PARTNERSHIP GRANT	12,240,000	12,240,000	7,062,416	0.42	0%
N:PLAN; DESIGN & CONSTRUCTION OF KLIP RI	15,000,000	11,934,254	11,733,838	0.22	20%
<i>* Projects with the highest capital expenditure in Year 0</i>					
Name of Project	N:BULK WATER SUPPLY FROM QUAGGASFONTEIN				
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project	N:CONSTRUCTION OF AN ECD CENTRE				
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project	N:UPGRADING OF RUST-TER-VAAL SPORT STADI				
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project	N:NEIGHBOURHOOD PARTNERSHIP GRANT				
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project	N:PLAN; DESIGN & CONSTRUCTION OF KLIP RI				
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					

T 5.7.1

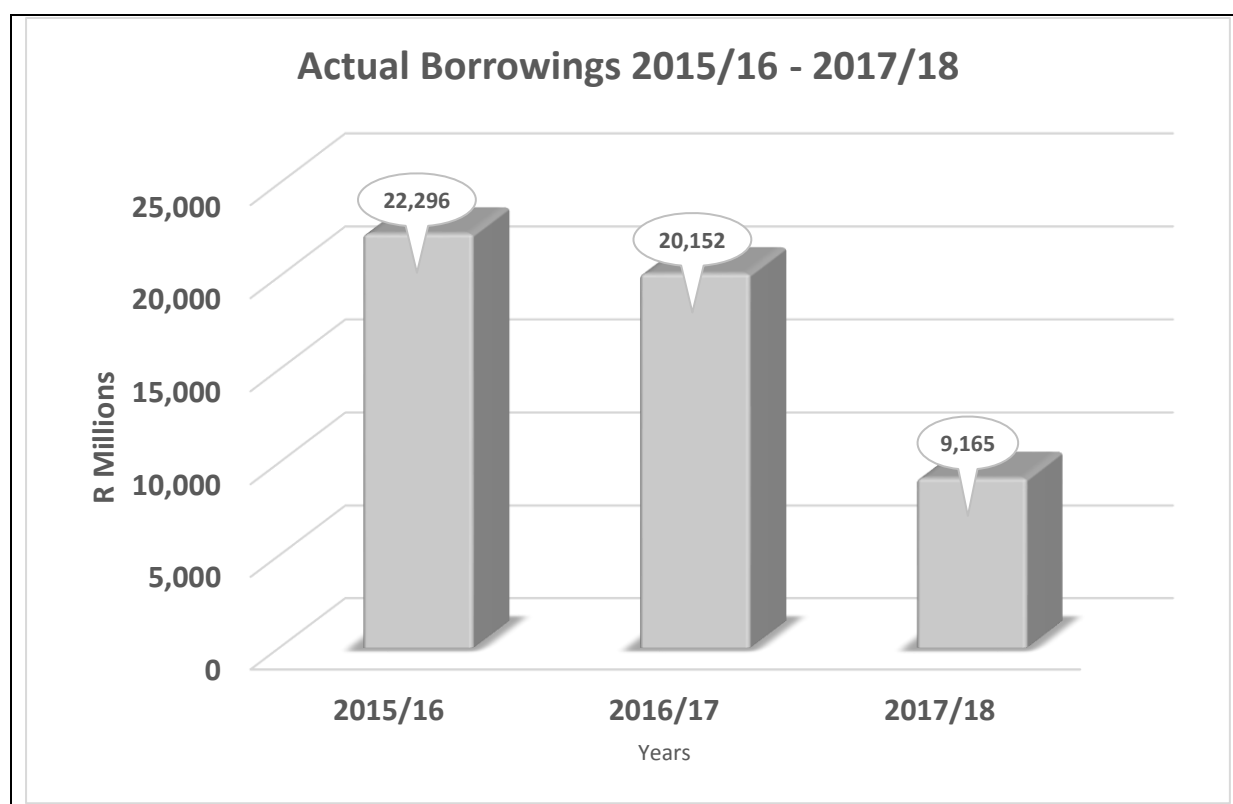
5.8 CASH FLOW MANAGEMENT AND INVESTMENTS

5.8.1 Cash Flow Statement

Cash Flow Outcomes				
				R'000
Description	2016/17	Current Year 2017/18		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	2,688,903	4,204,726	4,004,726	3,060,727
Government - operating	710,931	733,960	733,960	713,352
Government - capital	170,909	260,075	260,075	210,401
Interest	13,581	53,268	53,286	18,048
Other receipts	719,653	136,426	136,426	816,017
Payments				
Suppliers and employees	-4,115,945	-4,285,976	-4,285,976	-4,367,201
Finance charges	-64,822	-12,472	-12,672	-109,013
NET CASH FROM/(USED) OPERATING ACTIVITIES	123,211	1,090,007	889,825	342,331
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of PPE	-223,557			-242,456
Proceeds on disposal of assets	9,574	2,500	2,500	564
Purchase of intangible assets	-1,312			-7,143
NET CASH FROM/(USED) INVESTING ACTIVITIES	-215,294	2,500	2,500	-249,034
CASH FLOWS FROM FINANCING ACTIVITIES				
Borrowing long term/refinancing	-2,720	0	0	-3,163
Increase (decrease) in consumer deposits	2,069	0	0	4,338
Finance lease	-4,299	0	0	-7,249
NET CASH FROM/(USED) FINANCING ACTIVITIES	-4,949	0	0	-6,074
NET INCREASE/ (DECREASE) IN CASH HELD	-97,033	1,092,507	892,325	87,224
Cash/cash equivalents at the year begin:	77,262	123,982	76,456	-19,771
Cash/cash equivalents at the year end:	-19,770	1,216,489	968,781	67,453
Source: MBRR SA7				T5.9.1

5.8.1 Borrowings and Investment

Actual Borrowings 2015/16 - 2017/18			
R' 000			
Instrument	2015/16	2016/17	2017/18
Municipality			
Long-Term Loans (annuity/reducing balance)	11,626	8,906	5,743
Long-Term Loans (non-annuity)	0		
Local registered stock	0		
Instalment Credit	0		
Financial Leases	10,670	11,246	3,422
PPP liabilities	0		
Finance Granted By Cap Equipment Supplier	0		
Marketable Bonds	0		
Non-Marketable Bonds	0		
Bankers Acceptances	0		
Financial derivatives	0		
Other Securities	0		
Municipality Total	22,296	20,152	9,165
			T5.10.2



Municipal and Entity Investments			
R' 000			
Investment* type	2015/16	2016/17	2017/18
	Actual	Actual	Actual
<u>Municipality</u>			
Securities - National Government	0	0	0
Listed Corporate Bonds	0	0	0
Deposits - Bank	95,891	63,433	33,503
Deposits - Public Investment Commissioners	0	0	0
Deposits - Corporation for Public Deposits	0	0	0
Bankers Acceptance Certificates	0	0	0
Negotiable Certificates of Deposit - Banks	0	0	0
Guaranteed Endowment Policies (sinking)	0	0	0
Repurchase Agreements - Banks	0	0	0
Municipal Bonds	0	0	0
Other	0	0	0
Municipality Total	95,891	63,433	33,503
			T5.10.4

5.9 SUPPLY CHAIN MANAGEMENT

The Supply Chain Management of Emfuleni Local Municipality has been implemented in terms of Chapter 11 of Municipal Finance Management Act No.56 of 2003; SCM Regulations of 2005; and relevant MFMA circulars set out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption.

The Supply Chain Management Policy was reviewed in June 2017. The purpose of reviewing SCM Policy was to address the inefficiencies noted within the procurement system, to ensure a re-alignment with the legal framework and delegation of systems. And to provide an effective SCM system. Secondly, Supply chain processes affect both the speed and efficient service delivery of a municipality. Speed and efficiency factors cost money, so it is very important to strike a balance between being highly efficient and adhering to cost reduction strategies as adopted by the municipality.

An effective SCM system helps accomplish the following:

- Managing contractual obligations to assure a continuous supply and avoid a service company's delivery disruptions.
- Strengthening supplier relations for systematic synergy with suppliers and different lines of service delivery.
- Municipal Expenditure management to assure procurement happens through the right suppliers and reduces costs.
- Managing risk and compliance to abide by institutional as well as treasury specific regulations and compliances.
- Establishing a single comprehensive supplier view and deriving insightful procurement analytics.

5.10 GRAP COMPLIANCE

The Municipality applied all effective GRAP standards and did not deviate from any of the standards applicable. The following GRAP standards were adopted and applied in the 2017/18 financial year:

1. GRAP 1: Presentation of financial statements;
2. GRAP 2: Cash Flow Statements;
3. GRAP 3: Accounting policies, change in accounting estimates;
4. GRAP 5: Borrowing costs;
5. GRAP 13: Leases;
6. GRAP 17: Property, plant and equipment;
7. GRAP 19: Provisions;
8. GRAP 21: Impairment of non-cash-generating assets;
9. GRAP 23: Revenue from non-exchange transactions;
10. GRAP 24: Presentation of budget information in the financial statements;
11. GRAP 25: Employee Benefits;
12. GRAP 26: Impairment of cash-generating assets;
13. GRAP 31: Intangible assets;
14. GRAP 100: Discounted operations;
15. GRAP 103: Heritage Assets, and
16. GRAP 104: Financial Instruments

CHAPTER 6 AUDITOR GENERAL FINDINGS

6.1 ACTION PLAN TO ADDRESS AGSA FINDINGS: 2016/17.

6.1.1 Incomplete disclosure of going concern

Management's going concern assumption did not take into consideration the certain indicators that would have cast significant doubt on the Municipality's ability to continue as a going concern.

Remedial Action

Corrective already done, disclosure will be done accordingly.

6.1.2 Completeness of capital commitments disclosed in the AFS

Certain contracts were listed in the contract register however no provision was made for these contracts in the capital commitment register.

Remedial Action

Material misstatements of investment property, current liabilities, commitments, contingent liabilities and deviations identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion. GRAP updates will be taken into consideration during AFS Preparations.

6.1.3 Misstatement of trade and other payables – GL amount not agreeing with supplier statement

The amount owed by Emfuleni local municipality on their general ledger account does not tie/agree to the supplier statement (dated 19 June 2017) and the court proceedings sent by service provider to the municipality.

Remedial Action

Material misstatements of investment property, current liabilities, commitments, contingent liabilities and deviations identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion. GRAP updates will be taken into consideration during AFS Preparations.

6.1.4 Overstatement of Investment Property

During the audit, it was noted that the management have overstated investment property in the AFS by effecting an incorrect value adjustment based on the Opening Carrying Value. The opening carrying value was R4 220 000 according to the records of the Valuator while ELM had the carrying value at R0 value. A Fair Value adjustment of R8 800 000 was recognized by ELM instead of R4 220 000.

Remedial Action

Material misstatements of investment property, current liabilities, commitments, contingent liabilities and deviations identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion. GRAP updates will be taken into consideration during AFS Preparations.

6.1.5 Misstatement of deviation note in AFS

AGSA noted that certain awards were not included in the deviation register.

Remedial Action

Material misstatements of investment property, current liabilities, commitments, contingent liabilities and deviations identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion. GRAP updates will be taken into consideration during AFS Preparations.

6.1.6 Misstatement of contingent liabilities disclosed

AGSA noted that for contingent liabilities in the litigation register, the certain have not been disclosed in the financial statements.

Remedial Action

Both Legal and Finance will work together on litigation register and report on quarterly basis to relevant structures.

6.1.7 Non-compliance payments not made within 30 days

AGSA noted that the certain invoices were not paid within 30 days of receiving the invoice.

Remedial Action

There are intervention measures implemented by municipality and the establishment of the expenditure support team to assist to improve the cash flow situation. **See 6.1.4 remedial Action**

6.1.8 Non-compliance with section 62(1)(d) – Unauthorized, irregular and fruitless and wasteful expenditure

AGSA noted that the municipality failed to prevent Unauthorized, irregular and fruitless and wasteful expenditure as disclosed in note no. 31 of the financial statements.

Remedial Action

Circular 68 of MFMA and Consequence Management Framework will be implemented to address the non-compliance section 62(1) (d). This will be reported to Council as well as recorded in the UIF register for Compliance.

6.1.9 Misstatement of irregular expenditure disclosed in the financial statements.

AGSA noted that the amount for irregular expenditure disclosed in note 31 to the financial statements is misstated- payments relating to the contracts which were reported to be irregular in prior year were not disclosed as such,

Remedial Action

- **Circular 68 of MFMA will be implemented to address non-compliance with MFMA Section 32(2)(b)**
- Irregular expenditure incurred by the municipality will be investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

6.1.10 The appointment of service providers for the cutting and removal of grass and low growing vegetation on an as required basis

- Unfair awarding of contracts to bidders who did not meet mandatory administrative compliance.
- Potential collusive tendering and unfair awarding.
- Lack of clearly defined functionality criteria.
- Undeclared relationships and misrepresentation on the EBD4 form.

Remedial Action

Circular 68 of MFMA will be implemented to address non-compliance with MFMA Section 32(2)(b)

- Bids will be evaluated in terms of Preferential Procurement Policy Framework Act (PPPFA) of 2000 and Preferential Procurement Regulations of 2017.
- The matter of collusion was raised by forensic auditor during 2016. It was resolved that collusion on bidding processed should be referred to the Competition Commission. It was not Council's BEC/BAC competency to analyse any competitive behavior or scrupulous coercive behavior or manipulation by various bidders. Our Supply Chain Management policy calls for all bidders to be evaluated fairly without prejudicing any other bidder. The identified discrepancy will in future be thoroughly investigated and any contravention to the Competition Act will be reported accordingly.
- Bids will be evaluated in terms of Preferential Procurement Policy Framework Act (PPPFA) of 2000 and Preferential Procurement Regulations of 2017. Section 5 states that: Tenders to be evaluated on functionality 5.(1) An organ of state must state in the tender documents if the tender will be evaluated on functionality. (2) The evaluation criteria for measuring functionality must be objective.(3) The tender documents must specify(a) the evaluation criteria for measuring functionality;(b) the points for each criteria and, if any, each sub-criterion; and(c) the minimum qualifying score for functionality. Review of the Supply Chain Management Policy and benchmark with other municipalities on the evaluation criteria.
- Municipality conducted investigation into the alleged related irregularities in respect of the grass cutting tender and upon conclusion of the investigations; municipality terminated the services of Service Provider. A system used to evaluate and conduct verification of bidders for its details including references and financial standing will be used as a tool to eliminate such non-compliance. ELM will enter into an MoU with COGTA to enable access to this system.

6.1.11 Appointment of service provider for Municipal Revenue Enhancement initiative

- Circular 68 of MFMA and Consequence Management will be implemented
- Non Compliance with the approved specifications and the SCM Regulations.
- Contract having future budgetary implication.
- Circular 68 of MFMA will be implemented
- Non-compliance with MFMA Regulations 21.
- Unfair awarding of contracts in terms of administrative compliance.
- Relationship between Municipal employee and key personnel for the service provider.

Remedial Action

- In terms of the Municipal Supply Chain Management Regulations 27(2)(g) and the municipality's SCM policy, specifications will be approved by the accounting officer prior to publication of the invitation for bids. The report will be submitted to council for condonation or cancellation.
- Bids that have future budgetary implications of more than 3 years will be in compliance with Section 33 of the MFMA.
- Bids will be evaluated in terms of Preferential Procurement Policy Framework Act (PPPFA) of 2000 and Preferential Procurement Regulations of 2017 and MFMA SCM Regulation.
- Bids will be evaluated in terms of Preferential Procurement Policy Framework Act (PPPFA) of 2000 and Preferential Procurement Regulations of 2017 and MFMA SCM Regulation.
- Bids that have future budgetary implications of more than 3 years will be in compliant with Section 33 of the MFMA
- According the section 44 and 45 of Supply Chain Management Regulation of MFMA state that only directors are allowed to declare their interest. The Municipality will use cross check to verify information.

6.1.12 Procurement of goods/ services without following the proper procurement processes

The AGSA inspected some invoices issued by certain Service provider to Emfuleni Local Municipality relating to the services rendered and noted the following inconsistencies:

- There was no procurement process followed in procuring the goods/ services by the Emfuleni Local Municipality as three quotations were not obtained.
- There were no written or approved reasons for the deviation from obtaining quotations.
- The invoices do not show the breakdown in the amounts paid to the service provider.
- There was no agenda, attendance registers, and the minutes of meeting held.

There was no evidence provided to the AGSA reflecting that approval was granted to deviate from the procurement process for quotations.

Remedial Action

- Circular 68 of MFMA and Consequence Management will be implemented
- Proper procurement process per approved Supply Chain Management Policy will be followed , monitored and evaluated by the Accounting Officer
- The accounting officer has committed to review all SCM processes, systems, people and procedures.
- All SCM practitioners will be vetted for security clearance.

6.1.13 Non-compliance with SCM policy 37 (2) (3): Deviation and ratification of procurement4

AGSA noted that the following awards were not made done in terms of the SCM policy 37(2) (3) and the deviation was obtained after the invoice date.

Remedial Action

Deviation will be approved in accordance with SCM Regulation 36 and ELM SCM policy 37 (2) (3).

6.1.14 Non-compliance with SCM regulation 36

The awards were not included in the deviation register. Only one deviation memo was used for the services of the below mentioned supply throughout the year. The suppliers are not the sole providers of the services in and around Vanderbijlpark.

Remedial Action

Deviation will be approved in accordance with SCM Regulation 36 and ELM SCM policy 37 (2) (3) and will be recorded in the deviation register and disclosed in the annual financial statements.

6.1.15 Non-compliance with SCM regulation 36 and SCM policy 37 (3) – maintenance of heavy vehicles

AGSA noted that the reasons for deviation are not adequate – to comply SCM regulation 36 also the deviations were not included in the deviation register.

Remedial Action

Deviations will be recorded in the deviation register and disclosed in the annual financial statements

6.1.16 Award of tender not given to the highest bidder

The finding will have an impact on Irregular expenditure, because the award to the second highest tenderer is supported by reliable evidence

Remedial Action

Bids will be evaluated in terms of Preferential Procurement Policy Framework Act (PPPFA) of 2000 and Preferential Procurement Regulations of 2017 Section 11 states that: Award of contracts to tenderers not scoring highest points. A contract may be awarded to a tenderer that did not score the highest points only in accordance with section 2(1)(f) of the Act. Bidders that do meet the PPPFA in terms of scoring on price and BBBEE will not be considered for awards.

6.1.17 Non-compliance with SCM regulation 36

The deviation memorandum stipulates that the reason for deviation was due to an emergency however the memorandum was drafted 20 August 2016 approved 04 October 2016 and the signing of the appointment letter was 13 January 2017, the time lapse between the drafting of the memorandum and selection of the contractor is more than enough to go out on tender. It was practical for the municipality to go out on tender as the time they had allowed the municipality to follow official procurement processes from 20 August 2016 to 13 January 2017 The Deviation Memo states that the reason for deviation was that the life of the ward councilor was in danger however the reasoning is not in line with the requirements of regulation 36.

Remedial Action

Deviation will be approved in accordance with SCM Regulation 36 and ELM SCM policy 37 (2) (3) and reported and filed in the deviation register. All deviations will be approved by the Accounting Officer prior to appointments and will be recorded in the deviation register and reported to Council as legislated.

6.1.18 splitting of quotations

AGSA noted that the following quotations used in procurement of goods/services were split to avoid going into tender processes

Remedial Action

Proper procurement process will be followed when procuring goods and services in accordance with range of procurement processes Section 12 of MFMA SCM Regulations. To eliminate splitting of orders all clusters must adhere to the procurement plan. All procurement will be approved by the Accounting officer as well as a committee to monitor procurement before any BID is awarded.

6.1.19 Reported information not valid for the following indicators: Utilities and strategic projects.

AGSA noted that actual achievements as reflected on the annual report are not valid, accurate and complete when compared to supporting information. The information provided is not valid and there is limitation of scope on Quarter 1, Quarter 2 and Quarter 3. The Blue drop and Green drop results are only provided for Quarter 4 and reported on Annual Performance Report.

Remedial Action

- All performance indicators and targets in the 2017/18 SDBIP are to be reviewed in terms of the SMART principle and also as a result of the Adjustments Budget;
- All departments are to be urged to create and update POE files per indicator; and
- Regular monitoring and evaluation to be performance on the status of POE file.
-

6.1.20 Reported information not accurate

During the audit AGSA noted that there were discrepancies between the reported performance in the annual performance report and the evidence provided to support this performance. Differences were noted between the reported performance and the performance recalculated by the audit team based on the supporting documentation provided.

Remedial Action

For all the performance indicators in the 2017/18 SDBIP that require manual calculations based on submitted POE, these calculations need to be disclosed with the submission of the POE for the purposes of verification of those calculations. Calculations are to be verified by the Performance Management Department during the POE evaluation process and by Internal Audit during the auditing process.

6.2 ACTION PLAN TO ADDRESS AGSA FINDINGS: 2018/17.

6.2.1 Non-compliance with Supply Chain Management Regulation and Municipal Finance Management Act - Tender awarded without following competitive process

The audit team noted that the municipality has extended the certain contract with an extension of 111% of the original price, without following competitive bidding procurement process. municipality has extended the certain contract without following the contract management due processes.

Remedial Action

- The appointment process will be reviewed by 30 May 2019.
- The extension of the contract was not done in accordance with SCM regulations and will be disclosed as irregular expenditure.

6.2.2 Non-compliance with Supply Chain Management Regulation - Deviation from tender process not in line with regulation 36

Based on the evidence presented the procurement should have been planned and followed the applicable procurement processes, it was not impractical for the municipality to commence with procurement processes timely, as they had three years to initiate and conclude the process accordingly. The procurement cannot be considered an emergency also as adequate time was presented to act on the requisition by the user department.

Remedial Action

The above deviation was disclosed as irregular expenditure in financial year 2017/18

6.2.3. Non-compliance with Supply Chain Management Regulation and Municipal Finance Management Act - Contract cancelled and awarded to the different service provider without following competitive bidding process

The audit team detected that the municipality cancelled certain contract with service provider and subsequently awarded to another service provider. Without following competitive bidding process.

Remedial Action

None

6.2.4. Non-submission of information relating to Supply Chain Management – Procurement through Competitive Bidding Process

Competitive Bidding (Transactions value above R200 000) the auditors were not provided with sufficient and appropriate audit evidence to support the assertions made by management.

Management provided the auditors with Bids Register, and the Evaluation Committee Report, however, management has informed the auditors that Bids received from prospective suppliers were lost in a fire that occurred in one of their premises, as such the auditors are unable to obtain the necessary assurance.

Remedial Action

None

6.2.5 Supply Chain Management - Tenders Advertised for less than 30 days

The audit team detected instances where the public invitation for competitive bids was not compliant with the prescripts of the Municipal Supply Chain Management (SCM) Regulation and Emfuleni Local Municipality Supply Chain Management Policy. The invitation for competitive relating to certain tenders with transaction value greater than R10 million were advertised for a period lesser than 30 days.

Remedial Action

None

6.2.6. Quotations - Splitting of quotation to avoid competitive bidding

The municipal sourced goods and service through split quotations instead of a tender process taking into account the total value of the transactions with the service provider and the goods procured.

Remedial Action

None

6.2.7 Quotations - Deviations from normal procurement process reasons not in line with the requirements of Municipal Supply Chain Management Regulation 36 and SCM Policy

Certain service providers were appointed through deviations, however the reasons documented for deviation from the normal procurement processes are not in line with the requirements of section 36 of the Municipal Supply Chain Management Regulations and Emfuleni Local Municipality's Supply Chain Management Policy.

Remedial Action

None provided

6.2.8 Non-compliance with Section 15 and 11 of MFMA - Unauthorised expenditure

The audit team noted an instance where the deviation was recorded and approved for the reasons not in line with the Municipal Supply Chain Management Regulations 36. The deviation was for the Councillors Lekgotla study material that could not be prepared in-house by the Municipality. The deviation was recorded and approved on the 29 June 2018, the same date of the Councillors Lekgotla.

The audit team assessed the reasons to be inconsistent with the requirements of the Municipal Supply Chain Management Regulation 36 and Supply Chain Management policy of the Emfuleni Local Municipality as the deviation from normal SCM processes is not due to an emergency, single provider, special work of art, animals acquisition or impossible to follow the procurement processes. Based on the above, the appointment of the service provider results in a non-compliance with relevant applicable laws and regulation.

Remedial Action

Deviation will be included in the deviation register and disclosed in financial statements on under the deviation Note

6.2.9 Non-compliance with Municipal Finance Management Act and Supply Chain Management Regulation – Functionality criteria not applied in consistent with the specification per bid document

The Bid Evaluation Committee (BEC) minutes and report, dated 28 February 2018, the committee recommended a different bidder from the one awarded by the Bid Adjudication Committee (BAC). The Bid Evaluation Report contain two sets of page 24 and 25, which are contradictory. The latter set of Bid Evaluation Report is further contradictory to the Bid Evaluation Minutes.

Further the accounting officer was not notified of the decision to award a different bidder than the one recommended by the Bid Evaluation Committee, the notification should have detailed aforementioned issues and considerations, thus enabling the accounting officer to ratify or reject the decision by the Bid Adjudication Committee.

Remedial Action

Not provided

6.2.10. Non-compliance with supply chain management regulation and municipal Finance Act- Reduction of Non-revenue water losses.

The audit team detected that the evaluation and adjudication criteria applied in the evaluating and adjudicating the bids for certain tender- reduction of non-revenue water, are not consistent with the prescript of the preferential procurement framework policy and the preferential procurement regulations of 2017. Post the functionality assessment, the evaluation and adjudication criteria applied to select the winning bidder was not based on the price or preference point system as envisaged by the preferential procurement framework.

Remedial Action

Not provided

6.2.11 Non-compliance with fruitless and wasteful expenditure - Failure to take reasonable steps to prevent fruitless and wasteful expenditure

The audit team noted instances where the service providers charged Emfuleni Local Municipalities an interest on overdue accounts. The interest charged on overdue accounts constitute Fruitless and Wasteful Expenditure as it would have been avoided should the municipality settled the affected invoices within 30 days of receipts as required by the Sec 65(2)(e) of Municipal Finance Management Act 56 of 2003.

As depicted in the table below, the Fruitless and Wasteful Expenditure identified from testing sample of expenditure transactions amounts to R 21 646 737.30. The Fruitless and Wasteful Expenditure identified and disclosed by the management amounted to the total of R198 948 574 as disclosed in the financial statements, note 31.

Remedial Action

Measures have been put in place to cut costs through contracts review and to increase collections.

6.2.12 Non-compliance with irregular expenditure - Failure to take reasonable steps to prevent irregular expenditure.

Reasonable steps were not taken to prevent irregular expenditure amounting to R1 014 757 798, as disclosed in note 31 to the annual financial statements, in contravention of section 95(d) of the MFMA

Remedial Action

Accounting Officer with the assistance of the CFO has reviewed the SCM control environment with the aim of eradication of irregular expenditure.

Reconstitution of the bid committees in order to ensure that competent officials are appointed in **bid committees** and there will be training arrangement for bid committee members.

6.2.13 Misstatements of irregular expenditure

Audit team noted that irregular expenditure amount as disclosed per note 31 of the annual Financial statements was understated by R11 083 930 when compared to the supporting irregular expenditure register.

Remedial Action

Misstatements has been adjusted and disclosed on the deviation note in the annual financial statements.

6.2.14 False declaration of interest made by suppliers

Certain official are employed by the state and their companies made false declarations as none of the suppliers stated that their directors are in the employ of the state. Subsequently the entity awarded them contracts or procured from them.

Remedial Action

None provided

6.2.15 Invoices not settled within 30 days

The supplier invoices were not paid within 30 days as required per Section 99(2)(b) of the MFMA.

Remedial Action

The recovery plan from has been approved for implementation and there are intervention measures that have been implemented by the municipality to improve the cash flow constraints

6.2.16 Overall Misstatements identified in the annual financial statements

Misstatements were identified in the balance sheet, income statement as well corresponding figures during the audit.

Remedial Action

Stringent measures to be put in place to ensure that the process for the preparation of the annual financial statement is adhered to and quarterly financials are prepared as a build up towards the annual statements.

6.2.17 Creditors Reconciliations – Creditors' listing balances not reconciling to the balances per supplier statements

The audit team noted instances where the balances per creditors' statements did not reconcile to the balances per the creditors' listing / creditor's age analysis provided for audit. Per follow up with the relevant managerial personnel, the audit team noted that the differences were due to the invoices pertaining to the year under review which were not accrued for at year end, resulting in the overall overstatement of Trade Payables.

The rand value misstatement that the trade creditors are overstated by amount to R46 966 341,34(R27 537 895,59 - R74 504 236,93), being net of overstatement of Eskom balances and understatement of Rand Water and other trade creditors.

Remedial Action

Putting stringent procedures that will restrict the release of payments should there be outstanding invoices as per the previous reconciliation.

6.2.18 Misstatements identified within Contingencies

The lawyers' letters were sent out to Emfuleni Local Municipality attorneys and in certain instances, cases were not included in the Contingencies schedule submitted for audit purposes. The differences identified is R165 027110.74

Remedial Action

Said remedial action is reflected in the Litigation Register; of which the same has been adjusted accordingly. Correlation of quantum as per Combined Summons to be facilitated in observance of future matters prior to enrolment in Litigation Register.

6.2.19 Differences identified between the Annual Financial Statements and the Commitments register.

The audit team noted that the commitments amount as disclosed per note 42 to the Annual Financial Statements was understated when compared to the supporting commitments register. Per discussion with the management, the misstatement was confirmed to be an arithmetic error.

Remedial Action

The annual financial statements will be reviewed prior to submission for audit.

6.2.20 consequences Management- instances of unauthorized, irregular and fruitless and wasteful expenditure not investigated during 2017-18

The audit team noted that instances of unauthorized, irregular and fruitless and wasteful expenditure identified and reported during 2016/17 were not investigated to determine the if any person is liable for the expenditure. As result, the effective and appropriate disciplinary steps were not taken against who made or permitted irregular expenditure in line with the section 32(2) of the MFMA and resulting allegations of financial misconduct, fraud and other SCM improper conduct tabled by the mayor/ accounting officer before council in terms of disciplinary regulations for senior managers Section 52.

Remedial Action

None provided

6.2.21 Inconsistency of the objectives in the SBDIP and Annual Performance Report

The objectives as per SBDIP is not consistent with the submitted annual performance report, refer below:

<u>Number</u>	<u>Objective as per SBDIP</u>	<u>Objective as per annual performance report</u>
1	Basic services	Public Works
2	Utilities and Strategic Projects	Utilities and Special Projects

Remedial Action

This error will be corrected immediately to comply with the approved resolution of Council. Service Delivery Budget Implementation Plan will be adjusted to read as follows: Public Works instead of Basic Services and Utilities and Annual Performance Management will read follows: Utilities and Strategic Project instead of Utilities and Special Projects

6.2.22 The corrective measures for non-achievements of performance indicators not supported by valid supporting documentation

The Municipality did not achieve the performance indicators and as required by the guidelines within AOPO and the corrective measures should be supported by valid evidence.

Remedial Action

Not provided

6.2.23 Annual performance report is not valid; accurate and complete

1.1 Variances identified between the Quarterly reports and the Annual performance report (APR)

During the inspection of the supporting evidence relating to the below mentioned key performance indicators, it was noted that the APR does not tie up to the reported quarterly reports. This has resulted in reported achievements being incomplete and inaccurate in the APR.

1.2. There are no technical indicator descriptions (TID) for all indicators on Basic services and Utilities and strategic projects.

1.3. There are no listings/schedules to support the reported achievements on information received on Basic Services (Electricity).

Remedial Action

Management took a decision to enforce (Monitoring, Control and Consequence Management) the Electricity Department to comply to the Municipal Internal Audit Process Plan. All supporting KPI POE's are backed-up through scanning and safe keeping in the Municipal IT Network.

6.2.24 Annual performance report is not valid; accurate and complete

90% of SANS 241 Compliance on average for Potable water quality in Rand Water supply areas in 2017/18

During the inspection of the quarterly reports submitted, it was noted that there is no consistency from quarter 1 to quarter 4 information on the evidence and calculation of the reported target. Information supplied from Rand water does not indicate the required compliance on SANS 241, 2015 standard and achieved compliance to SANS 241. The reported achievement is not supported by evidence to ensure the validity, accuracy and completeness of the reported target.

Remedial Action

The water department will ensure that there is consistency in submitting the water quality reports and compliance calculations. the department managed to eradicate the challenge for 2017/2018 financial year quarter 2 to quarter 4.

6.2.25 Most targets were not achieved

During the audit of Predetermined Objectives by review of the Annual Performance Report it was revealed that most targets were not achieved within the required time frame for the period 2017/18.

Of the total number of 39 planned target for the Emfuleni Local Municipality Sub-programmes, the total of 26 targets were not achieved during the year under review. This represent 66.67% total planned target that were not achieved for the year under review.

Furthermore, Waste & Environmental Management - SW.04 was budgeted for R7 538 977.00 and the achievement was 0%.

Remedial Action

- Enhance current controls in place to monitor progress on achievements of overall targets to ensure efficient, effective and timely achievement of targets
- Enhance current practices of collecting and coordinating evidence for reported targets to ensure that all supporting documentation for reported performance information is efficiently collected, consolidated, sequentially numbered and/or filed in evidence files.
- Ensure that adequate and reasonable explanations and corroborative evidence is submitted and/or filed in evidence files for targets not achieved.

6.2.26 Reported achievements in the annual performance report for is not supported by valid evidence.

1,1 During the audit of Waste Water (WW.08) – % of Compliance to Average Turnaround Time (24 hours) to restore waste water service interruptions, measured from time of receipt of the interruption alert to time of restoration in 2017/18. It was noted on Annual Performance Report, that the annual target is achieved but as per APR stated it's not achieved

Remedial Action

None provided

6.2.27 Inconsistencies between the reported information as per the annual performance report and the client listings/schedules for roads & storm water KPI's for 2017-18

it was identified that the reported achievement for roads & storm water KPI's for 2017-18 does not agree to the number as included in the schedules/capture sheets.

Remedial Action

None provided

6.2.28 No supporting job cards and incomplete job cards for roads & storm water KPI's for 2017-18 as reported in the annual performance report.

During the audit of predetermined objectives, it was identified that the job cards submitted were:

- i.) not signed by the delegated official and therefore not reliable, and
- ii.) not submitted and therefore not verifiable.

Remedial Action

None provided.

6.2.29 Job cards could not be traced to the client listings/schedules for roads & storm water KPI's for 2017-18.

It was noted that the job cards on the evidence files were not recorded on the client listings/ schedules.

Remedial Action

Not provided.

6.2.30 Inconsistencies between the reported information as per the annual performance report and the client listings/schedules for Electricity: number of formal houses within the NERSA licensed area of the municipality connected to electricity network by means of electricity meters in 2017-18

It was identified that the reported achievement for Electricity: number of formal houses within the NERSA licensed area of the municipality connected to electricity network by means of electricity meters in 2017-18 does not agree to the number as included in the schedules/capture sheets.

Remedial Action

None provided

6.2.31 Information requested for audit was not provided by management within the agreed time period.

The following information requested for the audit of the annual performance report has not been provided to the auditors:

RFI No.	Description	Date requested
RFI 09	Technical indicator descriptions (TIDs); Listings for all the KPIs in the abovementioned objectives; and Supporting evidence on the non-achievements of KPIs in the abovementioned objectives	Monday, 17 September 2018
RFI 37a)	Technical indicator descriptions (TIDs); Listings for all the KPIs in the abovementioned objectives; and Supporting evidence on the non-achievements of KPIs in the abovementioned objectives	Wednesday, 16 January 2019

Remedial Action

Turnaround time will be improved going forward

6.2.32 inconsistencies between the reported information as per the annual performance report and the client listing/ schedules for waste and environmental management: percentage annual environmental management plan implemented in 2017-18

The audit team identified that the reported achievement for waste and environmental management: percentage annual environmental management plan implemented in 2017/18 does not agree to the number as included in the schedules/ capture sheets.

Remedial Action

Quality assurance system will be enhance moving forward.

6.2.33 Audit Committee - Year end set of AFS not submitted to Audit Committee before submitted for audit

The audit team noted that the full set of the Annual Financial statements for the year ended 30 June 2018 was not yet submitted to the audit committee for review and provision of advice to the Accounting Officer on the matters relating to the adequacy, reliability and accuracy of financial reporting and information.

As a result of above, the audit committee did not review the annual financial statements to provide the council with an authoritative and credible view of the financial position of the entity, its efficiency and effectiveness and its overall level of compliance with the MFMA and DoRA and other applicable legislation as per requirements of the Municipal Financial Management Act, Par 166(2)(a) – (b) and Audit Committee Charter.

Per follow up with the management, the audit team noted the reason being the MsCOA project implementation challenges experienced by management where quarterly set of financial statements could not be prepared and submitted to oversight parties to review. The challenges also resulted in the year-end set of financial statements not being finalised early to afford the internal audit and audit committee an opportunity to perform the reviews and provide valuable inputs.

Remedial Action

Management has taken a stance to resuscitate the mSCOA work streams to address all the challenges experienced with the implementation of both mSCOA and Solar system.