



EMFULENI
LOCAL MUNICIPALITY

Vaal River City, the Cradle of Human Rights

ANNUAL PERFORMANCE REPORT

(2017/18)

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1. INTRODUCTION

Municipal organizational performance monitoring, evaluation and reporting forms part of governance, a good practice and also a statutory requirement in the South African government. The purpose of this Annual Performance Report is to record, disclose and account on the results of the assessment of actual service delivery achievements as measured against predetermined objectives for the 2017/18 reporting period.

The Performance Management Framework at Emfuleni Local Municipality integrates organizational strategic management, service delivery, performance measurement and evaluation, and the associated reporting. The performance management function allows the municipality to track service delivery progress towards achieving the municipal objectives set in the Integrated Development Plan (the "IDP") with its linked Medium Term Revenue and Expenditure Framework ("MTREF").

The municipality's 2017/18 Annual Performance Report focuses on service delivery performance information relating to the key deliverables recorded in the 2017/18 Integrated Development and Planning implemented through the 2017/18 Service Delivery and Budget Implementation Plan (the "SDBIP").

2. LEGISLATIVE BACKGROUND

Section 121 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (the "MFMA") mandates the Municipality to prepare an Annual Report indicative of records of activities of the municipality during the 2017/18 reporting period. The report must also give an account on performance against the budget of the municipality, and promote accountability to the local community for the decisions made by the municipality.

According to the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), *Section 46(1)* of as well as MFMA *Circular 11* on reporting annual performance of the municipality, the compilation of the annual performance report must include an assessment of external providers, a comparison of the performance with targets set for and performance in the previous financial year and measures taken to improve unacceptable performance.

3. 2017/18 ANNUAL ORGANIZATIONAL PERFORMANCE RESULTS

The 2017/18 Service Delivery and Budget Implementation Plan on which this Performance Report is based, comprises **179** performance indicators with its concomitant performance targets. As an organisation, Emfuleni Local Municipality in the 2017/18 reporting period achieved **68** of the performance targets set; **30** were achieved above projection, **27** were achieved below projection and **51** were not achieved and **3** was undetermined.

The following table (1) is a reflection of an analysis of the performance levels. In terms of this analysis, the actual achievements are categorised into one of the 5 levels.

Criteria for Performance Levels

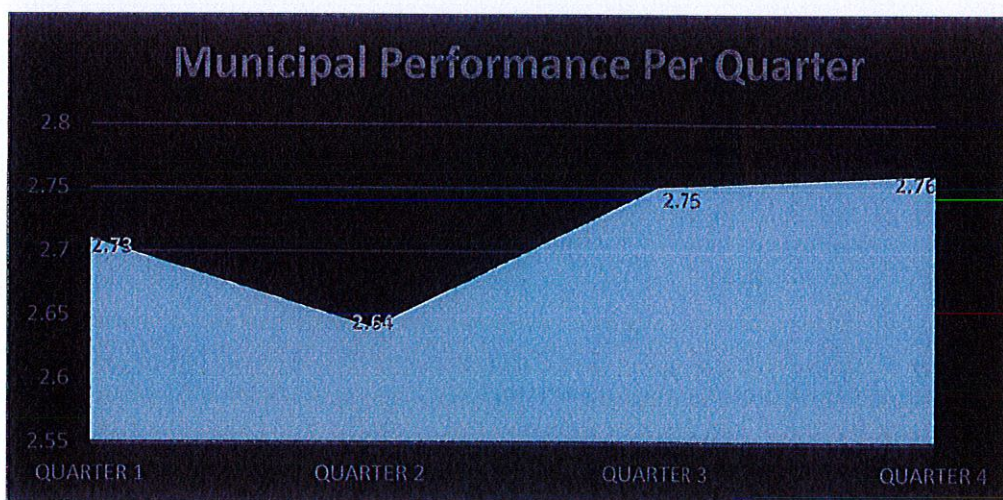
Rating	Score	Level of Performance
1	0 -74%	Unacceptable Performance
2	75 – 99%	Not fully effective
3	100- 129%	Fully Effective
4	130- 149%	Exceed Expectations
5	150%	Outstanding performance

Table 1

In line with the Municipal Performance Management Regulation 805 criteria (above) for measuring performance, the 2017/18 annual organisational performance achievement of Emfuleni Local Municipality is calculated at **88.14%** taking into account that the **100%** achievement of all performance targets would result in a rating of **3.0**.

The service delivery performance rating of **2.73** after the annual assessment indicates that the municipality has partially achieved its annual targets. Some of the performance targets set by the municipality depicted in the SDBIP are on track; however there are a few that are lagging behind. Attached hereto as **Annexure “A”** is the municipal scorecard.

The following graph and Table (2) represents the organizational performance ratings for four quarters (Quarter 1–4).



Municipal Performance Per Quarter				
Performance	Q1	Q2	Q3	Q4
Organizational	2.73	2.64	2.75	2.76

Table 2

4. COMPARATIVE ANALYSIS OF ORGANIZATIONAL PERFORMANCE INDICATORS 2016/17 AND 2017/18

The table (3) below compares the Organizational Performance of 2016/17 with 2017/18.

Activity	2016/17	2017/18
Number of indicators planned	184	179
Number of indicators achieved	107	98
Organizational Performance Rating	2.86	2.73

Table 3

Emfuleni Local Municipality has accomplished an average organizational service delivery rating of **2.73** for the 2017/18 reporting period when compared with the rating of **2.86** for the 2016/17 reporting period. This means that the organization performance level of the municipality has slightly decreased.

5. ANNUAL PERFORMANCE RESULTS PER CLUSTER

Clusters	Annual Performance 2016/17	Annual Performance 2017/18	Movement
Public Works	2.69 #	1.45 #	↓
Shared Services	2.19 #	2.03 #	↓
Economic Development, Planning and Human Settlement	2.59 #	3.43 #	↑
Financial Service	1.61 #	1.39 #	↓
Infrastructure Planning Development and Project Management	3.48 #	3.29 #	↓
Internal Audit	4.20 #	3.75 #	↓
Office of the Municipal Manager	1.97 #	2.05 #	↑
Political Offices	3.71 #	3.54 #	↓
Community Services	3.25 #	3.27 #	↑
Utilities and Strategic Projects	1.94 #	2.10 #	↑

Table 4

Table 4 provides a two year overview of performance per function indicative of performance movement.

6. QUARTERLY PERFORMANCE RESULTS PER FUNCTION

Cluster	Quarter 1 Performance	Quarter 2 Performance	Quarter 3 Performance	Quarter 4 Performance
Public Works	2.12	1.20	1.29	2.04
Shared Services	2.18	1.27	2.41	2.27
Economic Development and Human Settlement	3.60	3.75	3.13	3.25
Financial Services	0.87	0.95	1.17	2.59
Infrastructure Planning Development	2.51	4.50	3.00	3.16
Internal Audit Unit	4.00	4.00	3.67	3.33
Office of the Municipal Manager	2.46	1.27	2.26	2.22
Political Management Teams	4.04	3.21	3.48	3.42
Community Services	3.84	2.48	3.48	3.30
Utilities and Strategic Projects	2.09	2.32	2.67	1.33

Table 5

7. NARRATIVE PERFORMANCE PER FUNCTION

7.1 Basic Services

The municipality's objectives is to provide basic services such as electricity, water, sanitation, roads, waste, municipal parks, security health and social development to its communities

Electricity, Waste Management and, Roads and Storm water

During the reporting period, the municipality supplied electricity to 45 930 formal houses within the NERSA licensed areas. Free basic electricity was partially provided to all registered indigents at 50kWh per month. Free Basic Electricity is provided to approximately 3400 consumer on a monthly basis.

849 public lighting lamps were replaced with LED lighting (energy efficient). High level of illegal connections and theft are amongst other factors increasing the 23% of electrical losses to 43.72%. In dealing with illegal connections, the municipality has installed special locking mechanism in most of the meter boxes in the area. Compliance turnaround times to address the service interruptions was not met due to low level of fleet availability.

For the year under review, waste removal did not thrive. Lack of resources such as low fleet availability has impacted negatively on the mandate of the municipality in collecting waste. Average household kerbside is 47% which is below the projection of 50%. Collection of bulk refuse in informal settlements is at 8 % against the set target of 50%.

Positively, the municipality managed to align the road maintenance rehabilitation programmes such as gravel base layer repairs, surface layer rejuvenation and resealing activities with budget allocation. The intervention of Provincial Department of Roads and Transport in the programme of patching potholes and re-gravelling contributed positively towards resource availability. The following performance targets were successfully achieved 13 339 potholes patched, 2 964 storm water cleaned, 20 792 road marking and 340 road signs replaced.

Water and Sanitation

Water and Sanitation function did not successfully meet their performance targets. The municipality water losses increased by 8.3% since the last financial year. This is attributed to pipe burst, faulty meters, poor infrastructure and resource constraints. The municipality also did not fully meet compliance to turn around times to restore the water service interruptions and reported water leaks. Notably, 1163 sewer pipe lines were replaced, 2114 length of sewer lines were replaced, 9811 sewer spillages and complaints were attended.

Public Safety and Disaster Management

Municipality's Public Safety focuses on the welfare and protection of the general public. The primary goal of the function is to prevent and protect the public from dangers affecting safety such as crimes or disasters. For the year under review, the municipality has successfully held 20 by law joint operations, implemented 16 social crime prevention campaigns and approved the Disaster Management Plan.

Parks, Cemeteries, Health and Social Development

Turnaround times to comply with the provision of graves was successfully achieved (5 056 graves were provided to facilitate burials). 95 developed parks and 613 undeveloped public open spaces of the municipality have been successfully maintained by means of grass cutting and pruning.

10 500 Municipal health inspection of schools, restaurants, mortuaries were successfully conducted against the performance target of 9 990. Verification of household and burial indigent was also realised.

7.2 Financial Services

Positively, during the 2017/18 reporting period municipality's budget was rebased and approved, the cost cutting measure is implemented, upgraded financial system from Venus to Solar and collected 83% total revenue from all the revenue sources. Financial Control and Supply Chain functions has compliantly submitted their reports to Treasury as required by section 71 of the Municipal Finance Management Act of 2003.

Some of the Finance and Revenue performance target were not realised. The debt and cost coverage ratios are also not favourable, indicative of the challenges faced by the municipality's financial position to cover its monthly fixed costs.

7.3 Governance

Internal Audit, Risk, Performance Management and Intergovernmental relations

Internal Audit has successfully implemented the audit methodology, audit committee charter. Performance Management system is implemented at organizational level and plans are underway to cascade to employees on job level 1-3 (middle management) in 2018/19. For the year under review, the municipality has processed requests related to Promotion of Access to information Act and compliantly replied to all the queries from the Public

Protector's as part of Intergovernmental Relations. Risk management has performed unsatisfactory in the areas.

Human Resources, Labour Relations, Information Technology and Organizational Development

Organizational Development, Employment Equity and Human Resources achieved most of the targets planned with one achieved below projection. Labour relations and legal did not successfully meet all the targets. Non-performance is attributed to limited capacity. Remedial actions for legal includes appointment of legal advisers. Information Technology also did not do well due to lack of reliable evidence.

8 REASONS FOR ORGANISATIONAL NON PERFORMANCE AND CORRECTIVE MEASURES.

8.1 Electricity

Severe shortage of input resources such as cash backed budget, human resources capacity and fleet services contributed to non-effective delivery of basic services.

The Electricity Distribution Services accounts for more than 40% of the total revenue for Emfuleni Local Municipality. During this reporting year the actual distribution losses increased to 43.72% representing huge losses in revenue. This resultant to many existing electrical infrastructure challenges such as bridged meters, illegal connections and serious theft and vandalism.

The metering and billing system has been prioritised as measure for improved and sustainable revenue drive can realised within the shortest time. Programmes linked to improved electricity revenue will also allow the municipality an opportunity to invest back into the critical needed infrastructure maintenance and upgrades programmes.

The following strategies are being implemented to improve the overall electricity revenue management:

- Implementation of Automated Meter Reading Contract.
- Implementation of Meter Management Contract.
- Review of current bylaws 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 Contract to reduce outsourcing.
- Implementation of Energy Balancing Contract to control electricity demand during peak periods and installation of zonal meters between Eskom and ELM.
- Improvement of current tariff to reflect cost effective and optimum electricity usage tariff.
- Installation of Robust doors and Improved Fencing at Substations

8.2 Waste Management

The waste collection services have been severely been affected by the serious non availability of fleet such a Waste Compactors for household collection and Tipper Trucks and Loaders for cleaning dump sites. This has impacted negatively on the delivery of services, management and operations of the three Landfill Sites.

Environmental Management Audits were conducted, however due to financial constraints facing the municipality, the licenses for the three Landfill Sites have not been renewed. Emfuleni Local Municipality adopted the Gauteng Municipalities Norms and Standard for Weekly Household Refuse Collection.

In this regard the Waste Management services were set at a strategic indicators for 85% compliance to the Weekly Household Refuse Collection Schedule. However due to fleet challenges the Weekly House Hold Collection indicators 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 no collection of waste. The Public Open Spaces are maintained as part of Solid Waste Management indicators 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.

Strategies currently implemented for effective provision of Environmental Management and Planning Services:

- A business Plan for Environmental Management has been submitted to the National Department of Environmental Management for possible funding of critical waste management programmes.
- Waste to Energy to convert energy emitted at Landfill Site into usable energy through IPP contracts
- Seek funding from GDARD for maintenance of existing and or procurement of new Waste Compactors
- Increase the number of EPWP employees by an additional 400 to assist in street sweeping and litter picking

8.3 Roads and Storm water

The roads and storm water operations have also been affected by non-availability of critical maintenance plant such a Motor Graders, Tipper Trucks and Excavators. As a result the performance of storm water and gravel roads could not be effectively achieved. The deterioration in tarred roads within the municipality's road network shows a high level of pavement distress that has manifested in the form of potholes, cracks and ingress of water to the underlying pavement layers which has resulted in the collapse of many road sections.

The gravel road network is exhibiting a severe level of pavement distress which has resulted in the formation of ditches along and across the road. This type of pavement distress prevents the effective self-drainage of water and result in muddy patches along most gravel roads. The continuation of importing gravel over damaged gravel roads, especially after storms, only provides a temporal relief but within a short period creates more problems as the road level becomes raised higher than the adjacent properties and land thus blocking the water within, resulting in flooding and damage to property structures.

The cost of a rebuilding an infrastructure as a result of ineffective maintenance programmes is 10 times than the cost of implementing a strategic Preventative Maintenance Programme. The Public Works Cluster strives to improve service delivery within the current challenging environment.

Strategies implemented for effective maintenance of roads and storm water network:

- 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 intends 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 other well managed municipalities, the Provincial Department of Roads and Transport and also with CSIR to seek assistance in identifying other road 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. The aim is 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.

8.4 Water and Sanitation

Aging infrastructure has contributed largely to water and sanitation inefficiencies and capacity over the past years and this resulted in severe pipe bursts and high water losses, overflowing manholes and sewer spillages and frequent pump stations breakdowns.

Lack of resources to deal with preventative maintenance, tools of trade and high vacancies also contributed to municipal inefficiencies.

Theft and Protests, resulting to and vandalism of infrastructure are some the challenges hampering service delivery and have a huge negative implications on the municipal financial plan. High vacancy rate also contributed negatively to the overall delivery of services of water and sanitation functions.

To this end, the municipality has undertaken to implement the following actions plans as part of corrective measures:

- Use the acquired 3 year of Water and Sanitations Infrastructure Grant (WSIG) funding for refurbishing pump stations (electrical, mechanical and civil related work), reservoirs (construction of the new high level reservoir to replace the leaking concrete reservoir, Vaaloewer water Treatment plant (refurbishment of the water treatment plant to ensure that there is constant supply of water to the Vaaloewer water treatment plant).
- Water conservation and water demand programme has commenced (2018/19 to 2020/21). The program is focusing on refurbishing the pressure reducing valves, bulk metering and bulk sectorisation, schools audit, leak repairs, community awareness programmes, active pressure management
- Implemented Sharpville Leak Repair project addresses the houses identified in Sharpville with leaks in order to increase the capacity at the Leeuwkuil Waste Water treatment works.
- Continue to acquire funding such as DBSA grants for implementation of capital projects aimed at developing the municipal infrastructure.
- Implemented the Municipal Infrastructure Support Agent programme that deploys provide capacity for scarce skills (3 electrical engineers and 2 civil engineers mandated to strengthen municipal capacity).

8.5 Project Implementation

Emfuleni Local Municipality has the largest project footprint of all grade B municipalities in Gauteng. Over the last 2 financial years, the municipality launched an online project monitoring platform called the Infrastructure Nerve Centre. This custom made facility enables the municipality to monitor progress and quality of projects and keep project memory safely in a remotely located server.

The municipality was also, during the same period, the first to use drones as a project monitoring tool. A payment monitoring application, the first of its kind has been commissioned to enable service providers to monitor the movement of their invoices within the municipality. This assists contractors in financial planning and eliminates delays associated with overlooking the urgency of payments and their centrality in timely completion of capital projects.

19 projects were completed over the last 3 years. The majority of the projects, 16 to be precise were projects that were having major challenges that required a change in implementation approach. These were 9 roads, a major water pipeline, two outfall sewerage lines, early childhood development center, and storm water channel and sports facility. The municipality reached all its targets for infrastructure grant expenditure. R 1.5 Billion worth of projects are ready for implementation with funds being sourced from elsewhere to mount an intense social infrastructure delivery program over a 3 year period. This will free more funds to focus on maintenance and refurbishment.

8.6 Internal Audit, Risk, Performance Management and Intergovernmental relations

The Internal Audit function was fully functional for the period under review having achieved an annual performance score of 3.75 and has implemented the approved Risk Based Internal Audit Plan and submitted 4 quarterly assurance reports across the key functional areas, namely, Audited Performance Reporting; Information and Communications Technology, Risk Management and others. The department still has challenges with respect to the acquisition of audit software, establishment of secure repository for audit records of the municipality.

The Office of the Municipal Manager has achieved for the period under review a score of 2.05 with unsatisfactory performance for the Risk Management and Communications departments. Satisfactory performance was noted for the Intergovernmental Relations, Monitoring and Evaluation, Integrated Development Planning and the Performance Management department.

The Cluster of the Municipal Manager remains under staffed and inadequate budget. Measures are put in place to review and approve the organizational structure and filling of key vacancies within the cluster.

9. EVALUATION OF PERFORMANCE: EXTERNAL SERVICE PROVIDERS

A municipal service can be provided by the municipality by entering into a Service Delivery Agreement in terms of section 76(b) of the Local Government: Municipal Systems Act, Act Number 32 of 2000 with an external service provider. The municipality is responsible for monitoring and assessing the implementation of the agreement, including the performance of the service provider in accordance with section 41 of the Municipal Systems Act.

The performance of service providers that have been selected to provide assistance in the provision of a municipal service, otherwise than in circumstances where Chapter 8 of the

Municipal Systems Act applies, is required, by section 116 of the Municipal Finance Management Act, to be monitored and reported on. The external service providers selected for this annual evaluation, are providers that play an anchoring role in terms of the effective and efficient delivery of services by this municipality, i.e. Eskom, Rand Water, Telephony, Fleet Management, etc.

A questionnaire was developed for clusters to evaluate the service of their providers. This is done to ensure a high quality of service is maintained. To detect underperformance early, thereby reducing the risks to service delivery, and provide data to municipal officials so that informed decisions can be made.

Rating Criteria

The following service delivery criteria were used to assess external service providers and rated as per the schedule below for the 2017/18 reporting period:

- Criteria 1: Pricing and Billing
- Criteria 2: Engagement and Consultation
- Criteria 3: Core Service Provision
- Criteria 4: Attitude and Behaviour
- Criteria 5: Business Ethics

EXTERNAL SERVICE PROVIDERS EVALUATED

Name of Service Provider Evaluated	Type of Service	Pricing and Billing	Engagement and Consultation	Core Provision	Service behaviour	Attitude & Business Ethics	Overall Performance Rating
BRILLIANTEL	Provision and maintenance of telephone Systems	2.75	2	2.75	2.25	3	2.55
Data Master	Printing Services	3.25	3.25	3.25	3	3	3.15
Red Ants	Meter Reading	3	3	3.25	3	2.75	3.70
Fleet Solutions Amasonto Fleet	Horizons and Delivery of Vehicles	3	3	3	3	3	3
Talis Fleet	Supply and Delivery of Vehicles and Equipment	3	2.75	3	3	3	2.95
Dikopane Projects	Supply of Fuel and Lubricants	1.25	1	1	1	1	1.05
Pay day Mafoko Patrols	Security Rendering a Service	5	5	5	5	5	5
Lateral Insurance Brokers	Unison Insurance Brokers	5	3	3	3	3	4
Open Spatial Africa	GIS Support	3	3	3	5	5	3.8
Oxy Trading	Sewage spillage response support and sludge management Services	.2.75	2.5	2.5	3	3	2.75
Metsi International	-Chem Supply and delivery of chlorine gas and HTH Scientific Chips	3.75	4.75	4.5	5	4.5	4.5
Rand Water Boiketlong	MOU and Bulk Purchase Indigent Burial Services	3	3	3	3	3	3
		3		3.25		3	3.05

Undertakers

MBD	Debt Collection	2.25	1.75	1.75	1.75	1.75	1.95
BCX	Support for Creditors	0	2	2.75	2.75.	2.75.	2.43

Overall Performance

These evaluations were done in accordance with the terms and conditions contained in the service level agreements of these service providers. Generally, the level of service delivery performance was calculated at a performance rating of 3.11, which is slightly above the level of expectation. The majority of service providers delivered their respective services as per expectations. Though there are notable providers who rendered or are rendering services below the agreed level of performance. These under-performing service providers will be engaged with the objective to address these short-comings and resolve the challenges in line with the concluded Service Level Agreements.

The municipality will continue to monitor and evaluate all external service providers to identify needs and requirements and for support interventions. The use of service providers complement the municipality to improve provision of services to the community.

10. CONCLUSION

Sustainable improvements in performance management and service delivery can be realized if the leadership clearly defines the targets to be achieved by using the among others, service delivery budget implementation plan aligned to annual budget **(PLANNING)**.

The basic disciplines of standard monthly controls and reporting built in on a foundation of performance management system, effective and efficient leadership and stability in key positions will enable a vigorous performance management system **(DO)**.

Credible in-year performance reporting, deepened monitoring and adequate corrective measures and explanation of performance acted upon by senior management will assist in management in accurately tracking progress thereby identifying early warnings and activities that are lagging behind **(VERIFICATION)**.

Constant investigation of poor performance and implementation of consequence management will improve culture of performance and accountability **(ACT)**.

Thorough view of Internal Audit findings and recommendations will increase accountability and improve performance **(ACT)**.

The improvements in performance management will improve service delivery, and enable a better audit results and contribute to a better life for all **(IMPACT)**.

