EMFULENI
LOCAL MUNICIPALITY

Vaal River City, The Cradle of Human Rights

2010/11 ANNUAL REPORT

(DRAFT)

TABLE OF CONTENTS

		PAGE
FOREWORD – by the Executive Mayor, Cllr. N G Hlongwane		**ii**
EXECUTIVE SUMMARY – by the Municipal Manager, S S Shabalala		**vii**
CHAPTER 1: EMFULENI IN PERSPECTIVE		**1**
1.1	*Introduction*	*2*
1.2	*The Vision*	*2*
1.3	*The Motto*	*2*
1.4	*Mission*	*2*
1.5	*Values*	*2*
1.6	*Geographic Profile*	*2*
1.7	*Demographic Profile*	*4*
1.8	*Socio-Economic and Development Profile*	*5*
1.9	*Financial Viability*	*11*
CHAPTER 2: PERFORMANCE HIGHLIGHTS		***14***
2.1	*Introduction*	*15*
2.2	*IDP, Budget, SDBIP Alignment*	*15*
2.3	*ELM Core Strategies for 2010/11*	*16*
2.4	*The Provisioning of Basic Services*	*17*
2.5	*The Achievement of Sustainable Financial Viability*	*23*
2.6	*To Ensure Good Governance and Institutional Capacity*	*24*
2.7	*The Deepening of Democracy*	*32*
2.8	*The Creation of a Culture of Effective Communication*	*33*
2.9	*To Ensure Social and Economic Development*	*35*
2.10	*The Promotion of a Safe, Secure, and Healthy Environment*	*35*
2.11	*The Promotion of Optimal Spatial Development*	*36*
2.12	*The Implementation of the Turn-around Strategy*	*44*
CHAPTER 3: HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT		***48***
3.1	*Human Resources*	*49*
3.2	*Personnel Administration*	*54*
3.3	*Leave and Record Administration*	*61*
3.4	*Benefits Administration*	*62*
3.5	*Labour Relations*	*62*
3.6	*Training and Development*	*64*
3.7	*Human Resource Department Governance*	*69*
3.8.	*Organizational Development*	*71*
CHAPTER 4: AUDITED STATEMENTS & RELATED FINANCIAL INFORMATION		***75***
4.1	*Report of the Auditor-General on the Financial Statements*	*76*
4.2	*Responses to the Report of the Auditor-General*	*82*
4.3	*Annual Financial Statements for the year ended June 2011 (Page 1 – 60)*	*86*

4.4 Report of the Chief Financial Officer on the Financial Statements 147
4.4 Report of the Chief Audit Executive 152
4.5 Report of the Audit Committee 159

CHAPTER 5: FUNCTIONAL SERVICE DELIVERY REPORTING 164

5.1 Introduction 165
5.2 The Provisioning of Basic Services 166

5.2.1 Electricity 167
5.2.2 Fleet Management 175
5.2.3 Roads & Stormwater 177
5.2.4 Waste Management 187
5.2.5 Facilities Management 192
5.2.6 Water & Sanitation 193

5.3 Corporate Services 198

5.3.1 Communication 198
5.3.2 Human Resources 200
5.3.3 Information Technology 201
5.3.4 Legal Service 202
5.3.5 Organizational Development 204
5.3.6 Secretariat & Administration 206

5.4 Economic Development Planning 208

5.4.1 Building Control 208
5.4.2 Housing Management 209
5.4.3 Land Use Management 211
5.4.4 Local Economic Development & Tourism 212
5.4.5 Property Management 217

5.5 Financial Services 219
5.6 Municipal Manager 226

5.6.1 Administration 226
5.6.2 Employment Equity 231
5.6.3 Integrated Development Planning 233
5.6.4 Internal Audit 235

5.7 Public Safety & Community Development 238

5.7.1 Environmental Management, Health & Social Development 238
5.7.2 Parks & Cemeteries 243
5.7.3 Public Safety 246
- Fire and Rescue 246
- Municipal Court 248
- Traffic and Security 252
5.7.4 Sport, Recreation, Arts, Culture & Library Information Service 257

5.8 Political Offices 262

5.8.1 Office of the Executive Mayor 262
5.8.2 Office of the Speaker 264

LIST OF ABBREVIATIONS

ADMIN	:	Administration
AFS	:	Annual Financial Statements
AG	:	Auditor-General
ANC	:	African National Congress
CAPEX	:	Capital Expenditure
CBD	:	Central Business District
CCTV	:	Close Circuit Television
CFO	:	Chief Financial Officer
CPI	:	Consumer Price Index
DMM	:	Deputy Municipal Manager
DMM's	:	Deputy Municipal Managers
DoE	:	Department of Energy
DPLG	:	Department of Provincial Local Government
DWA	:	Department of Water Affairs
EAP	:	Employee Assistance Programme
EDP	:	Economic Development and Planning
ELM	:	Emfuleni Local Municipality
EMH&SD	:	Environmental Management, Health & Social Development
EPWP	:	Expanded Public Works Programme
ERM	:	Enterprise Risk Management
etc.	:	et cetera
FNB	:	First National Bank
GDLG&H	:	Gauteng Department of Local Government & Housing
GDP	:	Gross Domestic Product
GDP-R	:	Gross Domestic Product by Region
GIS	:	Geographic Information System
GP	:	Gauteng Province
GRAP	:	General Required Accounting Practices
GVA	:	Gross Value Added
HR	:	Human Resources
HRM	:	Human Resources Management
IA	:	Internal Audit
IDP	:	Integrated Development Plan
IEC	:	Independent Electoral Commission
IGR	:	Intergovernmental Relations
IMATU	:	Independent Municipal and Allied Trade Union
IPAM	:	Infrastructure Planning and Asset Management
IT	:	Information Technology
KPI	:	Key Performance Indicator
LED	:	Local Economic Development
LGSETA	:	Local Government Sector Education and Training Authority
LGTAS	:	Local Government Turn-around Strategy

LIS	:	Library Information Services
LLF	:	Local Labour Forum
MEC	:	Minister of Executive Committee
MFMA	:	Municipal Finance Management Act
MIG	:	Municipal Infrastructure Grant
MM	:	Municipal Manager
MMC	:	Member of the Mayoral Committee
MPAC	:	Municipal Public Accounts Committee
MS	:	Microsoft
MSA	:	Municipal Systems Act
N/A	:	Not Applicable
NERSA	:	National Energy Regulator of South Africa
NGO	:	Non Governmental Organization
OD	:	Organizational Development
OPCA	:	Operation Clean Audit
OPEX	:	Operational Expenditure
OSDBIP	:	Organzational Service Delivery and Budget Implementation Plan
OHS	:	Occupational Health & Safety
PAA	:	Public Audit Act
PC	:	Personal Computer
PMS	:	Performance Management System
PMU	:	Project Management Unit
PPE	:	Property, Plant and Equipment
PPP	:	Public Private Partnership
PS&CD	:	Public Safety & Community Development
PWD	:	People with Disability
REDS	:	Regional Electricity Distributors
RG	:	Restructuring Grant
SA	:	South Africa
SALGA	:	South African Local Government Association
SALGBC	:	South African Local Government Bargaining Council
SAMWU	:	South African Municipal Workers Union
SANS	:	South African National Standards
SAPS	:	South African Police Service
SCM	:	Supply Chain Management
SDBIP	:	Service Delivery and Budget Implementation Plan
SDF	:	Spatial Development Framework
SDGDS	:	Sedibeng District Growth and Development Strategy
SDM	:	Sedibeng District Municipality
SLA	:	Service Level Agreement
SMME	:	Small, Medium and Micro Enterprises
SMT	:	Senior Management Team
SOP	:	Standard Operating Procedures

SRACLIS	:	Sport, Recreation, Arts, Culture & Library Information Services
TAS	:	Turn-around Strategy
VDBP	:	Vanderbijlpark
VEP	:	Victim Empowerment Centre
WAN	:	Wide Area Network
WSP	:	Workplace Skills Plan

EMFULENI
LOCAL MUNICIPALITY

Vaal River City, the Cradle of Human Rights

Foreword & Executive Summary

FOREWORD

I table this 2010/11 Annual Report in the Council of Emfuleni Local Municipality in compliance with the legislative and regulatory requirements on behalf of Council, the Mayoral Committee and our administration. I do so conscious of our constitutional obligation, to provide an accountable, transparent and people centred government to the community of Emfuleni. The Annual Report is the culmination of continuous public consultation, reporting and accounting to our community during the year under review.

I salute the gallant contribution of my predecessor, Executive Mayor Mshudulu, in laying a solid foundation under the vigilant leadership of the majority party the African National Congress. This foundation has seen this Municipality emerge from the unacceptable state of Audit Disclaimers from the Auditor-General to Qualified Audit opinions. In this report I am proud that we have consolidated this foundation. I now invite the commitment and support of our Council, the majority party and opposition parties to double our efforts as we take this municipality into the next trajectory of unqualified audit outcomes during our term of office. We owe this commitment to the people of Emfuleni and to the people of our Country to consolidate and advance our maturing democratic state. The Annual Report of necessity requires us to account on past challenges and achievements and less so on our vision for the future that is reserved for the Integrated Development Planning, which will soon be presented in our Council.

With the Municipal Infrastructure Grant and Council funding we have successfully implemented and completed the following service delivery projects:

- Electrified 963 houses in Tshepong
- Installed 11 high mast lights in Sharpeville and Evaton
- Increased electricity capacity at various substations by installation of cables and upgrading to meet demand as a result of residential and business expansion
- Upgraded our street lights by fitting energy savings fittings
- Replaced 20 km overhead lines
- Constructed a 15 ML reservoir to serve the community's of Quaggastroom (+ 1000 houses)
- Extended water supply to agricultural holdings
- Upgraded the Sebokeng pump station to limit sewer spillages
- Achieved a Blue Drop Certification for potable water quality from Department of Water Affairs
- Achieved a Green Drop status for waste water effluent compliance
- Improvement in waste water compliance from 80% to an average of 95%
- Tarred and rehabilitated over 7000 m2 of Roads
- Filled over 29 000 potholes
- Swept over 42 km of streets
- Graded 1 200km gravel roads
- Collected 115 016 m3 of waste from illegal dumping
- Achieved a 98% waste collection rate from all areas
- Extended collection of waste in various informal settlements

- Constructed 4 transfer stations to encourage recycling and reduce waste to landfill sites
- Increased weekly waste collections from 166 500 to 168 919 collection points
- Constructed a fire station in Evaton
- Filled 170 vacant positions
- Implemented an enterprise wide risk management strategy and plan
- Achieved a risk maturity rating of 3.6 from a base of 2
- Implemented a risk-based internal audit plan
- Implemented a performance management system
- Upgraded Dickenson Park
- Installed 29 CCTV cameras as part of our crime prevention campaigns
- Developed a park in Evaton
- Pruned 75 000 trees as part of our climate change initiatives
- Graded 42 informal playing fields
- Implemented GRAP 17 assets unbundling compliance standards
- Created 247 temporary jobs through EPWP
- Strengthened the financial position of the Municipality.

In the Municipal Manager's summary, Council and the public will note the financial challenges and interventions we have employed to turnaround the viability and sustainability of our municipality during the year under review. I am grateful for the support of Council and the Mayoral Committee for these interventions, particular by their approval for the establishment of the Revenue Management Agency and for the procurement of debt collection agencies. These interventions will be pursued earnestly in the 2011/12 financial year. Within the financial constraints at our disposal, I have also committed to the people of Emfuleni to pursue the introduction of SMART metering in our municipality to stem this poor state of billing and illegal connections that deprive our municipality of much needed and legitimate revenue.

I have noted and engaged with the Auditor-General on the matters raised on his report, especially in his earlier quarterly engagements with us. I have committed to take a leading role in matters of disclosures of interest by Councillors and employees, payment for services by Councillors, Government Departments and employees, implementation of Action Plans to resolve audit findings as well as adherence to supply chain procedures and regulations. The road to an unqualified audit requires active participation and leadership from all of us. I know I can count on Council and Management support on this noble course. Together we can build better communities and a better Emfuleni Local Municipality.

We have noted the Auditor-General's findings on institutional incapacity in areas such as Information Technology, Supply Chain Management, Staff Establishment and excessive overtime as well as Asset Management. Coincidentally our Council has approved a process to strengthen these areas as a priority. The Chief Information Officer position is at recruitment stage. We have implemented a project to conduct comprehensive assessment of the IT function in consultation with Sedibeng District Municipality, which renders our IT services. We are in the process of approving additional positions in the Supply Chain Management Department to strengthen its decentralization; the same applies to our Human Resources Department and Asset Management. In addition we have commissioned a

comprehensive review of our staff establishment and organograms. I have also taken a particular interest in the development of our technical and financial skills base. Our Municipality is negotiating funding partnerships for skills development and a roll-out of internship programs, most of which have already been implemented as reported in the body of this report. I invite and appreciate the constructive support from Organized Labour as we have always enjoyed in this Municipality. Though with intermittent challenges, we have managed to hold a successful retreat on Relationship by Objectives in the Local Labour Forum. This has resulted in more a capacitated Local Labour Forum and the creation of a Labour Relations Manager position. This is our investment in creating sound labour relations on compliance with the Outcome 9 objectives.

Our commitment to a clean administration and accelerated service delivery has also been our key area of focus, particularly on eliminating fraud and corruption. As reported in the Municipal Manager's summary we have established a Risk, Anti-fraud and Anti-corruption Committee, with and independent Chairperson. We have established a Monitoring and Evaluation Section, which also monitors and acts on the Presidential Hotline and Provincial Hotline enquiries in addition to Emfuleni Local Municipality's own Hotline. Council and the Executive Mayor have commissioned periodic forensic audits and submitted for criminal investigations by SAPS allegations that point to criminal activity. We will continue to act vigorously to protect the integrity of controls and systems in our Municipality. This is an integral part of our stewardship of the assets and resources of our Municipality vested upon us by the community of Emfuleni.

As we look forward to centenary year celebrations of the majority party in Council, I take this opportunity to extend our revolutionary salute to a job well done to the current and past Presidents of the glorious movement. Our best wishes on your centenary program knowing that the people of Sharpeville, Boipatong, Evaton and Sebokeng have inscribed their contribution in blood on the centenary history of ANC and its alliance in partnership the mass democratic movement. We pledge our unfailing loyalty to the noble cause of this gallant movement in the next hundred years as we reaffirm our revolutionary salute: ***ALUTA CONTINUA!***

I wish to extend thanks to the Chairperson of the Audit Committee, Performance Audit Committee as well as Risk, Anti-fraud and Anti-corruption Committee, the Accounting Officer, Chief Audit Executive, Chief Financial Officer, Chief Risk Officer, Chief Operations Officer and Deputy Municipal Managers for their sterling contribution in this report. I am also aware and thankful to the Mayoral Committee and the Section 80 Committee on Finance on their unwavering oversight and input into this report. I will continue to count on your expertise, wisdom and stewardship as we now launch our campaign towards an **UNQUALIFIED AUDIT OPINION** in 2011/12.

Let me finally thank the community of Emfuleni, the Executive Mayor of Sedibeng District Municipality and our business community for their support and guidance.

SIYABONGA! REA LEBOHA! BAIE DANKIE!

COUNCILLOR N. G. HLONGWANE
EXECUTIVE MAYOR

Members of the Emfuleni Municipality

Cllr MP Gqelosha
Speaker of Council

Cllr NG Hlongwane
Executive Mayor

Cllr DE Tshabalala
Chief Whip

Mayoral Committee

Cllr SE Pitso
MMC: Public Transport, Roads and Public Works

Cllr NR Thulo
MMC: Infrastructure, Electricity, Water and Sanitation

Cllr KJM Ranake
MMC: Environmental Management, Health and Social Development

Cllr ML Khubeka
MMC: Housing

Cllr WV Mcera
MMC: Public Safety

Cllr K Ntombela
MMC: Corporate Services
+27 16 950 5365

Cllr JK Malindi
MMC: Local Economic Development, Development Planning and Tourism

Cllr SJ Radebe
MMC: Sport, Recreation, Arts & Culture

Cllr MT Ronyuza
MMC: Finance

Cllr VM Godoli
MMC: Waste and Landfill Management

EXECUTIVE SUMMARY

The Annual Report of Emfuleni Local Municipality for the 2010/11 reporting period is presented in accordance with Circular 11 of the Local Government: Municipal Finance Management Act, No 56 of 2003, detailing the annual report guidelines.

Emfuleni Local Municipality employs an inclusive, integrated and an interactive process to compile the Annual Report in compliance with national guidelines. The information is submitted from functional departments and integrated by the Performance Management Unit in the Office of the Municipal Manager. The information is derived from audited quarterly reports to ensure reliability and credibility of the information submitted. The integrated draft report is audited by the Internal Audit Unit before submission to the independent Performance Management Committee and Audit Committee and to the Mayoral Committee. This process is also open to the public.

The audited draft report is then submitted to the Auditor-General in terms of legislative and regulatory frameworks. The Auditor-General audits the performance, financial and compliance of the municipality and issues an audit opinion. The draft Annual Report, the report of the Audit Committee and the Audit Opinion report of the Auditor-General are integrated and tabled at a Council meeting open to the public as per legislative and regulatory provisions. The Council of Emfuleni Local Municipality refers the integrated Annual Report to the Municipal Public Accounts Committee for detailed scrutiny and final report to Council as prescribed by legislation.

For the period under review, the Auditor-General issued a qualified audit report with additional matters of emphasis. The Accounting Officer, supported by the Senior Management Team has developed an action plan to address matters contained in the Auditor-General's audit report, which is tabled with the Annual Report to Council. In addition, the Accounting Officer submits below a brief response to the key issues raised by the Auditor-General:

"Introduction

1. Noted.

Accounting Officer's responsibility for the financial statements

2. Noted.

Auditor-General's responsibility

3. Noted.

4. Noted.

5. Noted.

6. Noted.

Basis for Qualified Opinion

Property, Plant and Equipment

7. The unbundling of infrastructure assets and compliance with GRAP 17 accounting standard in general was a complex exercise that could not be executed in-house due to both technical skills and capacity. The Municipality appointed a service provider to assist with implementation. Significant improvements were achieved in terms of initial recognition of the assets, review of the useful lives, assets classification and impairment of assets. The only concern of the Auditor-General is the valuation of these assets and the audit thereof by the Auditor-General.

Statement of changes in Net Assets

8. The qualification on accumulated surplus balance is technical and relates to previous years accumulated balances. The stance of the Municipality is that the qualification should fall away after two years as there were no issues raised in service charges and personnel costs for the subsequent financial years. The matter was taken up with the Auditor-General who agreed to refer it to their technical department for resolution in 2011/12 financial year.

Qualified opinion

9. Noted.

Emphasis of matters

10. Noted.

Significant uncertainties

11. Noted.

Restatement of corresponding figures

12. Noted, however it should be borne in mind that most of the material corrections were not necessarily due to 2010 errors discovered in the 2011 financial year but due to the implementation of GRAP 17, resulting in restatement of comparatives.

Material losses

13. An implementation plan has been approved for reduction of water losses. This will be in the form of a PPP with Sasol, GIZ (German Government) and ELM. Projects will commence in January 2012.

Material impairments

14. *Debt collection is a challenge in the Municipality more especially in the residential areas resulting in a material amount being written off as irrecoverable. The Municipality is planning to establish a Revenue Agency as part of the strategic plan to address this challenge. The Municipality also approved the proposal by provincial government to restructure the non performing portion of the debtor's book as a measure to enhance collection and to reduce the debtors' book value to an acceptable level. Significant progress has been made in this regard and the process will be finalized in the 2011/12 financial year.*

Additional matters

15. *Noted.*

Unaudited supplementary schedules

16. *Noted.*

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

17. *Noted.*

Predetermined objectives

Usefulness of information

18. *The Integrated Development Plan (IDP) that was initially approved did not include the required performance indicators and targets. Concomitant with the mid-year budget adjustment the IDP was amended to include performance indicators and targets. These 'parachuted' performance indicators and targets gave rise to redefined objectives, indicators and targets that were inconsistent; and as a result some indicators were not well defined and verifiable, and some targets were not specific, measurable and time-bound or with time-lines outside the reporting period under review.*

    With the compilation of the 2011/12 Organisational Service Delivery and Budget Implementation Plan (OSDBIP) care was taken to address these matters.

19. *The following audit findings that relate to the usefulness of information, referred to in 18 above, are noted:*

- *Reported objectives, indicators and targets are not consistent when compared with the planned objectives, indicators and targets;*
- *Changes to planned objectives, indicators and targets are not approved;*
- *Planned and reported targets are not specific, measurable and time-bound;*
- *Planned and reported indicators are not well defined;*

- *Planned and reported indicators are not verifiable.*

Reliability of information

20. The validity, accuracy, and completeness of the reported information for the 2011/12 reporting period will be improved based on the approved OSDBIP. The quarterly reports on the implementation of the OSDBIP will be audited by Internal Audit and corrective action will be implemented to improve the reliability of reported information.

21. The following audit findings that relate to the reliability of information, referred to in 20 above, are noted:

- *The validity, accuracy and completeness of reported performance against indicators and targets could not be confirmed as inadequate supporting source information was provided;*

- *Reasons for major variances between planned and actual targets were not supported by sufficient appropriate evidence.*

Compliance with laws and regulations

Strategic planning and performance management

22. Noted and will be rectified in the 2011/12 reporting period.

23. Noted. The framework is articulated in the Performance Management Policy that was adopted in November 2010. The policy is in the process of being implemented.

24. Noted, precaution will be applied in future, to ensure compliance and alignment with legislative requirements.

25. The performance report was deficient to the measure that it did not reflect any comparisons with the performance targets of the previous financial year. The IDP for the previous financial year did not include any performance indicators and targets, and therefore these comparisons could not be made.

26. Noted.

27. These matters will be further investigated.

The Municipality will continue to conduct workshops on supply chain management policy and regulations and will also put measures in place to ensure that all its employees and councilors declare their financial interest with the Municipality.

28. Refer to 27 above.

29. The Municipality will continue to enhance its cash-flow management in order to ensure that there is sufficient cash to settle its commitment within the regulated time frame.

INTERNAL CONTROL

30. Noted.

Leadership

31. Noted.

Financial and performance management

32. Noted.

33. Noted. It should be borne in mind that the Municipality used Caseware software to prepare the 2010/11 financial statements for the first time to enhance the quality of reporting.

Other reports

Investigations in progress

34. Noted."

As per the vision and directive of the Executive Mayor, Emfuleni Local Municipality is determined to obtain an unqualified audit report from the Auditor-General in the 2011/12 financial year. This determination is shared by the Accounting Officer, Senior Management and staff of Emfuleni Local Municipality. We have identified the following matters as key matters that must be turned around to achieve the objective.

1. Asset Register compliance with GRAP 17

During the year under review a project was commissioned with reputable service providers to implement an asset register compliant with GRAP 17. The project could not be completed in time to meet the compliance standards necessary to obtain an unqualified opinion from the Auditor-General. The service providers will be retained to complete the project to meet the standards set by the Auditor-General. An agreement has been reached with the Auditor-General to commission an interim audit to test the compliance level of the asset register in preparation for the final audit. We are confident that this process will assist the Municipality to improve its asset register to be fully compliant with GRAP 17.

2. Legislative and regulatory compliance

In the main our focus is on supply chain management, declaration of pecuniary interests and information management compliance.

A review of our supply chain management policy and practices will be undertaken to

address matters raised by the Auditor-General as a matter of urgency. The state of declarations by councilors and employees will be a standing item of Senior Management Team meetings, Mayoral Committee and Council until full compliance is attained in this regard. A review of our IT management has been completed and will soon be submitted to the Mayoral Committee and Council with an action plan.

3. Performance Management System compliance

Significant progress has been made in the 2011/12 financial year to review and align our IDP, performance framework and reporting to address matters raised by the Auditor-General. The benefits can only be tested against the 2011/12 Auditor-General audit report. However, as a proactive measure, an agreement has been reached with the Auditor-General, to hold a joint workshop to understand the Auditor-General's performance management audit methodology to further align Emfuleni Local Municipality's performance management system with the Auditor-General's audit standards.

We further report progress that during the year under review, an independent Performance Audit Committee was established in terms of regulatory provisions. Subsequently all backlogs in individual performance evaluations of senior managers have been addressed. Except for the 2010/11 mid-term report, all statutory performance and financial reporting have been fully complied with by the Municipality.

The draft Annual Report is a comprehensive summary of the institutional, operational, human resources, financial and governance review of the performance and state of the affairs of the municipality. Within this context, I wish to highlight some of the key challenges confronting the municipality and strategies employed to turnaround the situation:

4. Financial Performance

Emfuleni Local Municipality has a historic challenge with its financial performance ostensibly emanating from its revenue management capabilities and capacity, the symptoms of which have been low debt collections, billing and cash-flow challenges. In this financial year, this situation was exacerbated by the spiraling bulk electricity and water costs as well as water losses at distribution point.

This function was identified as a key turnaround success factor and the following interventions were employed:

- Assessment of skills within the revenue function
- Review and improvement of policies and procedures
- Review of the billing cycles and appointment of a new meter reading service provider
- Updating and cleansing of customer data
- Targeting of top 600 customers and debtors
- Designing of a model for a new Revenue Agency

- Appointment of Debt Collection Agents
- Restructuring of the non performing position of the Debtor's Book
- Embarking on a tariff modeling exercise.

All of these interventions yielded positive results, however in the short-term; a lot of progress has been made and will continue to be implemented in the new financial year as we progress as an institution. Our aim is to have a single autonomous Revenue Agency that will focus on collecting all municipal revenue from all sources and in all forms. It is anticipated that this Agency will be in operation in the near furture. As far as our financial position is concerned, a lot of work has been done and we have seen quite a turn of the tide as our revenue base increased by 19% from the previous financial year as well as a substantial increase in government grants and subsidies received. The municipality reported a surplus of R275 million which was favourable compared to last year's deficit of R3 million. We have improved on our MIG expenditure as a result of improved processes in our project management function. This MIG expenditure topped 74% for the first time. This improvement in our MIG expenditure shows our commitment in delivering services to our people.

The National Treasury withheld R18m of the Restructuring Grant due to non expenditure on various grants as reported in 2009/10 audited financial statements. The Municipal Manager and the Executive Mayor made representation to the National Treasury and the Minister of Finance respectively. The National Treasury advised the municipality to obtain an audit assurance report from the Auditor-General confirming that the conditions of the grant were substantially met and that commitments were in place to utilize the balance of the grant. This process is underway.

Council has also approved the sale of the right to collect the "old" debtor's book of the municipality. This project is done in partnership with the Gauteng Provincial Government. Significant progress has been made with benefits only expected in the 2011/12 financial year. Preliminary indications are that Council may realize an immediate cash injection of between R250m to R400m from this project.

To address billing challenges in the medium to long term a complex project was embarked upon to procure smart metering for electricity and water to improve billing, metering accuracy and monitoring of the losses and illegal connections. The complexity of the project relates to its scale and financing challenges.

5. Infrastructure Delivery and Management

The municipality reported a low 35% expenditure in the Municipal Infrastructure Grant and poor performance in the delivery of infrastructure projects funded by other Provincial Departments in the previous financial year. With the introduction of the IPAM cluster the MIG expenditure improved by 39% to 74% in the year under review.

In partnership with Rand Water, the municipality was able to complete rehabilitation of key waste water treatment plants (e.g. Rietspruit) improving waste water

operations and compliance to 97%.

In partnership with Gauteng Province, Department of Water Affairs, National Treasury and Sedibeng District Municipality, the municipality was able to attract additional R157m from the National fiscus, which is currently being utilized to design and extend the capacity of the Sebokeng Waste Water Treatment Plant.

The above is an illustration of some of the interventions implemented during the year under review to improve the institutional, financial and service delivery sustainability of the municipality. We are optimistic but also realistic that interventions are not panacea nor overnight success stories but we are confident that with the support of Council steady progress is being realized to turnaround the situation in a sustainable manner.

The Council of Emfuleni Local Municipality as led by the Speaker, Executive Mayor and the Chief Whip has been steadfast in implementing functional and robust governance structures in the Municipality. The Council has a functional Municipal Public Accounts Committee, Audit Committee Performance Audit Committee, Risk, Anti-Fraud and Anti-Corruption Committee, Remuneration Committee, Mayoral Committee, as well as Section-80 Portfolio Committees. In this context, Council and the Executive Mayor have sanctioned significant forensic and internal audits to probe the integrity of systems, projects, finances, operations and policies of the municipality during the financial year. All outcomes of these audits have been implemented or are in progress to enhance the governance and performance of the municipality. Governance is underpinned by an unwavering commitment to public accountability, consultation and participation. In this regard, the Ward Committee system is functional and capacitated, the Petitions Management system is functional and capacitated, public consultation is implemented to consult the public on the IDP and Budget preparation as well as periodic feedback on municipal plans and performance through the People's Assembly and Mayoral Imbizo programs. The Council whippery system is implemented as an anchor to progressive but robust multiparty system of governance in the Council.

The service delivery highlights reported in this Annual Report underscore the resilience of the Emfuleni Local Municipality as a viable municipality within the context of challenges highlighted in the report, external negative environmental factors such as the economic recession, spiraling bulk input costs, historical challenges and tight regulatory environments. Behind this resilience is the strong and collective political leadership, dedicated management and staff, vigilant organized labour leadership as well as supportive stakeholders, business chambers and the community of Emfuleni.

It is our pledge to serve the community of Emfuleni to the best of our ability under the visionary leadership of Council and its Executive Mayor.

S. S. SHABALALA
MUNICIPAL MANAGER

Executive Management Team

Mr SS Shabalala
Municipal Manager

Senior Management

Mr CP Kekana
Chief Operations Officer

Ms LM Mahlangu
DMM: Corporate Services

Mr BS Mahlangu
DMM : Basic Sevices

Mr KS Nxumalo
DMM : Infrastructure Planning and Asset Management (IPAM)

Mr LD Kamolane
DMM: Public Safety and Community Development (PS&CD)

Mr A Lambat
Chief Financial Officer

Ms JS Masite
Chief Audit Executive

Dr HJ Wiese
DMM: Economic Development and Planning (EDP)

EMFULENI
LOCAL MUNICIPALITY

Vaal River City, the Cradle of Human Rights

CHAPTER 1

EMFULENI IN PERSPECTIVE

1. EMFULENI IN PERSPECTIVE

1.1. INTRODUCTION

The purpose with this part of the report is to provide a perspective of Emfuleni as an overview of the municipality as a whole. It addresses, amongst others, the vision and mission of the municipality, the geographic -, demographic -, and socio-economic profile, and therefore creates a link between the Integrated Development Plan and this report.

1.2. THE VISION

"A developmental municipality that continuously improves the quality of life of its residents timeously."

1.3. THE MOTTO

"You **BELONG** We **CARE".**

1.4. MISSION

Emfuleni Local Municipality will accelerate Service Delivery and Socio Economic Development through:

- Basic Service delivery orientated toward improving quality of life
- Institutional capacity building, skills development and Transformation
- Financial Viability and attain value for money
- Local Economic Development and Tourism
- Promoting Public Safety and Community Development.

1.5. VALUES

- Responsive
- Disciplined
- Accountability & Transparency
- Respect
- Honesty and Integrity.

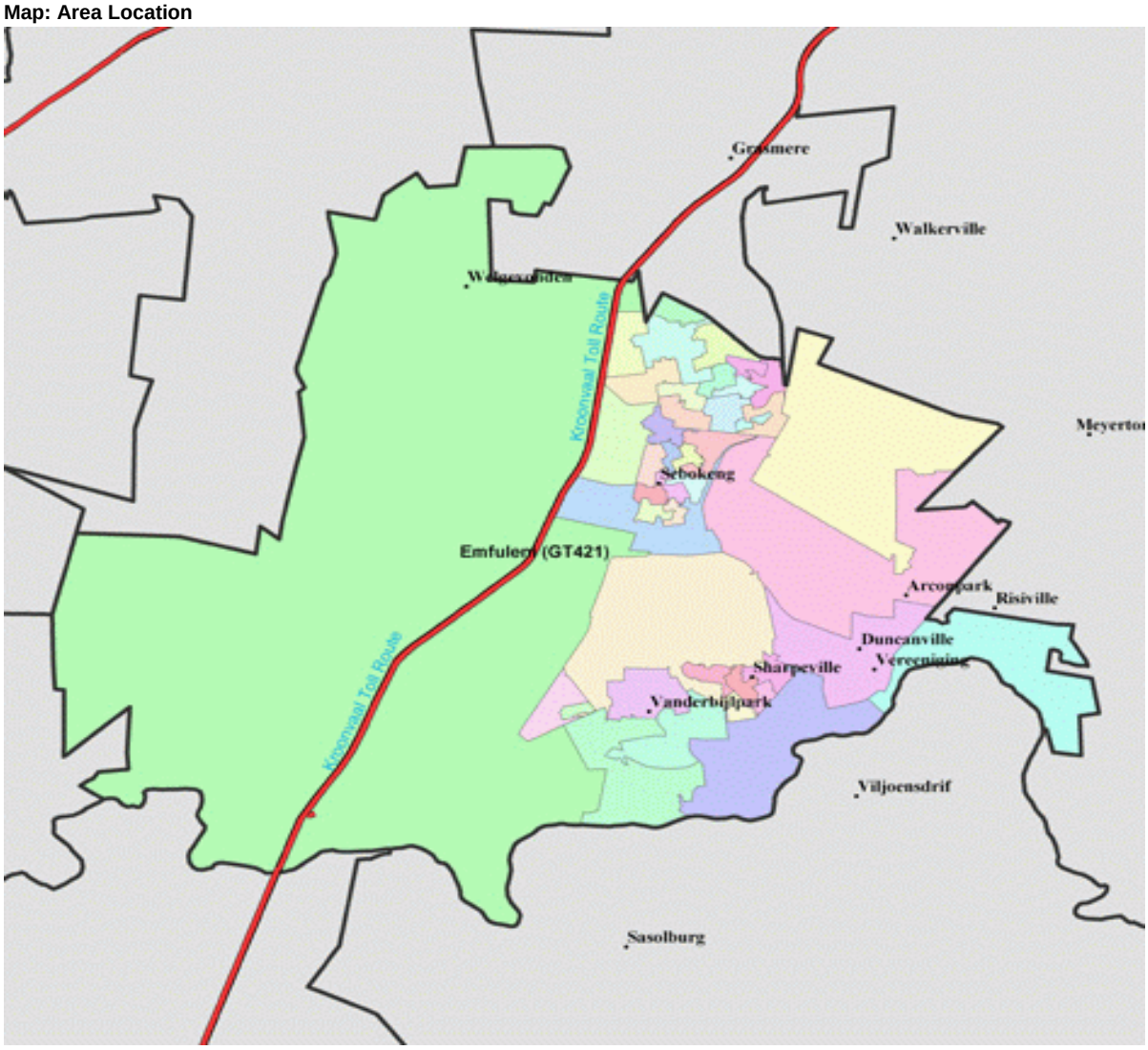
1.6. GEOGRAPHIC PROFILE

Emfuleni Local Municipality (ELM) is one of three local municipalities that constitutes the Sedibeng District Municipality. ELM is situated at the most western part of the district, which covers the entire southern area of the Gauteng Province extending along a 120 kilometres axis from east to west. ELM covers an area of 987.45 km². 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. ELM shares boundaries with Metsimaholo Local Municipality and Fezile Dabi District Municipality in the Free State to the south, Midvaal

Local Municipality to the east, the City of Johannesburg metropolitan area to the north and Westonaria and Tlokwe Local Municipalities, in North West Province, to the west.

ELM is strategically located with access to a well-maintained road network, e.g. the N1 national route linking Johannesburg and Bloemfontein, which traverses Emfuleni. ELM has two main city/town centres, which is, Vereeniging and Vanderbijlpark within the area. Sasolburg is only 10 kilometres to the south, across the provincial boundary. ELM 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. ELM contains six large former peri-urban townships of Evaton, Sebokeng, Sharpeville, Boipatong, Bophelong and Tshepiso. These areas generally lack facilities associated with towns of their size, however, there have been a number of shopping malls developed in the past few years. The other ten small settlements tend to be suburban in nature and are within six kilometres of the above towns: they are Bonanne, Steel Park, Duncanville, Unitas Park, Arcon Park, Sonlandpark, Waldrift, Rust-ter-Vaal, Roshnee and Debonairpark. ELM also comprises of a number of large residential areas, all of which require considerable investment in infrastructure and environmental upgrading.

Map: Area Location



Source: Demarcation Board, 2001

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 in 1996 in Sharpeville. ELM's settlement patterns are largely dictated by the history of the area. The evidence of San rock engravings near the Vaal River verifies that the San people originally inhabited the area.

1.7. DEMOGRAPHIC PROFILE

The population of ELM according to Global Insight 2008 is estimated at 652 819, whereas the community survey states that the population size has slightly decreased from 658 422 in 2001 to 650 867 in 2007.

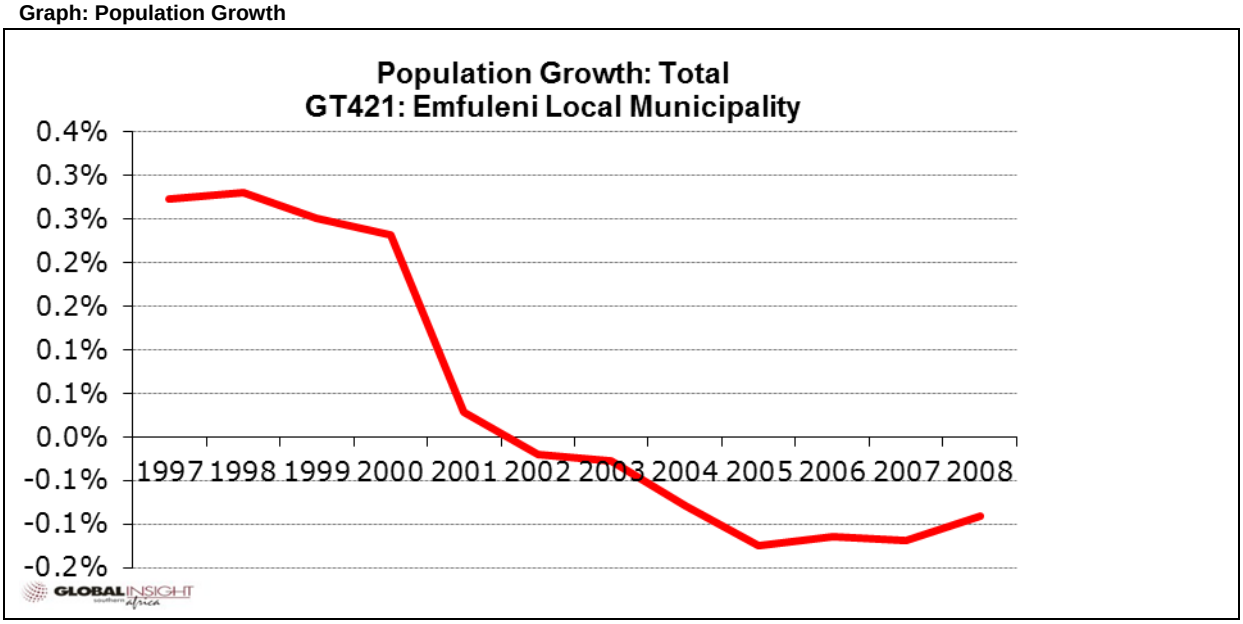
Table: Demographic Composition

	African	Coloured	Indian/Asian	White	TOTAL
Male	276 766	3 669	3 255	43 785	327 475
Female	273 333	3 883	3 183	44 944	325 344
TOTAL	**550 099**	**7 552**	**6 438**	**88 729**	**652 819**

Source: Global Insight, 2008

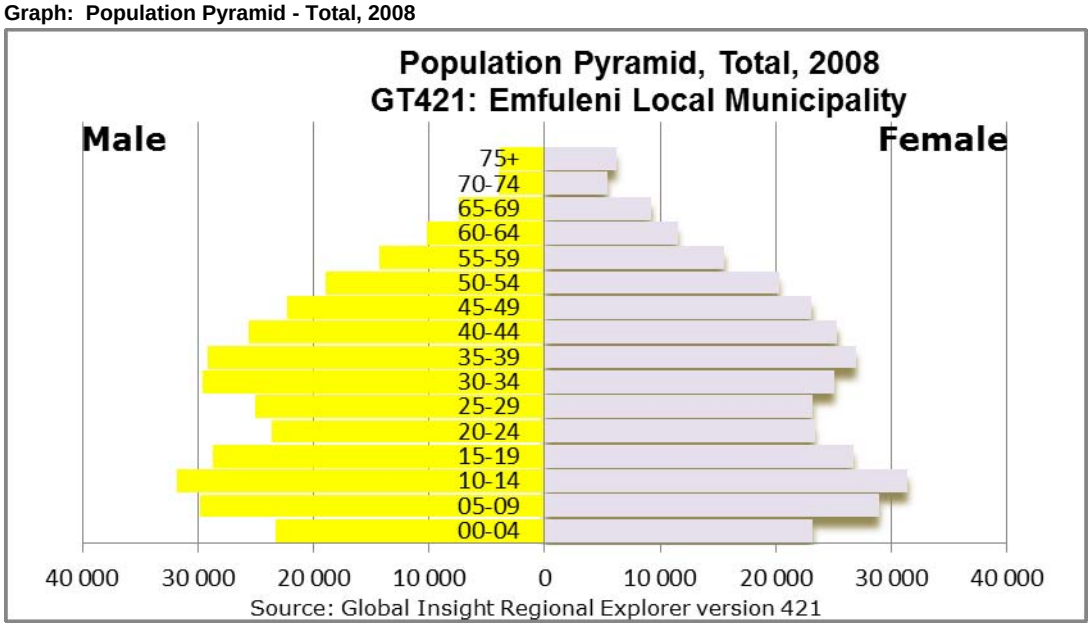
The racial composition of ELM's population is indicated in the above table and geographically most of the African population is concentrated in areas such as Sebokeng, Evaton, Sharpeville, Boipatong and Bophelong. This illustrates the entrenched racial divisions within ELM. This trend also reflects the socio-economic geography of ELM and the pattern of access to services.

Graph: Population Growth



The above graph indicates that between 1997 and 2000 there was a notable increase of population inflow and from 2002 to 2008 there is also a notable outflow of population.

Graph: Population Pyramid - Total, 2008



The graph above indicates the population numbers per age category and per sex.

The graph above indicates large number of children from 0 – 14 and from 10 – 14 there is consistency in population size both males and females. From the ages of 15 – 19 there is a decrease and the same consistency is evident from both sexes. From the ages of 20 – 24 there is an increase in both sexes. However from the ages of 25 – 29 there is a slight increase in males whereas the figure remains stable with the ages 20 – 24 and 25 – 29 in females.

1.8. SOCIO-ECONOMIC AND DEVELOPMENT PROFILE

1.8.1. Local Economic Development

Since the start of the transition to democracy, there has been an increasing emphasis on local economic development (LED) in South Africa. LED is about local people working together to achieve sustainable economic growth that brings economic benefits and quality of life improvements for all in the community. LED brings into focus the role of towns in fostering new opportunities for people. This is important for promoting broad based economic growth, improving social welfare and promoting a more varied and vibrant local economy.

1.8.2. Gross Domestic Product by Region

In comparing Sedibeng and Emfuleni to the rest of Gauteng, the following is noted.

In terms of the *National Spatial Development Perspective*, *2006,* Sedibeng ranked 12th out of the top 20 district and metropolitan municipalities in terms of contribution to the National Gross Value Added (GVA) in 2004, with a contribution of 1.78% to the national GVA. According to the *Sedibeng District Growth and Development Strategy,* the contribution to the national GVA was 2.3%, the same as that of the Nelson Mandela Metropolitan Municipality and Mogale City Local Municipality. As such it constituted the 9th largest local economy in

South Africa. In terms of sectoral contributions, Sedibeng ranked 8th out of the top 20 contributors to the National GVA in high-value differentiated goods in 2004, with a contribution of 4.7% to national GVA. Similarly, it ranked 11th for services and retail contribution (1.4%) and 17th for public services and administration contribution (1.5%).

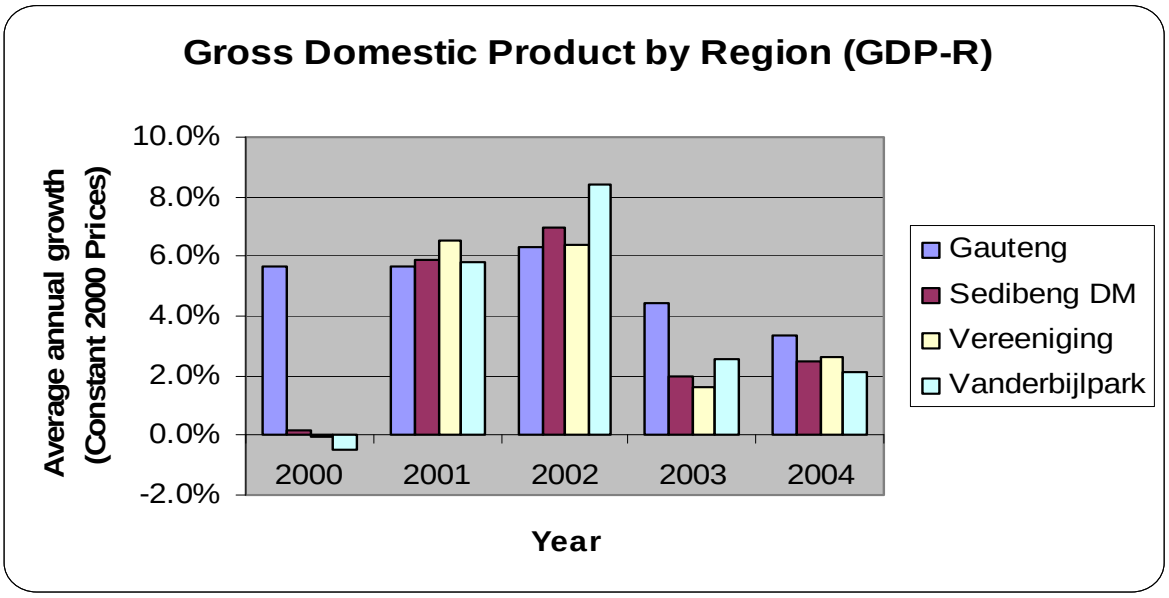
The most intensely developed economic node in Gauteng is the central/northern Johannesburg area. The node around Pretoria follows closely second in terms of the highest contributor in all of the categories indicated below.

In comparing Emfuleni to the rest of Gauteng, the following table depicts Emfuleni's contribution to economic activity in Gauteng:

Category of economic activity: Emfuleni	Percentage of Province
Labour intensive	2,3
High value manufacturing	11,7
Financial services & Retail	2,5
Smart industries	0,9
Business tourism	3,1
Public services & Administration	4,4

The information indicates the size of Emfuleni in comparison to Gauteng; however the contribution of High value manufacturing is significantly high in Emfuleni. This is an indication of its comparative advantage and should be further developed in creating more jobs and benefiting from the impact on other economic components.

Emfuleni Local Municipality consists of two major economic nodes namely Vereeniging and Vanderbijlpark. Vereeniging registered a GDP of 2.6% and Vanderbijlpark a GDP of 2.2% for 2004 and Sedibeng 2.5% for 2004. It should be noted that while it is indicated that Vereeniging and Vanderbijlpark are the two main economic nodes, the statistics provided are that of the magisterial districts of Vereeniging and Vanderbijlpark, Meyerton for example is part of Vereeniging magisterial district. Below is a chart of annual growth rates (GDP-R) as of 2000 till 2004:



Source: (Global Insight), 2005

ELM combined Gross Domestic Product per Region (Current Price R1000) for 2004 was estimated at R23,445,216 and therefore contributed about 4.8% to the Gauteng GDP-R in 2004 and contributed an estimated 93.8% to the Sedibeng economy based on GDP-R for the same year.

The above graph illustrates the comparison of the local municipalities in the Sedibeng region contributing to the gross domestic product of the region.

The below table reflects on the annual personal income per capita as per racial composition for the year 2004.

Table: Percentage Contribution to GDP according to Economic Sectors

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

Source: Global Insight, 2009

The largest contributor to the economy is the tertiary sector (Trade, transport, finance, community services) at 50.2%. It is followed by secondary sector (Manufacturing, electricity, construction) at 47.7%. Lastly is the primary sector (Agriculture and Mining) at 2.1% in 2009. The table also depicts that the primary sector GDP contribution has slightly increased from 2% in 2008 to 2.1% in 2009. There has been notable decrease in secondary sector contribution from 52.3 % in 2008 to 47.7% in 2009. There has been a major increase in tertiary sector contribution to GDP from 45.7% in 2008 to 50.2% in 2009.

The breakdown of the Manufacturing sector reveals that Metal, metal products and machinery is the single most important contribution to manufacturing output. The presence of a number of big factories in this component is dominating the Manufacturing output. The implication thereof on the local economy is that if there are severe economic conditions impacting negatively on these few big manufacturers, the whole Emfuleni manufacturing sector is struggling. The current international economic slowdown is therefore impacting negatively on these few big manufacturing businesses' exports and therefore local conditions are not conducive for major expansion projects, even leading to less job opportunities available for local labourers.

The second biggest contributor to manufacturing output is the other non-metallic mineral products, which is correlated to the construction industry and once building activities increase during the next economic recovery phase, it can be expected that this sector will expand and create more jobs. The job creation opportunities in this sector are substantial higher than in other sectors and any improvement in building conditions will lead to a direct improvement in local economic conditions.

The manufacturing output is constituted by the sectoral contributions as indicated below. This graph clearly indicates the domination of the Metal, metal products and machinery sector.

Graph: Percentage Contribution to Manufacturing Output

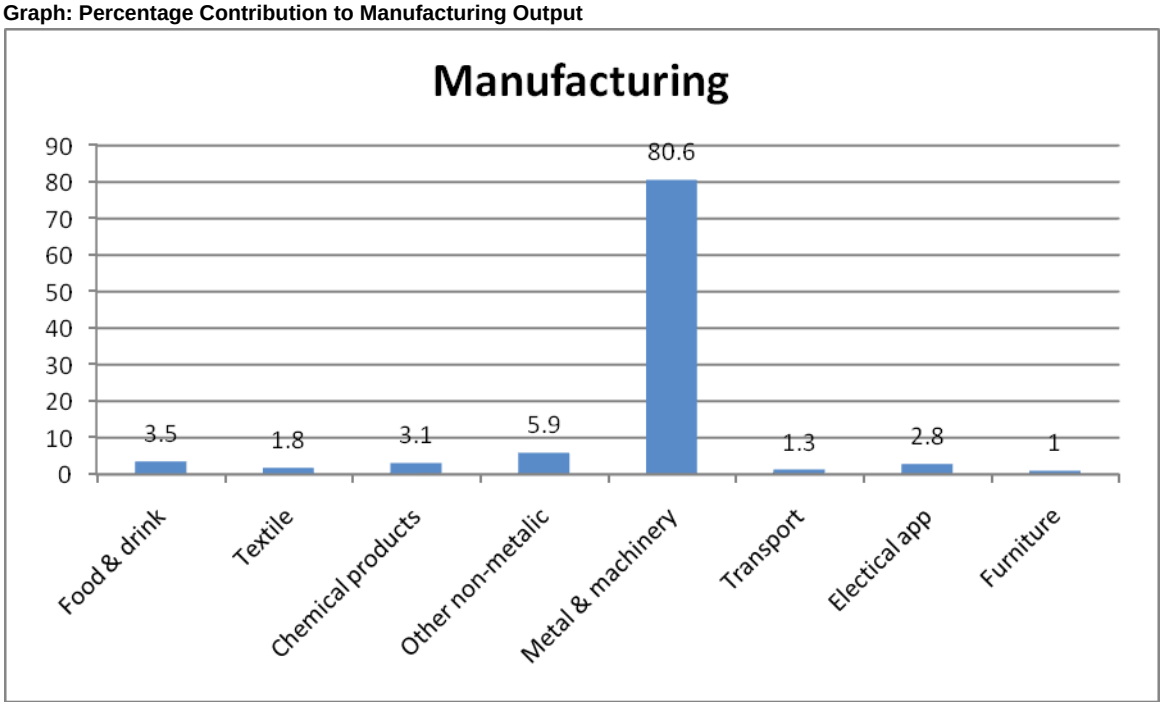
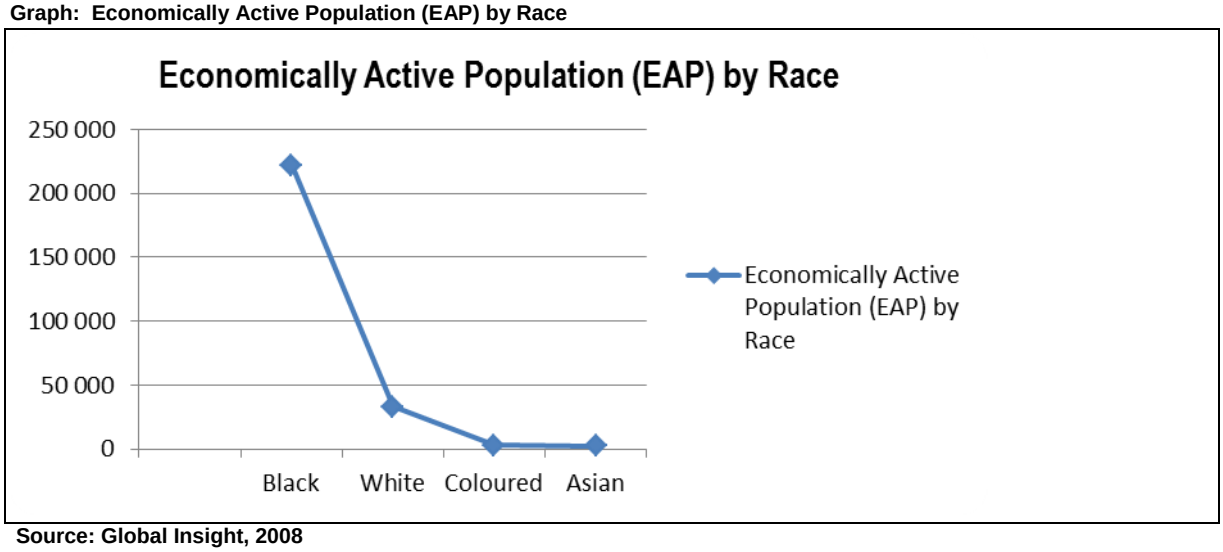


Table: Percentage Contribution to Manufacturing Output

Activity	Percentage in Manufacturing's GGP contribution
Food, drink and tobacco	3.5
Textile, clothing and footwear	1.8
Fuel, petroleum and rubber products	3.1
Other non-metallic mineral products	5.9
Metal, metal products and machinery	80.6
Electrical machinery and electronic appliances	2.8
Transport equipment	1.3
Furniture	1.0
Total	**100**

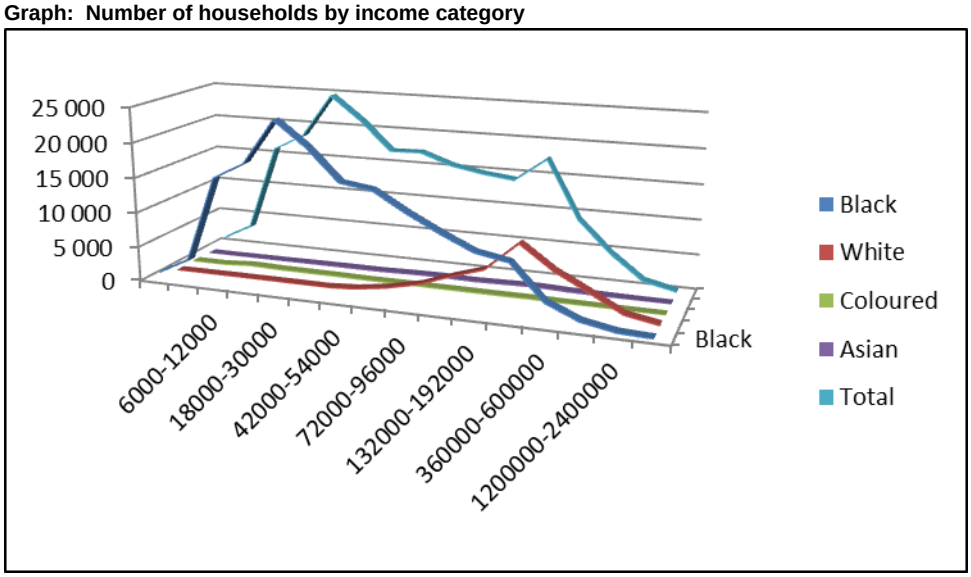
Graph: Economically Active Population (EAP) by Race



Source: Global Insight, 2008

The phrase economically active refers to a person aged 15 years or more who is either employed or unemployed but who is looking for work. (Source: Stats SA) The above graph represents economically active population by race. It also depicts that the highest economically active people are blacks at approximately 225 000, followed by whites at approximately 40 000 followed by Coloureds and then Asians.

Graph: Number of households by income category

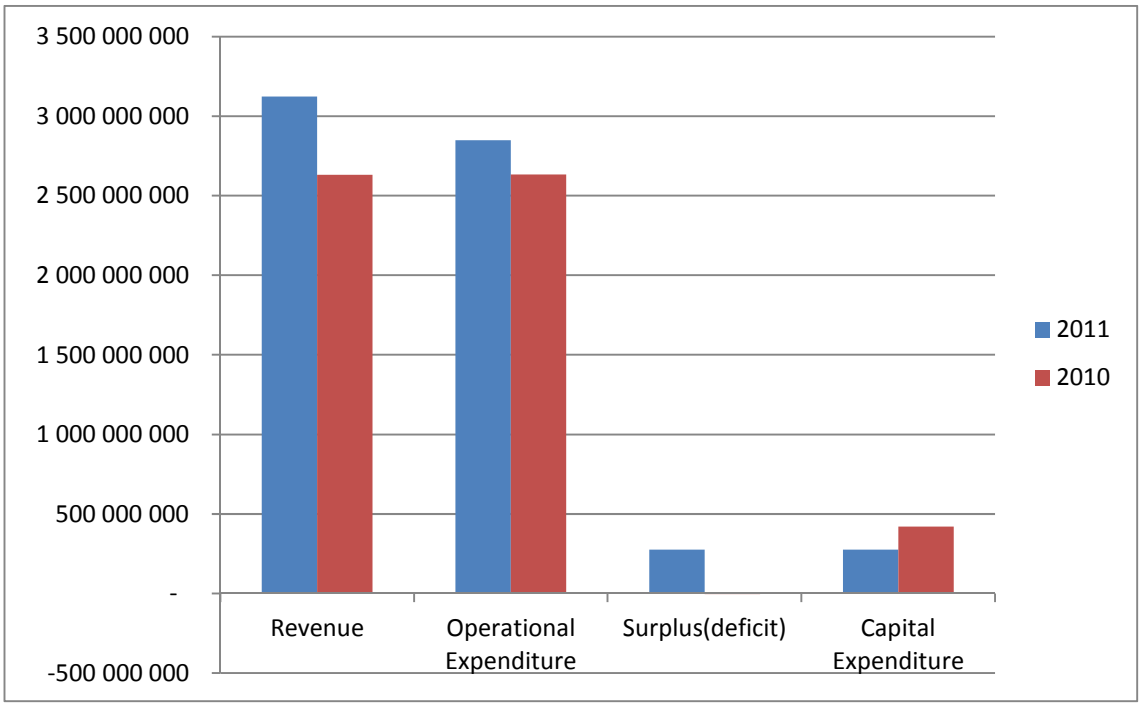


Source: Global Insight, 2008

The above graph depicts that approximately 20 000 black households earn between R18 000 to R 30, 000.00 and approximately 5000 white households earn between R360, 000.00 to R 600,000.00. This indicates a huge income disparity between the blacks and white households.

1.9. FINANCIAL VIABILITY

1.9.1. Financial Performance Highlights



Revenue

The reported revenue was R3.1 billion for the current financial year up from R2.6 billion in 2010; this represented an increase of 19% mostly driven by annual tariff increases on service charges as well as an increase in the government grants and subsidies received.

Expenditure

The operational expenditure increased by 7.6% when compared to the previous financial year, better expenditure management mechanism was introduced to contain the expenditure within the budget. The cost of bulk purchases continued to escalate significantly in the financial year under review. This resulted in the municipality operating under stringent cash flow constraints, particularly in the first quarter when tariff increases became effective, compounded by the winter tariffs. All major creditors and fixed commitments such as Eskom, Rand Water, payment of salaries, and lease commitments and loan repayments were paid on time. The municipality reported a surplus of R275 million which was favourable when compared to the R3 million deficit reported for 2010(restated).

The capital expenditure was lower than the previous year by R145 million. The decrease resulted from withdrawal by municipality to fund certain projects out of its operational income in the 2010/2011 financial year which was due to the cash-flow situation. Business plans were submitted to fund these projects out of Municipal Infrastructure Grant (MIG) funding from National Treasury

1.9.2. Financial Position highlights

	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Retained Income
	R'000,000	R'000,000	R'000,000	R'000,000	R'000,000
2011	443	2 606	544	326	2 179
2010	315	2 522	619	411	1 806
R +(-)	128	84	-75	-85	373
% +(-)	41%	3%	-12%	-21%	21%

Current Assets

- A significant movement in the current assets is due to the increase in net consumer debtors and other receivables by R130 million and R39 million respectively.

- The municipality continued to experience collection challenges in the 2010/11 financial year which impacted the cash-flow negatively, in order to manage the situation a service provider was contracted to review the revenue and debt management processes, improve the collection matrix and to collect outstanding debt on the top 600 consumers of which more than R20 million was collected due to this intervention. Out of the total amount outstanding, 80% is categorized as residential which is a challenge due to local economic conditions and high unemployment rate in the Emfuleni area.

- The municipality approved the proposal by provincial government to restructure the non performing portion of the debtor's book as a measure to enhance collection and to reduce the debtors' book value to an acceptable level. Significant progress has been made in this regard and the process will be finalized in the next financial year.

- The year ended with the Municipality having cash resources totaling R124 million of which R106 million was ring fenced for grant funded projects and R18 million for operational purposes.

Non-Current Assets

The increase is due to property, plant and equipment (PPE) acquisitions during the financial year as well as the newly identified assets during the GRAP 17 project. The aim of the project was to reconstruct the assets register. The project was successful and well carried out, investment property was separately disclosed; intangible assets were identified, useful lives of assets reviewed and impairment of assets tested. The assets register will be fully GRAP compliant in 2011/2012 financial year and asset values are expected to significantly increase.

Current Liabilities

The total current liabilities decreased by 12% when compared to the previous year, the decrease was due to the municipality's commitment to strive to settle the accounts payable within 30 days though it operated under cash-flow challenges and measures were put in place to manage the cash flow better and control costs. The municipality also paid in full the overdraft facilities of R70 million at the end of the 2010/11 financial year. A decrease is an achievement, despite the tough cash flow situation experienced.

Non-Current Liabilities

The municipality redeemed long term loans amounting to R54 million in the current financial year and most of the lease agreements ended during the year, hence the decrease in long term liabilities. The redemption of the long term loan did not have any significant impact on operations of the municipality as there were equivalent amounts of investments to cover the loan redemptions.

Retained surplus and reserve

The retained income increased by R373 million from the previous year reported figures; the 21% increase is due to surplus recorded for this current financial year and includes the self-insurance reserve.

Vaal River City, the Cradle of Human Rights

CHAPTER 2

PERFORMANCE HIGHLIGHTS

2. PERFORMANCE HIGHLIGHTS

2.1. INTRODUCTION

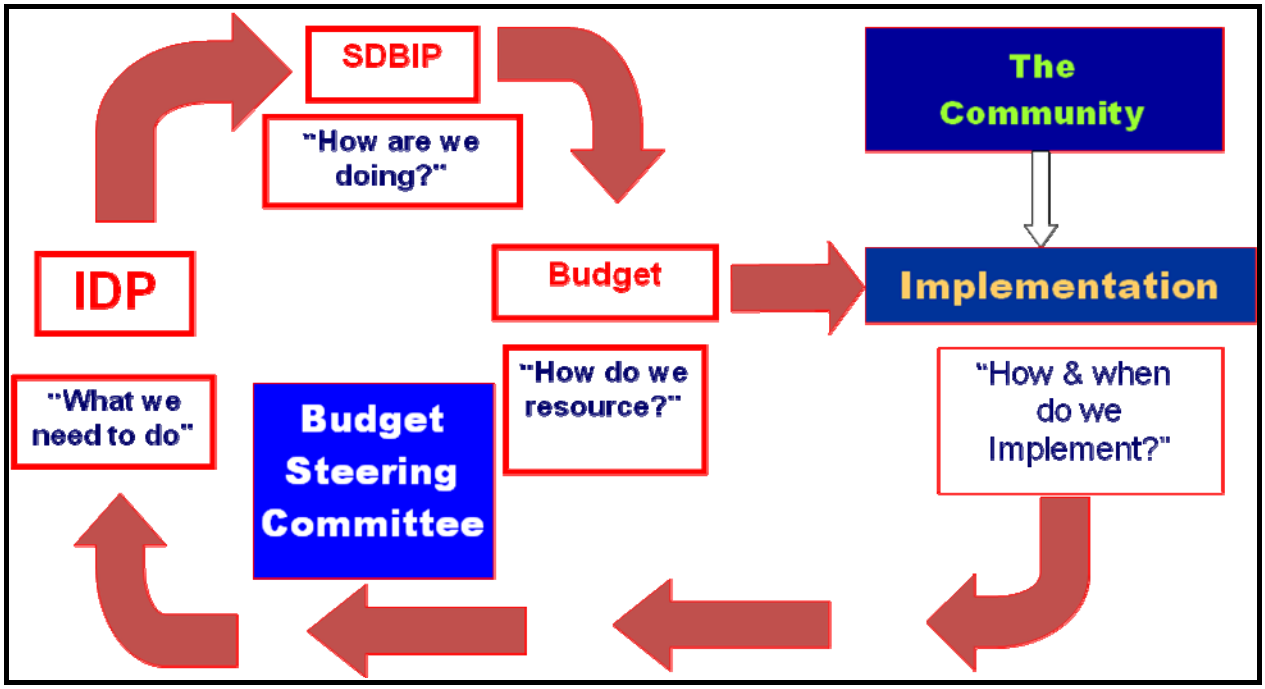
This part of the report addresses the actual performance of Emfuleni Local Municipality: it highlights the actual actions undertaken, services delivered, and projects implemented. It does not contrast the actual performance versus the planned, as that is being dealt with extensively under the functional service delivery part (Part 5) of the report. This part of the report focusses therefore on outputs and outcomes as well as the impact of those outcomes.

Before the outputs and outcomes are highlighted, however, it is deemed expedient to address and contextualise the concept of performance management.

The concept of **performance management** is open to various and diverse interpretations and therefore it is deemed necessary to have clarity of the concept for the purposes of this report. The Department of Provincial and Local Government (DPLG) defined performance management as "a strategic approach to management, which equips leaders, managers, employees and stakeholders at different levels with a set of tools and techniques to regularly plan, continuously monitor, periodically measure and review performance of (ELM) in terms of indicators and targets for efficiency, effectiveness and impact." It is from this perspective that performance management is approached in this report.

2.2. IDP, BUDGET, SDBIP ALIGNMENT

The Graph below shows the alignment of the IDP, Budget and SDBIP that ultimately culminated into the assessment of the institution PMS.



The existence and practical application of a performance management system in ELM has,

amongst others, the following benefits. It: -

- provides appropriate management information for informed decision-making;
- provides a mechanism for managing expectations and ensuring, increased accountability between the citizens of ELM and the municipal council: the political and administrative components of the municipality, each department and the municipal management;
- provides early warning signals to future problems with the implementation of the IDP in terms of risks;
- identifies major or systematic blockages and guides future planning and developmental objectives and resource utilization of ELM;
- encourages the direction of resources available to ELM to the delivery of projects and programs that meet development priorities;
- assists in checking that the delivery is running as planned;
- promotes the efficient utilization of resources;
- promotes the delivery of the envisaged quality of service;
- assists ELM in making timeous and appropriate adjustments in the delivery and management of resources;
- identifies capacity gaps in both human and non-human resources and at the same time assists in determining organizational requirements; and
- identifies communities and areas that lag behind others in terms of development and thus assists in spatial and sectoral integration.

ELM's performance management system, as articulated in the **Performance Management Policy**, describes how the municipality's cycle and process of performance planning, monitoring, measurement, review, reporting and improvement, are to be conducted. The IDP process and the performance management process are seamlessly integrated. Integrated development planning fulfils the planning stage of performance management, whilst performance management, on the other hand, fulfils the implementation management, monitoring and evaluation of the IDP process.

2.3. ELM CORE STRATEGIES FOR 2010/11

The IDP of ELM for the 2010/11 reporting period was amended in January 2011 to make provision for the incorporation of key performance indicators and performance targets into the IDP for the first time. It is against these indicators and targets that the functional area of service delivery in Chapter 5 is reported. However, besides these key performance indicators and performance targets, the 2010/11 IDP also identifies and articulates the following core strategies:

- the provision of basic services;
- the achievement of sustainable financial viability;
- to ensure good governance and institutional capacity;
- the deepening of democracy;
- the creation of a culture of effective communication;
- to ensure social and economic development;
- the promotion of a safe, secure, and healthy environment;

- the promotion of optimal spatial development; and
- the implementation of the turn-around strategy.

These core strategies provide the framework for the reporting of ELM performance highlights for 2010/11.

2.4. THE PROVISIONING OF BASIC SERVICES

The expenditure of the **Municipal Infrastructure Grant (MIG)** increased significantly from the 2009/10 reporting period. In 2009/10 a total MIG allocation of R90m was gazetted, but only R61.6m was spent, indicating an expenditure ratio of 68% of the allocation. However, in this reporting period the annual allocation was R105.5m. Due to the under spending in the previous year and the resultant roll-over of funding, the total MIG allocation for this reporting period increased to over R120m. Of this more than R120m a total of R105.5m was spent, indicating an expenditure ratio of over 86%.

The **electricity function** focuses on the provision of a sustainable electricity supply to all consumers. The continuous extension of supply to all new areas including public lighting and traffic signals were achieved. Specifically the following achievements are highlighted:

- **Electrification of 963 houses in Tshepong (R20m);**

- **Additional 20MVA transformer bay at Vereeniging DS substation (R17m);**

- 11 Additional high mast lights installed in Sharpeville and Evaton West (R1.65m);
- Upgrading of traffic lights: 340 low energy LED lamps fitted (R210 000);
- Upgrading of streetlights: 1 800 low energy fittings installed (R900 000); and

- **Replacement of 20km old bare overhead lines with insulated bundle conductor (R3m).**

The **water and sanitation function** attends to the delivery of quality, affordable and sustainable water and sanitation services to consumers and continuous extending of water and sanitation supply to all new areas. The main activities for the reporting period

were as follows:

- **Quaggasfontein Reservoir Construction (R25m);**

- Completion of Ramolele water supply (R1.2m);
- Attainment of Blue Drop certificate for potable water quality;
- **Construction of the Sebokeng Pump Station (R29m); and**

- **Improved effluent results from all three water treatment works (80% average) against the Green Drop Assessment.**

The provision of **roads and stormwater** infrastructure to service the entire municipal area as follows:

- Tar road rehabilitation (over 7000 m²);
- Over 29000 potholes filled;
- Over 42km of street sweeping;
- Over 1 200km of gravel road graded; and
- Over 229 000 m² of road marking.

The provision of sustainable **waste collection** to all residents and continuous extension of service to areas not serviced, also safe disposal in landfill sites, and the following specific achievements were registered:

- **Total quantity of 115 016 m³of waste removed from illegal dumps;**

- **4 Mini dump transfer stations being completed (R5.3m);**

- **Weekly household services increased from 166 500 to 168 919 collection points; and**

- **Successfully maintaining various programs such as Bontle-ke-Botho, Buyisa-e-Bag, and other recycling initiatives (Buyback centres).**

The **fleet management function** ensured that fleet and machinery availability to all departments was optimal in order to support service delivery:

- Implementation of a Risk Control Room;
- Training for drivers on the Driver Code of Conduct approved by Council, 2006 (250 drivers were trained); and
- **Continuous annual fleet renewal**

The **Public Safety and Community Development Cluster** commissioned the newly built fire station to serve the needs of the community in Evaton/Sebokeng. The station was built according to the latest standards and will serve all the future needs of the community. The total investment in the fire station was over R20m, excluding equipment.

2.5. THE ACHIEVEMENT OF SUSTAINABLE FINANCIAL VIABILITY

During this reporting period ELM experienced serious cash-flow complications that necessitated the raising of a short term loan of R70m for working capital purposes. An analysis of the reasons for the restricted cash-flow was undertaken that resulted in the following interventions to improve the situation:

- The cash-flow status was work-shopped with senior management and at a political level;
- Cost cutting measures were introduced;
- Overtime was monitored and significantly curtailed;
- Water losses were exceptionally high at over 40% and therefore measures were introduced to reduce the impact by 3% to 5% per annum;
- Installation of water meters in Beverly Hills and uploading the customer information into the financial billing system and billing of actual consumption. This process will be rolled out to all areas currently billed at a fixed rate for water. Meters will also be cleaned to enhance billing accuracy by allowing Meter Readers to be able to read the meters.
- Continuous upgrading and maintenance of existing water demand management installation to reduce water losses.

- Electricity losses were higher than the norm as a result of illegal connections. This was vigorously pursued and another service provider was appointed to do disconnections and reconnections more effectively and efficiently. Approval was given to attend to level 2 disconnections as a starting point, which is the removal of cables;
- Consultants were appointed to assist with collection of debt. This intervention focused at the top 300 to 600 accounts in arrears, which resulted in accelerated collections in excess of R20m;
- Interventions by the Executive Mayor and Municipal Manager saw payments flowing from debt owed to the municipality by other government departments, particularly public works and health;
- Restructuring of the debtor's book of R2b is being undertaken to realize cash up-front. Significant progress has been made with the request for proposals that were advertised in August 2011;
- ELM's short term debt of R70m together with other loans due by 30 June 2011 were settled in full;
- The cost of external plant hire was reduced by between 25% and 40%, the target was 50%, from over R2m per month; and
- The senior management team committed to curb operational expenditure to 10% below the budget, having appreciated the difference between the budget projections and cash-flow projections.

The **electricity function** also contributed towards revenue enhancement and embarked on a program to audit electricity meters. During the 2010/11 reporting period 5 300 electricity meters were audited and from the faults/bypasses found, accounts to the value of approximately R3.5m were issued to consumers. Tenders have also been invited for the auditing of the metering systems of the very large consumers and this project should be done through the course of 2011/12 reporting period. ELM has also appointed a single service provider for the vending of electricity and this has reduced to a very large extent the risk of loss of income as all the vending is subject to upfront payment.

The integration of the financial computer system with that of the prepaid vending system is currently being investigated to improve the actions related to debt recovery and to prevent consumers from purchasing electricity if their municipal accounts are in arrears.

2.6. TO ENSURE GOOD GOVERNANCE AND INSTITUTIONAL CAPACITY

ELM has a well-functioning **Internal Audit Department** which is mandated to provide independent, objective assurance and consulting services geared towards adding value to ELM and improve the quality of the service delivery. Furthermore internal audit is an independent department which is a significant contributor to governance within the municipality by providing assurance that the strategic focus are of good governance. To that end, developed and implemented a risk-based Audit Plan which is aligned to ELM strategy (IDP) and Risk Management Strategy was approved by the Audit Committee and Council.

Based on the approved plan, Internal Audit provided assurance regarding the adequacy and effective controls in ELM business processes as well as in specialised areas such as,

Environmental Management, Performance Management, Value for money Audit, Compliance and Risk Management. Based on the results of these audits, Internal Audit provided the Audit Committee with an assessment on the status of ELM internal controls for the 2010/11 reporting period.

Further, Internal Audit maintained and implemented a quality assurance and improvement program to ensure the quality of audit products and services. The program is designed to enable evaluation of the department in order conform to the Internal Audit International Standards and code of ethics as well as its own approved internal Auditor charter and audit methodology. Client satisfaction survey was implemented to measure the internal quality of audited programs. Internal Audit Department contributed to the strengthening of other governance mechanisms within the Municipality by providing quality reports, which the Audit Committee utilised to exercise its oversight responsibility effectively in terms of its Council approved charter.

The recommendations from these reports improved the level of the governance, risk management and internal control processes in the municipality**.**

SUMMARY OF INTERNAL AUDIT FINDINGS FOR THE 2010/11 REPORTING PRIOD								
Cluster	Total findings raised	Resolved			Partially Resolved		Not Resolved	
		Number	Percentage	Rating	Number	Percentage	Number	Percentage
Basic Services	28	24	85.7	☺	4	14.3	0	0.0
Infrastructure, Planning and Assets Management	1	1	100.0	☺	0	0.0	0	0.0
Finance	23	7	30.4	☹	12	52.2	4	17.4
Corporate Services	3	3	100.0	☺	0		0	0.0
Economic Development and Planning	1	1	100.0	☺	0	0.0	0	0.0
Public Safety and Community Development	22	19	86.4	☺	3	13.6	0	0.0
Total	78	55	70.5	☺	19	24.4	4	5.1

☹ These results are based the non-compliance on the GRAP 17 management has put measures t in place by to address this.

.

Legend		
Symbol	Rating	Remarks
☺	70+ to 100	It would appear, based on the follow-up audit observations and limited audit testing, that Management has implemented corrective actions and corrective actions are functioning effectively to manage the risks to an acceptable level.
😐	60 to 70	It would appear, based on the follow-up audit observations and limited audit testing, that Management has implemented partially corrective actions or corrective actions are only partially effective, and there is a room for improvement to manager to manage the risks to an acceptable level.
☹	-60	It would appear, based on follow-up observations and limited audit testing, that management has not implemented corrective actions or that corrective actions implemented are not working effectively to manage the risks at an acceptable level.

Internal Audit also supported the Municipal Public Accounts Committee (MPAC) in this successfully conducting the oversight process, which included the reviewing of ELM's Annual Report and holding management accountable for utilisation of public funds economically, efficiently and effectively. To continuously improve the quality of services offered by internal Audit, the municipality introduced and implemented a 100% quarterly performance audit review and this created a positive culture towards service delivery to ELM.

Finally the Performance / Audit Committee and Risk Management, Anti-Fraud and Anti-Corruption Committee were established to add value to the governance structure of the municipality, more than four were held during the year under review. The constructive meetings held during year under review contributed to ELM governance, risk management and internal control processes.

A corporate wide **risk assessment** was completed that resulted in a comprehensive risk profile, which indicates all strategic risks. An ERM (Enterprise Risk Management) plan exists in terms of which risks are monitored and reported on a quarterly basis to the Risk Management Committee. With the implementation of ERM plan the risk maturity rating of ELM improved from 2 to 3.6 as measured by National Treasury. With the implementation of operational risk management in terms of the ERM plan it is anticipated to improve the risk rating to 6. A Fraud Prevention Plan is also in place as a mitigation measure for the prevention and detection of possible fraud.

Various forensic investigations were conducted during the reporting period in order to determine/detect any fraudulent activities and to align to the clean governance objective on outcome nine. One of these investigations focused on procurement spending patterns to analyse and detect any violations of supply chain management policies and procedures. These investigations in general, revealed the need to improve control procedures associated with procurement.

The contribution of the **information technology function** during the year towards governance and institutional capacity was as follows:

- The Wide Area Network was expanded by the commissioning of eight new radio links for remote sites (Total number of radios on the WAN);
- The Local Area Network was expanded by an additional 156 user points;
- 133 new desk top - and 69 laptop computers were procured;
- 2 new servers were commissioned;
- The following growth in IT users were recorded:

    - Novell – 115 additional users added to the system during the year (total number of users at the end of the year in question = 1153);
    - Internet – 274 additional users added to the system during the year (total number of users at the end of the year in question = 549); and
    - Venus – 60 additional users added to the system during the year (total number of users at the end of the year in question = 376).

Human Resources Management

ELM has a Human Resources Strategy framework that needs to be contextualised to reflect the current ELM human resources reality and strategic requirements. The process to develop a fully-fledge and holistic HRM Strategy is a key output for the 2011/12 year. A task team consisting of the HR Manager, Organisational Development Manager, Training Manager and Corporate Planner to advance the process with all internal stakeholders and particularly the Municipal Managers Office and the IDP office, was put together. The task team will be executing this process during the second half of 2011/12.

Human Resources functions had the following achievements:

- **Personnel Administration**

During the 2010/11 financial year, a total of 191 G47 forms (forms from user departments requesting for positions to be advertised and filled) were received. Of the 191 budgeted vacancies, 170 were filled – translating to 89.5%. The filling of the other 21 vacancies overlapped with the 2011/12 financial year.

- **Labour Relations Unit**

The Local Labour Forum was fully functional with the involvement of the Senior Management Team. There has been significant improvement on labour disputes with 92% awarded in favour of ELM while the remaining cases are on-going.

The **Training and Development Section** achieved the following milestones during 2010/11 as reflected in the table below:

	Department/Cluster	Type	No of Candidates
Learnerships	Finance	Local Government Accounting Certificate	10
		Local Government Advance Certificate	26
	Metsi-a-Lekoa	Process Control	34
Total			**73**
Internships	Finance		7
	Electrical		3
	Sports and Recreations		5
Total			**15**

The below Table provides a breakdown per Cluster of the total number of employees trained during 2010/11.

CLUSTER/ DEPARTMENT	NUMBER TRAINED
BASIC SERVICES	423
PUBLIC SAFETY AND COMMUNITY DEVELOPMENT	315
CORPERATE SERVICES	56
ECONOMIC DEVELOPMENT PLANNING	23
INFRASTRUCTURE PLANNING AND ASSET MANAGEMENT	13
FINANCIAL SERVICES	91
INTERNAL AUDIT	6
TOTAL NUMBER OF EMPLOYEES TRAINED	**927**

The **legal services function** ensured compliance with national and provincial legislation through continued advisory and compliance assurance, e.g. compliance with the Promotion of Access to Information Act, 2000 by having the S14 Manual approved and by submitting the S32 report to the Human Rights Commission.

A number of litigations were effectively managed on behalf of ELM. A great achievement in this regard was the finalization of the legal processes in getting the Kwa-Masiza Hostel transferred to the municipality. The documents for the transfer of the property were lodged at the Deeds Office in Pretoria and the registration thereof into the name of Emfuleni Local Municipality was affected on the 7th of September 2011. This means that Emfuleni Local Municipality is the lawful owner of Kwa Masiza and together with the Gauteng Local Government and Housing Department will be able to refurbish the Hostel. Currently there are 23 outstanding/unresolved legal cases awaiting court dates.

During the year under review the following by-laws were drafted for promulgation:

NATURE OF BY-LAW	STATUS
Swimming pool and spa by-laws	Still draft, to be work-shopped with Councillors
Private owned swimming pools by-laws	Still draft, to be work-shopped with Councillors
Environmental by-laws	Still draft, to be work-shopped with Councillors
Child care services by-laws	Still draft, to be work-shopped with Councillors
The aged services by-laws	Still draft, to be work-shopped with Councillors
Keeping of animals by-laws	Still draft, to be work-shopped with Councillors
Keeping of dogs by-laws	Still draft, to be work-shopped with Councillors
Keeping of food by-laws	Still draft, to be work-shopped with Councillors
Infectious waste by-laws	Still draft, to be work-shopped with Councillors
Street trading by-laws	Still draft, to be work-shopped with Councillors
Nuisance by-laws	Still draft, to be work-shopped with Councillors
Derelict and slightly buildings by-laws	Still draft, to be work-shopped with Councillors
Public amnesties by-laws	Still draft, to be work-shopped with Councillors
Hire of halls by-laws	Still draft, to be work-shopped with Councillors
Commonages by-laws	Still draft, to be work-shopped with Councillors
Caravan parks by-laws	Still draft, to be work-shopped with Councillors
Taxi ranks by-laws	Still draft, to be work-shopped with Councillors
Settlement by-laws	Still draft, to be work-shopped with Councillors
Standing by-laws	Still draft, to be work-shopped with Councillors

The following policies were approved by Council during the 2010/11 financial year:

Policy	Approved	Pending	Disapproved
Remuneration Policy for Section 56 and other Contracted Employees	YES		
Communication Strategy of Emfuleni Local Municipality	YES		
Media Policy	YES		
Policy on Employee Assistance Programme	YES		
Occupational Health and Safety Policy	YES		
Emfuleni Performance Management and Development System Policy	YES		
Records Management Policy	YES		
Remuneration Policy		YES	
Telephone Usage and Cellular Services Policy		YES	
HIV/AIDS implementation Guidelines		YES	
Burial of Councillors Amendment of policy		YES	
Acting Policy		YES	

The following are policies that have been developed and are in draft format:

- Legal procedure manual
- Contingency and liability policy and its register
- Contract Management and Administration Policy
- Leave Policy
- Bursary for Employees
- Induction policy
- Recognition of prior learning
- HR Procedure Manual
- Generic Service Level Agreement

- Aldermanship policy and
- Smoking Policy.

During the reporting period, a total number of 92 contracts and service level agreements were drafted and vetted by the legal department. These are contracts which have to do with tenders awarded mostly from the service delivery departments, lease agreements and agreements or memorandum of understanding between Emfuleni Local Municipality and other organs of state.

The **secretariat and administration function** primarily attends to the distribution of agendas and minutes of all meetings of the Municipal Council and its committees. In the 2010/11financial year a total of 15 meetings were held of which 11 were Ordinary sittings and 5 Special sittings.180 resolutions were taken. The implementation of these resolutions is monitored through the action lists which are submitted to the relevant committees on a quarterly basis.

A total number of 39 Mayoral Committee Meetings were held: 31 Ordinary Meetings and 8 Special Meetings where 108 resolutions were taken.

As per the annual schedule of meetings, the following section 80; section 79; and other committee meetings took place:

Portfolio Committee Meetings

Section 80 Committees	
PORTFOLIO	**Number of meetings**
Waste Management and Environmental Committee –	8
Housing Committee	6
LED Committee	9
Finance Committee	8
Public Transport, Roads and Public Works Committee	8
Electricity, Water and Sanitation Committee	3
Admin: Corporate Services, HR, IT and Legal Committee	9
Public Safety Committee	6
Health and Welfare Committee	4
Sports, Recreation, Arts and Culture Committee	5
Section 79 Committees	
Gender Committee	1
Land Tribunal	
Audit Committee	7

Performance Audit Committee	7
Municipal Public Accounts Committee	8
Petitions Committee	8
Ethics Committee	None
Other Committees	
Bid Adjudication	27
Risk Management, Anti-Fraud and Anti-Corruption	6
Remuneration Committee	2
Ordinary Senior Management	24
Special Senior Management	1
Extended Senior Management	14

The **records section** is under the secretariat and administration department is responsible for records-keeping and document management. Before 2010/11 files were manually documented then in the 2010/11 financial year an Electronic Document Management System known as Quidity was installed and all users have been trained on the system. This system allows the instant retrieval of documents. Although the system does not replace the daily handling of hard copies, it provides instant access to electronic copies to end-users throughout the institution.

The Electronic Document Management System was also implemented to give access to employees to peruse agreements and contracts. All contracts and agreements received were captured on the system. In instances where agreements or contracts expired, the relevant departments were advised accordingly in order to take the appropriate steps.

2.7. THE DEEPENING OF DEMOCRACY

In terms of Local Government Municipal Systems Act, 2000 (Act Number 32 of 2000) it is the responsibility of the Office of the Speaker to deepen democracy through public participation programs.

- WARD COMMITTEES

Out of the 43 ward committees that were elected after the 2006 elections, the office managed to sustain 42, which were fully functional. All the members of the ward committees went through an induction, training and capacity building process on roles and responsibilities according to the different portfolios.

- PETITIONS

A Petitions Management Committee that manages and processes petitions from the public through a unit called the Petitions and Ethics Unit is in place. The Committee records and acknowledges the petitions received and refer these petitions to the relevant department for attention and execution. The following is a reflection of the petitions managed during the reporting period:

PETITIONS RECEIVED	RESOLVED	OUTSTANDING
20	15	05

- PUBLIC PARTICIPATION

Public Participation is the main vehicle through which the Council is able to develop and practice a culture of community participation as required by legislation. The unit is responsible for making sure the following meetings are properly coordinated:

- National, Provincial, District and Mayoral Izimbizos;
- Councillors' Public Meetings; and
- Outreach programs from different departments.

The following table contains the activities in this regard:

EVENTS	NUMBER
Peoples' assembly	01
Councillors' meetings	Sebokeng135
	Evaton156
	Vereeniging 122
	Vanderbijlpark 90
Provincial Izimbizos	03
IDP and Budget	04, one per region
State of District Address (S.O.D.A)	01,across ELM
Justice department road show	Evaton01
Speaker and Executive Mayor's trouble shooting meetings	04, one per region

2.8. THE CREATION OF A CULTURE OF EFFECTIVE COMMUNICATION

The **communications function** attended to the following activities during the year:

- The production of both internal and external newsletters to improve the culture of communication and participation of internal and external stakeholders;
- The development and maintenance of a vibrant website for ELM to enable the public to access information about affairs of the Municipality. Average hits per month currently stands at 250 000 from 20 000 per month in preceding years;
- The improvement of media relations with local and national media organizations through the press conferences, media networking sessions and issuing of over 50 media statements; and
- Marketing of strategic events such as the Vaal River Carnival, Pooe Annual games, Human Rights Month and related events. These are helping to position the area for growth in tourism and investments.

A new **telephone system** that uses the Voice over Internet Protocol technology was

installed in all offices of the ELM. This entailed the replacement/new installation of 16 Private Branch Exchanges. The new system allows for internal calls between offices to be made free of charge thereby reducing the operational cost of telephony.

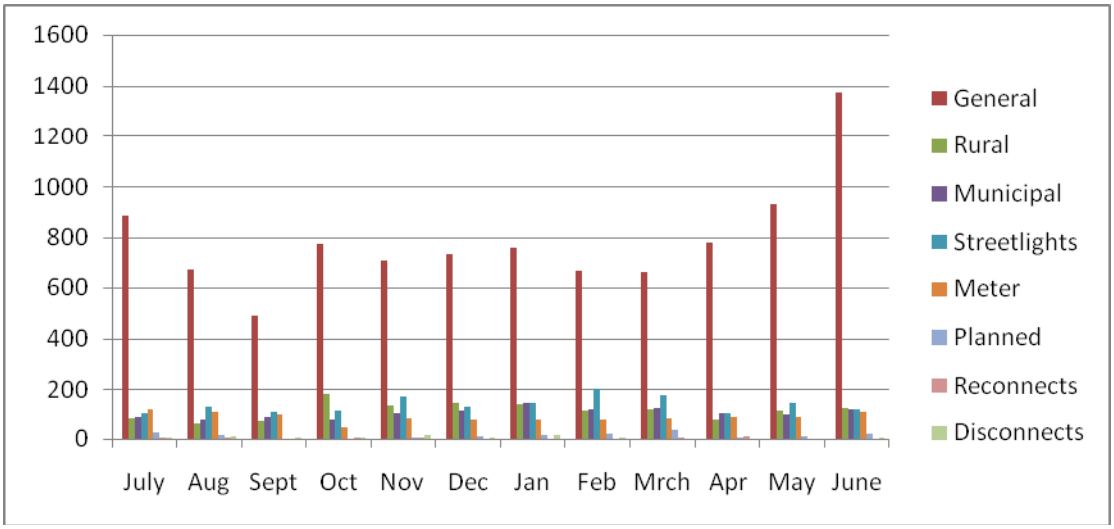
The **telephony section** also manages a short message system (sms). A total of 69 660 sms's were sent via the system during the reporting period. This mode of electronic communication provides users with an easy mode of communication whereby councillors, officials and service providers can be contacted.

During this reporting period the **water and sanitation function** embarked on the following education and awareness campaigns:

- 25 public meetings were held out of the 43 wards;
- 88% responses to queries and complaints within 48 hours;
- 25 awareness workshops held out of 12 planned for the year;
- 04 stakeholder forum activities were held successfully;
- 84% of meter complaints received were resolved;
- 38% meter audits done in Sebokeng and Evaton wards; and
- 21 radio slots were done with Thetha FM on water conservation.

During the 2010/11 reporting period the operational hours of the **electricity** control centre were changed to a 24/7 operation. This has improved the accessibility by the public in general and has also improved the flow of information to and from the control centre to both staff and the electricity personnel attending to complaints. Below are statistics about the number of complaints received and attended to:

	2010						2011						
Complaint Type	**July**	**Aug**	**Sept**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**March**	**Apr**	**May**	**June**	**Total**
General	886	674	486	774	710	733	761	667	666	778	933	1372	**9440**
Rural	82	61	69	181	135	146	139	118	123	75	117	126	**1372**
Municipal	87	76	86	73	108	117	145	122	127	104	96	120	**1261**
Streetlights	106	133	113	116	169	130	148	200	175	106	147	119	**1662**
Meter	121	109	94	44	80	74	75	77	79	85	87	109	**1034**
Planned	28	14	1	0	5	9	16	19	35	6	12	23	**168**
Reconnects	7	9	4	5	6	3	4	2	8	10	2	3	**63**
Disconnects	7	11	5	6	16	6	14	8	2	2	1	5	**83**
Totals	**1324**	**1087**	**858**	**1199**	**1229**	**1218**	**1302**	**1213**	**1215**	**1166**	**1395**	**1877**	**15083**



2.9. TO ENSURE SOCIAL AND ECONOMIC DEVELOPMENT

The **Indigent Register** is continuously updated and 36 685 individual households are registered as indigent.

A **Victim Empowerment Centre** was established at the Barrage Police Station and is staffed by a Social Worker and an Auxiliary Social Worker. The goal is to relief social distress and to effectively assist abused women and children.

The following figures reflect the statistics for the reporting period on **building control**:

Category	Number of new applications received	Total value of applications received - R
Residential new	567	559,050,490
Residential additions	986	439,405,760
Commercial	10	77,233,450
Industrial	10	73,879,360
Other non-residential new	12	11,178,200
Other non-residential additions	47	228,516,065
Total	**1 632**	**1 389 263 325**

2.10. THE PROMOTION OF A SAFE, SECURE, AND HEALTHY ENVIRONMENT

Monthly monitoring and analysis of **potable water** quality in compliance with the SANS241 standard was done where 100% compliance was achieved.

Illegal dumping in urban and rural areas was reduced by removing 115 016 m³ of waste from those illegal dumps. The development of the four mini dump transfer stations equipped with waste separation mechanisms was completed. Furthermore, the permit applications for the licences of the Boitshepi and Waldrift Landfill sites were completed and submitted.

Primary health care indicated that the TB cure rate increased from 68% to 76.1% during the reporting period. The national norm though, is 85%.

The **Vanderbijlpark Cemetery** was fenced and the acquisition of land for the new cemetery is well under way.

To support and sustain the functionality of the Fire Prevention Associations, 27 **fire trailers** were placed in the rural areas.

During the reporting period the following **health and safety** inspections were done:

- 324 inspections at premises of funeral undertakers against the target of 180
- 2 610 inspections at crèches against the target of 1800; and
- 3 233 fire safety inspections against the target of 1 360.

The **enforcement of legislation**, including by-laws were as follows:

- 2 449 notices issued for the transgression of by-laws; out of monthly coordinated monthly joint operations with SAPS, solid waste and Local economic Development.
- Weekly alcohol enforcement operations were conducted and 602 drunken drivers were arrested;
- 9 917 outstanding warrants were settled against the target of 9 000.

New multi-coded **sport development programs** were presented to ensure social integration. The following sporting codes with the indicated number of people, participated:

- Basketball - 250
- Power Boat Racing - 14
- Swimming - 400
- Cycling - 12
- Boxing - 18
- Chess - 16
- Soft Ball - 125
- Table Tennis - 12
- Soccer - 200.

The membership of **libraries** increased from 3006 to a total membership of 5 879 during the reporting period. The number of items in the libraries also increased from 470 418 to 476 031.

2.11. THE PROMOTION OF OPTIMAL SPATIAL DEVELOPMENT

It is the vision of the **land use management function** to provide an environment for living, working, recreation and education for all residents of ELM based on sound Town Planning principles. In order to ensure that better urban management leads to uncompromised

sustainability of both the built and natural environment in areas within the administrative jurisdiction of ELM, it is endeavored to provide impeccable professional planning advice to the municipality, communities and private sector investment programs. In addition, it is furthermore ensured that all resources (human and capital) are geared towards promoting investments and employment opportunities by fast-tracking development applications, thus minimizing the cost of doing business in Emfuleni.

The mission of the land use management function is to:

- Minimize the time-frames when dealing with land use applications;
- Provide an effective service in terms of provision of spatial information, policies and development guidelines;
- Effectively deal with land use transgressions; and
- Maintain the land use database in respect of land uses.

The key performance areas and priorities of the land use management function are as follows:

- Key performance areas:

    - Establish a uniform Land Use Management System for the Emfuleni area;
    - Implement the Emfuleni Spatial Development Framework Plan;
    - Production of more detailed local spatial development plans and land use policies;
    - Implementation of the GIS and appointment of GIS administrators;
    - Effective law enforcement section;
    - Opening of Township Registers; and
    - Development applications.

- Priorities:

    - Establish a uniform Land Use Management System for the ELM;
    - Annual updating/revision of the Emfuleni Spatial Development Framework;
    - Effective implementation, operation and administration of the of the Geographic Information System (GIS);
    - Effective law enforcement; and
    - Opening of Township Registers

The following two critical success factors were identified and reflected in the Integrated Development Plan (IDP), namely:

- The opening of all townships registers by the end of 2011; and
- The review of the ELM spatial development framework.

Geographic Information System (GIS)

In July 2010 two qualified GIS Specialists were employed for the first time, providing ELM

with important rare skills needed to support many other functions such as property management, spatial planning, infrastructure planning, etc. Plans are underway to provide a GIS service from a single coordinated point to support local developers in the provision of essential services to and by the municipality.

The following table indicates new developments that were approved during the 2010/11 reporting period. Emfuleni has experienced a number of new applications, however prevailing economic conditions in the country is impacted negatively also by international economic conditions. The availability of open land for development is impacting positively on new applications and construction activities of these approvals are expected to influence job creation opportunities - directly on construction workers and also indirectly on the suppliers of building materials. The table indicates anticipated direct as well as indirect job opportunities. The estimated investment also indicates that substantial increase in local economic activities can be expected.

Approved developments during 2010/11 are tabled as follows:

NAME OF SITE DESCRIPTION	QUANTITY/SIZE	ECONOMIC IMPACT	VALUE
Unitas Park X16	2000 stands to be developed	- 100 temporary jobs to be created - 100 permanent jobs	R35 Million
Arcon Park X12	40 industrial stands	- 80 temporary jobs - 1000 permanent jobs	R35 Million
Evaton Renewal	250 residential stands. Commercial development	- 100 temporary jobs - 150 permanent jobs	R60 Million
SE 8 X2	26 hectares retirement village development	- 120 temporary jobs - 400 permanent jobs	R16 Million
Lethabong Shopping Centre	20 000m²	- 100 temporary jobs - 200 permanent jobs	R65 Million
Evaton Plaza	Shopping center	- 120 permanent jobs	R20 Million
Sharpeville	Community Hall	- 20 temporary jobs	R5 Million
Golden Gardens	Phase 1 – 150 stands	- 100 temporary jobs - 10 permanent jobs	R40 Million
Bedworth Park	Shopping center – Pick-'n-Pay	- 50 temporary jobs - 100 permanent jobs	R6 Million
Powerville Park X4	400 stands (mixed uses)	- 120 temporary jobs - 150 permanent jobs	R60 Million

The following table depicts the number of applications approved during the financial year 2009/10 compared to 2010/11 according to the different categories of applications.

Applications	2009/10	2010/11
Amendment of Town Planning Scheme	12	40
Township Establishment	-	2
Subdivisions	5	22
Consolidations	2	10
Consent uses	6	7
Removal of Restrictions	3	8

The numbers of approved Land Use Management applications clearly indicates a substantial increase in almost all categories. The amendment in Town Planning Schemes experienced the highest increase in numbers indicating the buoyant building conditions in Emfuleni. The smallest increase was experienced in applications for consent use that only increased from 6 in 2009/10 to 7 in 2011.

The table in general is an indication of the demand for housing in Emfuleni and is an indication that the area is a preferred area for construction activities.

The **Building Control Department** currently operates from two customer care centres to cover a broader range of customers. The one centre is located in the Vanderbijlpark CBD and the other on Moshoeshoe Street in Sebokeng.

The following table depicts the numbers of new applications for building plans received for the financial year 2010/11 in comparison to the previous financial year 2009/10. A downward trend has once again been experienced, as was experienced when comparing the numbers for 2008/09 to 2009/10.

The category for New Residential properties has experienced the highest reduction in applications, indicating that economic conditions impact heavily on the decision to venture into building new housing properties.

It is note-worthy that 10 new industrial applications has once again been received, the same number as during the previous financial reporting period. These applications are most welcome since this is where the highest number of jobs will be created in the economy.

It is the Department's target to approve all applications as soon as possible in order for construction to start and local economic activity supported. This is one critical function in the municipality to impact directly on job creation and therefore the effective functioning of the Department is of critical importance.

COMPARISON BETWEEN NEW APPLICATIONS FOR APPROVAL OF BUILDING PLANS RECEIVED: 2009/10 AND 2010/11 FINANCIAL YEARS

Category	01 July 2010 to 30 June 2011	01 July 2009 to 30 June 2010
	Number of new applications received	
Residential- New	567	1341
Residential- Additions	986	1158
Commercial- New	10	15
Industrial- New	10	10
Other Non Residential- New	12	6
Other Non Residential- Additions	47	54
TOTAL	**1632**	**2584**

Other Non-Residential buildings are considered to be buildings that consist of offices and/or shops that are conjoined to flats in the same building if the total area occupied by the office and/or shops is more that 50% of the total area of the building. These type of building/space in normally used for:

- Commercial include office, banking and shopping/retail space;
- Industrial include industrial, warehouse and workspace; and
- Other including churches, sports and recreation clubs, schools, crèches, libraries, hospitals, clinics and mortuaries.

The **Property Department's** vision is the effective facilitation of development applications on Council Land/ Property and the effective and efficient managing of Council fixed assets.

The department is facilitating applications for lease of Council properties, access control applications and applications for registration of servitudes.

The moratorium on the sale of land is still applicable on all stands except those stands zoned for business and community facilities purposes.

The total number of stands owned by ELM according to the Land Audit done, is 14378. All stands have been verified except for the stands zoned "Residential". The number of

available stands which are not occupied (illegally or in terms of a lease agreement) amounts to 320, and this number excludes residential sites.

An Audit of Council land, zoned for church purposes was finalized. The following categories were identified:

- Category A: Land sold to churches and crèches - 21 stands (16 stands have been transferred into the name of the individual churches
- Category B: Land leased/allocated to churches – 166 stands which include sites to be transferred in terms of the Conversion Act (allocations prior 1 January 1989) as well as sites which were allocated after 1 January 1989
- Category C: Applications received prior 1 July 2004 (prior MFMA) – 32 stands and all these applications have not yet been approved, pending a Council Resolution.

The **Housing Department** is committed to the delivery of diversified habitable houses, with all social amenities in a secure and development friendly environment.

The Housing Department's mission is to uphold the *Batho Pele* principles by:

- Ensuring cost effective and affordable services;
- Being responsive and sensitive to the social and housing needs of our communities;
- Providing a range of affordable shelter options.

The Department provides the following services:

- Rental accommodation
- Eradicating informal settlements by 2014 – 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;
- The following housing units will be transferred to the tenants/purchasers through the *Retro Programme:*

    - Leeuhof Extension 1
    - Sonhof Flats
    - Low cost housing units in Vanderbijlpark
    - Housing units in Rust-ter-Vaal.

Project	2009/10 Delivery	2010/11 Delivery
Tshepiso North Ext 4	-	1000
Boipatong (Rectification)	-	13
Boipatong (Completion)	75	149
Lakeside Ext 4	36	-
Tshepong Proper	-	1000
Tshepiso Proper		754
Tshepiso North Ext 1	91	87
Tshepiso South Ext 1	-	254
Tshepiso North Ext 3	709	313
Sebokeng Ext 24	358	-
Johandeo	147	-
Lakeside Proper	-	7
Boipatong (Backyards)	190	-

Delivery of structures (houses) 2009/2010 vs 2010/2011

The informal structure backlog is estimated to be in the region of ±10 000 units representing people living in informal settlements, as set out in the table below:
Informal Settlement Statistics:

Name of Informal Settlement	Number of units	Ownership of land
Bioketlong (Quaggasfontein)	4 374	Private land
Cape Gate	324	Municipal land
Bophelong (Chris Hani)	709	Municipal land
Garage	119	Municipal land
Ironsyde industry	665	Municipal land
Lybia	393	Municipal land
New Village	381	Municipal land
Vereeniging old Hospital	300	Government land
Sonderwater	1 300	Municipal and Government land
Polomiet	83	Municipal land
Sebokeng Ext 24	227	Municipal land
Tshepiso North Ext 3 (containers)	137	Municipal land
Soul City	288	Municipal land
Sebokeng Zone 17	233	Municipal land
Sebokeng Zone 7	103	Municipal land
Sebokeng Zone 12 ext 1	78	Municipal land
Sebokeng Zone 21	220	Municipal land
Waterdale	97	Municipal land
Winnies Park	38	Municipal land
Tshepiso Taxi Rank	209	Municipal land
Boipatong Informal settlement	102	Municipal land

Power park	96	Municipal land
Barrage	214	Private land
Vaaloewer	90	Private land
Lochvaal	30	Private land
TOTAL	**10 810**	

Council-owned land and private owned land, suitable for housing projects, is inadequate and, in most cases, land must be purchased from private land owners. This delays the planning and implementation of new housing projects. The following diagram represents the land identified for future development:

Land identified for future development:

Project	Description of land	Size of land	Ownership
Houtkop	Portion 116 of the farm Houtkop 594 IQ	52,0226 hectares	Government
Vaaloewer	Portion 40 of the farm Zeekoefontein 573 I.Q.	5.1968 hectares	Private
Johandeo	Portions 12, 13, 15, 32, 110, Holding 1 -20 of the farm Rietkuil 554 I.Q.	476.24 hectares	Private land
Johandeo Ext	Portion 11, Portion 13 (SW section) of the farm Rietkuil 554 I.Q.	137,47 hectares	Government and private property
Evaton West	Portions of land	Infill project	Emfuleni Local Municipality
Unitas Park	Portion 156 and 203	339.4328 hectares	Private land
Kaalplaats	Portion 34 of the farm Kaalplaats 577 IQ.	195 morgen	Private land
Cyferpan	Portions 6 – 16 of the farm Cyferpan 549 IQ.		Private land
	Portion 27, 28, 4, 40 of the farm Quaggasfontein 548 I.Q.		
	Portion 14 of the farm Rietspruit 535 IQ.Q		
Sonderwater	Portion 23, 7 of the farm Rietspruit 535 I.Q.	11.93 hectares	Private land
Rustervaal	Portion 21 of the farm Damfontein 541 IQ.Q	176.66 hectares	Local Authority

Land invasions in Council's area of jurisdiction are one of the major stumbling blocks regarding the provision of housing. It is a well-known fact that the Premier of Gauteng envisages the eradication of all informal settlements by 2014. This will only be possible if drastic measures are put into place to contain further squatting.

2.12. THE IMPLEMENTATION OF THE TURN-AROUND STRATEGY

During 2010, an in-depth analysis of the non-performance of ELM was completed, which was fuelled mainly by the rising number of protests across the country due to dissatisfaction with the delivery of basic municipal services, such as running potable water, electricity and sanitation, and specifically in informal settlements. Unemployment, high levels of poverty, poor infrastructure, and lack of houses are amongst other factors that added to the dissatisfaction. The area of Emfuleni was not an exception and thus also experienced high levels of dissatisfaction amongst residents, which resulted in protests in areas such as Sebokeng, Evaton and Sharpeville.

The following is a high level summary of the challenges that led to the development of a turn-around strategy (TAS) in ELM during 2010. The first part lists challenges that the municipality was faced which led to the development of the TAS as well as interventions that are currently put in place to address these challenges as well as a financial turn-around plan in this regard.

Financial Challenges

- Low revenue and collections rate - (72% collection rate);
- Loss of income due to theft on electricity network such as copper theft etc
- Inaccurate billing - (Billing was based on estimates rather than reliable readings obtained from household and business customers);
- High debtors' book (R1.6 billion) of which 80% is residential debt older than 120 days;
- Inadequate funding levels to fund operational (Opex) and capital (Capex) projects due at least in part, to an inappropriate tariff determination model that is not cost reflective as there has been historical basis for tariffs based on only a CPI increase without taking into account future infrastructure reinvestment as well as service delivery sustainability;
- Lack of scientific models to fund basic municipal services;
- Poor debt management;
- Increasing service delivery demands for basic services and high levels of backlogs (water, sanitation, roads, electricity, housing and waste collections) – approximately R10 billion;
- Ageing infrastructure due to a lack of adequate repairs and maintenance both re-active and preventative, which is compounded by infrastructure overload
- High levels of poverty; and
- Data with inaccurate integrity.

Operational Challenges

- High electricity losses due to illegal connections, especially in student accommodation;
- High volumes of unaccounted water (30%);
- Infrastructure overload, which increases maintenance costs and infrastructure deterioration, especially in waste water treatment and electricity;
- Inadequate waste collection methods, which result in high levels of illegal dumping (non-provision of waste receptacles);

- Lack of continuity in implementing operational plans and infrastructural development plans;
- Lack of leadership and team integration resulting in constantly shifting strategic and business focuses;
- Lack of management accountability;
- Low staff morale;
- Poor expenditure and revenue control procedures and support systems;
- Non-compliance with supply chain policies, processes and procedures;
- Lack of Information Technology Systems;
- Poor customer service;
- Corruption; and
- Low Institutional transformation and capacity.

Emfuleni Turn-around Strategy Interventions

During 2010, ELM developed a turn-around strategy, which was aiming at addressing these challenges. The following are the interventions identified and recorded in the TAS, which aim to address the above-mentioned challenges in the shorter term:

- Development of a Human Resource Development Plan;
- Decentralisation of support HR functions to line departments, e.g. recruitment, labour relations and training;
- Restructuring of the revenue management function including establishment of service centres in the regions and communities;
- Capacitating of the Municipal Manager's office to enhance compliance, reporting and governance, e.g. risk management, information systems, etc;
- Establishment of a planning, asset management and project management cluster;
- Establishment of a monitoring and evaluation unit in the Mayor's office to include service delivery monitoring as well as management of the Presidential Hotline;
- Implement a 90 day service delivery programme (up to 30 June 2010) to expedite service delivery; and
- Implement forensic audits to determine integrity of service delivery projects.

Specific mitigation steps, which are currently being implemented as part of the TAS, include a combination of the following interventions, which will address major challenges and provide quick wins for financial and operational recovery in the short term. These interventions are aimed at the 2011/12 financial year, which are to be implemented to continue operations as economically, effectively and efficiently as possible within the current situation, and it involves the following interventions, which will make the municipality financially viable in order for it to fund its service delivery demands.

Revenue Management

- Due to poor performance of the previous meter reading company, its services were cancelled and a new meter reading contract was awarded to a service provider to provide both meter reading and disconnections services;
- ELM is investigating the installation of Smart Meters in identified areas to improve

revenue collection;

- Consultants are reconciling more than 400 of the highest outstanding customer accounts in order to expedite billing and payment in order to improve cash-flow;
- A revenue enhancement program complements meter reading in terms of data cleansing and updating customer data for billing, which includes the reconciliation of the valuation roll with detailed customer data;
- Update accounts with recent (actual) meter readings;
- Plotting the locality of new meters by means of GPS readings;
- ELM is investigating the establishment of a revenue management agency that will be responsible for the collection of all monies due to the Municipality;
- More than 100 000 consumer meters that were previously not read are now being read resulting in improved billing;
- All bulk business consumer meters were identified for refurbishment and maintenance and downloaded into the billing system;
- Investigations into opportunities for debt structuring (debtor factorisation) through the assistance of a transaction advisor are being conducted; and
- ELM is exploring opportunities to implement demand side management interventions for bulk service purchases such as electricity and water, such as:

- The usage of solar lighting for street lights and high-mast lights;
- Low electricity consumption devices to be installed in all municipal-owned facilities; and
- The installation of zonal pressure control devices in high water loss areas.

Development of a 5 year Financial Recovery Plan

ELM has already embarked on the development of 5 year financial recovery plan, which will explore various options to fund long-term operation and capital expenditure programs.

Equalisation of Sanitation Tariffs for Vanderbijlpark and Vereeniging

The following were deficiencies that were identified in the Sanitation Tariffs for eastern and western areas of Emfuleni (Vereeniging and Vanderbijlpark):

- Different sewer tariffs for eastern and western areas of Emfuleni (Vereeniging and Vanderbijlpark);
- Availability charge is contradictory to free basic water concept;
- High tariff after 6 kl for households is anti-poor consumers;
- The tariff structure does not conform to Section 10 of the Water Services Act and its regulations;
- The flat rate concept is not reasonably cost-reflective and it perpetrates inequity;
- Sanitation tariffs are currently not related to individual consumption but they are generally based on the size of stands/premises (Erf size); and
- This tariff structure basis, defeats the objective of a cost-reflective tariff and it is therefore not aligned to long-term service delivery objectives relating to efficiency and the sustainability of the service.

The recommended sanitation tariffs will aim to achieve the following:

- Uniformity of sanitation tariffs between the eastern and western areas of Emfuleni Local Municipality (2 year Phase in approach starting in the current year 2011/2012);
- Introduction of single tariff basis for all sectors and segments of residents, dwellings, business, institutions etc.;
- Alignment of sanitation tariff to service delivery cost-structure and long-term objectives; and
- Alignment of sanitation tariff structure to national, provincial and local government spheres policies and regulations e.g. free basic services by abolishing the basic charge.

Development of a Scientific Tariff model for all Council Services

- It should be noted that Emfuleni Local Municipality does not have a credible tariff modelling tool which is used to determine the required revenue for budgeting purposes in order to determine the true cost of providing Council service to enable cost recovery;
- Council could be providing service lower than the input cost charge by bulk service providers and hence makes it uneconomical for Council to delivery this service to residents in an economical manner;
- The current tariff increases or structure is based on a CPI increase notwithstanding other factors which are detrimental for cost recovery and future service delivery needs and investment in infrastructure;
- The municipality is already exploring the development of a tariff and funding model with the aim of charging customers the true cost of service in the provision of Council Service; and
- The Tariff model to be developed will assist in budgeting in that it will determine the revenue that should be generated by the Municipality based on its current and future operating and capital expenditure requirements. Therefore the determined required revenue must always be sufficient to fund the daily operations of the Municipality, as well as finance any interest on external loans acquired for the purpose of funding the capital expenditure programme.

The tariff model aims to achieve the following objectives:

- To ensure that the tariff-income is sufficient to render a specific level of service based on the socio-economic status and affordability of a particular community; and
- To develop and maintain a preferred tariff structure to ensure long-term financial stability.

IDP alignment with SDBIP and Key Performance Indicators

One of the Auditor General's findings was that the Municipality's IDP is not aligned with the SDBIP and therefore makes it not credible in measuring performance and that there are no Key Performance Indicators to measure quarterly performance for planned against actual performance. It is against this background that a process has already started to align the IDP to the SDBIP and to develop key performance indicators which will be filtered down to the performance agreements of all DMM's as well as to Job level 5 employees. Indicators will be measured quarterly and performance score indicated.

Vaal River City, the Cradle of Human Rights

CHAPTER 3

HUMAN RESOURCES & ORGANISATIONAL DEVELOPMENT

3. HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

3.1 HUMAN RESOURCES

3.1.1 Number of staff per function

During the 2010/11 reporting period vacancies were filled in terms of Recruitment and Selection Policy which was adopted by Council in October 2009, the formulated policy was process of intensely consulted with organized labour. The vacancies were based on the organizational structure adopted in March 2008 for the following clusters; Basic Services, Economic Development and Planning and Public Safety and Economic Development. In respect of the other clusters, namely Corporate Services, Internal Audit, Infrastructure Planning and Asset Management, Finance and Executive Cluster their vacancies were filled in terms of their amended organizational structure on the 12 December 2009.

Total number of employees and vacant posts in the Municipality as at 30 June 2011 are as follows:

	Number of Employees	Vacant posts	Total
Section 57 Employees	9	0	9
MUNICIPAL MANAGER			
Executive Mayor's Office	9	9	18
Speaker's Office	09	03	12
Chief Whip's Office	02	03	05
Other Political Offices	N/A	N/A	N/A
Municipal Manager Administration	5	01	06
Chief Operations Officer	01	0	1
Chief Information Officer	0	01	1
Chief Risk Officer	01	0	1
Performance Specialist	01	0	1
Integrated Development Planning	08	04	12
Internal Audit	11	02	13
Employment Equity	01	0	01
Intergovernmental Relations	01	0	01
FINANCIAL SERVICES	198	53	251
CORPORATE SERVICES			
Corporate Services: Administration	2	0	2
Communications and Marketing	9	5	14
Human Resources	40	3	43
Legal Services	7	16	23
Organizational Development	12	21	33
Secretariat and Administration	33	17	50
Information Technology	9	7	16
BASIC SERVICES			
Basic Services Administration	04	12	16
Electricity	178	65	242

Roads and Storm water	237	710	938
Fleet Management	24	05	29
Waste Management and Landfill Sites	493	19	512
Project Management Unit	19	16	34
Water and Sanitation	335	214	549
ECONOMIC DEVELOPMENT AND PLANNING			
Administration	4	01	05
Building Control	22	12	34
Properties	09	02	11
Land Use Management	22	0	22
Local Economic Development and Tourism	17	0	17
Housing	37	02	39
Facilities Management	64	0	57
PUBLIC SAFETY AND COMMUNITY DEVELOPMENT			
Administration	03	02	05
Social Services	28	31	59
Health Services	126	140	266
Environmental Health	32	37	69
Traffic and Security	183	241	424
Municipal Courts	32	72 (Inclusive of Seb. & Ver.)	104
Fire and Rescue	87	144	231
Library Information Services	90	64	154
Sports, Recreation, Arts & Culture	68	94	162
Parks and Cemeteries	207	251	460
Total employees	**2689**	**2310**	**4976**

NB: It is noted that in terms of the SALGBC Salaries and Wages collective agreement for the Financial Year 2009/2010, Municipalities were required to have filled all their vacancies by 30 June 2010. ELM's situation was accepted by SALGA Gauteng as an exception due to its perennial financial situation and the delayed process of finalizing its organizational structure**.**

3.1.2 Executive management team

The members of the Executive Management Team are appointed on a fixed term contracts (as per Section 57 of the Municipal Systems Act) and the positions of these appointees are shown in the table below.

PORTFOLIO	NAME	EMPLOYMENT CONTRACT	PERFORMANCE AGREEMENT
Municipal Manager	SS Shabalala	YES	YES
Chief Operating Officer	CP Kekana	YES	YES
Chief Audit Executive	SJ Masite	YES	YES
Economic Dev and Planning	HJ Wiese	YES	YES

Chief Financial Officer	A Lambat	YES	YES
Public Safety and Community Development	LD Kamolane	YES	YES
Corporate Services	LM Mahlangu	YES	YES
Basic Services	SB Mahlangu	YES	YES
Infrastructure Planning & Asset Management	KS Nxumalo	YES	YES

3.1.3 Levels of education

CATEGORY JOB /LEVEL	EDUCATIONAL REQUIREMENTS
Section 56 Appointees	Post Graduate Degree qualification, plus 5 years Senior Managerial experience
Job Levels 2 and 3	B-Degree plus 5 years managerial experience
Job Levels 4 and 5	B-Degree/National Diploma plus 5 years relevant experience
Job Levels 6 to 10	Grade 12 or relevant National Certificate
Job Levels 11 to 16	FET qualification or relevant experience

3.1.4 Trends on personnel expenditure (Past 3 – 5 Years as % of total budget)

In terms of the National directive, the government institutions are required to cap their salaries and wages bill below a threshold of not more than 35% of their total budget.

Emfuleni was compliant in that respect in that the Salaries and Wages bill has been capped at 19.68%

ITEM	2007/08	2008/09	2009/10	2010/11
Employees Salaries	384 788 454 35	441 010 908 91	537 271 256 57	604 226 309 51
Councilor Remuneration	18 298 598 16	20 149 858 29	21 637 511 29	22 829 056 01
Actual Total Salaries	**403 087 052 51**	**461 160 767 86**	**558 908 767 86**	**627 055 365 52**
Total Operational Budget	**1 649 659 607 67**	**2 548 703 847 00**	**2 874 015 401 00**	**3 186 895 699 42**
Salaries as a % of Budget	**24.43%**	**18.09%**	**19.33%**	**19.68%**

3.1.5 Pension and medical aid funds

Accredited Pension Funds

Name Of Fund	No of Members
Municipal Employees Pension Fund	215
Municipal Gratuity Fund	1337
SALA Pension Fund	239
SAMWU Provident Fund	859
Lekoa Water Company Provident Fund	0
Joint Pension Fund	15
National Fund For Municipal Workers	24
Total	**2689**

Accredited Medical Aid Schemes

Name Of Fund	No of Members
Bonitas	807
Hosmed	77
La Health	192
Key Health	214
Samwumed	156
Total	**1446**

DISCLOSURES CONCERNING COUNCILLORS, DIRECTORS AND SENIOR OFFICIALS FOR THE PERIOD: 01 JULY 2010 TO 30 JUNE 2011

Staff below receive an annual total package which they are required to structure according to their own needs.

Description	Executive Mayor	Executive Councillors	Municipal Manager	Chief Financial Officer	Other Senior Managers	Total
Salaries and Wages						
Normal	597,542.36	3,811,776.52	1,269,968.64	1,042,379.96	5,549,815.68	12,271,483.16
Overtime	n/a	n/a	n/a	n/a	n/a	n/a
Contributions						
Pensions	95,320.25	602,735.87	CTC	CTC	CTC	698,056.12
Medical Aid	CTC	CTC	CTC	CTC	CTC	CTC
Other	CTC	CTC	CTC	CTC	CTC	CTC
Allowances						
Travel and Motor Car	16,833.15	1,332,252.66	403,736.04	48,000.00	825,379.96	2,626,201.81
Accommodation	N/A	N/A	N/A	N/A	N/A	N/A
Subsistence	260,00	260,00	260,00	260,00	260,00	1,300
Loans & Advances	-	-	-	-	-	NIL
Other Benefits & Allowances						
Telephone Allowance	35,654.40	196,543.05	24,000.00	14,400.00	78,468.95	349,066.40
Arrears owed to Municipality	6,540.15	744,711.69	NIL	1,470.00	89,351.93	842,073.77

NB: CTC = Part of Cost to Company / Total Package

3.2 PERSONNEL ADMINISTRATION

3.2.1 Recruitment

Introduction

In the past specific targets were set for the filling of critical vacancies per quarter. However in the 2010/11 financial year vacancies were filled in line with requests from the various clusters, as and when the need arose. For 2010/11 financial year a total of 170 appointments were made.

The racial composition of the new appointments is as follows:

Racial Group	Number Of Appointments
African	162
Coloured	01
Indian	0
White	7
Total	**170**

Following are detail statistics in respect of Employment Equity for the 2010/11 reporting period:

LEGENDS /ABBREVIATIONS

NB: Key: AM = African Male, AF = African Female, CM = Coloured Male, CF = Coloured Female, IM = Indian Male, IF = Indian Female, WM = White Male, WF = White Female, EE = Employment Equity, PWD = People With Disabilities, = Yellow shading resembles appointments per race and gender.
In relation to the personnel administration this area has been subdivided into two areas being general appointments and appointments of people with disabilities.

GENERAL APPOINTMENTS

One hundred and sixty nine (169) appointments were made in the 2010-11 financial year. It has to be noted that in analysing appointments against the EE targets only ninety one (91) of the appointments were be analysed. Thirty four (34) of the appointments were in line with the Employment Equity targets and the remaining fifty seven (57) were not in line. The tables A, B, C, D below are a breakdown of appointments made per cluster and the alignment with the employment equity preferential targets. Furthermore the alignment of the total EE targets has been depicted in table E graphically.

1st Quarter (TABLE A)

CLUSTER	JOB LEVEL	APPOINTMENTS PER RACE								E E TARGET	COMPLIANCE WITH EE TARGET	NONE COMPLIANCE WITH EE TARGETS
		AM	AF	CM	CF	IM	IF	WM	WF			
Public Safety and Community Development												
	5									AF		X
	5									AM	X	
	5									AF	X	
	6									AF	X	
	6									WM		X
	6									WM		X
	6									CM		X
	6									CF		X
	7									AM		X
	7									AM		X
	7									AM	X	

	7									WM		X
	7									CM		X
	7									AF		X
	7									AF		X
	8									AF	X	
	11									AF		X
	12									AF	X	
	13									AF		X
	13									AF		X
Economic Development and Planning												
	6									AF	X	
Finance												
	6									WF	X	
	6									AF	X	
	7									AF	X	
Basic Services	4									AM	X	
	16	39	39									
Municipal Manager												
	6									AF	X	
	6									AM	X	
	10									AM		X
TOTAL											**13**	**15**

2nd Quarter (TABLE B)

CLUSTER	JOB LEVEL	APPOINTMENTS PER GENDER		APPOINTMENTS PER RACE								E E TARGET	COMPLIANCE WITH EE TARGET	NONE COMPLIANCE WITH EE TARGETS
		M	F	AM	AF	CM	CF	IM	IF	WM	WF			
Corporate services														
Public Safety and Community Development														
	4											AM	X	
	7											AM		X
Economic Development and Planning														
	2											AF		X
Finance														
	5											AF		X
	6											AM		X
	9											AM		X
	9											AM	X	
	9											AM		X
	9											AF	X	
	9											AM	X	
	12											WM		X
	12											WM		X
	12											AM	X	
Basic Services														
	2											AM	X	
	7											CM		X
	7											AF		X
	7											AF		X
	7											AF		X

Infrastructure Planning and Assets Management														
Municipal Manager														
	SEC 56											AF	X	
TOTAL													**7**	**12**

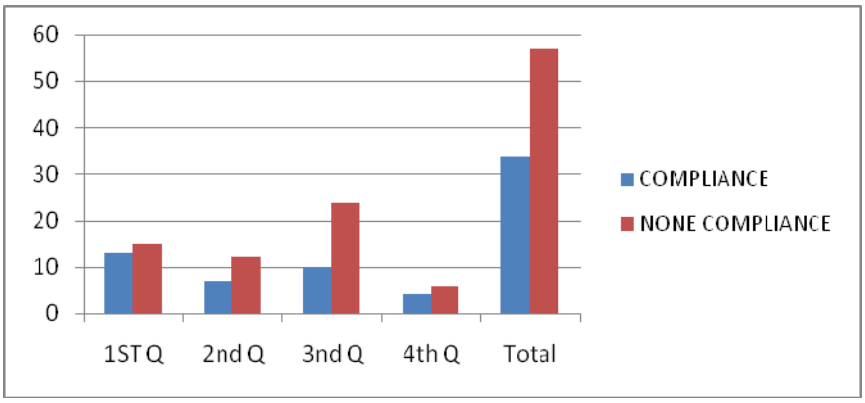
3rd Quarter (TABLE C)

CLUSTER	**JOB LEVEL**	**APPOINTMENTS PER RACE**								**E E TARGET**	**COMPLIANCE WITH EE TARGET**	**NONE COMPLIANCE WITH EE TARGETS**
		AM	**AF**	**CM**	**CF**	**IM**	**IF**	**WM**	**WF**			
Corporate services	5									AF	X	
	9									AM		X
	9									WM		X
Public Safety and Community Dev	5									AF		X
	7									AM		X
	7									AM		X
	7									CM		X
	7									AM		X
	8									CM		X
	8									AF		X
	9									AF		X
	10									WM		X
	10									WM		X
	10									WM		X

	10									AM	X	
	12									AM		X
	12									AM	X	
	12									AM		X
Economic Development and Planning	7									AM		X
	7									AM		X
Finance	2									AF		X
Basic Services	SEC 56									AM	X	
	2									AF		X
	3									AF		X
	3									AM	X	
	6									AM	X	
	6									AM	X	
	6									WM		X
	7									AM		X
	7									AM		X
Infrastructure Planning and Assets Management	SEC 56									AM	X	
	9									AF	X	
Municipal Manager	SEC 56									AM	X	
	6									WM		X
TOTAL											10	24

Compliance state summary for the 4 quarters in 2010/11 institutional

APPOINTMENTS	COMPLIANCE	NONE COMPLIANCE
1ST Q	13	15
2nd Q	7	12
3nd Q	10	24
4th Q	4	6
Total	34	57



PEOPLE WITH DISABILITY APPOINTMENTS

The table below shows that the current state of PWDs is at 23. Twenty nine PWDs were targeted to be recruited in the financial year in question. No appointments of PWDs have been made thus far. The target set out by the National Department of Labour is 2% of the total workforce. The current state shows that ELM is sitting at 1% towards compliance.

ELM workforce profile: People with disabilities

Focus category: People with Disabilities

LEVELS	RACE & GENDER								Total
	AM	AF	CM	CF	IM	IF	WM	WF	
All levels	14	3	0	2	0	0	4	0	23
Annual target	6	12	3	3	1	1	1	2	29
Current status on the workforce with disabilities only %	61%	13%	0%	9%	0%	0%	17%	0%	100%
Current status on the whole workforce expressed in %									1%
Compliance target to the current workforce in %									2%

Out of the total number of appointments made, 65 were internal promotions translating into approximately 30% achievement. Of the remaining 105, 42 were drawn from the Extended Public

Works Program. Most external appointments were for senior posts, technical and scarce skills, e.g. artisans, health services personnel amongst others.

Furthermore, delays in terms of appointments as alluded to in the previous financial year were substantially minimized.

Following the comments contained in the previous report, training for interview panels is envisaged to be finalized by the middle of the first quarter of the new financial year. The training will focus on compliance issues and linkages between the various Human Resources legislation, policies and procedures, the approved Employment Equity Plan and the Workplaces Skills Plan amongst others.

3.3 LEAVE AND RECORD ADMINISTRATION

3.3.1 Achievements

An integrated Leave and Records Administration was established; and a number of staff in the Recruitment, Leave, Records and Benefits Administration has completed training on the Human Resources module of the Pay Day System. Refresher interventions will continue until the staff is competent enough to operate the system optimally. This has assisted in enhancing the capacity of staff and has as such improved benefits administration and minimized negative findings by the Auditor-General. The municipality has also improved in terms of compliance to legislation pertaining to leave and records administration.

3.3.2 Challenges

As mentioned in the previous report, to medically board terminally sick employees remains a big challenge as Retirement Funds continually decline such requests, citing a number of reasons. Other means to deal with this problem are being explored including invoking the approved Incapacity Policy. However Human Resources is still pursuing the route of appealing against the Pension Funds' decisions which unfortunately has not yielded any positive results.

Non adherence to official delegations of leave authorization has been decisively dealt with and subsequently reduced, although there are still minor challenges of timeous submission of timesheets and leave application forms by supervisors. Full access to the Human Resources module on the Pay Day system still remains a challenge as there are costs associated with a full scale rollout and this could not be done due to the cash flow crisis. It is envisaged that the roll out to other users in Human Resources will be completed before the end of August 2011.

The staff establishment is currently based at Finance (Payroll Division), this anomaly is responsible for very cumbersome operational processes. It is suggested that the full function be transferred to Human Resources department where it rightfully belongs.

3.4 BENEFITS ADMINISTRATION

For the 2010/11 financial year, the following terminations were effected:

Reason for termination	Number of employees
Retirement	60
Resignation	26
Death	53
Dismissal	13
Disability/Medical Boarding	4
Contract expired	25
TOTAL	**181**

The majority of these were experienced within the skilled, technical and Junior Management occupational levels. The terminations for 2010/11 have increased by 0.8 % from 2009/10. Although there was a marked decrease in the number of resignations, the number of deaths and retirements increased quite significantly. The ageing employee profile as alluded to in the 2008/09 report has not changed substantially. It is envisaged that through a Human Resources Development Plan and a Succession Plan it will be possible to nurture young talent from both within and outside the institution.

It is envisaged that regular training interventions from the Labour Relations Unit will go a long way towards eliminating some of the factors causing ill-discipline which was the basis for the terminations. It should be noted that eventually discipline is a line function and managers need to enforce it. Labour turnover at senior level is a more complex matter that needs factual information to be dealt with successfully. One of the ways to establish some facts regarding resignations includes conducting exit interviews and completion of questionnaires by the affected employees, a process which has just been embarked upon in the last few months. The shortcoming in this process is still the fact that the results of the exit interviews are not elevated to senior management for consideration.

3.5 LABOUR RELATIONS

In order to enhance the operations of the division a resolution was taken by Council on 29 July 2010, to decentralize the divisions consequently converting it into a standalone department. Already a process of recruiting the Manager Labour Relations has commenced. The status of the Local Labour Forum has been improved in a sense that senior management team (SMT) has been roped in as permanent members of the Local Labour Forum.

Categorized Cases in Line with Management Level for Financial Year 2010/11

DISCIPLINARY CASES

LEVEL	NUMBER	NATURE	STATUS
2--5	4	Dereliction of duty and gross dishonesty	In progress
6--8	10	Gross Dishonesty and misuse of Council Property and Insubordination	2 new reported cases 1 demoted finalized 2 dismissed finalized 1 withdrawn finalized 2 warnings finalized and 2 in progress
9—16	29	Alcohol Abuse, Diesel and Petrol theft, Gross dishonesty, Absenteeism, Misuse of Council Property.	7 was Dismissed, finalized 1 withdrawn, finalized 6 referred for EAP, finalized 7 Final written warnings. finalized 8 in progress
Total	**43**		

GRIEVANCES

LEVEL	NUMBER	NATURE	STATUS
2--5	6	Unfair Labour Practice Salary Discripency	Resolved / Closed
6--8	4	Unfair Labour Practice	Resolved / Closed
9--16	1	Unfair Labour Practice	Resolved / Closed
Total	**11**		

DISPUTES

LEVEL	NUMBER	NATURE	STATUS
2--5	2	Unfair labour practice	Both matters concluded in favour of the Municipality
6--8	6	Unfair labour practice Unfair dismissal	5 won in favour of the municipality 1 dismissal still pending

9--16	4	Unfair labour practice Unfair dismissal	3 conclude in favour of the municipality and 1 unfair dismissal concluded in favour of the municipality
Total	**12**		

NB: 11 Cases concluded in favour of the municipality which translates into 92%.

3.6 TRAINING AND DEVELOPMENT

The Workplace Skills Plan and the Annual Training Report were duly submitted to the LGSETA as per the legislative requirements.

During the 2010/11 financial year a total of **927** employees were trained in the following fields:

The **Training and Development Section** achieved the following milestones during 2010/2011:

Learnership/Internship	Description and Department	Total Learners
Learnerships	Process Controllers – Metsi-a-Lekoa	**34**
	Local Government. Accounting Certificate : Finance Department	**10**
	Local Government. Advanced Accounting Certificate – Finance Department.	**26**
	Finance Interns – Finance Department	**6**
Internships	P1&2 Electrical Interns – Electrical Department.	**3**
	Sports & Recreation Interns – SRAC Department.	**5**

Workplace Skills Plan (WSP). A WSP was submitted to the Local Government Sector Education and Training Authority (LGSETA) for 2010/2011 as per legislative requirement (Skills Development Act). The WSP contains the skills development priorities of ELM emanating from a skills audit process, IDP human resources development requirements and the strategic human resources development priorities.

The full implementation of the WSP was severely hampered by unexpected and enforced downward budget adjustments.

The Training Budget (R1.5m) was adjusted downwards by approximately 40% which necessitated a concomitant adjustment of the WSP implementation plan. This resulted in the training of a total of 927 employees during the 2010/11 financial year. This was despite a reduced Training Budget that totaled R837 000 after the enforced budget cuts that took place halfway through the 2010/2011 financial year.

The Table below provides a breakdown per Cluster of the total number of employees trained during the financial year 2010/2011:

CLUSTER	DEPARTMENT	COURSE	TRAINED
ECONOMIC DEVELOPMENT &PLANNING	LED AND TOURISM	FIRST AID LEVEL 1	2
		BASIC COMPUTER (MS WORD)	2
	HOUSING	BASIC COMPUTER (MS WORD)	5
	LAND USE MANAGEMENT	BASIC COMPUTER (MS WORD)	3
		CUSTOMER CARE	2
	BUILDING CONTROL	BASIC COMPUTER (MS WORD)	1
		APSTAR	1
		CUSTOMER CARE	3
		SUPERVISORY	3
IPAM	FACILITIES MANAGEMENT	SHE REPRESENTATIVE	3
		PRESIDING OFFICER	1
		PRINCE2	2
	PROJECT MANAGEMENT UNIT	PRINCE2	8
		LIC	8
PUBLIC SAFETY & COMMUNITY DEVELOPMENT	PUBLIC SAFETY	OCCUPATIONAL SAFETY WORKSHOP	11
		SHE REPRESENTATIVE	10

		BASIC COMPUTER (MS WORD)	**13**
		COMPETENCY FIREARM	**21**
		TRAFFIC DIPLOMA	**2**
		SUPERVISORY	**13**
	SRAC	SAFETY WORKSHOP	**18**
		SUPERVISORY	**2**
		CUSTOMER CARE	**4**
		EMERGING MANAGEMENT DEVELOPMENT	**4**
		PRINCE2	**2**
	ENVIROMENTAL MANAGEMENT, HEALTH& SOCIAL DEVELOPMENT	FIRST AID LEVEL 1	**1**
		EMERGING MANAGEMENT DEVELOPMENT	**2**
	PARKS AND CEMETRIES	SHE REPRESENTATIVE	**5**
		EMERGING MANAGEMENT DEVELOPMENT	**2**
		DIVERSITY AWARENESS	**14**
		PRINCE2	**2**
BASIC SERVICES	**WATER AND SANITATION**	BASIC COMPUTER (MS WORD)	**7**
		PROCESS CONTROLER	**55**
		LIFTING EQUIPMENT	**10**
		EMERGING MANAGEMENT DEVELOPMENT	**2**
		PROJECT MANAGEMENT	**1**
		PRINCE2	**2**
	ROADS AND STORMWATER	WCA & SAFETY WORKSHOP	**34**
		SAFETY WORKSHOP	**75**
		MS WORD FOUNDATION	**8**
		SAFETY WORKSHOP	**59**
		CUSTOMER CARE	**8**
		SUPERVISORY	**4**
		PRINCE2	**2**

	WASTE & LANDFILL MANAGEMENT	SAFETY TALKS	**73**
		MS WORD FOUNDATION	**8**
		SAFETY WORKSHOP	**63**
		OCCUPATIONAL SAFETY WORKSHOP	**23**
		SHE REPRESENTATIVE	**11**
		SAFETY WORKSHOP	**93**
		SUPERVISORY	**2**
		LIFTING EQUIPMENT	**50**
	ELECTRICITY	FIRST AID LEVEL 1	**1**
		SHE REPRESENTATIVE	**3**
		BASIC COMPUTER (MS WORD)	**3**
		MS WORD FOUNDATION	**3**
		SUPERVISORY	
		CUSTOMER CARE	
		EMERGING MANAGEMENT DEVELOPMENT	**3**
		ESKOM TRAINING	**2**
		POWER QUALITY INVESTIGATION	**2**
		LIFTING EQUIPMENT	**6**
		PRINCE2	**2**
	CUSTOMER CARE	MIDDLE MANAGEMENT DEVELOPMENT PROGRAMME	**1**
		PROJECT MANAGEMENT	**4**
		CPMD	**1**
CORPORATE SERVICES	**LEGAL**		
	HUMAN CAPITAL	MEDIA TRAINING	**3**
		EVENTS MANAGEMENT	**1**
		PAYDAY	**14**
		HR MASTER CLASS	**2**
		PROJECT MANAGEMENT	**2**
		LABOUR TRAINING	**3**
		RECORDS MANAGEMENT	**3**

	SECRETARIAT	PROJECT MANAGEMENT	**1**
		CUSTOMER CARE	**3**
	IT	PROJECT MANAGEMENT	**1**
		NOVEL NETWORKING	**2**
		LINUX SUS	**2**
	OD	MIDDLE MANAGEMENT DEVELOPMENT PROGRAMME	**1**
		INTRO TO SAMTREK	**1**
		SAMTREK	**1**
FINANCIAL SERVICES	**REVENUE**	MS WORD FOUNDATION	**9**
		LGAC LEVEL 3	**10**
		LGAAC LEVEL 4	**26**
		CUSTOMER CARE	**10**
	SUPPLY CHAIN MANAGEMENT	PRINCE2	**2**
		SUPPLY CHAIN TRAINING	**4**
		THUTUKA PROJECT	**5**
	DEBT MANAGEMENT	CUSTOMER CARE	**3**
	INSURANCE		**2**
	EXPENDITURE	CUSTOMER CARE	**6**
MUNICIPAL MANAGER		FIRST AID LEVEL 1	**1**
		APSTAR	**1**
		PRINCE2	**1**
		PAYDAY	**2**
		CPMD	**1**
SPEAKER'S OFFICE		FIRST AID LEVEL 1	**2**
		APSTAR	**1**
		MMDP	**1**
CHIEF WHIP		APSTAR	**1**

MAYOR'S OFFICE	**MMC**	CPMD	**4**
	COUNCILORS	CPMD	**1**
	DMM	CPMD	**3**
TOTAL			**927**

3.7 HUMAN RESOURCE DEPARTMENT GOVERNANCE

Introduction

The Human Resources Department provides a complete personnel and/or staff related function to all Clusters and collective entities in the Municipality. The Human Resources department is constituted of three sections, namely Personnel Administration, Labour Relations and Training and Development.

Highlights

The Human Resources related functions are distributed as follows within its sections:

Personnel Administration

- Benefits Administration
- Recruitment and Selection function
- Leave Administration

The section managed to fill a lot of vacant and critical vacancies including the vacancies which were carried over from the 2008/2009 Financial Year. In 2008, a moratorium was declared on the filling of vacancies which resulted in huge backlogs.

Labour Relations

- Bargaining Processes
- Case Management
- Conflict Management (Disputes / Grievances)

Most disputes which were referred by employees to either the CCMA or SALGBC were defended using internal expertise (expertise of ELM). The positive outcome in this regard was that a lot of those cases were successfully defended saving the Municipality of possible cost of R 24 403 890.66. This information was presented to the former Executive Mayor on his instruction.

Training and Development

- Development, submission and implementation of the Workplace Skills Plan.
- Conducting a yearly skills audit for the institution.

- Implementation of the Sector Skills Priorities as per the LGSETA.

A total of 927 employees were trained. Of this the most important was training conducted on Local Government Accounting Certificate and Local Government Advanced Accounting Certificate, which courses are compliance to the National Treasury Minimum Requirements Regulations for 2013.

During the Financial Year under review, the following challenges were encountered:

CHALLENGES FOUND	INTERVENTIONS	OUTCOME
Disclaimer on leave administration as per the Auditor General's findings	Cooperated fully with Auditor General's intervention processes. Personnel Record Management improved with the assistance of an external company named U Sort It.	Auditor General to pronounce his new findings during 2011/2012.
Absence of a Leave Policy	Final draft of the Leave Policy awaiting approval by Council.	Anticipating approval of the new Leave Policy by Q3 of 2011/2012
Timeframes compromised in the finalization of conflict matters i.e. grievances and disciplinary inquiries.	Postponement of enquiries granted based only on compelling reasons which may not easily be mitigated.	The situation has not improved satisfactorily.
Parties not adhering to the LLF's scheduled meetings particularly pre and post local government elections of May 2011.	Pressing matters between then parties attended through the bilateral engagements.	Some matters finalized through the bilateral talks which were in the main led by the Municipal Manager
Rolling out of the decentralized Labour Relations function and the adoption of a new structure for the said function.	Post of manager for Labour Relations department advertised and draft organogram submitted for approval.	It is anticipated that a full decentralization will take effect by end of 2011/2012 Financial Year.
Reduced training needs which created a disjuncture to the training needs.	LGSETA's mandatory and discretionary grants used as a top up to achieve training targets	Training targets partially achieved
A critical post of Senior Training Officer vacated by previous incumbent at the end of November 2009 not filled.	Duties assigned to the post of Senior Training Officer partially reallocated to other posts.	Post of Senior Training Officer to be filled in Q3 of 2011/2012.

Way forward

The proposed interventions to the above challengers are constantly being reviewed in order to ensure that the intended outcomes are achieved during the 2011/2012 financial year.

3.8 ORGANIZATIONAL DEVELOPMENT

3.8.1 Occupational Health and Safety

The Department has been able to make in-roads in ensuring that the organization is utilizing its resources effectively and efficiently and that systems are geared towards acceleration of Service Delivery for ELM citizens.

During the financial year 2010/2011 the following function was transferred from the Department: Organizational Development to the Executive Office as interventions to the implementation of the ELM Turn Around Strategy as required by the Local Government Macro Strategy:

- Occupational Health & Safety:

This unit is part of the Chief Risk Office which will manage and oversee all related risk functions in ELM.

3.8.2 Job Evaluations

During the financial year 2010/11 there were no job evaluations undertaken except the job descriptions were compiled at 75%. The Wage Collective Agreement of 2009 collapsed with the following matters till the dispute referred in the Labour Court by IMATU.

- Implementation of the agreement: (1) Final Outcomes Report, (2) Validity of the collective agreement on Job Evaluations.
- Absence of the new Collective Agreement on Job Evaluation (Job Evaluation Collective Agreement term expired at the end November 2009. No new Agreement from both parties ie SALGA and Organised Labour.

As the result on none existing of a new Job Evaluation Agreement, no job evaluation was undertaken, simply because the structure that was established through the Collective Agreement which have ceased to exist or have collapse with the expiry of the Collective Agreement on 30 November 2009.

SALGA Conference of 2009 ie the Human Resources stream recommended a decentralization of Job Evaluation function to be performed at the Municipal level instead of Provincial Job Evaluation Committee (PJEC's ie Region3 being Emfuleni, Ekhurhuleni, Midvaal and Lesedi).

Following the critical imperatives to have the function performed in municipalities:

- Delay in recruitment process
- Job costing for budgetary purposes
- Calculation of remuneration for the incumbent
- Retention of Critical skills ie. Job Grading Talent Management and Succession Planning
- Reduced grievance as dispute on shop floor level on job Grades/Levels and Salary disparities.
- Salary disparities at various municipalities and provinces.

Therefore there had been no Job evaluations undertaken for 2010 / 2011.

3.8.3 Organization Re-engineering

During this process of Business Design, the department was given the function of Talent Management & Succession Planning. The staff composition of this new function was submitted to the Senior Management Team for consideration.

3.8.4 Employee Wellness

Programs

The Sub-Unit EAP has conducted medical surveillances on monthly basis in all ELM Depots. The unit has after the analysis of the number of garnishing orders employees receive, has undertaken to conduct Financial Management Workshops to all the depots for all job levels in the organization with the Legal Services assisting the employees as the needs might arise.

The unit has also attended to employee related socio-economic challenges/problems and the table below reflects the number of referrals handled:

SUMMARY OF THE NATURE OF EAP CASES ADDRESSED AT EMFULENI LOCAL MUNICIPALITY 2010 / 2011			
No	**Nature of the problem**	**Number of cases reported**	**Percentage**
1	Substance Abuse	11	18.3%
2	Family Problems	8	13.3%
3	Marital Affairs	7	11.7%
4	Financial Problems	7	11.7%
5	Retirement Counselling	7	11.7%
6	Work Stress	6	10%

The department has also submitted a first draft report on the Talent Management & Succession Planning mandate. This was also done in mind with the Recognition of Prior Learning Process which is moving at the snail pace. The Recognition of Prior Learning Process has attracted the involvement of Organized Labour (SAMWU), Vaal University of Technology, Mesti-a- Lekoa, Rand Water and LGSETA. The RPL has assisted to establish a Database and helped the organization to focus on the following:

- DWARF Requirements for positions that are critical for Water Care Works and Pump stations;
- Basic Services lower level posts e.g. roads, artisans, laboratories etc;
- ABET.

After the adoption of ELM turnaround strategy, culminated to the review of the organization ELM care strategy and the process of review of organizational architecture which is underway.

Vaal River City, the Cradle of Human Rights

CHAPTER 4

AUDITED STATEMENTS & RELATED FINANCIAL INFORMATION

REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE AND THE COUNCIL OF THE EMFULENI LOCAL MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Emfuleni Local Municipality, which comprise the statement of financial position as at 30 June 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages X to X.

Accounting officer's responsibility for the financial statements

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

Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996, section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with International Standards on Auditing and General Notice *1111 of 2010* issued in Government Gazette *33872 of 15 December 2010*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for qualified opinion

Property, plant and equipment

7. Included in property, plant and equipment are land, buildings and infrastructure assets reflected at total cost of R2 862 380 971 (2010: R2 739 223 750) and a carrying value of R1 319 932 306 (2010: R1 273 991 568), in the note 8 to the financial statements. I was unable to verify the valuation of these assets as the municipality could not provide supporting documentation to confirm the purchase price. The municipality's records did not permit the application of alternative audit procedures. Consequently, I was unable to obtain reasonable assurance and sufficient appropriate audit evidence to satisfy myself as to the valuation of these assets.

Statement of changes in net assets

8. The accumulated surplus balance at 1 July 2009 reflected in the statement of changes in net assets at R1 802 153 741 includes uncorrected misstatements reported in the audit for the 2007-08 financial year of service charges and personnel costs of R19 410 101 and R4 354 449 respectively. I was unable to obtain reasonable explanations and sufficient appropriate audit evidence I considered necessary to audit these amounts. The municipality's records did not permit the application of alternative audit procedures. Consequently, I was unable to satisfy myself as to the valuation of accumulated surplus at 1 July 2009 as stated in the statement of changes in net assets.

Qualified opinion

9. In my opinion, except for the effects of the matters described in the Basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of Emfuleni Local Municipality as at 30 June 2011, and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA.

Emphasis of matters

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

Significant uncertainties

11. With reference to note 34 to the financial statements, the municipality is the defendant in a number of lawsuits. The ultimate outcome of these matters cannot presently be determined, and no provision for any liabilities that may result has been made in the financial statements.

Restatement of corresponding figures

12. As disclosed in note 29 to the financial statements, the corresponding figures for 30 June 2010 have been restated as a result of errors discovered during 30 June 2011 in the financial statements of the Emfuleni Local Municipality at, and for the year ended, 30 June 2010.

Material losses

13. As disclosed in note 32 to the financial statements, the municipality suffered significant water and electricity losses of 45 999 376 kilolitres (R186 411 308) and 380 559 965 kilowatts (R203 838 782) respectively.

Material impairments

14. As disclosed in note 3 to the financial statements, material losses to the amount of R347 930 998 were incurred as a result of a write-off of irrecoverable trade debtors.

Additional matters

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

Unaudited supplementary schedules

16. The supplementary information set out on pages X to X do not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

17. In accordance with the PAA and in terms of *General Notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010,* I include below my findings on the annual performance report as set out on pages X to X and material non-compliance with laws and regulations applicable to the municipality.

Predetermined objectives

Usefulness of information

18. The reported performance information was deficient in respect of the following criteria:

- Consistency: The reported objectives, indicators and targets are not consistent with the approved integrated development plan.
- Measurability: The indicators are not well defined and verifiable, and targets are not specific, measurable and time bound

19. The following audit findings relate to the above criteria:

Reported objectives, indicators and targets are not consistent when compared with the planned objectives, indicators and targets

Reported performance against predetermined objectives is not consistent with the approved integrated development plan.

Changes to planned objectives, indicators and targets are not approved

Different objectives, indicators and targets were reported on as opposed to the approved

integrated development plan. These different objectives, indicators and targets were not included in the approved or adjusted budgets and were not approved subsequent to the strategic planning process.

Planned and reported targets are not specific, measurable and time bound

For the selected objectives, 26% of the planned and reported targets were not:

- specific in clearly identifying the nature and the required level of performance;
- measurable in identifying the required performance;
- time-bound in specifying the time period or deadline for delivery.

Planned and reported indicators are not well defined

For the selected objectives, 93% of the planned and reported indicators were not clear, as unambiguous data definitions were not available to allow for data to be collected consistently.

Planned and reported indicators are not verifiable

For the selected objectives valid performance management processes and systems that produce actual performance against the planned indicators do not exist for 93% of the indicators.

Reliability of information

20. The reported performance information was deficient in respect of the following criteria:

- Validity: The reported performance did not occur and does not pertain to the entity
- Accuracy: The amounts, numbers and other data relating to reported actual performance have not been recorded and reported appropriately
- Completeness: All actual results and events that should have been recorded have not been included in the reported performance information

21. The following audit findings relate to the above criteria:

The validity, accuracy and completeness of reported performance against indicators and targets could not be confirmed as inadequate supporting source information was provided

For the selected objectives the validity, accuracy and completeness of 61% of the reported indicators and targets could not be established as sufficient appropriate audit evidence and relevant source documentation could not be provided.

Reasons for major variances between planned and actual reported targets were not supported by sufficient appropriate evidence

Sufficient appropriate evidence to support the reasons for major variances between the planned and the actual reported targets could not be obtained. None of the reasons for major variances could be verified.

Compliance with laws and regulations

Strategic planning and performance management

22. The accounting officer of the municipality did not by 25 January assess the performance of the municipality during the first half of the financial year, taking into account the municipality's service delivery performance during the first half of the financial year and the service delivery targets and performance indicators set in the service delivery and budget implementation plan as required by section 72(1)(a)(ii) of the MFMA.
23. The municipality did not implement a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players as required by sections 38, 39, 40 and 41 of the Municipal Systems Act of South Africa, 2000(Act No. 32 of 2000) (MSA) read with regulations 7 and 8 of the Municipal Planning and Performance Management Regulations, 2001.
24. The revised annual budget of the municipality is not based on the development priorities and objectives as well as the performance targets set by the municipality in its IDP as required by regulation 6 of the Municipal Planning and Performance Management Regulations, 2001.
25. The performance report for the financial year under review was not prepared as required by section 46 of the MSA read with section 121(3) (c) of the MFMA.

Annual financial statements, performance and annual reports

26. 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 cash flow, property, plant and equipment, provisions, trade payables, revenue, expenditure and other disclosure items identified by the auditors were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

Procurement and contract management

27. Invitations for competitive bidding were not always advertised for a required minimum period of days as per the requirements of supply chain management (SCM) regulations 22(1) and 22(2).
28. Awards were made to providers who are persons in service of other state institutions in contravention of the requirements of SCM regulation 44. Furthermore, the providers failed to declare that they were in the service of the state as required by SCM regulation 13(c).

Expenditure management

29. Money owing by the municipality was not always paid within 30 days of receiving an invoice or statement, as required by section 65(2)(e) of the MFMA.

INTERNAL CONTROL

30. In accordance with the PAA and in terms of General Notice *1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010,* I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

31. Monitoring controls to ensure the proper implementation of the overall process of planning and reporting on predetermined objectives were inadequate.

Financial and performance management

32. There was inadequate implementation of proper record keeping controls to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.
33. Management did not implement controls over the correct recording and reviewing of financial and performance information in order to ensure accurate and reliable reporting.

Other reports

Investigations in progress

34. Investigations are in progress relating to procurement processes and these are still ongoing at the date of this report.

Johannesburg

30 November 2011

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

RESPONSES TO THE REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG

PROVINCIAL LEGISLATURE AND THE COUNCIL OF THE EMFULENI LOCAL MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

35. Noted.

Accounting officer's responsibility for the financial statements

36. Noted.

Auditor-General's responsibility

37. Noted.

38. Noted.

39. Noted.

40. Noted.

Basis for qualified opinion

Property, plant and equipment

41. The unbundling of infrastructure assets and compliance with GRAP 17 accounting standard in general was a complex exercise that could not be executed in-house due to both technical skills and capacity. The municipality appointed a service provider to assist with implementation. Significant improvements were achieved in terms of initial recognition of the assets, review of the useful lives, assets classification and impairment of assets. The only concern of the Auditor General is the valuation of these assets. The action plan to address the audit finding is to engage the same service provider to finalise the project in the 2011/12 financial year. The information was available for audit and the project was well managed however time constraints precluded the finalisation of the valuation of the assets and the audit thereof by the Auditor General.

Statement of changes in net assets

42. The qualification on accumulated surplus balance is technical and relates to previous years accumulated balances. The stance of the municipality is that the qualification should fall away after two years as there were no issues raised in service charges and personnel costs for the two subsequent financial years. The matter was taken up with AG who agreed to refer it to their technical department for resolution in 2011/12 financial year.

Qualified opinion

43. Noted.

Emphasis of matters

44. Noted.

Significant uncertainties

45. Noted.

Restatement of corresponding figures

46. Noted, however it should be borne in mind that most of the material corrections were not necessarily due to 2010 errors discovered in the 2011 financial year but due to the implementation of GRAP 17, resulting in restatement of comparatives.

Material losses

47. An implementation plan has been approved for reduction of water losses. This will be in the form of a PPP with Sasol, GIZ (German Government) and ELM. Projects will commence in January 2012.

    Electricity losses will be reduced by the implemented split meters (Pre-paid) and the audit of areas with potential theft of electricity. This will commence in February 2012.

Material impairments

48. Debt collection is a challenge in the municipality more especially in the residential areas resulting in a material amount being written off as irrecoverable. The municipality is planning to establish a Revenue Agency as part of the strategic plan to address this challenge. The municipality also approved the proposal by provincial government to restructure the non performing portion of the debtor's book as a measure to enhance collection and to reduce the debtors' book value to an acceptable level. Significant progress has been made in this regard and the process will be finalised in the 2011/12 financial year.

Additional matters

49. Noted

Unaudited supplementary schedules

50. Noted

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

51. Noted

Predetermined objectives

Usefulness of information

52. The Integrated Development Plan (IDP) that was initially approved did not include the required performance indicators and targets. Concomitant with the mid-year budget adjustment the IDP was amended to include performance indicators and targets. These 'parachuted' performance indicators and targets gave rise to redefined objectives, indicators and targets that were inconsistent; and as a result some indicators were not well defined and verifiable, and some targets were not specific, measurable and time-bound or with time-lines outside the reporting period under review.

    With the compilation of the 2011/12 Organisational Service Delivery and Budget Implementation Plan (OSDBIP) care was taken to address these matters.

53. The following audit findings that relate to the usefulness of information, referred to in 18 above, are noted:

    - Reported objectives, indicators and targets are not consistent when compared with the planned objectives, indicators and targets;
    - Changes to planned objectives, indicators and targets are not approved;
    - Planned and reported targets are not specific, measurable and time-bound;
    - Planned and reported indicators are not well defined;
    - Planned and reported indicators are not verifiable.

Reliability of information

54. The validity, accuracy, and completeness of the reported information for the 2011/12 reporting period will be improved based on the approved OSDBIP. The quarterly reports on the implementation of the OSDBIP will be audited by Internal Audit and corrective action will be implemented to improve the reliability of reported information.

55. The following audit findings that relate to the reliability of information, referred to in 20 above, are noted:

    - The validity, accuracy and completeness of reported performance against indicators and targets could not be confirmed as inadequate supporting source information was provided;
    - Reasons for major variances between planned and actual targets were not supported by sufficient appropriate evidence.

Compliance with laws and regulations

Strategic planning and performance management

56. Noted and will be rectified in the 2011/12 reporting period.

57. Noted. The framework is articulated in the Performance Management Policy that was adopted in November 2010. The policy is in the process of being implemented.

58. Noted, precaution will be applied in future, to ensure compliance and alignment with legislative requirements.

59. The performance report was deficient to the measure that it did not reflect any comparisons with the performance targets of the previous financial year. The IDP for the previous financial year did not include any performance indicators and targets, and therefore these comparisons could not be made.

60. Noted.

61. • These matters will be further investigated.

    • The municipality will continue to conduct workshops on supply chain management policy and regulations and will also put measures in place to ensure that all its employees and councillors declare their financial interests with the municipality.

62. Refer to 27 above

63. The municipality will continue to enhance its cash flow management in order to ensure that there is sufficient cash to settle its commitment within the regulated time frame.

INTERNAL CONTROL

64. Noted

Leadership

65. Noted.

Financial and performance management

66. Noted.

67. Noted. It should be borne in mind that the municipality used Caseware software to prepare the 2010/11 financial statements for the first time to enhance the quality of reporting.

Other reports

Investigations in progress

68. Noted.

Annual Financial Statements
for the year ended 30 June 2011

General Information

Mayoral committee	
Executive Mayor	N.G Hlongwane
Speaker	MP Gqelosha
Chief Whip	D.E Tshabalala
Members of the Mayoral Committee	
MMC - Waste Management and Landfill Sites	V.M Godoli
MMC - Housing	M.L Khubeka
MMC - Local Economic Development, Tourism and Development Planning	K. Malindi
MMC - Public Safety	W.V Mcera
MMC - Corporate Services	K. Ntombela
MMC - Public Transport Roads and Public Works	S.E Pitso
MMC - Sports, Recreation, Arts and Culture	S.J Radebe
MMC - Health and Social Development	K.J.M Ranake
MMC - Finance	M.T Ronyuza
MMC - Infrastructure, Electricity, Water and Sanitation	N.R Thulo
Municipal Manager	Samuel S Shabalala
Chief Financial Officer (CFO)	Ahmed Lambat B Com B.Acc CA(SA)
Grading of local authority	Grade 11
Auditors	Auditor-General of South Africa
Bankers	ABSA Bank Limited First National Bank
Registered office	Cnr Frikkie Meyer Boulevard & Klasie Havenga Street Vanderbijlpark 1900
Business address	Cnr Frikkie Meyer Boulevard & Klasie Havenga Street Vanderbijlpark 1900
Postal address	P.O Box 3 Vanderbijlpark 1900
Telephone number	(016) 950 5000
Fax number	(016) 950 5050
Email	shabalalas@emfuleni.gov.za
Website	www.emfuleni.gov.za

Index

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

Index	Page
Accounting Officer's Responsibilities and Approval	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes in Net Assets	6
Cash Flow Statement	7
Accounting Policies	8-22
Notes to the Annual Financial Statements	23 - 50
Appendixes:	
Appendix A: Schedule of External loans	51
Appendix B: Analysis of Property, Plant and Equipment (including Appendix B1: Lifespan of Components	53
Appendix E(1): Actual versus Budget (Revenue and Expenditure)	59
Appendix E(2): Actual versus Budget (Acquisition of Property, Plant and Equipment)	60

Abbreviations

COIDA	Compensation for Occupational Injuries and Diseases Act
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
MMC	Member of the Mayoral Committee

Accounting Officer's Responsibilities and Approval

I am responsible for the preparation of these financial statements which are set out on pages 4 to 50, in terms of the Local Government: Municipal Finance Management Act, 2003 (Act no. 56 of 2003) (MFMA) and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of councillors as disclosed in Note 24 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the constitution, read with the remuneration of Public
Office Bearers Act, 1998 (Act No. 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with this Act.

Accounting Officer
SS Shabalala

Statement of Financial Position

	Note(s)	2011 R	2010 R
Assets			
Current assets			
Cash and cash equivalents	2	18 497 047	6 996 670
Consumer debtors	3	204 307 555	74 090 438
Other receivables from non- exchange transactions	4	72 883 216	33 886 423
Inventories	5	19 886 954	22 002 174
Investments	6	106 269 517	135 106 924
Value added tax receivable	7	21 649 334	42 612 172
		443 493 623	**314 694 801**
Non-current assets			
Investments	6	55 000	48 653 485
Property, plant and equipment	8	2 111 385 297	1 980 319 557
Investment property	42	494 898 000	493 275 000
		2 606 338 297	**2 522 248042**
Non-current assets held for sale and assets of disposal groups		16 745	-
Non-Current Assets		**2 606 338 297**	**2 522 248 042**
Current Assets		443 493 623	314 694 801
Non-current assets held for sale (and) (assets of disposal groups)		16 745	
Total assets		**3 049 848 665**	**2 836 942 843**
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	9	385 944 792	472 209 234
Unspent conditional grants and receipts	11	89182 071	77 332169
Borrowings	12	6 858 622	6 278 147
Finance lease liability	13	62 193 495	63 453 574
		544 178 980	**619 273 124**
Non-current liabilities			
Consumer deposits	10	31186 399	29 399 784
Borrowings	12	32 172 176	93 217 094
Finance lease liability	13	15 389 744	72 092 273
Provisions	14	247 701 037	216 160 687
		326 449 356	**410 869 838**
Non-current liabilities		326 449 356	410 869 838
Current liabilities		544 178 980	619 273 124
Liabilities of disposal groups		-	-
Total liabilities		**870 628 336**	**1 030 142 962**
Assets		3 049 848 665	2 836 942 843
Liabilities		(870 628 336)	(1 030 142 962)
Net assets		**2 179 220 329**	**1 806 799 881**
Reserves			
Self-insurance reserve		19 488 684	8 058 817
Accumulated surplus		2 159 731 645	1 798 741 064
Total net assets		**2 179 220 329**	**1 806 799 881**

Statement of Financial Performance

	Note(s)	2011 R	2010 R
Revenue			
Property rates	15	310 197 555	244 994 625
Service charges	16	1 855 360142	1 539 956149
Rental of facilities and equipment	17	8 218 943	8 407 456
Interest	18	50 278 298	83 851104
Dividends	18	5756	14 280
Fines	19	17 371500	16 980 039
Licences and permits	21	8 390 8 054	
Government grants and subsidies	20	673 426 603	587 188 413
Other income	21	110 336 178	115 087 960
Total revenue		**3 025 203 365**	**2 596 488 080**
Expenditure			
Personnel costs	23	(643 426 690)	(541 489 073)
Remuneration of councillors	24	(22 931137)	(21637 513)
Depreciation and amortisation		(141917 687)	(115 517 849)
Repairs and maintenance		(112 652 277)	(181 924 177)
Finance costs		(33 519 489)	(30 823 934)
Debt impairment		(329 956 165)	(416 087 060)
Bulk purchases	25	(1144 544 785)	(994 917 583)
Contracted services		(47 257 711)	(59 732 289)
Grants and subsidies paid		(4 263 730)	(13 312 322)
Impairment loss / Reversal of impairments		(13 995 151)	-
General expenses	26	(353 030 726)	(258 492 826)
Total expenditure		**(2 847 495 548)**	**(2 633 934 626)**
Gain on disposal of assets	22	655 3414 478 089	
Fair value adjustments		97 021117	29 555 780
Revenue		3 025 203 365	2 596 488 080
Expenditure		(2 847 495 548)	(2 633 934 626)
Other		97 676 458	34 033 869
Surplus (deficit) for the year		**275 384** 275	**(3 412** 677)

Statement of Changes in Net Assets

	Self insurance reserve R	Accumulated surplus R	Total net assets R
Opening balance as previously reported	-	1 159 102 343	1 159 102 343
Adjustments			
Prior year adjustments	-	643 051 398	643 051 398
Balance at 01 July 2009 as restated	**-**	**1 802 153 741**	**1 802 153 741**
Changes in net assets			
Surplus for the year	-	(3 412 677)	(3 412 677)
Transfers / contributions	8 058 817	-	8 058 817
Total changes	8 058 817	(3 412 677)	4 646 140
Balance at 01 July 2010	**8 058 817**	**1 798 741 064**	**1 806 799 881**
Changes in net assets			
Surplus for the year	-	275 384 275	275 384 275
Transfers / contributions	11 429 867	85 606 306	97 036 173
Total changes	11 429 867	360 990 581	372 420 448
Balance at 30 June 2011	**19 488 684**	**2 159 731 645**	**2 179 220 329**

Cash Flow Statement

	Note(s)	2011 R	2010 R
Cash flows from operating activities			
Receipts			
Sale of goods and services		1 777 354 790	1 743 470 172
Grants		642 714 237	507 277 070
Interest income		50 278 298	83 851104
Dividends received		5 756	14 280
Other receipts		61 803 688	74 414 891
		2 532 156 769	2 409 027 517
Payments			
Employee costs		(633 574 390)	(541 489 073)
Suppliers		(1 304 454 773)	(1 236 574 049)
Finance costs		(33 519 489)	(30 823 934)
Other payments		(238 374 175)	(245 190 307)
		(2 209 922 827)	(2 054 077 363)
Total receipts		2 532 156 769	2 409 027 517
Total payments		(2 209 922 827)	(2 054 077 363)
Net cash flows from operating activities	27	322 233 942	354 950154
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(276 228157)	(421 827 934)
Proceeds from sale of property, plant and equipment		4 699 136	9 659 730
(Increase)/decrease in non-current investments		48 598 485	(5 432 040)
Net cash flows from investing activities		(222 930 536)	(417 600 244)
Cash flows from financing activities			
Repayment of borrowings		(60 464 443)	(6 988 781)
Movement in consumer deposits		1786 615	1693 904
Raising/(repayments) of finance lease liability		(57 962 608)	20 806 667
Net cash flows from financing activities		(116 640 436)	15 511 790
Net increase/(decrease) in cash and cash equivalents		(17 337 030)	(103 912 962)
Cash and cash equivalents at the beginning of the year		142 103 594	246 016 556
Cash and cash equivalents at the end of the year	28	124 766 564	142103 594

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

The annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next twelve months.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates. Significant judgements and underlying assumptions are reviewed on a constant basis. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables, held to maturity, investments, loans and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit. Management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity, investments loans and other receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio.

Available-for-sale financial assets

The municipality follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the municipality evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost *or* net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Fair value estimation

The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. Additional disclosure of these estimates of provisions are included in note 14 -Provisions.

Post retirement benefits

The present value of the post retirement health care benefits depends on a number of factors that are determined on an actuarial basis on the projected unit credit method basis due to the cost implication.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions.

Effective interest rate

The municipality used the prime interest rate plus 1% to discount future cash flows.

Allowance for credit losses

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.2 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is valued by an appointed Municipal Valuer on an annual basis. The market value of these properties are split between land and improvement values resulting from the indefinite useful life of land. These properties are stated at market value less depreciation in the case of buildings and market value in the case of land.

A gain *or* loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

Investment property is carried at fair value once it meets the definition of investment property.

Fair value is determined by a certified property valuer on an annual basis.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Accounting Policies

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one accounting period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment with the exception of investment property is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Major spare parts and standby equipment which are expected to be used for more than one accounting period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for investment property which is carried at market value being the fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is calculated on the depreciable amount (cost less residual value), using the straight line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:

High Level

Item	**Average useful life**
Land	
• Roads and paving	20
• Pedestrian Mall	30
• Electricity	50-60
• Water	15-20
• Sewerage	15-20
• Housing	30
Community assets	
• Buildings	30
• Recreational Facilities	20-30
• Security	5
Other assets	
• Buildings	30
• Specialist vehicles	10
• Other vehicles	5
• Office equipment	3-7
• Furniture and fittings	7-10
• Watercraft	15
• Bins and containers	5
• Specialised plant and equipment	10-15
• Other items of plant and equipment	2-5
• Landfill sites	30-55

Accounting Policies

1.3 Properly, plant and equipment (continued)
Intangible assets

• Computer software	3-5

The lifespan per component is as per appendix B (1).

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of properly, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.4 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated *or* divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

If an intangible asset is acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, internally generated	3-5 years
Computer software, other	3-5 years
Intangible assets under development	3-5 years

Accounting Policies

1.5 Financial instruments

Classification

Classification of financial assets and financial liabilities depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives.

Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

Investments

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the surplus or deficit.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings.

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.
At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount

Accounting Policies

1.5 Financial instruments (continued)
and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised,

Financial assets that the municipality has the positive intention and ability to hold to maturity are classified as held to maturity.

Financial liabilities and equity instruments

Financial liabilities are classified according to the substance of contractual agreements entered into. Trade and other payables are stated at their nominal value. Equity instruments are recorded at the amount received, net of direct issue costs.

Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- A gain *or* loss on a financial asset or financial liability classified as at fair value through surplus or deficit is recognised in surplus or deficit;
  A gain or loss on an available-for-sale financial asset is recognised directly in net assets, through the statement of changes in net assets, until the financial asset is derecognised, at which time the cummulative gain or loss previously recognised in net assets is recognised in surplus or deficit; and
- For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired.

Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the municipality retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the municipality has transferred its rights to receive cash flows from the asset and either
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the municipality has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the municipality's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay. Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange *or* modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

Impairment of financial assets

The municipality assesses at each Statement of Financial Position date whether a financial asset or group of financial assets is impaired.

Assets are carried at amortised cost.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated

Accounting Policies

1.5 Financial instruments (continued)
future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit. The municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the Statement of Financial Position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the Statement of Financial Position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.7 Inventories

Inventories include consumable stores, maintenance materials, spare parts for plant and equipment, work in progress and land and property held for sale. Cost is determined by the first-in-first out method and comprises all costs of purchases, costs of development, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories are stated at the lower of cost and current replacement cost. Current replacement cost represents the cost the municipality would incur to acquire the asset on the reporting date. Where inventories are acquired at cost, or for nominal consideration, their costs are their fair value as at the date of acquisition.

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.
Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

Accounting Policies

1.7 Inventories (continued)

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

In general, the basis of allocating cost to inventory items is the first-in, first-out method (F.I.F.O)

The municipality has disclosed the full value of water stock as at year end.
Redundant and slow moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

Consumables are written down with regard to their age, condition and utility.

Unsold properties for the purpose of resale are accounted for as inventory. The fair value was determined by the appointed Municipal Valuer per the Valuation Roil that came into effect on 1 July 2010. Direct costs are accumulated for each separately identifiable development. Cost also includes a portion of overhead costs, if the costs occur frequently and are separately identifiable.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction In the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.8 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

Carrying amount is the amount at which an asset is recognised in the Statement of Financial Position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

1.9 Share capital / contributed capital
An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

Accounting Policies

1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method basis.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

The amount recognised in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Other post retirement obligations

The municipality provides post-retirement health care benefits, to retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. independent qualified actuaries carry out valuations of these obligations.

1.11 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense. Discounting of consumer debtors is recognised by utilising the actual billing for the month of June, as well as the interest levied on outstanding debtors for the month and calculating subsequent present value as at 30 June with a varying interest rate. This interest rate is equivalent to the interest rate utilised by the municipality for a respective month. All calculations are exclusive of value added tax.

A provision is used only for expenditures for which the provision was originally recognised.
If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Accounting Policies

1.11 Provisions and contingencies (continued)

No obligation arises as a consequence of the sale *or* transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding agreement.

After their initial recognition, contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 34.

1.12 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by.

- surveys of work performed
- services performed to date as a percentage of total services to be performed
  the proportion that costs incurred to date bear to the total estimated costs of the transaction

Revenue arising from application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

1.12 Revenue from exchange transactions (continued)

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

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

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Dividends, or their equivalents are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.13 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

Fines

Revenue from the issuing of fines is recognised when:

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

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is recieved, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

Accounting Policies

1.13 Revenue from non-exchange transactions (continued)

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow of funds becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, which-ever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.14 Investment Income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.15 Borrowing costs

All the other borrowing costs are recognized as an expense in the period in which they are incurred.

1.16 Self insurance reserve

A Self-Insurance Reserve (SIR) covers claims that may occur, subject to external insurance policy terms and conditions. Premiums are charged to the respective services taking into account claims history, the insured value of property, plant and equipment and number of fleet vehicles.

Contributions by the departments to the self insurance reserve are transferred from the contribution expenditure account of the department to the insurance reserve according to amounts budgeted for in the operating budget.

Claim payments received from external insurers are utilised in the calculation of gain or loss on the scrapping of damaged assets and are recorded in the Statements of Financial Performance.

Claim payments received in respect of repairs, damages and/or losses to assets receipted to the insurance cost centre income account and are then transferred from the insurance cost centre transfer expenditure account to the insurance reserve where it is reflected as income.

Repair and replacement costs not fully covered by external insurance are paid from the insurance cost centre expenditure account that is then financed or reimbursed by a transfer from the self insurance reserve to the insurance cost centre transfer income account. The repair and replacement cost is reflected as expense in the self insurance reserve.

1.17 Comparative figures

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason of reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in the accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Accounting Policies

1.18 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.19 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.20 Irregular expenditure

Irregular expenditure is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority Is recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account is created if such a person is liable in law. Immediate steps are thereafter taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register is updated accordingly.

1.21 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of Generally Recognised Accounting Practise (GRAP)

1.22 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

1.23 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.24 Segmental information

Segmental information on property, plant and equipment, as well as income and expenditure, are based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury. The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board.

Segmental information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements.

1.25 Budget information

The annual financial statements and the budget are on the same basis of accounting, therefore a comparison with the budgeted amounts for the reporting period have been included in the annual financial statements.

1.26 Events after the reporting date

Events after the reporting date are defined as favourable and unfavourable events that occur between the reporting date and the date the annual financial statements are authorised for issue.

The date of authorisation for issue is the date on which the Accounting Officer sign off the annual financial statements.

Two types of events can be identified

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are Indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date)

1.27 Related parties

Related parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related parties include:

- Key management personnel, close members of the family of key management personnel and councillors.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.
Key management personnel include all directors or members of the municipal council of the reporting entity where that council has jurisdiction. The council, together with the Municipal Manager and Section 57 employees has authority and responsibility to plan and control the activities of the entity, to manage the resources of the entity and for the overall achievement of entity objectives. Therefore, key management personnel will include the Municipal Manager, Deputy Municipal Managers and Chief Financial Officer of the reporting entity.

Notes to the Annual Financial Statements

	2011 R	2010 R

2. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	9 819	9 819
Bank balances	18 487 228	6 986 851
	18 497 047	**6 996 670**

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30June2011	30June2010	30June2009	30June2011	30June2010	30June2009
ABSA Bank - Current account - 530-000-0087	16 595 487	10 809 727	19 855 423	16 495 104	6 190 788	(5 555 105)
ABSA Bank - Salary account - 405-774-9059	721 664	686 202	2 480 823	492 161	233 483	2 272 316
First National Bank - Traffic fines account - 620-723-53396	1 220 330	166 928	528 689	1 220 330	562 580	528 689
ABSA Bank - Traffic fines - 407-683-0782	279 632	-	-	279 632		
Total	**18 817113**	**11 662 857**	**22 864 935**	**18 487 227**	**6 986 851**	**(2 754100)**

3. Trade and other receivables from exchange transactions

Gross balances		
Rates	292 278 738	336 496 995
Electricity	188675861	144 191853
Water	624123 956	572 893 305
Sewerage	303 246 774	269 122 058
Refuse	168 140 383	139 618 494
Clearance 2 year debt	63 204	137189
Indigent debtors control	124 835 284	126 662 023
	1 701 364 200	**1 589 121 917**
Less: debt impairment		
Rates	{237 220 867)	(316142136)
Electricity	(126 922 798)	(136 352 833)
Water	(572 604 177)	(544 859 177)
Sewerage	(277 014 575)	(257 555 351)
Refuse	(158 395 740)	(133 322 770)
Clearance 2 years debt	(63 204)	(137189)
Indigent debtors control	(124 835 284)	(126 662 023)
	(1 497 056 645)	**(1 515 031 479)**
Net balance		
Rates	55 057 871	20 354 859
Electricity	61 753 063	7 839 020
Water	51 519 779	28 034128
Sewerage	26 232199	11 566 707
Refuse	9 744 643	6 295 724
	204 307 555	**74 090 438**
Rates		
Current (0 -30 days)	23 569 542	17 454 476
31 - 60 days	8 583 617	6 241 095

Notes to the Annual Financial Statements

	2011 R	2010 R
3. Trade and other receivables from exchange transactions (continued)		
61- 90 days	7 418 708	5 442 219
91 + days	252 706 871	307 359 206
	292 278 738	**336 496 996**
Water, electricity, sewerage and refuse		
Current (0 - 30 days)	107 747 069	75 070 542
31 - 60 days	46 476 083	53 002 331
61-90 days	37 722 373	31 014 425
91+ days	1 092 241 448	827 257 107
	1 284 186 973	**986 344 405**
Reconciliation of impairment of consumer debtors		
Opening balance	1 515 031 478	1 567 228 530
Impairment	329 956 165	416 087 060
Amounts written off as uncollectible	(347 930 998)	(468 284 112)
	1 497 056 645	**1 515 031 478**

Doubtful debt

Government Accounts - 0% of the total outstanding amount

Indigent Accounts - 0% of outstanding amount
Sundry Accounts -100% between 91 and 180 days
Business/Industrial -100% between 91 and 180 days
All other Accounts:
Outstanding Amounts between 91 and 180 Days
Collectable Amount based on payment ratio for the last 12 months per ward

Bad debt

Government Accounts - 0% of the total outstanding amount
Indigent Accounts -100% of outstanding amount
Sundry Accounts -100% between 181 and more days
Business/Industrial -100% between 181 and more days
All other Accounts:
Outstanding Amounts between 181 and more
Balance of amounts not addressed under doubtful debt and bad debt

4. Other receivables from non- exchange transactions		
Trade debtors	60 932 325	21037 934
Housing, study and computer loans	11 950 891	12 848 489
	72 883 216	**33 886 423**
5. Inventories		
Consumable stores	19 489 422	21 882 894
Water	397 532	119 280
	19 886 954	**22 002 174**

Notes to the Annual Financial Statements

	2011 R	2010 R

6. Investments

Financial instruments		
Total investments	106 324 517	183 760 409
Non-current assets		
Fixed deposits	55 000	48 653 485
Current assets		
Call account deposits	106 269 517	135 106 924

Listed securities

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

7. Value added tax receivable

Value added tax	21 649 334	42 612 172

Value added lax is payable on the receipts basis and is paid over to South African Revenue Services only once payment is received from debtors.

8. Property, plant and equipment

	2011			2010		
	Cost/Valuation	Accumulated depreciation	Carrying value	Cost/Valuation	Accumulated depreciation	Carrying value
Land	184 835 558	-	184 835 558	184 834 578	-	184 834 578
Buildings	310 921 058	(168 782 253)	142 138 805	284 389 077	(156 536 244)	127 852 833
Infrastructure	2 443 232 787	(1 383 709 687)	1 059 523 101	2 373 778 274	(1 308 695 938)	1 065 082 336
Other Assets	416 331 813	(230 697 539)	185 634 274	377 011 441	(163 717 862)	213 293 579
Heritage assets	174 330	(149 395)	24 935	174 330	(136 940)	37 390
Intangible assets	4 739 601	(3 101 178)	1 638 423	8 552 867	(3 102 051)	5 450 816
Assets under Construction	537 590 215	-	537 590 215	383 768 023	-	383 768 023
Investment Properties	-	-	-	-	-	-
	3 897 825 363	(1 786 440 051)	2 111 385 311	3 612 508 589	(1 632 189 035)	1 980 319 555

8. Property, plant and equipment (continued)

Roconciliation of property, plant and equipment - 2011

	Opening Balance	Assets under construction transfers	Additions	Donated and newly identified assets	Transfers	Disposals	Impairment	Deprecation	Total
Land	184 834 578	-	980	-	-	-	-	-	184 835 558
Buildings	127 852 833	5 205 249	21 326 732	--	-	-	-3 084 898	-9 161 111	142 138 805
Infrastructure	1 065 082 336	9 804 594	60 637 204	--	-	-928 428	-10 490 774	-64 581 831	1 059 523 100
Other Assets	213 293 579	4 855 349	20 411 791	14 794 225	1 414 280	-3109 859	-419 479	-65 605 613	185 634 274
Heritage assets	37 390	-	-	-	-	-	-	-12 455	24 935
Intangible assets	5 450 816	70 244	93 822	-	-1 414 280	-5 508	-	-2 556 671	1 638 423
Assets under Construction	383 768 023	-19 935 437	173 757 630	-	-	-	-	-	537 590 215
Investment Properties	-	-	-	-	-	-	-	-	-
	1 980 319 555	0	276 228 159	14 794 225	0	-4 043 795	-13 995 151	-141 917 681	2 111 385 311

Reconciliation of Property, plant and equipment – 2010

	Opening Balance	Assets under construction transfers	Additions	Donated and newly identified assets	Transfers	Disposals	Impairment	Depreciation	Total
Land	184 834 578	-	-	-		-			184 834 578
Buildings	126 474 351	3 467 023	6 836 703	-		-124 599		-8 800 644	127 852 833
Infrastructure	977 450 095	20 189 701	20 148 410	3 065 780		-2 204 830		-53 566 820	1065 082 336
Other Assets	148 859 999	6 255 205	112 107 058	-		-2 852 212		-51 076 470	213 293 579
Heritage assets	49 854	-	-	-		-		-12 463	37 390
Intangible assets	4 940 411	-	2 571 848	-		-		-2 061 444	5 450 816
Assets under Construction	233 516 037	-29 911 928	180163 914	-		-		-	383 768 023
Investment Properties	15 164 603		-		-15 164 603	-		-	-
	1 691289 927	-	421 827 934	3 065 780	-15 164 603	-5 181641		-115517842	1 980 319 555

	2011 R	2010 R
9. Trade and other payables from exchange transactions		
Trade payables	108 596 659	240 451 451
Payments received in advance	65 104 379	67 243 226
Retentions	26 549 545	28 090 844
Outstanding cheques	93 485 382	56 955 681
Accrued interest	1 086 048	1 223 447
Provision for annual leave	38 847 853	30 681 378
Provision for 13th cheque	28 395 418	24 734 583
Other payables	23 879 508	22 828 624
	385 944 792	**472 209 234**

The fair value of trade and other payables approximates their carrying amount.

10. Consumer deposits		
Electricity and water	31 186 399	29 399 784
11. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Restructuring grant	17 278 015	18 234 375
Municipal infrastructure grant	35 784 941	33 772 591
Financial management grant	731951	764 025
Library grant	3 902 646	4 061 492
DWAF grant	1 096 474	1 769 744
Health grant	72 480	209 329
HIV/AIDS grant	37 544	121 483
DACE grant	728 627	422157
EPWP grant	1 290 258	989 700
Other conditional receipts	28 259 135	16 987 273
	89 182 071	**77 332 169**

Refer to note 20 for detailed movements on grants .

12. Borrowings		
Local registered stock loans		
Annuity loans	-	54 186 313
Other financial liability	39 030 798	45 308 928
	39 030 798	**99 495 241**
Non-current liabilities		
At amortised cost	32 172 176	93 217 094
Current liabilities		
At amortised cost	6 858 622	6 278 147

Notes to the Annual Financial Statements

	2011 R	2010 R
13. Finance lease liability		
Minimum lease payments due		
- within one year (current liability)	62 193 495	63 453 574
- in second to fifth year inclusive (non-current liability)	15 389 744	72 092 273
	77 583 239	135 545 847
less: future finance charges	(62 193 495)	(63 453 574)
Present value of minimum lease payments	**15 389 744**	**72 092 273**

14. Provisions

Reconciliation of provisions - 2011

	Opening balance	Additions	Total
Environmental rehabilitation	103 778 178	3 995 460	107 773 638
Provisions-long service awards	39 344 777	13 163 378	52 508 155
Provision for post- employment health care benefits	73 037 732	14 381 512	87 419 244
	216 160 687	**31 540 350**	**247 701 037**

Reconciliation of provisions - 2010

	Opening balance	Additions	Total
Environmental rehabilitation	-	103 778 178	103 778 178
Provisions-Long service awards	1 607 688	37 737 089	39 344 777
Provision for post- employment health care benefits	-	73 037 732	73 037 732
	1 **607 688**	**214 552 999**	**216 160 687**

Refer to note 39 for details.

15. Property rates

Rates

Rates Levied	310 197 555	244 994 625

Valuations

Residential	39 617 220 501	42 377 960 003
Commercial	7 393 337 000	9 715 407 000
Government	1 239 326 000	1 086 962 000
Agriculture	9 321 956 000	876 431 000
Other	3 190 532 000	3 380 580 000
	60 762 371 501	**57 437 340 003**

16. Service charges

Sewerage and sanitation charges	182 001 870	167 871 445
Sale of electricity	1 163 243 011	924 376 574
Sale of water	420 482 491	364 510 415
Refuse removal	89 632 770	83 197 715
	1 855 360 142	**1 539 956 149**

Notes to the Annual Financial Statements

	2011 R	2010 R
17. Rental of facilities and equipment		
Rental of equipment	31 662	266 850
Rental of facilities	8187 281	8 140 606
	8 218 943	**8 407 456**
18. Finance income		
Dividend revenue		
Other financial assets - local	5 756	14 280
Finance Income		
Finance income on arrears	35 271 087	66 529 284
Bank	15 007 211	17 321 820
	50 278 298	**83 851 104**
19. Traffic fines		
Traffic fines income	17 371 500	16 980 039

Included in traffic fines income, are fines issued but not yet received at year end totalling R2 478 834 (2010: R 10 962 494)

	2011 R	2010 R
20. Government grants and subsidies		
Equitable share	498 815 000	398 256 491
Municipal infrastructure grant	103 570 650	98 805 446
Department of water affairs and forestry	673 270	10 957 688
HIV/AIDS grant	587 538	1 511 013
Finance management grant	1032 073	778 714
Health grant	136 849	857 296
Restructuring grant	956 360	12 007 089
Regional sewer scheme	1 826 592	19 696 518
Bontle ke botho	14 883	11262
Library grant	5 316 021	2 037 936
Intern grant	-	9 980
Sport and recreation	808 512	
Projects funded ex Sedibeng district municipality	-	1 596 354
Municipal systems improvement grant	769 933	511 361
Social development grant	4 007 555	1391 706
DACE grant	193 529	36 761
National electrification programme	-	465 385
Health subsidy	40 579 926	38 257 413
Other	14 137 912	
Maplankeng grant	-	-
	673 426 603	**587 188 413**

Equitable share

In terms of the Constitution, this grant is used to subsidise the provision of basic and administrative services to indigent community members and to subsidise income. Currently the municipality provides 6k! of water free to all residential households and 10kl to indigent households. All registered indigents qualify for a subsidy to the maximum of R507(2010:R 336) per month.

Municipal infrastructure grant

Balance unspent at beginning of year	33 772 592	42 259 038
Current-year receipts	105 583 000	90 319 000
Conditions met - transferred to revenue	(103 570 649)	(98 805 446)
	35 784 943	**33 772 592**

Conditions still to be met - remain liabilities (see note 11)

This grant was used to construct roads and sewerage infrastructure as part of the upgrading of informal settlement areas. No funds have been withheld by the grantor

Department of water affairs and forestry

Balance unspent at beginning of year	1 769 744	227 432
Current-year receipts	-	12 500 000
Conditions met - transferred to revenue	(673 270)	(10 957 688)
	1 096 474	**1 769 744**

Conditions still to be met - remain liabilities (see note 11)

This grant is used for water demand management. No funds have been withheld by the grantor.

Notes to the Annual Financial Statements

	2011 R	2010 R

20. Government grants and subsidies (continued)

HIV/AIDS grant

Balance unspent at beginning of year	121483	854 254
Current-year receipts	503 600	778 242
Conditions met - transferred to revenue	(587 538)	(1 511 013)
	37 545	121 483

Conditions still to be met - remain liabilities (see note 11)

This grant is used for various purposes depending on the business plan. No funds have been withheld by the grantor.

Financial management grant

Balance unspent at beginning of year	764 024	792 738
Current-year receipts	1 000 000	750 000
Conditions met - transferred to revenue	(1 032 073)	(778 714)
	731 951	**764 024**

Conditions still to be met - remain (liabilities (see note 11)

This grant is used for internship programme. No funds have been withheld by the grantor.

Health grant

Balance unspent at beginning of year	209 329	1 066 625
Current-year receipts		
Conditions met - transferred to revenue	(136 849)	(857 296)
	72 480	**209 329**

Conditions still to be met - remain liabilities (see note 11)

This grant is used to improve primary health care facilities. No funds have been withheld by the grantor.

Restructuring grant

Balance unspent at beginning of year	18 234 376	30 241 465
Current-year receipts	-	-
Conditions met - transferred to revenue	(956 360)	(12 007 089)
	17 278 016	**18 234 376**

Conditions still to be met - remain liabilities (see note 11)

This grant is used for meeting particular financial and institutional improvement targets, targeting mainly service delivery and local economic development. An amount of R18 249 475 was withheld by the grantor after reporting date.

Regional sewer scheme

Balance unspent at beginning of year	9 644 383	29 340 901
Conditions met - transferred to revenue	(1 826 592)	(19 696 518)
Other	(91)	-
	7 817 700	**9 644 383**

Conditions still to be met - remain liabilities (see note 11)

	2011 R	2010 R

20. Government grants and subsidies (continued)

This grant is used for the sewer spillage problems of the Vaal river areas. No funds have been withheld by the grantor.

Bontle ke botho

Balance unspent at beginning of year	752 661	755 033
Current-year receipts	5 590	8 890
Conditions met - transferred to revenue	(14 883)	(11 262)
	743 368	**752 661**

Conditions still to be met - remain liabilities (see note 11)

The MEC agriculture conservation and environment initiated a clean and green programme based on the Johannesburg plan of implementation, whereby the municipalities' wards and schools are encouraged to keep the nearest places clean, this is done through a campaign named Bontle ke botho which rewards the best municipality. No funds have been withheld by the grantor.

Dry sanitation grant

Balance unspent at beginning of year	261 034	261034
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
Other	(261 034)	-
	-	**261 034**

Conditions still to be met - remain liabilities (see note 11)

This grant is used for the supply of bulk water. No funds have been withheld by the grantor.

Intern grant

Balance unspent at beginning of year	-	9 980
Current-year receipts	-	-
Conditions met - transferred to revenue	-	(9 980)
	-	-

It was used as an institutional support to Local Municipalities to fund the appointment and training of one Financial Municipal Intern. No funds have been withheld by the grantor.

Sport and recreation

Balance unspent at beginning of year	2 016 896	978 516
Current-year receipts	-	1 038 380
Conditions met - transferred to revenue	(808 512)	-
	1208384	**2 016 896**

Conditions still to be met - remain liabilities (see note 11)
Funds are used for upgrading the stadiums around Emfuleni. No funds have been withheld by the grantor.

	2011 R	2010 R

20. Government grants and subsidies (continued)

National electrification programme

Balance unspent at beginning of year	673 525	1 138 910
Current-year receipts		
Conditions met - transferred to revenue		(465 385)
	673 525	**673 525**

Conditions still to be met - remain liabilities (see note 11)

To implement the integrated national electrification programme to address the electrification backlog of permanently occupied residential dwellings, the installation of bulk infrastructure and rehabilitation of electrification infrastructure. An amount of R 673 525 was withheld by the grantor after reporting date.

Projects funded ex Sedibeng district municipality

Balance unspent at beginning of year	2 704 127	4 300 481
Current-year receipts		
Conditions met - transferred to revenue	-	(1 596 354)
	2 704 127	**2 704 127**

Conditions still to be met - remain liabilities (see note 11)

Funds are used for upgrading of cemeteries. No funds have been withheld by the grantor.

Maplakeng project

Balance unspent at beginning of year	114 445	114 445
Current-year receipts	-	-
Conditions met - transferred to revenue	(114 445)	-
	-	**114 445**

Conditions still to be met - remain liabilities (see note 11)

Funds allocated for installation of a link line and standpipes to provide basic water in Maplankeng. No funds have been withheld by the grantor.

Municipal systems improvement grant

Balance unspent at beginning of year	25 935	37 297
Current-year receipts	750 000	500 000
Conditions met - transferred to revenue	(769 933)	(511 362)
	6002	**25 935**

Conditions still to be met - remain liabilities (see note 11)
Funds used to support municipalities in implementing new systems as provided in the Municipal Systems Act, Municipal Structures Act, and other local government policy and legislation. The focus being MPRA, effective implementation of ward participants and improvement to fixed asset registers. No funds have been withheld by the grantor.

	2011 R	2010 R

20. Government grants and subsidies (continued)

Library grant

Balance unspent at beginning of year	4 061 493	5 417 429
Current-year receipts	5 150 000	682 000
Conditions met - transferred to revenue	(5 316 021)	(2 037 936)
Other	7 174	-
	3 902 646	**4 061 493**

Conditions still to be met - remain liabilities (see note 11)

Funds used to update community, library collections, upgrade information and communication technology in libraries and implement reading programmes. No funds have been withheld by the grantor.

Social development grant

Balance unspent at beginning of year	108 294	500 000
Current-year receipts	9 001 759	1 000 000
Conditions met - transferred to revenue	(4 007 555)	(1 391 706)
	5 102 498	**108 294**

Conditions still to be met - remain liabilities (see note 11)

Funds used to construct two early childhood development centres (Sharpeville). No funds have been withheld by the grantor.

Municipal systems infrastructure grant (Sedibeng)

Balance unspent at beginning of year	50 000	50 000
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	50 000	**50 000**

Conditions still to be met - remain liabilities (see note 11)

Department of agriculture, conservation and the environment

Balance unspent at beginning of year	422 157	
Current-year receipts	500 000	458 918
Conditions met - transferred to revenue	(193 529)	(36 761)
	728 628	**422 157**

Conditions still to be met - remain liabilities (see note 11)

Funds used for the implementation of the Emfuleni alien vegetation eradication project. No funds have been withheld by the grantor.

Expanded public works programme

Balance unspent at beginning of year	989 700	-
Current-year receipts	348 000	989 700
Conditions met - transferred to revenue	(47 442)	-
	1 **290 258**	**989 700**

Conditions still to be met - remain liabilities (see note 11)

	2010 R	2011 R

20. Government grants and subsidies (continued)

Reward received for implementing the EPWP as per the guidelines. No funds have been withheld by the grantor.

Sedibeng regional sewer scheme

Current-year receipts	24 044 000	-
Conditions met - transferred to revenue	(14 090 470)	-
	9 953 530	**-**

Conditions still to be met - remain liabilities (see note 11)

To develop regional bulk infrastructure for water supply to supplement water treatment works at resources development; and link such developments with the local bulk and local distribution networks on a regional basis, cutting across several local municipal boundaries. No funds have been withheld by the grantor.

21. Other Income

Collection costs recovered	41 611	39 604
Access to information	327 016	311 152
Capital contribution	3 307 541	2 280 686
Penalty raised for dishonoured cheques	55 560	77167
Refunds	3 412 568	1 964 317
Sundries/unallocated income	23 433 777	41 162 504
Surplus cash	3 203	3184
Warning notices	3 400 144	3 031461
Advertising	174 403	121 505
Informal trading revenue	185 584	139 769
Alienation of stand	76 776	75 673
Compensation for servitude	139 204	26 489
Open space contribution - land use	-	987
Licences and permits	8 390	8 054
Planning fees	29 699	26 109
Sale of tender documents	391 150	556100
Zoning certificates	71 677	15 024
Activity room/ouditorium	26 892	38164
Building plans	1 276 058	1 429164
Cemeteries	6 030 376	5 544 608
Entrance fees	439 909	137 963
General service fees	60 546 418	57130 264
Fire rescue services	323 624	207 734
Flammable liquid	70 795	66 682
Grass culling and removal of trees	23 899	
Lost and damaged library material	8 514	6 725
Industrial effluent	713 759	934 997
Other revenue	5 826 021	(240 072)
	110 344 568	**115 096 014**

22. Gain on sale of assets

Property, plant and equipment	655 341	4 478 089

	2011 R	2010 R
23. Personnel costs		
Basic salaries	354 694 144	306 386 329
13th Cheque	28 671028	23 406 105
Medical aid - company contributions	31 325 282	26 677 211
Unemployment income fund (UIF)	3 253 943	2 989 849
Other payroll levies	136526	114627
Leave pay provision charge	5 841 045	6 047 896
Provisions	40 319 581	10 196 683
Salary disparities	-	1618 148
Pension fund contribution	73 573 521	62143 693
Overtime payments	43 090 948	48122 806
Acting allowances	6 670 264	4 815 258
Car allowance	28 881 510	25 895 092
Housing benefits and allowances	2 549 515	3132 036
Other allowances	5 317 851	4 459 515
Employee contributions	19 101 532	15 483 825
	643 426 690	**541 489 073**
Remuneration of Municipal Manager		
Annual remuneration (2011:12 months, 2010:12 months)	1 269 969	873 811
Travel, motor car, accommodation, subsistence and other allowances	427 736	859 016
	1 697 705	**1 732 827**
Chief Financial Officer		
Annual remuneration (2011:12 months, 2010:12 months)	1 042 380	957 750
Travel, motor car, accommodation, subsistence and other allowances	62 400	79 650
	1 104 780	**1 037 400**
Corporate Services (DMM)		
Annual remuneration (2011:12 months, 2010:12 months)	959 558	697 735
Travel, motor car, accommodation, subsistence and other allowances	75 111	269 736
	1 034 669	**967 471**
Basic Services (DMM)		
Annual remuneration (2011:05 months, 2010:0 months)	737 046	937 156
Travel, motor car, accommodation, subsistence and other allowances	6 000	513 049
	743 046	**1 450 205**

The position **of** the Basic Services (DMM) was vacant in the 2009/2010 financial year and was only filled in the year under review, effective 07-02-2011, for the year ended 2009/2010 there was an incumbent acting in the position.

Chief Audit Executive		
Annual remuneration 2011:08 months, 2010:0 months)	614 526	550 542
Travel, motor car, accommodation, subsistence and other allowances	118 350	205 742
	732 876	**756 284**

The position of the Chief Audit Executive was vacant in the 2009/2010 financial year and was only filled in the year under review, effective 15-11-2010, for the year ended 2009/2010 there was an incumbent acting in the position.

	2011 R	2010 R
23. Personnel costs (continued)		
Economic Development and Planning (DMM)		
Annual remuneration (2011:12 months, 2010:12 months)	819 212	816 034
Travel, motorcar, accommodation, subsistence and other allowances	191 759	277 371
	1010 971	**1 093 405**
Public Safety (DMM)		
Annual remuneration {2011:12 months, 2010:12 months)	840 536	612 735
Travel, motor car, accommodation, subsistence and other allowances	194 400	359160
	1 034 936	**971 895**
Infrastructure planning and asset management (DMM)		
Annual remuneration (2011: 05 months, 2010: 0 months)	444 000	-
Travel, motor car, accommodation, subsistence and other allowances	62 000	-
	506 000	**-**

The position of the Infrastructure planning and asset management (DMM) was created in the year under review, effective 01-02-2011.

Chief Operating Officer		
Annual remuneration (2011: 04 months, 2010: 0 months)	294 333	-
Travel, motor car, accommodation, subsistence and other allowances	44 800	-
	339133	**-**

The position of the Chief Operating Officer was created in the year under review, effective 01 -03-201.

24. Remuneration of councillors		
Executive Mayor	822117	791 801
Speaker	444 342	423 603
Mayoral Committee members	6 040 343	5 709 351
Councillors	15 624 335	14 712 758
	22 931 137	**21 637 513**

In-kind benefits

The office of Executive Mayor, Speaker and Mayoral Committee members are full-time positions. Each is provided with an office and secretarial support at the cost of the municipality.

The Mayor makes use of a municipality owned vehicle for official duties.

25. Bulk purchases		
Electricity	802 874 987	710 306 472
Water	341 669 798	284 611 111
	1 144 544 785	**994 917 583**

Notes to the Annual Financial Statements

	2011 R	2010 R
26. General expenses		
Advertising	2 276151	3 526 964
Auditors remuneration	5 789 485	5 474 407
Bank charges	1101442	2893138
Commission paid	5 287 641	1 427 596
Consulting and professional fees	3 817 403	3 499 329
Consumables	1 398 733	1 257 988
Insurance	30 188 178	23 062 163
Conferences and seminars	4 210 700	6 344 830
Lease rentals on operating lease	18 897 552	9 350 930
Transport fees	33 743 774	46 684 340
Magazines, books and periodicals	638 009	767154
Medical expenses	147 362	49 778
Rezoning costs	3 334	14 911
Recoverable works	131 411	29 284
Placement fees	28 292	
Postage and courier	3 698 621	3 523 535
Printing and stationery	5 079 463	4 922 611
Staff expenditure	9 888 297	6 520 762
License fees	1 379 931	1 207 317
Security (Guarding of municipal property)	17 531 274	8 693 376
Software expenses	1401 196	1 387 305
Subscriptions and membership fees	2 252 273	77 453
Telephone and fax	7128 517	8 060 837
Training	1 824160	2 669 053
Electricity	5 148 941	5 084 324
Uniforms	2 745 516	3 809 711
Special projects	35 496 640	31 433 675
Indigent support	126 750 140	75 432 041
Valuation roll expense	250 266	370 362
Public expenditure	368 907	423 323
Chemicals	-	6 750
Other expenses	24 427117	487 579
	353 030 726	**258 492 826**
27. Cash generated from operations		
Surplus / (deficit)	275 384 275	(3 412 677)
Adjustments for:		
Depreciation and amortisation	141 917 687	115 517 849
Loss / (gain) on sale of assets and liabilities	{655 341)	(4 478 089)
Fair value adjustments	(97 021 117)	(29 555 780)
Impairment deficit	13 995 151	
Debt impairment	329 956165	416 087 060
Movements in provisions	31 540 350	214 552 999
Prior year error	177 623 334	
Changes In working capital:		
Inventories	2115 220	(10 971 299)
Other receivables from non- exchange transactions	(38 996 793)	(34 790 227)
Consumer debtors	(460 173 282)	(361 005 935)
Trade and other payables from exchange transactions	(86 264 447)	119 038 873
VAT	20 962 838	(24 383 241)
Unspent conditional grants and receipts	11 849 902	(41 649 379)
	322 233 942	**354 950 154**

	2011 R	2010 R

28. Cash and cash equivalents

Cash and cash equivalents Included in the cash flow statement comprise the following statement of amounts indicating financial position:		
Cash and cash equivalents	18 497 047	6 996 670
Other financial assets	106 269 517	135 106 924
	124 766 564	**142 103 594**

29. Correction of error

During the 2009/2010 year the following adjustments were made to transactions whereby amounts were erroneously stated in previous financial periods: The comparative amounts have been restated as follows:

Transactions affecting statement of changes in net assets: accumulated deficit		
2009/2010		
Contracted services	-	765 817
Depreciation	-	(5 340 216)
Fair value adjustments	-	(29 555 780)
Gains on disposal	-	(1 587 626)
General expenses		
Indigent support	-	6 288 726
MIG grant funding	-	(37 170 658)
Repairs and maintenance	-	6 769 267
Special projects	-	531 189
Stock and material	-	(2 226 499)
Contribution to environmental rehabilitation	-	(9 852 300)
	-	**(71 378 080)**

Statement of financial position: 2009/2010		
Accumulated surplus	-	(643 051 398)
Investment property	-	493 275 000
Other receivables from non-exchange transactions	-	535179
Property plant and equipment	-	285 499 422
Unspent conditional grants and receipts	-	(37 170 658)
Value added tax receivable	-	7 054 543
Provision for environmental rehabilitation	-	9 852 300
Provision for environmental rehabilitation	-	(103 778178)

30. Unauthorised, irregular, fruitless and wasteful expenditure disallowed

Fruitless and wasteful expenditure		
Opening balance	65 892	135 819
Fruitless and wasteful expenditure current year.	110 700	62 567
Condoned or written off by council	-	-
Subsequently recovered	-	(132 557)
	176 592	**65 829**

The VAT for the period May 2011 was transferred to SARS late due to a technical problem with SARS e-filing system. The interest and penalties incurred were R87 538, an application to waive interest and penalties incurred has been lodged with SARS.

Interest amounting to R23 161, was incurred due to late payment of audit fees.
A report to condone 2009/2010 fruitless and wasteful expenditure incurred was noted by the council.

Notes to the Annual Financial Statements

	2011 R	2010 R

31. Additional disclosure in terms of Municipal Finance Management Act

31.1 PAYE and UIF

Opening balance	6 259 275	4 818 833
Council subscriptions	80 252 236	70 294 427
Amount paid - current year	(73 432 784)	(64 035 152)
Amount paid - previous years	(6 259 275)	(4 818 833)
	6 819 452	**6 259 275**

31.2 Councillors' arrear consumer accounts

The following councillors had arrear accounts outstanding for more than 90 days at 30 June 2011:

30 June 2011	**Total**
	R
Radebe SJ	222 242
Mcera WV	40 782
Nkosi S	39 406
Tibane G	38 144
Zondi N	37 519
Malindi JK	34 074
Mahlase KB	32 646
Mochawe JS	30 036
Gavin ZS	28 168
Phohlela MZ	24 401
Maseko BP	24 279
Radebe AM	23 969
Rapapali LG	20 567
Ramashamole AT	18 637
Gqeloshe MP	16 597
Mzangwa VH	15 884
Mooko CS	14 243
Mathlbela LJ	14 089
Phume SJ	14 013
Mbele JV	11 999
Mphuthing KW	11 859
Wright JW	9 826
Hiongwane NG & JM	6 540
Prinsloo WJ	6 015
Mnguni KJ	5 935
Seshauke PA	5 373
Kubheka ML	4 303
Mohammed A	3 094
Rapakeng OD	2 450
Sotsu VO	2 175
Mtambo MR	1 899
Sikukula M	1 332
Matsei NP	1 321
Karsten ASJ	1 912
Ranake KJM	1 258
Hlongwane SD	820
Raikane MD	404
Bikitsha MB	335
	768 546

	2011 R	2010 R

31. Additional disclosure in terms of Municipal Finance Management Act (continued)

June 30, 2010	**Total** **R**
NS Pooe	40,466
P Zondo	19,209
BP Maseko	27,720
KJM Ranake	17,198
NG Hlongwane	7,439
TS Moepadira	351
TJS Thabane	84
KA Mogotsi	3,063
MS Kolisang	5,629
	121,159

32. Electricity and water distribution losses

Distribution losses relate to unaccounted for electricity and water. These losses mainly arise from illegal connections to both water and electricity networks, errors in billing and bridging of meters by consumers and also ageing infrastructure. The total distribution losses for water is 45 999 376 kilolitres (R186 411 308) and electricity is 380 559 964 kilowatts (R203 838 782). The total percentage of distribution losses for water is 51% (44% 09/10) and electricity is 11.10% (14.03% 09/10).

33. Capital commitments

The Council has committed itself to the following capital projects:

• Infrastructure	5,011,457	4,433,417
• Community assets	153,644	1,135,893
• Other assets	230,016	198,039
• Office equipment	9,661	66,188
	5,404,778	**5,833,537**
This expenditure will be financed from:		
• Grants and subsidies	498,297	881,219
• Own funds	4,906,481	4,952,318
	5,404,778	**5,833,537**

	2011 R	2010 R

34. Contingencies

Contingent liability (civil matters)

34.1 A claim by Mr. Tladi Kekana for wrongful termination of employment, compensation sought amounting to R1 400 000 was lodged.

34.2 A claim by Maluleke Seriti Attorneys for legal fees due to them, an amount of R1 000 000 was lodged.

34.3 A claim by Henk Scheepers Attorneys for legal fees due to them, an amount of R77 000 was lodged.

34.4 A claim by Mr. C de Jager for defamation of a character amounting R1 000 000 was lodged.

34.5 A claim by Vaal Show Grounds amounting to R68 000 000 was lodged for improvements claimed to be made on council owned property during the leasing period. In terms of the lease agreement improvements made on the property wilt automatically revert to the municipality.

34.6 A claim by Ms. Fortune for impairment of dignity and other basic rights, an amount of R100 000 was lodged.

34.7 A claim by H&H Electricity for electrical services provided amounting to R275 446.80 was lodged.

34.8 A claim by Ms. Nhlapo was lodged for property sold in execution over the movables to recover outstanding rates and taxes amounting to R60 000, the estimated value of property is R700 000.

34.9 A claim by Realty North SA. for third party claim amounting to R70 000 was lodged.

34.10 A claim by Poor Man Rich Man for restitution of the goods amounting to the value of R1 000 000 which were condemned by municipality.

Contingent liabilities (Eskom)

Upon incorporation on 1 January 1995, the former Town Council of Sebokeng was integrated into the now disestablished Vereeniging/Kopanong Metropolitan Local Council. Sebokeng Town Council had a liability of approximately R300 million towards ESKOM. The municipality is of the opinion that ESKOM took over certain electricity networks in settlement of the liability. Notice, dated 11 Nov 2010, received from ESKOM, confirms that the amount was written off.

Contingent assets

Assets taken over by ESKOM in terms of the above mentioned revaluation and are not reflected in the statement of financial position.

35. In-kind donations and assistance

The municipality received assistance in kind from SAICA that seconded finance advisors.

36. Related parties

Section 56 managers:
Councillors

37. Events after the reporting date

Subsequent to balance sheet date the municipality approved a short term loan facility of R90 million of which full amount was secured.
Subsequent to the balance sheet date the restructuring grant and national electrification programme totalling R18 923 000, was deducted from the equitable share allocation by National Treasury, due to alleged non-spending of the grant.

Notes to the Annual Financial Statements

	2011 R	2010 R

38. New Standards and Interpretations

The municipality has implemented the following effective GRAP accounting standards with the exception of the outstanding issues as mentioned;

GRAP 12-Inventory

Accounting for municipal stands available for resale. (Inventory)

Accounting standards not yet effective and not implemented :

GRAP 18 : Segment reporting

GRAP 21 : impairment of non-cash generating assets

GRAP 23 : Revenue from non-exchange transactions

GRAP 24 : Presentation of budget information in financial statements

GRAP 103 : Heritage assets

GRAP 104 : Financial instruments

IFRIC 17 : Distribution of non cash assets to owners

	2011 R	2010 R

39. Employee benefits

Post-employment health care benefits

Opening accrued liability	73 037 732	70 367 403
Current-service cost	1 178 586	1 206 133
Interest Cost	6 508 913	6 342 668
Contributions (benefits paid)	(3 460 068)	(3161 028)
Actuarial (loss)/gain	10 154 081	(1 717 444)
	87 419 244	**73 037 732**

The Projected Unit Credit Method has been used in the actuarial valuation of the liabilities

Key assumptions used

Discount rate	8.54%	9.12%
Health care host inflation rate	7.24 %	7.20 %
Net effective discount rate	1,21 %	1.79%

Key demographic assumptions

Average retirement age	63 for males, 60 for females
Continuation of membership at retirement	90%
Proportion assumed married at retirement	90%
Mortality during employment	SA 85-90
Mortality post retirement	PA90-1 ultimate

Withdrawal from service (sample annual rates)

Age	Females	Males
20	24%	16%
30	15%	10%
40	6%	6%
50	2%	2%
>55	0%	0%

The projections assume that the municipality's health care arrangements and subsidy policy will remain as outlined and that no contributions are made by the municipality towards prefunding its liability via an off-balance sheet vehicle. Contributions or benefits paid refer to medical scheme contributions made by the municipality with respect to its subsidy of current continuation members. There are no past service costs, curtailments or settlements to reflect.

Long service awards (LSA)

Opening accrued liability	39 344 777	38 509 795
Current-service cost	4 208176	4 233 630
Interest cost	2 965 863	2 940 489
Benefit vesting's	(4 830 036)	(5 846 285)
Actuarial (loss) / gain	10 819 378	(492 852)
	52 508158	**39 344 777**

The Projected Unit Credit Method has been used in the actuarial valuation of liabilities.

	2011 R	2010 R

39. Employee benefits (continued)

Key assumptions

Discount rate	7.66	9.03%
Health care host inflation rate	6.24	6.34%
Net effective discount rate	1.34	2.52%
Key demographic assumption:		
Average retirement age		63 for males; 60 for females
Mortality during employment		SA 85 - 90

Withdrawal from service (sample annual rates)

Age	Females	Males
20	24%	16%
30	15%	10%
40	6%	6%
50	2%	2%
>55	0%	0%

The projections assume that the LSA arrangements will remain as outlined and that all the actuarial assumptions made are borne out of practice. In addition, it is assumed that no contributions are made by the employer towards prefunding its liability via an off-balance sheet vehicle. There are no past service costs, curtailments or settlements to reflect.

	2011 R	2010 R

40. Deviation from supply chain management regulations

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

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

1. Control cables were stolen at the DS sub-station in Vereeniging (88kV Network). Procurement of Gravis HV Tehnology, R 965 305.78
Reason
Immediate repairs to prevent further damage because there is no protection on any feeders from and out of this substation for the 88kV network.

2. Procurement of 100 Kva Transformer, Centralec (Pty) Ltd, R 39 102.00
Reason
Urgently needed due to non delivery by supplier.

3. Procurement of 200 Kva Transformer, Centralec (Pty) Ltd, R 50 730.00
Reason
Urgently needed due to non delivery by by supplier.

4. To conduct a medical examination and survailance for employees exposed to a raw sewer. Procurement of LLM Occupational Health Incorporation, R 24 900.00
Reason
Urgent in terms of Occupational Health Standards.

5. Maintenance of elevators, Kone Elevators South Africa (Pty) Ltd, R 11 160.23
Reason
Urgent maintenance of elevators was necessary.

6. Replacement of 88kV breaker on transformer 4 at the DS substation, Baymont Holdings (Pty) Ltd, R 92 500.00
Reason
The breaker of transformer 4 must be replaced immediately to ensure a firm supply for the CBD area of Vereeniging.

7. Repair of the warehouse (Duncanville store) by installing steel plates to safe guard the store. Procure UCANGO Business Enterprise CC, R 48 016.80
Reason
Urgent need to install steel plates at Duncanville stores to increase security protection of stores items due to break ins.

8. Airtime on Kyknet Television programme, Ontbytsake, R 16 530.00
Reason
Kyknet's premier breakfast program focus on Vanderbijlpark.

9. Upgrading of E-learning Software at Sharpeville and Residensia Libraries, LR Management Group, R 322 643.00
Reason
LR Management Group was the original service provider and therefore needed to do the upgrading of the software.

10. Library book detection system for 11 Libraries, Metrofile (Pty) Ltd, R2 899 905.19
Reason
CSX Customer Services, a division of Metrofile (Pty) Ltd is the total and sole provider (sales, installations, services and maintenance) of 3M Tattle Tape Detection System.

11. Repair of kV cables, control cables and bushings on transformer 2 at the NW 7 substations, Gravis HV Technology, R523 461.18
Reason
Urgent repairs to prevent further damage and losses for the municipality and to prevent claims from the consumers in an industrial area.

12. Urgent hiring of a refuse contractor, Tshepang Contractors & Trading, R 57 969.00

	2011 R	2010 R

40. Deviation from supply chain management regulations (continued)

Reason
Urgent hiring of refuse contractor to assist the municipality to remove refuse due to Vanderbijlpark depot staff being on strike.

13. Urgent replacement of stolen cables and commission the Vesco substation in Vereeniging, Gravis HV Technology, R 169 079.30

Reason
Immediate repairs are needed to prevent further damage because there is no protection on any of the two income feeders into this substation.

14. Repairs and restore the power to the industrial area of Powerville, Baymont Holdings (Pty) Ltd, R 54 241.20

Reason
Urgent repairs and restoration of electricity at Powerville.

15. Urgent replacement of 2 x 22 kV breakers and 1 x 22 kV isolating link with new units at Powerville Eskom 6 substation which is the feeder breaker to the Powerville 1 substation, Baymont Holdings (Pty) Ltd, R 744 853.00

Reason
Urgent repairs.

16. Training of additional staff and the interns to use Intenda Computer System, Intenda Computer System, R 119 153.80

Reason
The computer system is Installed by Intenda and is the sole service provider.

17. Urgent repair of damages on the isolating on the Dav Steel feeders at the Municipal substation, Gravis HV Technology, R 286 816.67

Reason
Urgent repairs.

18. Repairs of potholes in General Smuts Avenue, Senator Roodt street in Vereeniging, Sedtrade (Pty) Ltd, R 424 080.0

Reason Urgent
repairs of potholes.

19. Repairs of damage to 88 kV cables between Unibijl and Municipal substations, Mandlakazi Electrical Technologies (Pty) Ltd, R 259 332.30

Reason
Urgent replacement and repairs of Unibijl and Municipal substations.

20. Repair work by installing a 500 KVA mini substation to replace the VRG 3 substation, Dot Com Trading 318 CC, R 38 070.18

Reason
Urgent repairs.

The above good and services were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the Accounting Officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

Notes to the Annual Financial Statements

	2011 R	2010 R

41. Auditors' remuneration

Fees	5 789 485	5 474 407

42. Investment property

	2011			2010		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	494 898 000	-	494 898 000	493 275 000	-	493 275 000

Reconciliation of Investment property - 2011

	Opening balance	Additions	Total
Investment property	493 275 000	1 623 000	494 898 000

Reconciliation of investment property - 2010

	Opening balance	Transfers	Previously not recognised properties	Additions	Total
Investment property	-	15 164 603	451 620 397	26 490 000	493 275 000

No amounts were expensed towards repairs and maintenance costs for income regenerating investment properties

Details of investment properties are included in a register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Notes to the Annual Financial Statements

Figures in Rand

43. Statement of comparative and actual information

2011

	Original budget	Budget adjustments (i.to. s28 and s31 of the MFMA)	Virement (i.t.o.council approved)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Financial Performance									
Property rates	292 871 464	292 871 464		292 871 464	310 197 555		(17 326 091)	106 %	106 %
Service charges	2 003 458 231	1 904 367 510		1 904 367 510	1 855 360 142		49 007 368	97 %	93 %
Investment revenue	74 485 314	69 461 649		69 461 649	50 284 054		19 177 595	72 %	68 %
Transfers recognised - operational	658 395 500	757 506 142		757 506142	618 515 236		138 990 906	82 %	94 %
Other own revenue	153 675 241	162 688 934		162 688 934	236 321 681		(73 632 747)	145 %	154 %
Total revenue (excluding capital transfers and contributions)	**3 182 885 750**	**3 186 895 699**		**3 186 895 699**	**3 070 678 668**		**116 217 031**	**96 %**	**96 %**
Employee costs	(633 905 444)	(637 286 960)	-	(637 286 960)	(643 426 690)	-	6 139 730	101 %	102 %
Remuneration of councillors	(23 537 798)	(23 537 798)	-	(23 537 798)	(22 931137)	-	(606 661)	97 %	97 %
Debt impairment	(651 082 960)	(650 831 175)	-	(650 831 175)	(329 956165)	-	(320 875 010)	51 %	51 %
Depreciation and asset impairment	(83 507 078)	(82 636 087)	-	(82 636 087)	(155 912 838)	-	73 276 751	189 %	187 %
Finance charges	(20 227 358)	(20 227 358)	-	(20 227 358)	(33 519 489)	-	13 292 131	166 %	166 %
Materials and bulk purchases	(1 139 577 230)	(1 212 284 158)	-	(1 212 284 158)	(1 144 544 785)	-	(67 739 373)	94 %	100 %
Transfers and grants	(5 451 230)	(12 217 855)	-	(12 217 855)	(4 263 730)	-	(7 954 125)	35 %	78 %
Other expenditure	(625 596 652)	(547 874 308)	-	(547 874 308)	(515 650 926)	-	(32 223 382)	94 %	82 %
Total expenditure	**(3 182 885 750)**	**(3 186 895 699)**	-	**(3 186 895 699)**	**(2 850 205 760)**	-	**(336 689 939)**	**89** %	**90 %**
Total revenue (excluding capital transfers and contributions)	3 182 885 750	3 186 895 699	-	3 186 895 699	3 070 678 668	-	116 217 031	96 %	96 %
Total expenditure	(3182 885 750)	(3186 895 699)	-	(3 186 895 699)	(2 850 205 760)	-	(336 689 939)	89 %	90 %
Surplus/(Deficit)	**-**	**-**	**-**	**-**	**220 472 908**	**-**	**(220 472 908)**	**D1V/0 %**	**DIV/0** %

Notes to the Annual Financial Statements

Figures in Rand

	Original budget	Budget adjustments (i.to. s28and s31 of the MFMA)	Virement (i.to.council approved)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	-	-		-	54 911367		(54 911367)	DIV/0 %	DIV/0 %
Surplus/(Deficit)	-	-	-	-	220 472 908	-	(220 472 908)	DIV/0 %	DIV/0 %
Capital transfers and contributions	-	-	-		54 911 367	-	(54 911 367)	DIV/0 %	DIV/0 %
Surplus (Deficit) after capital transfers and contribution	**-**		**-**		**275 384 275**		**(275 384 275)**	**DIV/0 %**	**DIV/0 %**
Surplus (Deficit) after capital transfers and contributions	-	-	-	-	275 384 275	-	(275 384 275)	DIV/0 %	DIV/0 %
Surplus/(Deficit) for the year	**-**	**-**	**-**	**-**	**275 384 275**		**(275 384 275)**	**DIV/0 %**	**DIV/0 %**
Cash flows									
Net cash from (used) operating	-	-		-	322 233 942		(322 233 942)	DIV/0 %	DIV/0 %
Net cash from (used) investing	-	-		-	(222 930 536)		222 930 536	DIV/0 %	DIV/0 %
Net cash from (used) financing	-	-		-	(116 640 436)		116 640 436	DIV/0 %	DIV/0 %
Cash/cash equivalents at the year end	**-**	**-**		**-**	**(17 337 030)**		**17 337 030**	**DIV/0 %**	**DIV/0 %**

Appendix A: Schedule of external loans

Emfuleni Local Municipality
Appendix A
June 2011

Schedule of external loans as at 30 June 2011

	Loan Number	Redeemable	Balance at 30 June 2010	Received during the period	Redeemed written off during the period	Balance at 30 June 2011	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
			Rand	Rand	Rand	Rand	Rand	Rand
Development Bank of South Africa								
	101731	31.12.2012	8 354 261	-	3 054 744	5 299 517	-	-
	13554/101	30.09.2020	22 489 834	-	944 428	21545 406	-	-
	13959/101	31.03.2017	13 504 522	-	1 929 217	11 575 305	-	-
	12624/101	30.06.2012	95 386	-	44 583	50 803	-	-
	12625/101	30.06.2014	76 186	-	15 488	60 698	-	-
	15527.5		29177	-	18 665	10 512	-	-
	15527.7		759 563	-	271 004	488 559	-	-
			45 308 929	-	**6 278 129**	**39 030 800**	**-**	**-**
INCA								
	VERE-00-0002	30.06.2011	19 900 000	-	-	19 900 000	-	-
	VERE-00-0001	30.06.2011	34 286 314	-	-	34 286 314	-	-
			54 186 314	**-**	**-**	**54 186 314**	**-**	**-**
Lease liability								
Man Financial Services		10.11.2012	25 043 737	-	9 740 285	15 303 452		
Mercedes Benz Finance(Prime 1%)		10.04.2010	16 334 448	-	7 915 809	8 418 639		
Amasando Fleet Management		18.07.2011	6 905 020	-	1 794 541	5 110 479		
Fleet Africa		31.01.2014	23 926 801	-	14 924 109	9 002 692		
Debis Fleet Management		04.09.2011	4 063 909	-	2 151 080	1 912 829		
Vaal Toyota		28.07.2013	45 391 677	-	22 393 402	22 998 275		
Standard Bank Vehicle Finance		01.12.2013	3 991869	-	1 306 827	2 685 042		
Scifin		01.12.2012	9 888 388	-	3 598126	6 290 262		
Moipone group of companies		04.03.2014	-	6 724 101	862 530	5 861 571	-	-
			135 545 849	**6 724 101**	**64 686 709**	**77 583 241**	-	-

Emfuleni Local Municipality
Appendix A
June 2011

Schedule of external loans as at 30 June 2011

Loan Number	Redeemable	Balance at 30 June 2010	Received during the period	Redeemed written off during the period	Balance at 30 June 2011	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
		Rand	Rand	Rand	Rand	Rand	Rand
Total external loans							
Development Bank of South Africa		45 308 929	-	6 278129	39 030 800	-	-
INCA		54186 314	-	-	54186 314	-	-
Lease liability		135 545 849	6 724 101	64 686 709	77 583 241	-	-
		235 **041 092**	6 **724 101**	**70 964 838**	**170 800** 355	-	-

Emfuleni Local Municipality

Appendix B

June 2011

Analysis of property plant and equipment as at 30 June 2011

		Cost Revaluation								Accumulated depreciation						
Description	Asset class code	Opening balance	Additions	Assets under construction released	Newly identified assets	Transfers	Non assets and R&M written-off	Disposals	Closing balance	Opening balance	Depreciation	Transfers	Disposals	Closing balance	Impairments	Carrying value
LAND																
DEVELOPED LAND	11001	69899647	980	0	0	0	0	0	69900627	0	0	0	0	0	0	69900627
UNDEVELOPED LAND	11002	114934931	0	0	0	0	0	0	114934931	0	0	0	0	0	0	114934931
									0					0		0
BUILDINGS									0					0		0
DWELLINGS	21*	69234899	0	0	0	0	0	0	69234899	25880821	2206526	0	0	38087347	671850	30475702
NON RESIDENTIAL STRUCTURES	22*	215154178	21326732	5202249	0	0	0	0	241686159	120655423	6954585	0	0	127610008	2413048	111663103
									0					0		0
INFRASTRUCTURE									0					0		0
ELECTRICITY	31*	1511486375	161428	9762609	0	0	-987135	0	1520333277	1096099902	36699495	0	-58837	1132740560	2165850	385426868
ROADS	32*	410214777	43509888	0	0	0	0	0	453724665	137661135	10290230	0	0	147951365	7946469	297826831
WATER	34*	136028260	444451	0	0	0	0	0	163472711	37724630	3113344	0	0	40837974	0	95634737
SEWERAGE	35*	204532555	575045	0	0	0	0	0	205107600	34458756	3986450	0	0	38445207	32153	166630241
SOLID WASTE	36*	105611638	0	131985	0	0	0	-150	105743473	499876	10118763	0	-20	10618619	0	95124854
CEMETERIES	39*	5904667	15946692	0	0	0	0	0	21851359	2251640	373553	0	0	2625193	346302	18879864
									0					0		0
ASSETS UNDER CONSTRUCTION									0					0		0
ASSETS UNDER CONSTRUCTION	91*	383768023	173757630	-19935437	0	0	0	0	537590215	0	0	0	0	0	0	537590215
									0					0		0
OTHER ASSETS									0					0		0
MACHINERY AND EQUIPMENT	41*	101974565	7253315	444	4071380	793476	0	-6293	114086887	45592922	17536211	433407	-4725	63557814	346159	50182913
FURNITURE AND OFFICE EQUIPMENT	42*	24674489	4582444	0	2271510	3146463	0	-103931	34570975	13454973	3979458	2092253	-46801	19479883	44532	15046560
COMPUTER EQUIPMENT	43*	27878131	1570566	0	192309	0	0	-191386	29449619	14034057	4925376	0	-127244	18832188	26264	10591168
TRANSPORT ASSETS	44*	190240017	5698460	4854905	8259026	0	0	-4379322	204673086	69660048	37108594	0	-1392303	105376339	0	99296747
LIBRARY BOOKS		32244239	1307007						33551246	20975861	2058331	0		23034192	2524	10514530
									0					0		0
HERITAGE ASSETS									0					0		0
HERITAGE ASSETS	51*	174330	0	0	0	0	0	0	174330	136940	12455	0	0	149395	0	24935
									0					0		0
INTANGIBLES									0					0		0
COMPUTER SOFTWARE	71*	8552867	93822	70244	0	-3939939	-37393	0	4739601	3102051	2556671	-2525659	-31885	3101178	0	1638423
									0					0		0
		3612508589	276228459	0	14794225	0	-1024528	-4681083	3897825663	1632189035	141920042	0	-1661816	1772447261	13995151	2111383250

Emfuleni Local Municipality
Annual Financial Statements for the year ended June 30, 2011
Lifespan of Components
Appendix B1
June 2011

Group Code	Asset Group Description	Min	Max
11001	DEVELOPED LAND	0	
11002	UNDEVELOPED LAND	0	
21001	CARAVANS	5	10
21002	CHILDREN'S HOMES	25	30
21003	FOREIGN MISSION DWELLINGS	25	30
21004	HOMES FOR THE AGED	25	30
21005	HOSTELS	25	30
21006	MILITARY PERSONNEL DWELLINGS	25	30
21007	MOBILE HOMES	5	10
21008	PLACES OF SAFETY	25	30
21009	PRISONS AND REHABILITATION FACILITIES	25	30
21010	RESIDENCES (PRESIDENTIAL, EMBASSIES)	25	30
21011	RESIDENCES (PERSONNEL) INCL GARAGES AND PARKING	25	30
21012	SECURE CARE CENTRES	25	30
21013	RECREATIONAL / HOLIDAYACCOMMODATION	25	30
21014	RESIDENTIAL PERIMETER PROTECTION	10	25
22001	AIRPORT AND ASSOCIATED BUILDINGS	25	30
22002	BORDER AND CUSTOM CONTROL POINTS	25	30
22003	BUS TERMINALS	25	30
22004	BUS SHELTERS	10	15
22005	CIVIC THEATERS	25	30
22006	CLINICS AND COMMUNITY HEALTH FACILITIES	25	30
22007	COMMUNITY CENTRES AND PUBLIC ENTERTAINMENT BUILDINGS	25	30
22008	DRIVER AND VEHICLE TESTING CENTRES	25	30
22009	FIRE STATIONS	25	30
22010	FOREIGN MISSION OFFICES	25	30
22011	HOSPITALS AND AMBULANCE STATIONS	25	30
22012	INDUSTRIAL BUILDINGS	25	30
22013	LABORATORIES	25	30
22014	LIBRARIES	25	30
22015	MORTUARIES	25	30
22016	MUSEUMS AND ART GALLERIES	25	30
22017	OFFICE BUILDINGS (INCL AIR CONDITIONING SYSTEMS)	25	30
22018	PUBLIC PARKING (COVERED AND OPEN)	25	30
22019	POLICE STATIONS (AND ASSOCIATED BUILDINGS)	25	30
22020	RAILWAY AND ASSOCIATED BUILDINGS	25	30
22021	RESEARCH FACILITIES (INCLUDING WEATHER)	25	30
22022	STADIUMS	25	30
22023	TAXI RANKS	10	15
22024	UNIVERSITIES, COLLEGES, SCHOOLS	25	30
22025	WAREHOUSES (STORAGE FACILITIES INCLUDING DATA)	25	30
22026	SPORT AND RECREATIONAL FACILITIES (TENNIS COURTS, SOCCER FIELDS, ETC.)	25	30
22027	NON RESIDENTIAL PERIMETER PROTECTION	10	25
22028	ABLUTION / PUBLIC FACILITIES	25	30
22029	CAR PORTS	10	15
22030	WORKSHOPS / STORE ROOMS	25	30
22031	MARKETS / SHOPS	25	30
22032	STRUCTURES FOR AGRICULTURAL PURPOSES	25	30
22033	NURSERIES	25	30
31001	COOLING TOWERS	25	30
31002	MAINS	15	20
31003	METERS PREPAID	10	20
31004	METERS CREDIT	20	25
31005	POWER STATIONS COAL	50	60
31006	POWER STATIONS GAS	50	60
31007	POWER STATIONS HYDRO	50	60
31008	POWER STATIONS NUCLEAR	60	80
31009	ELECTRICITYSUPPLY/ RETICULATION	15	25
31010	TRANSFORMERS	25	50
31011	LINES UNDERGROUND	25	45
31012	LINES OVERHEAD	20	30
31013	CABLES	25	45
31014	SUBSTATION SWITCHGEAR	20	30
31015	SUBSTATION EQUIPMENT OUTDOOR	20	30
31016	SUBSTATION EQUIPMENT G!S	15	30

Group Code	Asset Group Description	Min	Max
31017	SUBSTATION EQUIPMENT INDOOR	30	40
31018	ELECTRICAL PANELS	3	5
31019	TELEMETRY	7	15
31020	ELECTRICITY PERIMETER PROTECTION	10	25
31021	STRUCTURE FOR ELECTRICAL PURPOSE	20	35
31022	HIGH MAST LIGHTS	10	15
31023	RING MAIN UNIT	30	50
31024	BUILDING FOR ELECTRICAL PURPOSE	20	30
31025	MINI SUB STATION	20	30
31026	LV DISTRIBUTION BOARD		30
31027	MAGNIFIX (FUSES)		30
31028	POLE MOUNTED FUSES		30
32101	BRIDGES VEHICLE CONCRETE	60	00
32102	BRIDGES VEHICLE STEEL	40	50
32103	BRIDGES VEHICLE TIMBER	25	40
32104	BRIDGES PEDESTRIAN CONCRETE	60	80
32105	BRIDGES PEDESTRIAN STEEL	40	50
32106	BRIDGES PEDESTRIAN TIMBER	25	40
32107	BRIDGES RAILWAY CONCRETE	60	80
32108	BRIDGES RAILWAY STEEL	40	50
32109	BRIDGES RAILWAY TIMBER	25	40
32110	BRIDGES REINFORCED RETAINING WALLS EARTH	10	15
32111	BRIDGES REINFORCED RETAINING WALLS CONCRETE	25	30
32112	BRIDGES EXPANSION AND CONSTRUCTION JOINTS	15	20
32201	STORM WATER CULVERTS	25	40
32202	STORM WATER CULVERTS CONCRETE	40	60
32203	STORM WATER CULVERTS ARCO	25	40
32204	STORM WATER DRAINS EARTHWORKS	80	100
32205	STORM WATER DRAINS CONCRETE LINING	25	50
32206	STORM WATER STOP BANKS	40	50
32207	STORM WATER PIPES	25	50
32208	STORM WATER COASTAL STRUCTURE	20	40
32209	STORM WATER COASTAL PIERS	60	80
32210	STORM WATER COASTAL OUTFALLS	60	80
32401	ROADS KERB AND CHANNELS	40	50
42301	ROADS MUNICIPAL ASPHALT SURFACE	10	20
32302	ROADS MUNICIPAL ASPHALT BASIS/STRUCTURE	30	50
32303	ROADS MUNICIPAL CONCRETE SURFACE	10	30
32304	ROADS MUNICIPAL CONCRETE BASIS/STRUCTURE	30	50
32305	ROADS MUNICIPAL GRAVEL SURFACE	3	10
32306	ROADS NATIONAL ASPHALT SURFACE	10	20
32307	ROADS NATIONAL ASPHALT BASIS/STRUCTURE	30	50
32308	ROADS NATIONAL CONCRETE SURFACE	10	30
32309	ROADS NATIONAL CONCRETE BASIS/STRUCTURE	30	50
32310	ROADS NATIONAL GRAVEL SURFACE	3	10
32311	ROADS PROVINCIAL ASPHALT SURFACE	10	20
32312	ROADS PROVINCIAL ASPHALT BASIS/STRUCTURE	30	50
32313	ROADS PROVINCIAL CONCRETE SURFACE	10	30
32314	ROADS PROVINCIAL CONCRETE BASIS/STRUCTURE	30	50
32315	ROADS PROVINCIAL GRAVEL SURFACE	3	10
32402	ROADS CRASH BARRIERS	10	30
32403	ROADS RETAINING WALLS	30	60
32404	ROADS OVERLOAD CONTROL CENTRES	15	20
32405	ROADS OVERLOAD ELECTRONIC HARDWARE	10	15
32406	ROADS OVERLOAD EQUIPMENT OTHER	10	20
32407	ROADS PEDESTRIAN FOOTPATHS	15	30
32408	ROADS STREET LIGHTING	25	40
32409	ROADS SUBWAYS	40	50
32410	ROADS TRAFFIC ISLANDS	40	50
32411	ROADS TRAFFIC LIGHTS	15	20
32412	ROADS TRAFFIC LIGHTS COASTAL	10	15
32413	ROADS TRAFFIC SIGNS	5	15
32414	ROADS TOLL ROAD PLAZAS	20	30
32316	ROADS PAVED SURFACE	20	30
32317	ROADS PAVED BASIS/STRUCTURE	20	30
32415	ROAD CALMING MEASURES	20	30

Group Code	Asset Group Description	Min	Max
32416	ROAD PERIMETER PROTECTION	15	20
32417	ROAD RESERVES	0	0
32418	ATTENUATION PONDS	20	25
33001	AIRPORTS AND RADIO BEACONS	25	30
33002	APRONS	25	30
33003	RUNWAYS	15	20
33004	TAXIWAYS	15	20
33005	SPECIALIZED EQUIPMENT LUGGAGE MOVEMENT	20	25
33006	SPECIALIZED EQUIPMENT COMMUNICATION	10	15
33007	AIRPORT PERIMETER PROTECTION	10	25
34101	DAMS STRUCTURE CONCRETE	80	100
34102	DAMS STRUCTURE EARTH	30	50
34103	DAMS MECHANICAL AND ELECTRICAL	15	40
34001	WATER METERS	10	20
34002	STANDPIPES	5	20
34003	WATER METALWORK	10	30
34201	PUMP STATIONS STRUCTURE	30	55
34202	PUMP STATIONS ELECTRICAL	15	40
34203	PUMP STATIONS MECHANICAL	15	40
34204	PUMP STATIONS PERIMETER PROTECTION	10	25
34301	RESERVOIR STRUCTURE	30	50
34302	RESERVOIR ELECTRICAL	15	40
34303	RESERVOIR MECHANICAL	15	40
34304	RESERVOIR PERIMETER PROTECTION	10	25
34004	WATER SUPPLY/RETICULATION	20	50
34401	UNDERGROUND CHAMBERS VALVES	15	25
34402	UNDERGROUND CHAMBERS METERS	10	20
34403	UNDERGROUND CHAMBERS TRANSITION	10	15
34404	UNDERGROUND CHAMBERS OTHER	5	10
34501	WATER PURIFICATION WORKS STRUCTURE	30	55
34502	WATER PURIFICATION WORKS ELECTRICAL	15	40
34503	WATER PURIFICATION WORKS MECHANICAL	15	40
34504	WATER PURIFICATION WORKS PERIMETER PROTECTION	10	25
34505	WATER PURIFICATION WORKS METERS	10	15
34005	WATER TELEMETRY	10	15
34006	BOREHOLES	20	50
35101	BULK PIPELINES RISING MAINS	40	50
35102	BULK PIPELINES GRAVITY MAINS	40	50
35201	SEWERAGE PUMP STATIONS STRUCTURE	30	55
35202	SEWERAGE PUMP STATIONS ELECTRICAL	15	40
35203	SEWERAGE PUMP STATIONS MECHANICAL	15	40
35204	SEWERAGE PUMP STATIONS PERIMETER PROTECTION	10	25
35301	WASTE PURIFICATION WORKS STRUCTURE	30	55
35302	WASTE PURIFICATION WORKS ELECTRICAL	15	40
35303	WASTE PURIFICATION WORKS MECHANICAL	15	40
35304	WASTE PURIFICATION WORKS PERIMETER PROTECTION	10	25
35305	WASTE PURIFICATION WORKS METERS	10	15
35001	SEWERS / RETICULATION	30	60
36001	COLLECTION VEHICLES	5	10
36002	COLLECTION CONTAINERS / BINS	10	15
36101	TRANSFER STATIONS AND PROCESSING FACILITIES STRUCTURE	30	55
36102	TRANSFER STATIONS AND PROCESSING FACILITIES ELECTRICAL	15	40
36103	TRANSFER STATIONS AND PROCESSING FACILITIES MECHANICAL	15	40
36104	TRANSFER STATIONS AND PROCESSING FACILITIES PERIMETER PROTECTION	10	25
36201	LANDFILL SITE EARTHMOVING AND COMPACTION EQUIPMENT	10	15
36202	LANDFILL SITE PREPARATION	0	0
36203	LANDFILL SITE STRUCTURE	30	55
36204	LANDFILL SITE WEIGHBRIDGE MECHANICAL	15	40
36205	LANDFILL SITE WEIGHBRIDGE ELECTRICAL	15	40
36206	LANDFILL SITE PERIMETER PROTECTION	10	25
37001	RAILWAY POWER SUPPLY UNITS	20	30
37002	RAILWAY SIDINGS	25	30
37003	RAILWAY TRACKS	15	20
37004	RAILWAY SIGNALING SYSTEM	15	20
37005	RAILWAY SHUNTING YARDS	25	30
37006	RAILWAY PERIMETER PROTECTION	10	25

Group Code	Asset Group Description	Min	Max
38001	GAS SUPPLY SYSTEMS STRUCTURE	40	50
38002	GAS SUPPLY SYSTEMS ELECTRICAL	20	25
38003	GAS SUPPLY SYSTEMS MECHANICAL	20	25
38004	GAS SUPPLY SYSTEMS PERIMETER PROTECTION	10	15
38005	GAS SUPPLY SYSTEMS STATION TRUNK RECEIVING	40	50
38006	GAS SUPPLY SYSTEMS STATION DISTRICT REGULATING	40	50
38007	GAS SUPPLY SYSTEMS MAINS / PIPELINE	15	20
38008	GAS SUPPLY SYSTEMS METERS	15	20
38009	GAS SUPPLY SYSTEMS SUPPLY/RETICULATION	15	20
38010	GAS SUPPLY SYSTEMS STORAGE FACILITIES	15	20
39001	CEMETERIES	25	30
39002	CEMETERIES PERIMETER PROTECTION	10	15
41001	AUDIOVISUAL EQUIPMENT	5	10
41002	BUILDING AIR CONDITIONING SYSTEMS	10	15
41003	CELLULAR PHONES	0	2
41004	CELLULAR ROUTERS	3	
41005	DOMESTIC EQUIPMENT (NON KITCHEN APPLIANCES)	3	5
41006	ELECTRIC WIRE AND POWER DISTRIBUTION EQUIPMENT (COMPRESSORS/GENERATORS)	5	7
41007	EMERGENCY/RESCUE EQUIPMENT	5	10
41008	ELEVATOR SYSTEMS	15	20
41009	FARM/AGRICULTURAL EQUIPMENT	5	15
41010	FIRE FIGHTING EQUIPMENT	3	5
41011	GARDENING EQUIPMENT	2	4
41012	IRRIGATION EQUIPMENT	10	15
41013	KITCHEN APPLIANCES	5	10
41014	LABORATORY EQUIPMENT AGRICULTURAL	5	7
41015	LABORATORY EQUIPMENT MEDICAL TESTING	5	7
41016	LABORATORY EQUIPMENT ROADS AND TRANSPORT	5	7
41017	LAUNDRY EQUIPMENT AND INDUSTRIAL SEWING MACHINES	10	15
41018	LEARNING, TRAINING SUPPORT AND LIBRARY MATERIAL	5	10
41019	MACHINES FOR METALLURGY	5	10
41020	MACHINES FOR MINING AND QUARRYING	5	10
41021	MACHINES FOR TEXTILE PRODUCTION	10	15
41022	MEDICAL AND ALLIED EQUIPMENT	5	10
41023	MUSIC INSTRUMENTS	10	15
41024	PHOTOGRAPHIC EQUIPMENT	5	7
41025	PUMPS, PLUMBING, PURIFICATION AND SANITATION EQUIPMENT	5	10
41026	RADIO EQUIPMENT	5	7
41027	ROAD CONSTRUCTION AND MAINTENANCE EQUIPMENT	10	15
41028	SADDLES AND OTHER TACK	5	7
41029	SECURITY EQUIPMENT / - SYSTEMS / - MATERIAL FIXED	3	5
41030	SECURITY EQUIPMENT / - SYSTEMS / - MATERIAL MOVABLE	3	5
41031	SHIP AND MARINE EQUIPMENT	5	10
41032	SPORT AND RECREATIONAL EQUIPMENT	5	10
41033	SURVEY EQUIPMENT	5	7
41034	TELECOMMUNICATION EQUIPMENT	3	5
41035	TENTS, FLAGS AND ACCESSORIES	5	10
41036	WOODWORKING MACHINERY AND EQUIPMENT	5	10
41037	WORKSHOP EQUIPMENT AND LOOSE TOOLS FIXED	5	10
41038	WORKSHOP EQUIPMENT AND LOOSE TOOLS MOVABLE	3	5
42001	ADVERTISING BOARDS	3	
42002	IR CONDITIONERS INDIVIDUAL FIXED AND MOVABLE	3	5
42003	CUTLERY AND CROCKERY	5	10
42004	DOMESTIC AND HOSTEL FURNITURE	10	15
42005	LINEN AND SOFT FURNISHING	5	10
42006	OFFICE EQUIPMENT INCLUDING FAX MACHINES	5	7
42007	OFFICE FURNITURE	5	7
42008	PAINTINGS SCULPTURES ORNAMENTS	5	10
43001	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	3	5
43002	COMPUTER NETWORKS	5	10
44001	AIRCRAFT	10	15
44002	AIRCRAFT ENGINES	5	7
44003	AIRPORT TRANSPORT EQUIPMENT	10	15
44004	BUSSES	10	15
44005	CYCLES	4	7
44006	EMERGENCY VEHICLES	5	10

Group Code	Asset Group Description	Min	Max
44007	MOBILE CLINICS	10	15
44008	MOTOR VEHICLES	4	7
44009	RAILWAY ROLLING STOCK	10	15
44010	SHIPS	15	20
44011	SHIPS ENGINES	5	7
44012	TRAILERS AND ACCESSORIES	5	10
44013	TRUCKS	5	7
51001	AREAS OF LAND OF HISTORIC OR SPECIFIC SIGNIFICANCE	0	
51002	CULTURALLY SIGNIFICANT BUILDINGS	0	
51003	NATIONAL MONUMENTS	0	
51004	NATIONAL PARKS / RESERVES	0	
51005	PAINTINGS	0	
51006	SCULPTURES/STATUES	0	
51007	MUNICIPAL JEWELLERY	0	
51008	WORKS OF ART	0	
51009	OTHER ANTIQUES AND COLLECTIONS	0	
61001	DAIRY CATTLE	0	
61002	FEATHERED ANIMALS	0	
61003	FORESTS AND PLANTATIONS	0	
61003	FRUIT TREES	0	
61005	GAME	0	
61006	ANIMALS FOR REPRODUCTION	0	
61007	ANIMALS FOR WOOL OR MILK	0	
61008	DOGS LAW ENFORCEMENT AND SECURITY	0	
61009	HORSES LAW ENFORCEMENT AND WORKING	0	
61010	PLANTS FOR PRODUCTION OF SEEDS	0	
61011	FINES	0	
71001	CAPITALIZED DEVELOPMENT COST	0	
71002	COMPUTER SOFTWARE	2	5
71003	MASTHEADS AND PUBLISHING TITLES	0	
71004	PATENTS, LICENSES, COPYRIGHTS, BRAND NAMES AND TRADEMARKS	0	
71005	RECIPES, FORMULAE, PROTOTYPES, DESIGNS AND MODELS	0	
71006	SERVICE AND OPERATING RIGHTS	0	
81001	LEASED	0	
81002	UNDEFINED	0	
82001	LEASED	0	
82002	UNDEFINED	0	
83001	LEASED	30	
83002	UNDEFINED	30	
84001	LEASED	30	
84002	UNDEFINED	30	

Emfuleni Local Municipality
Appendix E(1)
June 2011

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2011

	Current year 2010 Act. Bal. Rand	Current year 2010 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Property rates	310 197 555	292 871 464	17 326 091	5.9	
Service charges	1 855 360 141	1 904 367 510	(49 007 369)	(2.6)	
Rental of facilities and equipment	8 218 944	8 635 200	(416 256)	(4.8)	
Fines	17 371 500	24 014 130	(6 642 630)	(27.7)	
Licences and permits	8 390	-	8 390	-	
Government grants & subsidies	673 426 603	795 087 619	(121 661 016)	(15.3)	
Other income	110 336 181	91 080 040	19 256 141	21.1	
Interest received - investment	50 278 297	69 461 649	(19 183 352)	(27.6)	
Dividends received	5 756	-	5 756	-	
	3 025 203 367	3 185 517 612	(160 314 245)	(5.0)	
Expenses					
Personnel	(643 426 680)	(637 286 961)	(6139 719)	1.0	
Remuneration of councillors	(22 931130)	(23 537 798)	606 668	(2.6)	
Depreciation	(141 917 687)	(82 636 087)	(59 281 600)	71.7	
Impairments	(13 995 151)	-	(13 995 151)	-	
Finance costs	(33 519 491)	(20 227 358)	(13 292 133)	65.7	
Debt impairment	(329 956 165)	(650 831 175)	320 875 010	(49.3)	
Collection costs	-	-	-	-	
Repairs and maintenance - General	(112 652 275)	(126 614 383)	13 962 108	(11.0)	
Bulk purchases	(1 144 544 786)	(1 212 284 158)	67 739 372	(5.6)	
Contracted Services	(47 257 712)	(49 011 655)	1 753 943	(3.6)	
Grants and subsidies paid	(4 263 731)	(12 217 855)	7 954 124	(65.1)	
General Expenses	(353 030 712)	(372 248 270)	19 217 558	(5.2)	
	(2 847 495 520)	(3 186 895 700)	339 400 180	(10.6)	
Other revenue and costs					
Gain or loss on disposal of assets and liabilities	655 342	310	655 032	211 300.6	
Fair value adjustments	97 021 117	-	97 021 117	-	
	97 676 459	310	97 676 149	31 508 435.2	
Net surplus / (deficit) for the year	275 384 306	(1 377 778)	276 762 084	(20 087.6)	

Emfuleni Local Municipality
Appendix E(2)
June 2011

Budget Analysis of Capital Expenditure as at 30 June 2011

	Additions Rand	Revised Budget Rand	Variance Rand	Variance %	Explanation of significant variances from budget
Community assets					
Cemeteries	220 000	151 943	(68 057)	-	
Swimming pool	937 750	647 656	(290 094)	-	
Parks	434 846	300 326	(134 520)	-	
Recreation facilities	11 010 681	7 604 514	(3 406 167)	-	
Libraries	4 115 146	2842 121	(1 273 025)	-	
Fencing	4 792 140	3 309 686	(1 482 454)	-	
Paving	19 510	13 475	(6 035)	-	
Security systems	4 973 619	3 435 024	(1538 595)	-	
Other community assets	25 446 090	17 574 311	(7 871779)	-	
	51 949 782	**35 879 056**	**(16 070 726)**	**(45)**	
Infrastructure					
Power station	32 188 875	22 231 208	(9 957 667)	-	
Load control equipment	8 440 284	5 829 272	(2 611 012)	-	
Switch gear equipment	19 312 005	13 337 813	(5 974 192)	-	
Supply/reticulation-electricity	4 715 965	3 257 075	(1 458 890)	-	
Mains - electricity	3 967 231	2 739 963	(1 227 268)	-	
Transformer kiosks	10 868 808	7 506 529	(3 362 279)	-	
Street lighting	1 392 808	961 941	(430 867)	-	
Traffic lights	134 745	93 061	(41 684)	-	
Mini-dumps	10 095 417	6 972 388	(3 123 029)	-	
Motorways	102 356 947	70 692 701	(31 664 246)	-	
Other roads	1 702 924	1 176 123	(526 801)	-	
Car parks	44 310	30 603	(13 707)	-	
Storm water drains	13 935 600	9 624 605	(4 310 995)	-	
Sewer	86 870 887	59 997 273	(26 873 614)	-	
Purification works	39 531 487	27 302 374	(12 229 113)	-	
Meters	982 983	678 896	(304 087)	-	
Mains-water	18 003 465	12 434 071	(5 569 394)	-	
Supply/ reticulation-water	107 465 652	74 221 023	(33 244 629)	-	
	462 010 393	**319 086 919**	**(142 923 474)**	**(45)**	
Other assets					
Cable stations	385 000	265 900	(119 100)	-	
Household refuse bins	35 665	24 632	(11 033)	-	
Tables/desks	565 874	390 820	(175 054)	-	
Cabinet/cupboards	278 871	192 602	(86 269)	-	
Miscellaneous	37 254 805	25 729 986	(11 524 819)	-	
Chairs	796 140	549 853	(246 287)	-	
Motor vehicles	842 105	581 599	(260 506)	-	
Bulk containers	263970	182 311	(81 659)	-	
Truck/bakkies	14 121 523	9 753 012	(4 368 511)	-	
Computer hardware	1 568 693	1 083 416	(485 277)	-	
Computer software	2 257 449	1 559 104	(698 345)	-	
Office machines	41 192	28 449	(12 743)	-	
Air conditioners	58 352	40 301	(18 051)	-	
Graders	342 860	236 796	(106 064)	-	
Lawnmowers	97 630	67 428	(30 202)	-	
Laboratory equipment	717 149	495 298	(221 851)	-	
Radio equipment	57 041	39 395	(17 646)	-	
Telecommunication equipment	454 104	313 627	(140 477)	-	
General	3 569 158	2 465 035	(1 104 123)	-	
	63 707 581	**43 999 564**	**(19 708 017)**	**(45)**	

REPORT OF THE CHIEF FINANCIAL OFFICER ON THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

INTRODUCTION

The promulgation of the Municipal Finance Management Act (Act no. 56 of 2003) and the requirement to comply with Generally Recognised Accounting Practice (GRAP) were key milestones in ensuring that Local Government meet its constitutional obligations and that Government Finances are accurately and transparently reported in the Annual Financial Statements.

Compliance with all GRAP Standards, in particular, GRAP 17 posed a challenge for most Municipalities and Emfuleni was no exception.

Over the past three years, Emfuleni Local Municipality has shown its commitment towards sound Financial Management by continuously improving on its Audit outcomes. The shift from a disclaimer to a qualified report in 2009 was another milestone for Emfuleni. Since then continuous progress has been recorded and Emfuleni is on track in achieving an unqualified audit outcome by 2014. (The National target)

REVIEW OF FINANCIAL PERFORMANCE

- The 2011 financial year closed on a surplus of R275 million (2010 – deficit of R3 million). This is a major improvement on the financial performance considering the difficult cash flow situation that the Municipality experienced.

- Revenue versus spending was closely monitored to ensure that the spending patterns are in keeping with the average collection rate.

- Included in the surplus for the year of R275 million is R97 million arising from fair value adjustments particularly on Investment Properties.

- A comparison of the Financial Performance compared to the previous year is shown in the table below indicates the following:

    - Revenue growth of 15%
      (an increase from R2.6 billion to R3.0 billion)

    - Expenditure growth of 8%
      (an increase from R2.6 billion to R2.8 billion)

    - Increase in fair value adjustments of
      (R67 million – from R29 million to R97 million)

	AFS 2010/11 (R)	AFS 2009/10 (R)
Operational Revenue	3 025 203 365	2 596 488 080
Gains on Disposal of Assets	655 341	4 478 089
Fair Value Adjustments	97 021 117	29 555 780
Total Income	3 122 879 823	2 630 591 949
Total Expenditure	-2 847 495 548	-2 633 934 626
Surplus/(Deficit) for the year	275 384 275	-3 412 677

- A comparison of the Budget and Actual for the year is reflected below:

Description	Actual 2010/11 (R)	Adjustment Budget 2010/11 (R)
Operating Revenue	3 025 203 367	3 185 517 612
Operating Expenditure	-2 847 495 520	-3 186 895 700
Surplus/(Deficit) on operating activities	**177 707 847**	**-1 378 088**
Gains/(Losses) on disposal of assets	655 342	310
Fair Value Adjustments	97 021 117	
Net Surplus/(Deficit) for the year	**275 384 306**	**-1 377 778**

  - Operating Revenue came in 5% below budget
  - Operating Expenditure was 10% below budget

- Financial discipline was emphasised and enforced by analysing expenditure patterns and introducing cost cutting measures. This process assisted in managing the cash flow of the Municipality.

CAPITAL EXPENDITURE

- MIG Expenditure topped 74%. The highest ever in the last five years. The target is to reach 100% going forward.

- Due to the tough cash flow situation of the Municipality, all CAPEX projects that met the criteria for MIG funding were identified. Business plans were done for these projects and MIG approval was obtained.

REVIEW OF FINANCIAL POSITION

- Current Assets improved by 41%

- Current Liabilities decreased by 12%

- Non Current Liabilities reduced by 21%

- Retained income increased by 21%

	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Retained Income
	R MIL	R MIL	R MIL	R MIL	R MIL
2011	443	2 606	544	326	2 179
2010	315	2 522	619	411	1 806
R +(-)	128	84	-75	-85	373
% +(-)	41%	3%	-12%	-21%	21%

CASH FLOW AND LIQUIDITY

Cash flow

- The cash flow situation of the municipality is fragile. The current ratio is below 1:1 which indicates a less than acceptable liquidity position. The cash flow position is managed very closely on a daily basis and payments to service providers were prioritized. As a result not all creditors can be paid within 30 days as required by the MFMA, however the situation has improved.

Liquidity

- The major challenge faced by the municipality is maintaining a healthy cash flow. The Municipality needs to meet its obligations, while striving for long term sustainability. The liquidity of the municipality improved from 0.51 to 0.81, this is a move in the right direction.

Reserves

- The Council does not have significant reserves. The audited financial statements confirm the following "free cash flow" at the end of the financial years:-

  2008: R23 million

  2009: R11 million

  2010: R 8 million

  2011: R19 million

Investments

- Investments are ring-fenced because the grants are conditional. These comprise mainly MIG Funds and other grant funding. The audited financial statements confirm the following investments at the end of the financial year:-

  2008: R328 million

  2009: R234 million

  2010: R135 million

  2011: R106 million

  The reduction is as a result of increased spending particularly on the MIG Funds.

AUDIT OUTCOME

ELM managed to compile and submit its annual financial statements to Office of the Auditor-General by the 31st of August 2011. A qualified report on the audit was obtained with matters of emphasis. The qualification was based on the following:

- Valuation of property, plant and equipment, and
- The accumulated surplus brought forward from previous financial years.

Management is taking strict measures to address the basis for the qualification and all other findings raised in the Audit report.

AUDIT COMMITTEE

An Audit Committee is established and the Audit Committee Charter is in place. The Committee serves as a link between the Council, Management, Internal and External Auditors.

FUTURE FOCUS

- The focus for the short term will be

    - to consolidate on the various interventions to date
    - strengthen the balance sheet
    - improve on cash flow
    - build cash reserves for working capital needs.

    This will eliminate the need to operate on an overdraft.

- In addition, revenue enhancement will be a key priority. The service provider rendering meter reading services has already been replaced, customer care is to be improved and the Municipality is moving towards implementing smart metering.

- Credit Control and Debt Management is to be strictly enforced. Council has already approved the appointment of Debt Collection agents as well as the restructuring of the non performing portion of the debtors book.

- Council has also approved, in principle, the establishment of a Revenue Agency. This will result in a co-ordinated approach to collection of all revenue of the Municipality, integrated credit control, debt management and customer care.

- Supply Chain Management and Human Resources functions are to be decentralised to expedite procurement and improve efficiencies.

EXPRESSION OF APPRECIATION

I am grateful to the Executive Mayor, Members of the Mayoral Committee, Councillors, the Municipal Manager and Senior Managers for the support they have shown to the Finance Cluster.

I also express my appreciation to the Chairperson and members of the Audit Committee for the support, inputs and guidance during the year.

A special word of appreciation is extended to my team from the Financial Services Cluster for their concerted efforts and sacrifices during the financial year.

CONCLUSION

The year under review has been challenging yet exciting. With all the interventions made and those in progress, I am optimistic about what the future holds for Emfuleni Local Municipality and all its residents.

MR AHMED LAMBAT
B COM, B ACC, CA (SA)
CHIEF FINANCIAL OFFICER

REPORT OF THE CHIEF AUDIT EXECUTIVE

INTRODUCTION

It is time to look back and take stock of the main events of the reporting period. We have made progress even under most challenging circumstances. Each small step taken towards achieving the goals set contributed to improvements in sustainable service delivery.

Detailed reports of the Chief Audit Executive for the 2010/11 reporting period were previously submitted to the Municipal Manager, Audit Committee and Council.

In presenting this report, I would like to draw special attention to the following areas: Highlights and setbacks during the reporting period; Compliance check-list; Staff training; Operational audits; Special investigations and the Way forward/Action plan.

Highlights and Setbacks during the reporting period

The following were the developments in the Internal Audit Department that are perceived as highlights and setbacks insofar as the performance of the department was concerned:

- Only one member of the Audit Committee and Performance Audit Committee resigned whilst two new appointments were made by the Council. The presence of a functional Audit Committee and Performance Audit Committee ensured legal compliance in this regard and contributed tremendously to the high performance attained by the department in particular and the municipality as a whole.
- The department did function with critical vacancies the impact of which was largely neutralised by staff members' willingness to excel in the performance of their duties. The organogram has since been improved to make provision for new assistant managers and additional auditors. Currently the most critical vacancies have been filled and urgent steps are being taken to address those posts still remaining vacant.
- Reliance by the Auditor-General and the Audit Committee on the contributions made by Internal Audit was achieved.
- Internal Audit facilitated the process of Enterprise Risk Management for ELM based on that, the municipality attained a maturity level of 3.8 from 2.6 out of 6 as per the National Treasury standard.
- Internal Audit assisted in the establishment of a functional Risk Management, Anti-Fraud and Anti-corruption Committee which reports to the Audit Committee to assist the Audit Committee to execute the risk management oversight function.

Compliance checklist

With a view of assuring high reporting standards a Compliance Checklist, in terms of Circular 11, is attached to this report.

Staff Training

During the reporting period all staff members attended various workshops, seminars and training courses in line with the staff development programme to improve the department's skills for adding value to ELM.

Operational Audits

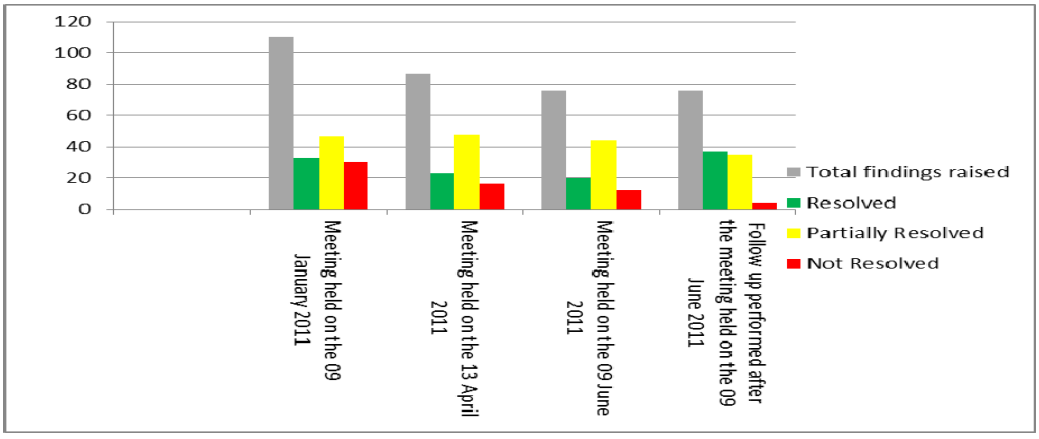
The approved audit plan for the 2010/11 reporting period was not fully achieved. This was due to the fact that some of the planned hours were utilised for quarterly performance information audits which were not initially planned for. It should be noted that the performance information audits are a regulated process therefore it was necessary for Internal Audit to amend the audit plan accordingly per the requirements of the Institute of Internal Auditors South Africa. The extent to which the audit plan was achieved was reported to the Audit Committee and Council.

The progress report on corrective actions taken based on internal audit findings for 2010/11 and preceding years are as follows:

As at 30 June 2011, the status of implementation was as follows:

Audit Committee Meetings	Total findings raised	Resolved	Percentage	Partially Resolved	Percentage	Not Resolved	**Percentage**
Meeting held on the 09 January 2011	110	33	30	47	43	30	27.3
Meeting held on the 13 April 2011	87	23	26	48	55	16	18.4
Meeting held on the 09 June 2011	76	20	26	44	58	12	15.8
Follow up performed after the meeting held on the 09 June 2011	76	37	49	35	46	4	5.3

GRAPHIC REPRESENTATION



There has been a significant improvement in the implementation of corrective actions as recommended by Internal Audit to Management.

Special Investigations

The Internal Audit Department conducted Special Audits as and when required and reported to the Municipal Manager and Audit Committee accordingly.

Way forward/Action plan

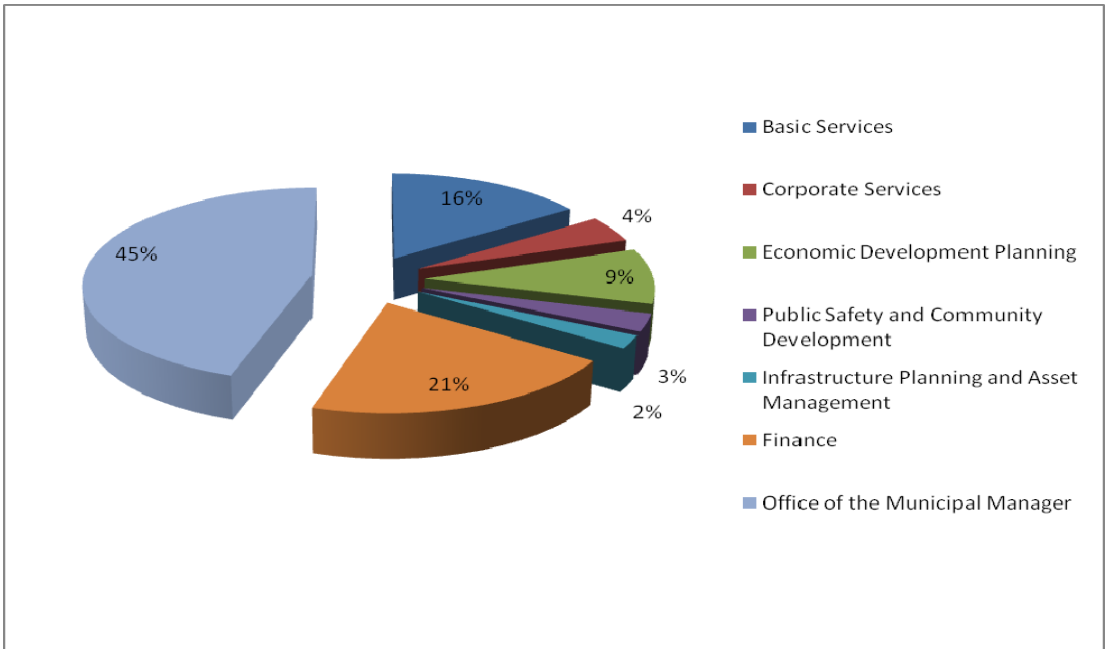
Sufficient staff with specialised knowledge and experience is being appointed to ensure that the projects identified in our SDBIP and major risks identified in ELM Council approved policy are given adequate audit coverage. Every effort is made to assist the Council and Municipal Manager in achieving an improved opinion from the Audit-General during the 2011/12 financial year.

Furthermore, Internal Audit introduced a cluster audit approach in order that there should be proper audit coverage which is designed to add value to the ELM risk management, internal control and governance processes and thus improvement of the service delivery.

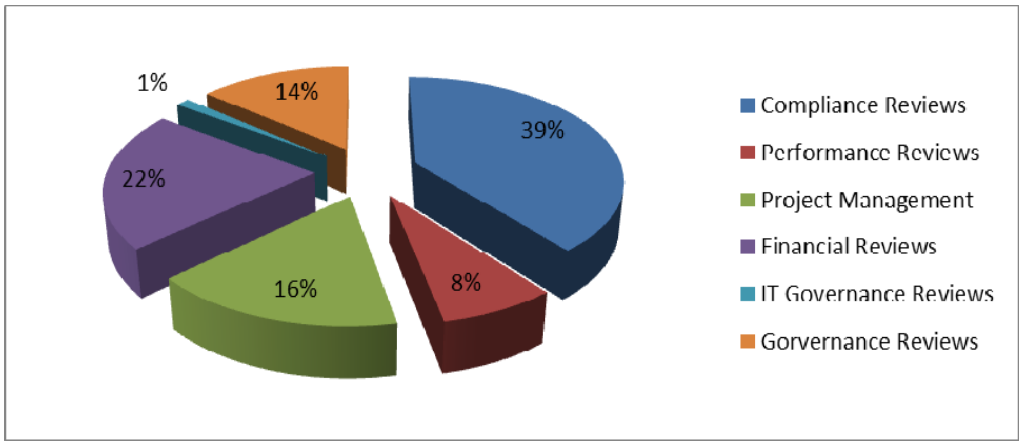
All auditable projects are hereunder presented in clusters and per different audit reviews as currently being executed during the 2011/12 financial year:

Cluster	**Percentage**
Basic Services	16%
Corporate Services	4%
Economic Development Planning	9%
Public Safety and Community Development	3%
Infrastructure Planning and Asset Management	2%
Finance	21%
Office of Municipal Manager, Speaker and Executive Mayor	45%

The percentages representation per cluster is depicted in the below mentioned chart thereof:



While the below mentioned chart reflects the percentage allocated per types of audit reviews being conducted:



APPRECIATION

In conclusion I would like to express my appreciation towards the Municipal Manager and his staff; Audit Committee; Performance Audit Committee and Risk Management, Anti-fraud and Anti-corruption Committee and finally my own dedicated staff members for the support received during the execution of the audits for the reporting period.

SJ. MASITE, CFE
CHIEF AUDIT EXECUTIVE

COMPLIANCE CHECK LIST PER:

Circular 11 requirements

No.	Requirements Reference	Compliance
Required documentation to be included in the annual report		
Chapter 1		
Introduction	Chapter 1	Yes
Mayor Foreword		Yes
Oversight of the Municipality		Yes
Executive Summary		Yes
Chapter 2		
Performance Highlight	Chapter 2	Yes
Chapter 3	Chapter 3	
Human resources and organisational management overview		Yes
Chapter 4	Chapter 5	
Financial statements		Yes
Auditor-General's report on financial statements and performance information		Yes
Management comments and corrective action to be instituted on matters raised in the Auditor-General's report		Yes
Audit Committee report		
Chapter 12 of the Municipal Finance Management Act (MFMA)		
Financial statement	Pages 1 to 60	Yes
Auditor-General's audit report	Pages 1 to 6	Yes
Annual performance report	Pages 1 to 102 Chapter 5	Yes
Assessment of any arrears on municipal taxes and service charges	Financial note 3	Yes
Assessment of performance against the measurable performance objectives for revenue collection	Financial notes 3	Yes
Corrective action taken in response to issues raised in the audit reports	Chapter 4 Annexure C	Yes

| No. | Requirements Reference | Compliance |

Recommendations of the municipality's audit committee	Not yet Reported	Yes
Disclosures on intergovernmental and other allocations		
Allocations received from an organ of state in the national or provincial sphere of government	Financial 20	Yes
Allocations received from a municipal entity or another municipality	Not applicable	Yes
Indication of how any allocations were spent	Financial note 20	Yes
Allocations made by the municipality to a municipal entity or another municipality	Not applicable	Yes
Allocations made by the municipality to any other organ of state	Not applicable	Yes
Indicate whether the municipality has complied with the conditions of any allocations made to the municipality	Financial note 20	Yes
Indicate the reasons for any non-compliance with conditions of any allocations made to the municipality	Financial note 20	Yes
Indicate whether funds destined for the municipality in terms of the annual Division of Revenue Act were delayed or withheld, and the reasons advanced to the municipality for such delay or withholding	Financial note 20	Yes
Disclosures concerning councillors, directors and officials		
The salaries, allowances and benefits of political office-bearers and councillors of the municipality, whether financial or in kind, including a statement by the accounting officer whether or not those salaries, allowances and benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution	Financial note 23 Appendix E (1)	Yes
Any arrears owed by individual councillors to the municipality, or a municipal entity under its sole or shared control, for rates or services and which, at any time during the relevant financial year, were outstanding for more than 90 days, including the names of those councilors	Financial note 31	Yes

No.	**Requirements Reference**	**Compliance**

The salaries, allowances and benefits of the municipal manager, the chief financial officer, every senior manager and such categories of other officials as may be prescribed	Financial note 23	Yes
Other compulsory disclosures		
A list of all municipal entities under the sole or shared control of the municipality during the financial year and as at the last day of the financial year	Not applicable	Yes
The total amount of contributions to organised local government for the financial year, and the amount of any contributions outstanding as at the end of the financial year	Not applicable	Yes
The total amounts paid in audit fees, taxes, levies, duties and pension and medical aid contributions, and whether any amounts were outstanding as at the end of the financial year	Financial note 41 and 23	Yes
In respect of each bank account held by the municipality during the relevant financial year		
The name of the bank where the account is or was held, and the type of account	Financial note 2	Yes
Year opening and year-end balances in each of these bank accounts	Financial note 2	Yes
A summary of all investments of the municipality or entity as at the end of the financial year	Financial note 6	Yes
Particulars of any contingent liabilities of the municipality or entity as at the end of the financial year	Financial note 34	Yes
Particulars of: • Any material losses and any material irregular or fruitless and wasteful expenditures, including, in the case of a municipality, any material unauthorised expenditure that occurred during the financial year and whether this is recoverable; • Any criminal or disciplinary steps taken as a result of such losses or such unauthorised, irregular or fruitless and wasteful expenditures and • Any material losses recovered or written off	Financial note 30	Yes

REPORT OF THE AUDIT COMMITTEE FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

The audit committee has pleasure in submitting herewith the overview report of the committee for the reporting period ended 30 June 2011:

ATTENDANCE BY MEMBERS OF THE COMMITTEE

NON-EXECUTIVE MEMBER	DATE APPOINTED	MEETINGS ATTENDED
Mr. P. Fourie (Chair)	28/09/2010	7 out of 7
Mr. M. Mkhize	28/09/2010	7 out of 7
Mr. S. Mofokeng	28/08/2011	3 out of 3
Ms. T. Moja	28/01/2011	5 out of 6
Mr. T. Mosuoane	28/09/2010	7 out of 7
Dr. J. Sekolanyane	28/09/2010	Resigned 13/01/2011

LEGAL FRAMEWORK GOVERNING THE AUDIT COMMITTEE

1. Section 166(1) of the Local Government: Municipal Finance Management Act, 2003 (Act number 56 of 2003 as amended) (MFMA) requires from each municipality to have an audit committee.

2. In terms of section 166(2)(a) of the MFMA the audit committee is an independent advisory body which must "amongst others" advise the municipal council …. on matters relating to-

   i. internal financial control and internal audits;
   ii. risk management;
   iii. accounting policies;
   iv. the adequacy, reliability and accuracy of financial reporting and information;
   v. performance management;
   vi. effective governance;
   vii. compliance with this Act, the annual Division of Revenue Act and any other applicable legislation;
   viii. performance evaluation; and
   ix. any other issues referred to it by the municipality.

3. In addition sections 166(2)(b), (c), (d) and (e) requires from the committee to review the annual financial statements, respond to Council on any issues raised by the Auditor-General South Africa in the audit report, carry out such investigations into the financial affairs of the municipality as the Council may request and perform such other functions as may be prescribed.

GOVERNANCE OF THE COMMITTEE:

4. All members of the committee are non-executive members and all meetings of the committee were held in accordance with the charter of the committee as approved by Council. A revised charter for the committee has been approved by Council on 31 October 2011. Seven meetings were held during the period under review. The official minutes of the various meetings comprehensively deal with all the matters considered by the committee.

5. The committee reports that it has complied with its responsibilities arising from section 166 of the Local Government: Municipal Finance Management Act, 2003 (Act number 56 of 2003 as amended). Accordingly, this report primarily deals with the responsibilities of the committee as listed in section 166(2)(a) of the MFMA.

INTERNAL FINANCIAL CONTROLS

1. From the various reports issued by the Chief Audit Executive during the reporting period under review the committee noted that no material break down in key internal financial controls has been reported. The audit committee is satisfied that effective, efficient and transparent risk management processes are in place and that the reported control deficiencies has in all material aspects already been addressed by the municipality. However, in the absence of a formally documented assessment by internal audit of the design adequacy and operating effectiveness of the system of internal financial controls, the committee has no basis to conclude on the effectiveness or not of the system of internal financial controls.

INTERNAL AUDIT

1. The committee is satisfied that the internal audit function has in the period under review effectively focused its available resources towards identified critical risk areas. The committee approved the internal audit plans for the 2011/2012 reporting period and was given the assurance that every effort will be made by the Accounting Officer to have all the resources available to properly execute the plan. One-on-one discussions with the Chief Audit Executive did not reveal any matters of concern.

RISK MANAGEMENT

1. The Risk Management, Anti-Fraud and Anti-Corruption Committee as a sub-committee of the audit committee, is assisting the audit committee in addressing its oversight responsibilities with regard to the risk management and fraud prevention processes within the municipality. The sub-committee operates within a charter and risk management framework approved by Council. A risk management implementation plan developed and approved by the senior management team is supporting the execution of the risk management framework. From the various reports received the audit committee is satisfied that the risk management processes are adequately designed and is operating effectively.

ACCOUNTING POLICIES

1. The financial statements have been prepared in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP) in the manner required by the MFMA. A major project to incorporate the requirements of GRAP 17 (Property, Plant and Equipment) and GRAP 16 (Investment property) has recently been finalized. Time constraints however, did not allow for the revaluation of infrastructure assets to be incorporated into the accounting records. The resulting accounting entries will be recorded as on 1 July 2011 and thereby effectively resolve the Auditor-General South Africa qualification on infrastructure assets. In order to have this matter finalized as soon as possible the Accounting Officer has requested the Auditor-General South Africa to carry out

a special audit on the revaluation of property and plant early in the 2012 calendar year. The audit committee will keep Council informed on the progress in this regard.

THE ADEQUACY, RELIABILITY AND ACCURACY OF FINANCIAL REPORTING AND INFORMATION

1. In all material respects the committee has no reason to doubt the reliability of the financial information presented to the finance committee of the municipality as established in terms of section 80 of the MFMA. Discussions with the Accounting Officer again emphasized the cash flow challenges faced by the municipality.

2. One-on-one discussions with the Accounting Officer confirmed that all reports emanating from forensic and special investigations are being dealt with in strict compliance with the MFMA and good corporate governance.

3. No other material issues of concern were reported to the committee.

PERFORMANCE MANAGEMENT

1. The audit committee is satisfied that the issues as reported by the Auditor-General South Africa have been properly addressed by the municipality and the likelihood of re-occurrence is remote. However, the committee is satisfied that the information as reported in the annual performance report is in all material respects supported by a tracking system and supporting documentation. The municipality previously did not have the performance management specialist. The specialist was appointed in December 2010. The specialist since developed a compliant performance management implementation plan. The plan was approved by Council and monitored by the Performance Audit Committee. The plan will be fully implemented in the 2011/2012 reporting period.

EFFECTIVE GOVERNANCE

1. The Municipal Manager will in due course propose to Council on the appointment of a service provider to advice Council on the implementation of the Third King Report on Governance for South Africa.

COMPLIANCE WITH THIS ACT, THE ANNUAL DIVISION OF REVENUE ACT AND ANY OTHER APPLICABLE LEGISLATION

1. The committee noted the areas of non-compliance to laws and regulations as reported by the Auditor-General South Africa. The committee will at its January 2012 meeting consider a report by the Accounting Officer on how to properly resolve the reported issues on supply chain management and performance management.

2. The Council approved materiality framework provides for zero tolerance for non-compliance with laws and regulations.

PERFORMANCE EVALUATION

1. The audit committee is satisfied that a structured process has been followed in the evaluation of the section 56 appointed managers. The report of the performance audit

committee in this regard will in due course be tabled for consideration by the section 80 remuneration committee of Council.

ANY OTHER ISSUES REFERRED TO THE AUDIT COMMITTEE BY THE MUNICIPALITY

1. None.

REVIEW OF ANNUAL FINANCIAL STATEMENTS

1. The committee on 31 October 2011 reported to Council that the committee on 31 August 2011 noted the internal processes followed by management to prepare and approve the draft annual financial statements for the reporting period ended 30 June 2011. The committee also reported that the GRAP 17 compliance project is still ongoing and that property, plant and equipment have not been accounted for in accordance with GRAP 17. In addition the committee reported that once the GRAP 17 related information is available the Chief Financial Officer will manage the impact of the implementation of GRAP 17 on the draft financial statements submitted for audit purposes with the senior management team and the Auditor-General South Africa.

2. The project has since then been successfully completed. Except for the revaluation of infrastructure assets which will be accounted for in the 2011-12 reporting period all the required changes to the financial statements were properly accounted for and audited. The committee is satisfied that the material changes effected to the financial statements submitted for audit purposes primarily resulted from the implementation of the GRAP 17 requirements.

ISSUES RAISED BY THE AUDITOR-GENERAL SOUTH AFRICA

1. The Auditor-General South Africa briefed the committee on the various quality and consistency review processes followed by the Auditor-General South Africa in order to arrive at an appropriate audit opinion. The following matters contributed to the issue of a qualified audit opinion:

    i. Inaccurate historic purchase price information on property, plant and equipment and land, buildings and infrastructure assets reflected at a total cost of R2 862 380 971.
    ii. The impact of uncorrected misstated service charges (R19 410 101) and personnel expenses (R4 354 449) resulting from the 2007-08 audit on the accumulated surplus balance of R1 802 153 as at 1 July 2009.

2. As reported the committee is satisfied with the corrective measures taken in respect of infrastructure assets. With regard to the uncorrected misstatements emanating from 2007-08 the Accounting Officer has been requested to research the facts and prepare a comprehensive report for consideration by the audit committee in January 2012.

3. With regard to the management of the reported material losses on the distribution of water (R186 411 308) and electricity (R203 838 782) Council will in future be updated on the progress made by both management and the audit committee.

4. The committee concurs with the issues raised by the Auditor-General South Africa. The audit committee also concurs with the action plan in Chapter 4 of this annual report in terms of which management is addressing the reported issues. The audit committee will on a regular basis report to Council on the progress made. The committee also noted that there are no unresolved differences of opinion between the Auditor-General South Africa and the Accounting Officer**.**

5. With regard to the matters addressed in the management report of the Auditor-General South Africa, the committee has noted that management has implemented an appropriate tracking system in terms of which the various action plans by management to resolve the reported issues will be tracked, managed and reported to the committee.

6. One-on-one discussions with the Auditor-General South Africa did not reveal any matters of concern.

INVESTIGATIONS REQUESTED BY COUNCIL

None.

INTERACTION WITH MPAC

1. In order to harmonize reporting to Council the chairperson of the audit committee will in early January 2012 engage with MPAC in order to update the members of MPAC on the progress made by management in resolving matters reported on by the Chief Audit Executive and the Auditor-General South Africa.

ONE-ON-ONE DISCUSSION WITH THE EXECUTIVE MAYOR

One-on-one discussions with the Executive Mayor on 4 August 2011 did not reveal any matters of concern.

APPRECIATION

In conclusion the committee expresses its appreciation towards the Accounting Officer and all other role players for the constructive meetings the audit committee had. One-on-one discussions with the members of the audit committee also did not reveal any matters of concern.

CHAIRPERSON OF THE AUDIT COMMITTEE
PS FOURIE
25 January 2012

EMFULENI
LOCAL MUNICIPALITY

Vaal River City, the Cradle of Human Rights

CHAPTER 5

FUNCTIONAL SERVICE DELIVERY REPORTING

5. FUNCTIONAL SERVICE DELIVERY REPORTING

5.1 INTRODUCTION

This chapter addresses the delivery of services during the 2010/11 reporting period, indicating performance achievements against the key performance indicators and performance targets recorded in the Integrated Development Plan (IDP). The performance of ELM is reported in accordance with the functional structure of the Municipality and therefore reflects the progress that was made with the implementation of the IDP per functional area of service delivery.

ELM was administratively configured as follows to deal effectively and efficiently with the implementation of the IDP and the delivery of services:

CLUSTER	FUNCTION
Basic Services	Electricity
	Fleet Management
	Water and Sanitation
	Roads and Storm Water
	Waste Management
	Project Management
Corporate Services	Communications
	Human Resources
	Information Technology
	Legal
	Organisational Development
	Secretariat and Administration
Economic Development Planning	Building Control
	Housing
	Land Use Management
	Local Economic Development and Tourism
	Property Management
	Facilities Management
Finance	Budget Office
	Debt Management
	Expenditure Management
	Financial Control
	Revenue Management
	Supply Chain Management
Municipal Manager	Employment Equity
	Integrated Development Planning
	Intergovernmental Relations
	Internal Audit
	Performance Management
	Office of the Mayor
	Office of the Speaker
	Office of the Chief Whip
Public Safety and Community Development	Environmental Management, Health, and Social Development
	Parks and Cemeteries
	Public Safety

	Sport, Recreation, Arts, Culture, and Library Information

Although some amendments to the administrative configuration of functions occurred during the reporting period, these amendments do not reflect in this report. The major amendment was the creation of the Infrastructure Planning and Asset Management (IPAM) Cluster. The departments allocated to the cluster are project management unit (from the basic services cluster) and facilities management department (from economic development planning).There was also a new department called asset management which was also included under IPAM. These amendments will reflect in the next reporting period.

Each of these functional areas of service delivery set key performance indicators and performance targets in the IDP. The performance against those planned indicators and targets is reported in this chapter.

5.2 THE PROVISIONING OF BASIC SERVICES

The expenditure of the **Municipal Infrastructure Grant (MIG)** increased significantly from the 2009/10 reporting period. In 2009/10 a total MIG allocation of R90m was gazetted, but only R61, 6m was spent, indicating an expenditure ratio of 68% of the allocation. However, in this reporting period the allocation increased to R105.5m, but due to the under spending in the previous year the total allocation increased to over R120m. During this year a total of R103.5m of the MIG allocation was spent, indicating an expenditure percentage of 86%.

DISCLAIMER

Section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), as amended, is acknowledged to determine that the performance report must reflect a comparison of the performances with targets set for performances in the previous financial year. The Integrated Development Plan for the 2009/10 financial year did not contain any performance indicators and targets and therefore the data for such comparative information is not available.

BASIC SERVICES

5.2.1 ELECTRICITY SERVICE

5.2.1.1 OVERVIEW

- Responsible for the operation and maintenance of the electricity distribution and public lighting systems.

5.2.1.2 DESCRIPTION

- Activities related to the maintenance of the electricity infrastructure as well as the execution of capital projects for augmentation and/ or upgrading of the infrastructure.

5.2.1.3 STRATEGIC OBJECTIVES

- The provision of basic services
- The achievement of sustainable financial viability.

5.2.1.4 PERFORMANCE INFORMATION

KEY PERFORMANCE INDICATOR		PERFORMANCE TARGET	ACTUAL PERFORMANCE
Ensure that all formal urban areas in ELM have public lighting		By June 2011	Achieved
COMMENTS	All areas have public lighting but not necessarily to the full acceptable standard, e.g. more high-mast lights can be installed		
REMEDIAL ACTION	Application is yearly submitted to MIG to fund new high-mast lights.		
Provide 50kWh of free basic electricity to all registered indigent households		By June 2011	Achieved
COMMENTS	All registered indigents have access to free basic electricity: all those households that have been registered get 50kWh free with their first purchase of electricity		
REMEDIAL ACTION	Register indigents to have access to free basic electricity: all those households that have been registered get 50kWh free with their first purchase of electricity.		
100% of households with access to electricity		By 2011/12	98%
COMMENTS	All formal areas covered: new developments are attended to as the areas are completed. The only formal areas currently not covered are Tshepiso N Ext 3 and Tshepong Phase 2. Application for funding was submitted to DoE for 2012/13.		
REMEDIAL ACTION	Application for funding was submitted to DoE for 2012/13.		
Increase the functionality of all public lighting to 95%		By June 2011	Achieved

COMMENTS	Backlog of complaints attended to. Planned area maintenance will commence on 1 July 2011. Number of complaints was reduced and nightly inspections have indicated a huge reduction in areas being out.		
REMEDIAL ACTION	Nightly inspections will carry on in all areas.		
Maintain NERSA responsiveness standards		By 2011/12	90%
COMMENTS			
REMEDIAL ACTION	Maintain NERSA responsiveness standards		
Upgrade and improve level of maintenance of electricity infrastructure		By 2011/12	90%
COMMENTS	Preventative maintenance is done, but restricted by limited funding		
REMEDIAL ACTION	Preventative maintenance ongoing		
Maintain the capital re-investment into the electricity infrastructure to meet the NERSA requirements of 5% of sale of electricity		By June 2011	Approximately 3% for refurbishment and 2% for new developments
COMMENTS	The available capital is utilised for both new and refurbishment projects		
REMEDIAL ACTION	Budget for the capital to maintain the electricity infrastructure.		
Implement energy saving programs in cooperation with Eskom		By 2011/12	Municipal programs are being executed
COMMENTS	Lower wattage lamps/fittings have been installed on streetlights and traffic signals. Project still continuing		
REMEDIAL ACTION	Project still continuing.		
Conclude ring-fencing of the electricity service (financially)		By 2011/12	0%
COMMENTS	The ring-fencing of the electricity department was driven by the need to create REDS (Regional Electricity Distributors) and this exercise was done under the auspices of the EDI Holdings which was under the Department of Energy. However, the Department of Energy stopped the process of creating REDs and as a result the ring-fencing collapsed as it was a requirement for the creation of the REDs.		
REMEDIAL ACTION	None		
Revise electricity tariffs in compliance with the NERSA guidelines		By 30 June 2011	Achieved
COMMENTS	Done annually. Approval for 2011/12 was received from NERSA and implemented		
REMEDIAL ACTION	Done annually		
Finalise assessment of the electricity function, in terms of Section 78(3) of the Municipal Systems Act		By June 2011	Achieved
COMMENTS	Project completed and report served in the Council meeting.		

REMEDIAL ACTION	Report to be submitted during July/August 2011		
Implement measures to curb theft of infrastructure		By June 2011	In progress
COMMENTS	Alarm systems installed, security deployed, additional security measures are being investigated		
REMEDIAL ACTION	Presentations were held regarding different alarm systems. In process to request quotations		
PROJECT NAME		**BUDGET PROVISION - R**	**ACTUAL EXPENDITURE - R**
Minor capital		333 333	149 327
COMMENTS	Furniture and telephone system have been purchased including tools and furniture for staff. Project completed.		
REMEDIAL ACTION	No remedial action required as the project has been completed.		
Verg DS 20 MVA TRF		800 000	730 788
COMMENTS	Project completed		
REMEDIAL ACTION	No remedial action required as the project has been completed		
Tshepong (Vlakfontein) planning fees		106 030	0
COMMENTS	The planning fee was paid from bulk 11kV supply and electrification of Tshepong: 963 houses completed that were funded by DoE as part of the National Electrification program.		
REMEDIAL ACTION	No remedial action required as the project has been completed		
Electrical test equipment		775 798	717 149
COMMENTS	Electrical test equipment delivered		
REMEDIAL ACTION	No remedial action required as the project has been completed		
DME grant		481 618	0
COMMENTS	Project completed during 2009/10 reporting period. The allocated budget was not used to purchase the electrical test equipment as they were bought the previous financial year due to savings that were realised.		
REMEDIAL ACTION	No remedial action required as the project has been completed		
Additional 11kV supply into Bedworthpark		1 200 000	417 586
COMMENTS	The project was completed in 2011/12 financial year		
REMEDIAL ACTION	No remedial action required as the project has been completed		
Upgrade 11kV supply: Duncanville		2 000 000	2 071 373
COMMENTS	The project was completed in 2011/12 financial year		

REMEDIAL ACTION	No remedial action required as the project has been completed		
Additional workshop office capacity		1 000 000	126 737
COMMENTS	The project was cancelled and the funds were transferred to reduce electricity losses at Sebokeng Hostel.		
REMEDIAL ACTION	No remedial action required as the project has been completed		
SCADA system		500 000	0
COMMENTS	The planning has been completed and the project to be executed in 2011/12.		
REMEDIAL ACTION	Contractor will start activating system in Central substation in Vanderbijlpark Civic Centre during October 2011		
New connections and network reinforcements		3 000 000	2 515 636
COMMENTS	Work is done as and when required		
REMEDIAL ACTION	To be completed in 2011/2012		
Bulk electricity supply to Tshepong		2 193 889	2 128 570
COMMENTS	Bulk 11kV supply and electrification of Tshepong: 963 houses completed		
REMEDIAL ACTION	No remedial action required as the project has been completed		
Bundle conductor: Arcon Park, Steelpark, Rust-ter-Vaal, Vereeniging		617 385	596 180
COMMENTS	Project completed		
REMEDIAL ACTION	No remedial action required as the project has been completed		
Replace air breaks and isolators: Verref substation		500 000	483 619
COMMENTS	Project completed		
REMEDIAL ACTION	No remedial action required as the project has been completed		
Replace air breaks and isolators: Verref substation		500 000	390 640
COMMENTS	Project completed		
REMEDIAL ACTION	No remedial action required as the project has been completed		
Upgrade electricity GIS		40 035	38 237
COMMENTS	Project completed		
REMEDIAL ACTION	No remedial action required as the project has been completed		
Replace 88kV cable with line: DS to DUN		127 182	Completed
COMMENTS	Project completed (this project must be read with replace 88kV cable with line and replace 88kV cable with line Dun2 to DS substation)		
REMEDIAL ACTION	No remedial action required as the project has been completed		

Upgrade 88kV protection and install optic fibres		347 974	Completed
COMMENTS	Project completed (this project must be read with replace 88kV cable with line and replace 88kV cable with line Dun2 to DS substation)		
REMEDIAL ACTION	No remedial action required as the project has been completed		
Upgrade 88kV: Three Rivers main substation		767 984	437 710
COMMENTS	Project completed		
REMEDIAL ACTION	No remedial action required as the project has been completed		
Firm supply: Arconpark (2x120mm)		405 802	47 921
COMMENTS	Project completed		
REMEDIAL ACTION	No remedial action required as the project has been completed		
Replace switchgear: Saspark Motors substation VDP		607 411	577 312
COMMENTS	Project completed		
REMEDIAL ACTION	No remedial action required as the project has been completed		
Replace 88kV transformer: various 88kV substations		10 000	Completed
COMMENTS	Project completed, payment was made against Replacement of 88kV current transformers of which this was part		
REMEDIAL ACTION	No remedial action required as the project has been completed		
DME grant		191 906	Completed
COMMENTS	Project completed during the 2009/10 reporting period		
REMEDIAL ACTION	No remedial action required as the project has been completed		
Install 11kV cable: Mantervrede VA		350 000	216 750
COMMENTS	11kV switchgear installed, repair on supply cable and auto-recloserdone by electricity department		
REMEDIAL ACTION	none		
Replace 88kV cable: Dun2 to DS substation		180 000	81 030
COMMENTS	Project completed		
REMEDIAL ACTION	No remedial action required as the project has been completed		
High mast lights: Evaton West		488 038	460 656
COMMENTS	Project completed		
REMEDIAL ACTION	No remedial action required as the project has been completed		
Public lighting: Sebokeng Extension 24		625 000	625 000

COMMENTS	Project completed	
REMEDIAL ACTION	No remedial action required as the project has been completed	
Replace 88kV cable with line	2 269 228	2 235 680
COMMENTS	Project completed	
REMEDIAL ACTION	No remedial action required as the project has been completed	
Firm supply: Arcon Park	1 048 487	0
COMMENTS	Project completed, payment was done in 2011/12 due to late submission of invoice by the service provider. Provision was made for this expenditure under the roll over's, to be read with similar project above	
REMEDIAL ACTION	No remedial action required as the project has been completed	
Extend office building and carports	1 204 701	1 249 994
COMMENTS	Project completed	
REMEDIAL ACTION	No remedial action required as the project has been completed	
Replace 88kV current transformers	1 719 134	1 585 663
COMMENTS	Project completed	
REMEDIAL ACTION	No remedial action required as the project has been completed	
Replace 88kV switchgear in DS substation	500 000	0
COMMENTS	Planning has been completed and execution will be done in 2011/12	
REMEDIAL ACTION	None	
Replace 88kV air break switches: various substations	200 000	0
COMMENTS	Planning has been completed and execution to be done in 2011/12	
REMEDIAL ACTION	Contractor on site completion date 30 September 2011	
Replace 11kV switchgear: various substations	750 000	R700 000
COMMENTS	The contractor has been appointed and the replacement of 11kV switchgear will be completed by 31 January 2012.	
REMEDIAL ACTION	None	
Replace 88kV links: various substations	750 000	R700 000
COMMENTS	Project has been approved and completed	
REMEDIAL ACTION	None	
Install auto-reclosers and sectionalizers	600 000	596 478

COMMENTS	Project completed	
REMEDIAL ACTION	No remedial action required as the project has been completed	
Upgrade Ironside and Debonair Park	200 000	145 431
COMMENTS	Project completed	
REMEDIAL ACTION	No remedial action required as the project has been completed	
Install bundle conductor	2 481 764	2 438 332
COMMENTS	Project completed	
REMEDIAL ACTION	No remedial action required as the project has been completed	
Tools and test equipment	200 000	121 545
COMMENTS	Project completed	
REMEDIAL ACTION	No remedial action required as the project has been completed	
Furniture for new offices	200 000	198 377
COMMENTS	Project completed	
REMEDIAL ACTION	No remedial action required as the project has been completed	
IT equipment for new appointments	50 000	17 227
COMMENTS	Project completed	
REMEDIAL ACTION	No remedial action required as the project has been completed	
Communication equipment	300 000	147 465
COMMENTS		
REMEDIAL ACTION	No remedial action required as the project has been completed	
Upgrade public lighting: Emfuleni	1 508 504	791 460
COMMENTS	Project completed	
REMEDIAL ACTION	No remedial action required as the project has been completed	
Upgrade traffic lights	600 000	29 574
COMMENTS	Project completed	
REMEDIAL ACTION	No remedial action required as the project has been completed	
Electrification and lighting: Tshepong	20 000 000	18 565 957
COMMENTS	Bulk 11kV supply and electrification of Tshepong: 963 houses completed including lighting	

REMEDIAL ACTION	No remedial action required as the project has been completed		
TOTAL		**54 181 770**	**40 956 015**

5.2.2 FLEET MANAGEMENT

5.2.2.1 OVERVIEW

- To provide an effective and efficient fleet management services that will optimise, support, and facilitate effective and efficient service delivery.

5.2.2.2 STRATEGIC OBJECTIVES

- The provision and maintenance of vehicles and equipment in support of the provisioning of basic – and other services.

5.2.2.3 PERFORMANCE INFORMATION

KEY PERFORMANCE INDICATOR		PERFORMANCE TARGET	ACTUAL PERFORMANCE
Improve vehicle and equipment availability to 80% by replacing vehicles and equipment that are beyond their life expectancy		By June 2011	75%
COMMENTS	There were 350 vehicles that need to be replaced as their age varies from 7 to 17 years. There was an insufficient budget for this reporting period to replace all the vehicles and equipment to increase the availability to the required target of 80%		
REMEDIAL ACTION	There will be a meeting with the CFO to discuss the availability of funds in the budget for 2011-2012 to address the replacement of the old vehicles and equipment.		
Continue risk control room activities to improve control over fleet management		By June 2011	Daily reports were generated for all vehicles and equipment
COMMENTS	User departments need to be trained on the interpretation and utilisation of fleet management reports. Fleet Controllers can assist in this regard		
REMEDIAL ACTION	User departments shall undergo training by 2011/12 which will be provided and arranged by the Manager: Fleet Services		
Improve vehicle and equipment availability to 80% by improving productivity in the Mechanical Workshop. Also, decrease the turn-around time for vehicles and equipment in the Mechanical Workshop		By June 2011	75%
COMMENTS	Much preparatory work has been done to identify more qualified service providers with regards to mechanical work as a strategy to reduce cost and turn-around time. Also training has been identified for internal staff for mechanical repairs including auto-electrical work. Training for internal staff will continue.		
REMEDIAL ACTION	Training has been provided for mechanical repairs on the vehicles including the hydraulic system on the compactors for our employees. So far eight employees have been trained to do mechanical repairs and an additional number will be sent for auto-electrical repairs in the 2011/12 financial year.		
PROJECT NAME		**BUDGET PROVISION - R**	**ACTUAL EXPENDITURE - R**
Minor capital		325 824	0

COMMENTS	The procurement process to acquire tools for mechanical repairs for internal staff who have been trained has been finalised and delivery is expected by 2011/12..		
REMEDIAL ACTION	None		
Ring-fencing of Fleet Services		3 666 379	0
COMMENTS	The process shall continue once funding from MIG has been restored		
REMEDIAL ACTION	A report to MIG has been submitted with the request to release the funds		
Electronic monitoring		162 983	0
COMMENTS	To be used for the installation of the Electronic Monitoring System for new vehicles.		
REMEDIAL ACTION	The Electronic monitoring will commence in the financial year 2011/12		
TOTAL		**4 155 186**	**0**

5.2.3 ROADS AND STORMWATER

5.2.3.1 OVERVIEW

- To provide a quality road and storm water infrastructure network that will meet the requirements of the community.

5.2.3.2 STRATEGIC OBJECTIVES

- The promotion of a safe, secure, and healthy environment
- The provision of basic services

5.2.3.3 PERFORMANCE INFORMATION

KEY PERFORMANCE INDICATOR		PERFORMANCE TARGET	ACTUAL PERFORMANCE
Tarring of all roads		By 2035/36	As per Annual budget Approval
COMMENTS	Total tarring of road came to 7 000 m²		
REMEDIAL ACTION	Implementation is the aggregate of the funded CAPEX roads projects and is the cumulative data as reflected for the projects as below. An additional R230 million is however required to be allocated additionally over and above the current allocations per annum to achieve this.		
Implement flagship projects		By 2011/12	22/36 completed
COMMENTS	11.59 km completed. This includes roads like Bokwe, Mohayi, Thema, Vilikazi, Mosaka, Moshoeshoe, Mamelodi, Thembu streets in Bophelon. Rathebe, Mohale, Mampoi, Road 23, Road F, Rathebe, Ladzidzi, Maqoma Street in Sebokeng. Hawk, Kent, Moketsi/Matloung, Phakwe and Kopanong Streets in Palm Springs, Evaton and Evaton West respectively.		
REMEDIAL ACTION	The remaining 14 projects were migrated to MIG funding and they will be executed in the 2011/12 financial year. The 14 projects were rolled-over due to budget limitations to the 2010/2011 financial year.		
Complete design and pre-planning of all untarred roads and master plan projects		By 2035/36	29/55 processed
COMMENTS	Balance of 26 was transferred to Infrastructure Planning and Asset Management for further execution		
REMEDIAL ACTION	The Balance for implementation pending budget allocation and approval from MIG and appointment of consultant database at PMU.		
Implement annual maintenance plan on pothole patching, resealing, gravelling, storm water, and road traffic signs		Annually by 30 June	Implemented according to SDBIP
COMMENTS	Maintenance is continuously done in line with the approved budget and SDBIP's		
REMEDIAL ACTION	Operational Plan and SDBIP's is aligned each year with the new budget. No remedial action required. Budget will be implemented according to the Budget approved and SDBIP and maintenance plan for the 2011/2012 financial year.		

Utilisation of “as and when” contractors		Annually by 30 June	PPP program stopped
COMMENTS	PPP program was stopped as alternative service delivery methodologies are being investigated Various as and whens were implemented and used.		
REMEDIAL ACTION	These “as and when” will be renewed where required and expanded on to strengthen the service delivery base and continuity.		
Establish Traffic Engineering Section		By 2013/14	Organisational development is being done
COMMENTS	The organogram was revised to cater for the new section.		
REMEDIAL ACTION	The revised organogram will be submitted to Council for approval in the financial year 2011/12. Once approved, recruitment shall take		
Implement traffic calming measures		Annually by 30 June	Not achieved
COMMENTS	ELM is awaiting Gauteng norms & standards approval before it can implement		
REMEDIAL ACTION	The implementation will happen once the Gauteng standards and norms is accepted and approved to address all areas directly around schools.		
Develop and implement appropriate road marking and signage management plan		By 2011/12	Plan developed. To be executed in 2011/2012
COMMENTS	Tender already awarded for major arterials and m-routes to ensure uniformity All Metro numbered routes and class 2 & 3 roads are executed through the Sedibeng tender.		
REMEDIAL ACTION	The project shall be implemented in the financial year 2011/12 using Sect 32 of the MFMA via the Sedibeng tender to ensure uniformity on systems utilized and ease of management.		
Placement and display of street name boards		By 2014/15	Not achieved
COMMENTS	Funding specifically for this function was not provided.		
REMEDIAL ACTION	It was decided to perform this function utilising the operation budget as when the need for signs is identified due to new developments and renaming of streets and also as reported and reflected as part of the maintenance program.		
Transfer of the two storm water pump stations to Water and Sanitation		By 2011/12	Not completed
COMMENTS	Upgrade of pump stations needs to be done before transfer can be effected		
REMEDIAL ACTION	Metsi –a- Lekoa will take over the two pump stations in the financial year 2012/13 after the upgrade has been done.		
Construct two pedestrians bridges: Eatonsyde / Lebohang Mahata and Andries Potgieter / Barrage)		By 2016/17	Not achieved
COMMENTS	No funding		

REMEDIAL ACTION	The department of Gautrans who is serving these roads will be approached to see if they can assist with regards to funding. The technikon is willing to fund the Barrage/Andries Potgieter bridge as they are creating a 100% demand and generation on pedestrian trip in this regard but the basic planning for the K-route need to be completed by Gautrans before the placement of pears can be determined. Gautrans shall be approached to assist as a matter of urgency.		
Implement 20 PTP: Sharpeville, Bophelong, Sebokeng and Boipatong		By 2020/21	Executed in terms of approved funding
COMMENTS	Some of the ward based and flag ship projects cover these areas but no dedicated funding is provided by ELM for this.		
REMEDIAL ACTION	This was also taken up with Gautrans via an amount of R600 million that was indicated to be allocated to Emfuleni. Submission in this regard was made and some designs submitted and approved for Sharpeville, but due to funding problems at Gautrans level, this was postponed until funding is available.		
Monitor implementation of infrastructure projects through monthly neighbourhood visits		By 2011/12	Achieved
COMMENTS	Executed by means of site meetings, progress reports and Section 80 Committee site visits		
REMEDIAL ACTION	None		
PROJECT NAME		**BUDGET PROVISION - R**	**ACTUAL EXPENDITURE - R**
Minor capital		333 333	244 917
COMMENTS	This included furniture for two new employees, replacement of broken furniture at offices, cameras for projects and opex staff, dumpy level, post hole digger for road traffic signs, lawnmower, socket set, wacker rammer, vacuum cleaner, step ladder and chain saw.		
REMEDIAL ACTION	None		
Traffic lights at major intersections		1 041 000	0
COMMENTS	Awaited way-leave approval from Gautrans to proceed. Implementation shall be executed by the Electricity department of ELM.		
REMEDIAL ACTION	Was requested to be rolled-over to 2011/2012.		
Street 1 in Zone 3		1 113 395	133 745
COMMENTS	Progress on site very slow. Contractor is finalizing snag list and no complying issues		
REMEDIAL ACTION	To serve performance notices and terminate if possible.		
Low point storm water formalisation: Bophelong Ext		2 565 000	205 415
COMMENTS	Consultant finalizing detail design on pre-planning appointment Stage 1(Design drawings) is completed and invoices submitted for payment		

REMEDIAL ACTION	Project was migrated from ELM to MIG due to cash flow problems at ELM level. This is not completed yet and completion is dependent on MIG approval and takes in budget via IPAM once approved at MIG level.		
Construct Lind Avenue		9 273 283	4 747 716
COMMENTS	Progress approximately 90%		
REMEDIAL ACTION	No payments were done in 2010/2011. The original contractor did not perform and was eventually terminated. The project is in the process of being converted from ELM funded to MIG.		
Stormwater channels: Jet Nteo		393 000	134 000
COMMENTS	Departmental project done in house by PMU.		
REMEDIAL ACTION	The designs have been approved and signed-off and implementation will be done by PMU.		
Construct drainage system: Gamdor Street		157 499	169 762
COMMENTS	Completion of a total of 2 x 0.5km open channels project on both sides of the road.		
REMEDIAL ACTION	No action required as the project was completed		
Construct drainage system: Mareka Street		376 668	376 688
COMMENTS	A total of 0.89km of stormwater pipe project was completed..		
REMEDIAL ACTION	No action required as the project was completed		
Construct drainage system: Mamelodi Street		122 697	122 697
COMMENTS	A total of 0.21km of stormwater pipe project was completed.		
REMEDIAL ACTION	No action required as the project was completed		
Construct drainage system: Presbyterian Street		395 517	395 517
COMMENTS	A total of 0.9km of stormwater pipes and open channel project was completed.		
REMEDIAL ACTION	No action required as the project was completed		
Construct ring road: Zone 3		3 503 220	4 740 111
COMMENTS	Progress approximately 80% of a total of 1.38 km of a road project. Only the sub-surface layers have been completed and is part of the 80% progress.		
REMEDIAL ACTION	To serve performance notices and terminate if possible.		
Storm water channels: Sebokeng 16		317 250	317 250
COMMENTS	Consultant finalizing detail design on pre-planning appointment		
REMEDIAL ACTION	Project was migrated from ELM to MIG due to cash flow problems at ELM level. This is not completed yet and completion is dependent on MIG approval and takes in budget via IPAM once approved at MIG level.		
Formalise Moerdyk Street channel		1 281 367	0

COMMENTS	Consultant finalizing detail design on pre-planning appointment		
REMEDIAL ACTION	Project is in the process of being migrated to MIG, and finalizing of project is depended on MIG registration. Roll overs for Pre-planning fees was requested to complete design and tender documents		
Re-tar Lake Street: Lake Side		93 500	0
COMMENTS	Consultant finalizing detail design on pre-planning appointment		
REMEDIAL ACTION	Project was migrated from ELM to MIG due to cash flow problems at ELM level. This is not completed yet and completion is dependent on MIG approval and takes in budget via IPAM once approved at MIG level.		
Re-tar Michigan Street: Evaton North		157 500	0
COMMENTS	Consultant finalizing detail design on pre-planning appointment		
REMEDIAL ACTION	Project was migrated from ELM to MIG and the project will be executed in the financial year 2011/12.		
Tar Sekhuhune Street: Boipatong		250 000	0
COMMENTS	Consultant finalizing detail design on pre-planning appointment		
REMEDIAL ACTION	Project was migrated from ELM to MIG and the project will be executed in the financial year 2011/12.		
Upgrade stormwater channels: Sebokeng Zone 13		500 000	0
COMMENTS	Project completed.		
REMEDIAL ACTION	The department approved the designs and sign-off on practical completion. Project Completed		
Traffic lights at major intersections		824 462	0
COMMENTS	Awaited way-leave approval from Gautrans to proceed. Implementation executed by electricity.		
REMEDIAL ACTION	Was requested to be rolled-over to 2011/2012 as way leaves were not approved.		
Klipriver/Assegai Corridor		702 341	290 977
COMMENTS	Consultant finalizing detail design on pre-planning appointment		
REMEDIAL ACTION	Project was supposed to migrate to MIG, but the project does not comply with MIG conditions and as a result, it must be funded from ELM. Roll over's for Pre-planning fees was requested to complete design and tender documents.		
Gen Hertzog Corridor from Nile to Mariboe		244 757	290 977
COMMENTS	Consultant finalizing detail design on pre-planning appointment		
REMEDIAL ACTION	Project was supposed to migrate to MIG, the project does not comply with MIG conditions and therefore must be funded from ELM. Roll over's for Pre-planning fees was requested to complete design and tender documents.		
Mantevrede roads and storm water master plan		700 000	329 838
COMMENTS	Consultant finalizing detail design on pre-planning appointment		

REMEDIAL ACTION	Project was supposed to migrate to MIG, the project does not comply with MIG conditions and therefore must be funded from ELM. Roll over's for Pre-planning fees was requested to complete design and tender documents.		
Upgrade Gen Hertzog / Nile intersection		344 757	339 331
COMMENTS	Consultant finalizing detail design on pre-planning appointment		
REMEDIAL ACTION	Project was supposed to migrate to MIG, the project does not comply with MIG conditions and therefore must be funded from ELM. Roll over's for Pre-planning fees was requested to complete design and tender documents.		
Bus and taxi bays on Class 3 arterials		4 656	412 960
COMMENTS	Consultant finalizing detail design on pre-planning appointment		
REMEDIAL ACTION	N/A		
Upgrade Schoeman, Beethoven and Delius		3 146 289	0
COMMENTS	Contractor appointed in May 2011. Contractor requested that contract be converted from fixed price to escalation based due to long period since tender was advertised.		
REMEDIAL ACTION	Was requested to be rolled over to 2011/2012		
Professional fees: planning and design		992 143	0
COMMENTS	Various project payments still need to be done, but can only be executed once the preliminary designs are approved		
REMEDIAL ACTION	Was requested to roll-over to fund pre-planning which cannot be funded via MIG.		
Professional fees for planning		1 306 093	0
COMMENTS	Various project payments are pending payment, but can only be executed once the preliminary designs are approved. These funds are committed.		
REMEDIAL ACTION	Was split into pre-planning for various projects converted to MIG.		
Stormwater Sullivan Street		936 889	0
COMMENTS	Contractor appointed in May 2011. Contractor requested that contract be converted from fixed price to escalation based due to long period since tender was advertised.		
REMEDIAL ACTION	Was requested to be rolled over to 2011/2012		
Stormwater Schoeman Street		868 145	0
COMMENTS	Contractor appointed in May 2011. Contractor requested that contract be converted from fixed price to escalation based due to long period since tender was advertised.		
REMEDIAL ACTION	Was requested to be rolled over to 2011/2012		
Ring Road Zone 3 Phase 2		3 503 220	0

COMMENTS	Progress approximately 80% of a total of 1.38km of a road project. Since no length of this road can be open to traffic yet, it cannot be said that any distance (in kilometres) is complete yet. Only the sub-surface layers have been completed.		
REMEDIAL ACTION	To serve performance notices and terminate if possible		
Stormwater Bophelong Extension 17		191 538	0
COMMENTS	Consultant finalizing detail design on pre-planning appointment		
REMEDIAL ACTION	The department will fast track the finalisation of the detailed designs.		
Stormwater Jet Nteo School		27 919	0
COMMENTS	Current portion completed.		
REMEDIAL ACTION	The designs have been approved by the Department of Roads and Storm Water. Current portion completed, but snag list issues to be addressed.		
Construct roads and storm water: Zone 6		50 000	0
COMMENTS	Completed		
REMEDIAL ACTION	N/A		
Install storm water pipe: Zone 11		47 760	Completed
COMMENTS	A total of 0.41km of stormwater open channel and pipes project was completed.		
REMEDIAL ACTION	None		
Street 1 in Zone 3		62 317	0
COMMENTS	Progress approximately 80% of a total of 0.67km of a road project. Only the sub-surface layers have been completed and is part of the 80%.		
REMEDIAL ACTION	Project was migrated from ELM to MIG due to cash flow problems at ELM level. This is not completed yet and completion is dependent on MIG approval and takes in budget via IPAM once approved at MIG level.		
Construct Lind Avenue, Evaton		9 273 283	0
COMMENTS	Progress approximately 50% of a total of 2.9km of a road project which comprises the sub-surface layers.		
REMEDIAL ACTION	No payments were done in 2010/2011. The original contractor did not perform and was eventually terminated. Conversion of project from ELM to MIG was finalized in 2010/2011.		
Construct Malebogo Street from Dr Nkomo to Leshoboro, Boipatong		3 439 888	1 719 945
COMMENTS	Consultant completed design, progress approximately 8%. Designs is completed, reason for 8% progress.		
REMEDIAL ACTION	Project was migrated from ELM to MIG to ensure funding and completion of the roads.		
Tar Dr Nkomo from Leshoboro, Boipatong		4 047 024	323 762

COMMENTS	Consultant completed design, progress approximately 8%	
REMEDIAL ACTION	Project was migrated from ELM to MIG to ensure funding and completion of the roads.	
Tar Nkomo from Mbhata to Raporoko Ext, Sharpeville	4 957 263	0
COMMENTS	Consultant completed design, progress approximately 8%	
REMEDIAL ACTION	Project was migrated from ELM to MIG to ensure funding and completion of the roads..	
Storm water and kerbing: Hulwana, Sharpeville	2 439 654	0
COMMENTS	Consultant completed design, progress approximately 8%	
REMEDIAL ACTION	Project was migrated from ELM to MIG to ensure funding and completion of the roads.	
Tar Mbhata from Khabashane to Hulwana, Sharpeville	4 920 575	0
COMMENTS	Consultant completed design, progress approximately 8%	
REMEDIAL ACTION	Project was migrated from ELM to MIG to ensure funding and completion of the roads.	
Tar Road SV99, Memorial Ext, from Seeiso to Mareka, Sharpeville	2 260 847	0
COMMENTS	Consultant completed design, progress approximately 8%	
REMEDIAL ACTION	Project was migrated from ELM to MIG to ensure funding and completion of the roads.	
Sidewalks: SiyaThemba Road, Tshepiso	1 565 303	0
COMMENTS	Consultant completed design, progress approximately 8%	
REMEDIAL ACTION	Project was migrated from ELM to MIG to ensure funding and completion of the roads.	
Tar Suncrest Road from Andries Potgieter to end of road, SE8	1 859 792	0
COMMENTS	Consultant completed design, progress approximately 8%	
REMEDIAL ACTION	Project was migrated from ELM to MIG to ensure funding and completion of the roads.	
Tar Main Road from K11 to Main Road: Eastern Road and Road 10	12 504 158	0
COMMENTS	Consultant completed design, progress approximately 9%	
REMEDIAL ACTION	Project was migrated from ELM to MIG to ensure funding and completion of the roads.	
Tar Madeliefie from Seder to Pansy	2 495 610	0
COMMENTS	Consultant completed design, progress approximately 6%	
REMEDIAL ACTION	Project was migrated from ELM to MIG to ensure funding and completion of the roads.	
Tar Krisant from Narcissus to Sonneblom	2 650 850	0

COMMENTS	Consultant completed design, progress approximately 6%	
REMEDIAL ACTION	Project was migrated from ELM to MIG to ensure funding and completion of the roads.	
Tar Krisant Ext (Sonneblom) from Krisant to Tulip	1 325 428	0
COMMENTS	Consultant completed design, progress approximately 6%	
REMEDIAL ACTION	Project was migrated from ELM to MIG to ensure funding and completion of the roads.	
Tar Springbok Road from Evaton to Werpner	5 827 848	0
COMMENTS	Consultant completed design, progress approximately 6%	
REMEDIAL ACTION	Project was migrated from ELM to MIG to ensure funding and completion of the roads.	
Tar Cinderella from Eric to Knox	4 181 710	0
COMMENTS	Consultant completed design, progress approximately 6%	
REMEDIAL ACTION	Project was migrated from ELM to MIG to ensure funding and completion of the roads.	
Tar Hawk Road from Eagle	7 404 547	7 404 547
COMMENTS	Completion of a total of 0.8km of road and stormwater project.	
REMEDIAL ACTION	Project was migrated from ELM to MIG to ensure funding and completion of the roads..	
Ward based projects: Ward 3,6,8 and 11	13 074 168	12 175 127
COMMENTS	Completed	
REMEDIAL ACTION	Construction progress approximately 75%	
Ward based projects: Ward 19,24,29,42 and 43)	12 198 669	4 244 544
COMMENTS	Construction progress approximately 75%	
REMEDIAL ACTION	Project was migrated from ELM to MIG to ensure funding and completion of the roads.	
Ward based projects: Ward 2,17,30 and 32	6 479 301	5 344 729
COMMENTS	Construction progress approximately 50%	
REMEDIAL ACTION	Project was migrated from ELM to MIG to ensure funding and completion of the roads.	
Ward based projects: Ward 37,38,39 and 41)	6 926 820	4 209 071
COMMENTS	Completed	
REMEDIAL ACTION	Project was migrated from ELM to MIG to ensure funding and completion of the roads.	
Ward based projects: Ward 24, 25 and 33)	8 568 292	5 530 712
COMMENTS	Construction progress approximately 85%	

REMEDIAL ACTION	Project was migrated from ELM to MIG to ensure funding and completion of the roads.		
TOTAL		**143 841 421**	**60 230 840**

5.2.4 WASTE MANAGEMENT

5.2.4.1 OVERVIEW

- Daily waste collection and final disposal of refuse in three operational landfill sites and keeping the environment clean.

5.2.4.2 DESCRIPTION

- Daily household and business collections
- Street sweeping in CBD areas
- Litter collections at main roads
- Cleaning of township entrances
- Clearing of illegal dumps
- Operate 4 mini dump transfer stations
- Management of 3 landfill disposal facilities.

5.2.4.3 STRATEGIC OBJECTIVES

- Provide and maintain existing services
- Reduce unemployment through job creation programs
- Extension of services to newly developed areas
- Promote safe, secure and healthy environment
- Revise, promote, implement waste stream reduction methods and enforce by-laws
- Increase capacity to address backlogs: sustainable household collection in informal settlements
- Reduce illegal dumping with support from communities.

5.2.4.4 KEY ISSUES AND PRIORITIES

- Implement shredding of all greens received and create a composting area as part of waste minimization
- Meet the demand of existing and new developments to ensure no new backlogs are created
- Promote safe, secure and healthy environment by compliance with standard and statutory requirements
- Submit licence applications for Boitshepi and the new proposed landfill site.

5.2.4.5 PERFORMANCE INFORMATION

KEY PERFOMANCE INDICATOR		PERFORMANCE TARGET	ACTUAL PERFORMANCE
Implement effective refuse collection system: bin and bag		By June 2011	90.77%
COMMENTS	Variance relating to weekly backlogs experienced in household collection services in all areas and relates to availability of vehicles and labours on any given week and reflect the total score of household collection over the 2010/2011 period with an average of 9% of weekly backlog experienced.		
REMEDIAL ACTION	Fleet establish a strategy to deal with problems of fleet availability on a daily basis and the Waste Department implemented disciplinary actions to deal with unauthorised absence cases.		
Achieve and sustain environmental standards		By June 2011	94.75%
COMMENTS	Permit applications for new and Waldrift Landfill sites submitted 10 January 2011, and permit applications for Boitshepi Landfill site submitted 23 August 2010. Upgrade of mini dump transfer stations at 81.65% completed by 30 June 2011.		
REMEDIAL ACTION	Follow up in terms of outstanding permits indicated that operational permits for both Waldrift and Boitshepi Landfill sites will be issued before 30 December 2011.		
Implement Integrated Waste Management Plan (IWMP)		By June 2011	0%
COMMENTS	No movement in terms of the update of the Integrated Waste Management Plan itself due to no funding available. However an application was submitted via the budget office to utilize Restructuring Grant funding for execution in the 2011/12 financial year.		
REMEDIAL ACTION	Regular meetings with budget office will be arranged to discuss the utilization of the restructuring grant funding.		
Eradicate illegal dumping in urban and rural areas		By June 2011	100%
COMMENTS	This KPI actually relates to the reduction of illegal dumps in the respective wards for the 2010/11 financial year. A total of 110 500 m^3 was submitted as KPI target, and a total of 115 016 m^3 was removed.		
REMEDIAL ACTION	Additional programmes to eradicate illegal dumps in all 45 wards will be put in place for the 2011/2012 financial year.		
Enforce by-laws through appointment of 50 Enforcement Officers		By 2011/12	0%
COMMENTS	The organogram to appoint 50 law officers not approved as yet.		
REMEDIAL ACTION	The proposed organogram will be tabled before Labour forum for approval and budget will be made available at a later stage.		
Develop at least 4 mini dumps / transfer stations equipped with waste separation mechanisms		By June 2011	92.5%
COMMENTS	Completed		
REMEDIAL ACTION	The actual construction has been completed by mid- August 2011 and they are operational		
Extend refuse removal services in all areas		By June 2011	2,419 additions to residential areas

COMMENTS	The additions are for households completed in the 2011/12 financial year and are based on statistics kept by Building Control.		
REMEDIAL ACTION	Regular follow up meetings will be done with Building control section to obtain statistics of new houses in order to provide services to them as well.		
Introduce refuse removal to all existing informal settlements		By June 2011	0%
COMMENTS	Due to financial constraints, 100 day program targeted for 2011/12 financial year only.		
REMEDIAL ACTION	Cooperatives were selected and recommended to start by 1 September 2011 and approval from DMM is still awaited. Meetings to be organised with the DMM to solve the impasse.		
Erect warning signage in all identified hot spots and installation of 4 CCTV cameras in the selected spots		By 2011/12	0%
COMMENTS	No funding provided in the 2010/11 financial year. To erect CCTV cameras in illegal dump hot spots will also simply result in items stolen or vandalized.		
REMEDIAL ACTION	Department will engage communities to guard the neighbourhood in to report culprit to the department for prosecution.		
Formalise and capacitate 350 identified re-claimers in Boitshepi		By June 2011	50%
COMMENTS	Planning Process completed. Repair of fence and practical implementation scheduled for the 2011/12 financial year.		
REMEDIAL ACTION	No other action required.		
Roll out 240 litre bins throughout ELM		Sebokeng By 2010/11, Sharpeville, Bophelong, Boipatong, Boitshepiville By 2011/2012, Vanderbijlpark & Vereeniging By 2012/13 and develop and operate a new general waste site in Millie Farm By June 2011.	0%
COMMENTS	No funding provided in the 2010/11 financial year. Final implementation to be re-aligned in the update of the Integrated Waste Strategy document that is to be aligned with implementation requirements linked to the Waste Act.		
REMEDIAL ACTION	Budget office will be contacted to reallocate funds that were cut as well as to request for additional funding to cover a wider area.		
Finalise licenses for Boitshepi and Waldrift		By June 2011	100%
COMMENTS	Permit applications submitted follow up in terms of outstanding permits indicated that operational permits for both Waldrift and Boitshepi Landfill site will be issued before 30 December 2011.		
REMEDIAL ACTION	Regular meetings with consultant and authorities will be organised for Waldrift landfill.		

Investigate extension of services to rural settlement		By 2011/12	0%
COMMENTS	Due to financial constraints, the 100 days program will be targeted for 2011/12 financial year only.		
REMEDIAL ACTION	All new informal settlements will be catered for on annual.		
Investigate root causes of illegal dumping.		By June 2011	0%
COMMENTS	Due to Municipal elections and the establishment of Environmental Committees, this KPI is scheduled to commence in the 2011/12 financial year as the dedicated inputs of ward councillors is foreseen to achieve any measurement of success. The BontleKeBotho program (2011/12) will also focus on this aspect.		
REMEDIAL ACTION	Department will request office of the Speaker to establish environmental committees in the wards.		
PROJECT NAME		**BUDGET PROVISION - R**	**ACTUAL EXPENDITURE - R**
Establish composting plant (final stage)		3 000 000	2 421 780
COMMENTS	Commitment R 2,421,780.70, expected delivery at end August 2011: funds rolled over		
REMEDIAL ACTION	Department will request office of the Speaker to establish environmental committees in the wards.		
Minor capital		333 333	44 401
COMMENTS	Purchase furniture for the new Assistant Manager		
REMEDIAL ACTION	The office furniture was delivered during June 2011.		
BontlekeBotho		752 661	24 087
COMMENTS	The total amount is trust funds allocated from GDARD towards that collected BontleKeBotho funding since 2009. The funding should be spent on environmental related projects annually that also aligns with establishment of Environmental committees scheduled for the 2011/2012 financial year		
REMEDIAL ACTION	The funds will be used to support environmental projects initiated by environmental committees in the wards.		
Feasibility study: Waldrift		1 585 739	26 140
COMMENTS	Balance requested to be rolled over for new project. This project was registered in the fourth quarter only. The result of National pending the formal request to extend funding for the 2011/2012 financial year pending.		
REMEDIAL ACTION	The funds will be used as recommended to the budget office for improvement of operations in the Waldrift.		
CBD renewal		1 824 806	0
COMMENTS	Balance requested to be rolled over for new project. This project was registered in the fourth quarter only. The result of National pending the formal request to extend funding for the 2011/2012 financial year pending.		
REMEDIAL ACTION	The LED will be approached as follow-up on the utilization of these funds.		
Construct Palm Springs landfill site		42 479	47 480

COMMENTS	The outstanding amount related to completion of negotiations between ELM and City of Johannesburg to transfer portion of land where Palm Springs Landfill site is to be constructed (100% completed)		
REMEDIAL ACTION	The adjudication and awarding of tenders will be completed before the end of the second quarter of the 2011/12		
Upgrade existing mini dumps / transfer stations		8 300 000	4 431 688
COMMENTS	The actual tenders awarded for construction was for a total amount of R5 303 333. This tender for construction also commenced during the last week of January 2011 only due to CLO's that was appointed after the recess and 81,65% completed by 30 June 2011.		
REMEDIAL ACTION	Construction of 4 mini dumps to be completed by July 2011.		
Develop new general landfill site		198 752	198 752
COMMENTS	The permit application was submitted and is still pending.		
REMEDIAL ACTION	Regular meetings with Provincial department on the status of the permit application will be arranged.		
Rehabilitate Boitshepi landfill site		76 570	76 570
COMMENTS	The permit for operations to closure was issued during July 2011.		
REMEDIAL ACTION	Follow up in terms of outstanding permits indicated that operational permits for both Waldrift and Boitshepi Landfill sites will be issued before 30 December 2011.		
TOTAL		**16 114 340**	**7 270 898**

5.2.5 FACILITIES MANAGEMENT

5.2.5.1 OVERVIEW

- Maintenance, protection and cleaning of municipal owned facilities.

5.2.5.2 DESCRIPTION

- Receive and process works orders.
- Maintaining all Municipality facilities
- Contract Management of the security contract
- Cleaning of Municipal facilities

5.2.5.3 STRATEGIC OBJECTIVES

- Implement a holistic facilities management programme
- Protect and safe guard municipal employees and assets
- Hygienic and clean facilities
- Ensure user friendly, practical and OHS act compliant working conditions for ELM

5.2.5.4 PERFORMANCE INFORMATION

KEY PERFORMANCE INDICATOR		PERFORMANCE TARGET	ACTUAL PERFORMANCE
Refurbishment of three municipal offices		By 2011/12	Specifications drafted
COMMENTS	No budget was allocated to the project		
REMEDIAL ACTION	The refurbishment project has been broken down to smaller components like lifts, parking etc. These will be executed independently and reported as such. Budget has been provided for in adjustment for 2010/11 financial year.		
Installation of cooling system in municipal owned facilities		By 2011/12	Specifications drafted
COMMENTS	No budget was allocated to the project		
REMEDIAL ACTION	Budget has been requested but not confirmed for the new financial year in order to improve working conditions		
Provision of resources		By 2011/12	Needs analysis completed
COMMENTS	No budget was allocated to the project		
REMEDIAL ACTION	The resource project has been broken down to smaller components and they are being catered for in the operational budget due to cash flow constraints. The need to procure all the required equipment is still there and will be dealt with as the cash flow situation improves.		

5.2.6 WATER AND SANITATION

5.2.6.1 OVERVIEW

- Responsible for the metering and distribution of potable water and the collection and conveyance of waste water and the treatment of waste water.

5.2.6.2 DESCRIPTION

- Responsible for the maintenance of the water reticulation system and all costs associated with all the assets including capital projects, augmentation, upgrading, maintenance, insurance, licensing and operational costs.

5.2.6.3 STRATEGIC OBJECTIVES

- To deliver a quality and sustainable water and sanitation service.

5.2.6.4 PERFORMANCE INFORMATION

KEY PERFORMANCE INDICATOR		PERFORMANCE TARGET	ACTUAL PERFORMANCE
Improve access to basic water services from 99% to 100% of households within the urban edge		By June 2011	99%
COMMENTS	No new applications received for basic water supply to Informal Settlements. Installation of additional standpipes in Boiketlong on hold due to pending court case on land ownership.		
REMEDIAL ACTION	Awaiting applications for water supply and outcome of pending court case.		
Improve access to basic water services from 52% to 53% of households outside the urban edge		By June 2011	53%
COMMENTS	Water supply to Malgere & Masmith Agricultural Holdings (outside urban edge) completed as well as upgrades to Vaaloewer water supply system.		
REMEDIAL ACTION	Achieved		
Provide potable water in compliance with SANS 241		By June 2011	100%
COMMENTS	Received Blue drop certification from the Department Water Affairs. Water Affairs supply system drinking water quality performance report.		
REMEDIAL ACTION	Achieved.		
Improve maintenance to water system, network and water meters from 70% to 80%		By June 2011	78%
COMMENTS	None appointment of Critical and hot body vacancies and lack of maintenance material due to budget reduction. Approved positions 194, existing positions filled 114, shortage 80. Water section is currently 59% staffed.		
REMEDIAL ACTION	Advertised and fill critical and hot body vacancies.		

Improve access to basic sanitation service from 99% to 100% of formalised households within the urban edge	By June 2011	99%
COMMENTS	Boiketlong Informal Settlement outstanding, due to pending Court case on land ownership – therefore this constitutes 1% that was not achieved.	
REMEDIAL ACTION	Awaiting Boiketlong to be proclaimed as formal settlement.	
Improve access to water borne sanitation service from 0% to 1% of households outside the urban edge	By June 2011	0.85%
COMMENTS	No further applications received.	
REMEDIAL ACTION	Awaiting applications for sewer supply.	
Improve maintenance to sanitation network and pump stations from 70% to 80%	By June 2011	78%
COMMENTS	Maintenance section staffed at 54%, Asset increase by 17%. No overtime and personnel shortage. Percentage achieved 85%	
REMEDIAL ACTION	Advertised and fill critical and hot body vacancies.	
Improve waste water treatment service from 85% to 90% compliance with licence requirements	By June 2011	94%
COMMENTS	This was achieved due to Rand Water SLA.	
REMEDIAL ACTION	Achieved.	
Improve electrical, mechanical and instrumentation maintenance to water and sanitation system from 75% to 93%	By June 2011	83%
COMMENTS	Personnel shortage, moratorium on overtime. Allocate more personnel from Rand Water	
REMEDIAL ACTION	Advertised and fill critical and hot body vacancies in line with the shift system as per DWA compliance requirement.	
Improve customer care service from 70% to 90%	By June 2011	85%
COMMENTS	Call centre 30% established, public meetings convened during the day were poorly, schools programme interrupted by teachers strike.	
REMEDIAL ACTION	Call centre establishment has been centralized; public meetings scheduled have been converted from day time to after hours; schools programme scheduled for the first two quarters of the year.	
Improve water and sanitation infrastructure and asset register from 20% to 30%	By June 2011	100% of the target achieved
COMMENTS	Achieved	
REMEDIAL ACTION	Achieved	
100% households on registered even with access to sanitation within urban edge	By June 2011	100%
COMMENTS	Achieved	
REMEDIAL ACTION	Achieved	

PROJECT NAME		BUDGET PROVISION - R	ACTUAL EXPENDITURE - R
Minor capital		333 333	175 346 Achieved
COMMENTS	Achieved.		
REMEDIAL ACTION	Funds were not committed on Venus System, but orders were issued.		
Water Services Development Plan		150 000	Achieved
COMMENTS	Completed by A recon on DWA appointment		
REMEDIAL ACTION	WSDP 09/10 completed by A recon via the DWAF appointment. Funds budgeted by ELM therefore not spend due to the fact that the service was rendered and paid for by DWAF.		
Install water meters on unmetered stands		2 485 473	0
COMMENTS	On 2009/10 budget, tender delayed for Palm Springs. ELM allocation was not available.		
REMEDIAL ACTION	Tender document for installation of water meters to areas without water meters to be completed by end Sept'11.		
Regional bulk sewer scheme		1 564 592	1 109 704
COMMENTS	On 2009/10 budget, was spent through repairs WWTW, pump station contract.		
REMEDIAL ACTION	The balance is planned to be spent on cleaning of Digesters.		
Install and replace water meters		5 500 000	276 343
COMMENTS	Spent on meter audit, wait for Palm Springs tender		
REMEDIAL ACTION	Water Meter Audit and replacement project. Slow progress by service provider. Measures have been implemented to address slow progress in new financial year. Scheduled commencement mid- September . 7day Quotation documents for replacement of faulty/broken water meter to be completed by 2011/12. Palm Springs Tender awarded. Contractor to commence in Sept'11		
Water Services Development Plan		300 000	0
COMMENTS	Completed by A recon on DWA appointment		
REMEDIAL ACTION	WSDP 10/11 completed by A recon via the DWAF appointment. Funds budgeted by ELM therefore not spend due to the fact that the service was rendered and paid for by DWAF.		
Basic water supply to agricultural holdings		1 000 000	146 651
COMMENTS	All applications received were completed, but project could not be completed because of unavailability of funds		
REMEDIAL ACTION	MIG funding applied for to extend water infrastructure to Agricultural Holdings.		
Water supply to agricultural holdings		2 000 000	1 199 344
COMMENTS	All applications received were completed, but project could not be completed because of unavailability of funds		

REMEDIAL ACTION	MIG funding applied for to extend water infrastructure to Agricultural Holdings.		
Construct15 ML reservoir: Quaggastroom		17 000 000	10 238 016
COMMENTS	To be completed during August 2011		
REMEDIAL ACTION	Contract not completed. Will be finalized at end of August 2011.		
Construct Sebokeng sewer pump station		28 100 505	20 134 612
COMMENTS	Awaiting Eskom Connection		
REMEDIAL ACTION	To be completed during 2011/12 due to the delay with Eskom		
Rehabilitate water and sewer infrastructure		205 152	Not Achieved
COMMENTS	Project could not be completed due to unavailability of funds.		
REMEDIAL ACTION	MIG funding applied.		
Investigate sanitation in Malkgere, Masmith, and Ramusukula		2 700 000	1 774 766
COMMENTS	On investigation of provision of sanitation it was realized that sanitation to the area could not be supplied at present. Project was therefore not implemented.		
REMEDIAL ACTION	Funds were re-allocated to purchase telemetry system.		
Water ingress into sanitation system.		2 000 000	896 228
COMMENTS	Completed Phase 1. Project could not be completed due to unavailability of funds.		
REMEDIAL ACTION	Applied for funding from MIG for implementation of Phase 2.		
Basic sewer supply to ELM		2 500 000	916 801
COMMENTS	Project could not be completed due to unavailability of funds.		
REMEDIAL ACTION	Applied for funding from MIG.		
Upgrade water and sewer infrastructure		500 000	Not achieved
COMMENTS	Project could not be completed due to unavailability of funds.		
REMEDIAL ACTION	Applied for funding from MIG.		
Upgrade sewer infrastructure		500 000	443 247 Achieved
COMMENTS	Achieved.		
REMEDIAL ACTION	Achieved.		
Regional Sanitation Scheme		9 644 292	9 504 733
COMMENTS	Funds used for Rand Water Management contract which was part of the RSS.		

REMEDIAL ACTION	Achieved		
Establish call centre		332 573	Not Achieved
COMMENTS	Project was discontinued pending centralization of the call centre		
REMEDIAL ACTION	Awaiting further instructions regarding the central call centre from ELM management		
TOTAL		**76 815 920**	**38 100 695**

5.3 CORPORATE SERVICES

5.3.1 COMMUNICATION

5.3.1.1 OVERVIEW

- Provide marketing, communication and branding service
- Support departments to promote their projects and programs
- Responsible for improving the image of ELM to both internal and external stakeholders.

5.3.1.2 DESCRIPTION

- Provide media relations, events management support, branding, speech writing services, advertising and media marketing and promotion
- Internal and external communication support.

5.3.1.3 STRATEGIC OBJECTIVES

- To promote the culture of effective communication in ELM.

5.3.1.4 KEY ISSUES AND PRIORITIES

- Popularising the budget and support for IDP participation processes
- Speeding up service delivery to communities
- Anti-corruption and fraud
- Revenue enhancement campaigns
- Support for strategic events such as the Vaal River Carnival, Human Rights Month, and calendar events as per government program
- Improving relations with the media
- Website content management and development of an intranet for ELM.

5.3.1.5 PERFORMANCE INFORMATION

KEY PERFORMANCE INDICATOR		PERFORMANCE TARGET	ACTUAL PERFORMANCE
Branding and marketing of all scheduled events using all forms of media		By June 2011	Achieved
COMMENTS	The Department supported various events through branding and marketing including the Vaal River Carnival (9 August to October 2010), IDP and Budget (May 2011), Revenue Enhancement Campaign (February 2011), Safety campaigns, Launches e.g. Evaton Fire Station, Electrical Substations, Electrification of Tshepong, Mandela Day and Women's Month etc.		
REMEDIAL ACTION			
Submit monthly media analysis reports		Monthly	Achieved
COMMENTS	11 monthly reports on media coverage were done until May 2011.		
REMEDIAL ACTION	One report was not submitted due to challenges faced by the department during the course of the year. However, the situation will be addressed in the financial year 2011/12.		
Accelerate internal and external communication through monthly and quarterly newsletters and other communication media		By June 2011	Achieved
COMMENTS	Over 10 editions of the internal monthly newsletters were produced (2000 per edition). Over 3 editions of quarterly newsletters were produced (10000 copies per edition)		
REMEDIAL ACTION	There are challenges of content from departments. However, the situation will be corrected during the financial year 2011/12 by ensuring that the relations are improved interdepartmentally.		

5.3.2 HUMAN RESOURCES

5.3.2.1 OVERVIEW

- Provision of service delivery focused human resources function.

5.3.2.2 DESCRIPTION

- Implementation of training and development, labour relations and personnel administration services.

5.3.2.3 STRATEGIC OBJECTIVES

- Improved system and human resources development.

5.3.2.4 KEY ISSUES AND PRIORITIES

- Filling of critical vacancies
- Staff development
- Development of electronic human resources system.

5.3.2.5 PERFORMANCE INFORMATION

KEY PERFORMANCE INDICATOR		PERFORMANCE TARGET	ACTUAL PERFORMANCE
Recruit employees and administer benefits as per request from clusters		Monthly	Achieved
COMMENTS	Processing of requests and follow up done within three days		
REMEDIAL ACTION			
Accelerate resolution of internal labour related matters		Monthly	Achieved
COMMENTS	Grievances handled centrally by HR were 5 as compared to 14 in the 2009/10 financial year. Disciplinary matters handled were 21 finalized out of 43 reported.		
REMEDIAL ACTION	Unresolved disputes will be dealt with in the first quarter of the financial year 2011/12.		
Develop an accurate and comprehensive Workplace Skills Plan		By June 2011	Achieved
COMMENTS	Workplace Skills Plan and Annual Training Report submitted on 30 June 2011		
REMEDIAL ACTION			

5.3.3 INFORMATION TECHNOLOGY

5.3.3.1 OVERVIEW

- To render effective and efficient IT solutions and backup services to all users.

5.3.3.2 PERFORMANCE INFORMATION

KEY PERFORMANCE INDICATOR		PERFORMANCE TARGET	ACTUAL PERFORMANCE
Facilitate quarterly meetings of a representative IT Steering Committee		Quarterly	One meeting held during the 1st Quarter.
COMMENTS	The IT Steering Committee was functional and had the first meeting in February 2011. A subsequent meeting was scheduled for 30 June 2011and agendas and notices issued but the meeting could not proceed as there was no quorum.		
REMEDIAL ACTION	Schedule of meetings will be adopted in financial year 2011/12.		
Implement Disaster Recovery Plans		Monthly	Disaster Recovery Plans implemented as per planned activities.
COMMENTS	Plans are implemented and performed on scheduled basis		
REMEDIAL ACTION			
PROJECT NAME		**BUDGET PROVISION - R**	**ACTUAL EXPENDITURE - R**
Computer Hardware		2 073 237	2 156 698
COMMENTS	All requests for new hardware have been completed.		
REMEDIAL ACTION			
Expansion to Wide Area Network		100 000	69 868
COMMENTS	All requests for extension to WAN have been completed.		
REMEDIAL ACTION			
TOTAL		**2 173 237**	**2 126 566**

5.3.4 LEGAL SERVICE

5.3.4.1 OVERVIEW

- To render legal support to the various clusters.

5.3.4.2 DESCRIPTION

- To ensure good governance through legislative compliance
- Management of the litigation process by and against the ELM
- Contract management.

5.3.4.3 STRATEGIC OBJECTIVES

- To promote good governance, institutional capacity and public participation.

5.3.4.4 KEY ISSUES AND PRIORITIES

- Adoption of by-laws.

5.3.4.5 PERFORMANCE INFORMATION

KEY PERFORMANCE INDICATOR		PERFORMANCE TARGET	ACTUAL PERFORMANCE
Advise on all legal matters as per requests from clusters		Monthly	Legal advice was given as per requests received
COMMENTS	Legal advice is given as and when requested		
REMEDIAL ACTION			
Drafting of all legal contracts and reduction of contract disputes by 10% per annum		By June 2011	Partially achieved
COMMENTS	92 contracts drafted. No evidence for the 10% reduction of contract disputes.		
REMEDIAL ACTION	The 2010/11 disputes will be used as a baseline for financial year 2011/12		
Ensure 80% compliance with legislative requirements of the Promotion of Access to Information Act		By June 2011	Achieved

COMMENTS	Section 14 manual and its register drafted and approved by Council (31 March 2011) Form D drafted and approved. (31 March 2011) (Form A drafted and approved. (31 March 2011. Form B drafted and approved (31 March 2011) Municipal Manager appointed as the Information Officer (31 March 2011) Deputy Municipal Manager: Corporate Services appointed as the Deputy Information Officer. Section 14 manual submitted to the Gauteng Department of Local Government together with the 1998 Delegation of Authority as well as to the Human Rights Commission. Section 32 report (request received from the public between March/April of every year) submitted to the Human Rights Commission. Quotations for the promulgation of the section 14 manual requested from the Government Printers. It can be said that over 90% of the work has been done
REMEDIAL ACTION	The section 14 manual approved by council must be promulgated in the Government Gazette and due to lack of funds promulgation will be done during 2011/2012 financial year. None promulgation does not preclude the municipality from giving information as requested by the public.

5.3.5 ORGANISATIONAL DEVELOPMENT

5.3.5.1 OVERVIEW

- To provide diagnostic services and organizational development interventions.

5.3.5.2 STRATEGIC OBJECTIVES

- To ensure good governance and institutional capacity, transformation and organizational development
- To promote a healthy and safe working environment for all employees
- To promote work-life balance.

5.3.5.3 KEY ISSUES AND PRIORITIES

- To ensure implementation of the EAP
- To ensure alignment of the organogram to the strategic objectives.

5.3.5.4 PERFORMANCE INFORMATION

KEY PERFORMANCE INDICATOR		PERFORMANCE TARGET	ACTUAL PERFORMANCE
Implement at least one major employee wellness program per quarter		Quarterly	Achieved
COMMENTS	Implemented 3 employee wellness programs (HIV Counselling & Testing – monthly); Substance abuse Awareness Sessions (February 2011); Shop steward Training on EAP (August 2010); Financial Management Workshops (2011) and HR/OD awareness workshops (2011)		
REMEDIAL ACTION			
Quarterly assessment of occupational health and safety compliance		Quarterly	Achieved
COMMENTS	Quarterly assessments done through: • Mandatory Agreements • Monthly safety inspection reports • Injury on Duty reports • Central Safety Committee meetings		
REMEDIAL ACTION			
Compile standard operating procedures for all clusters		By June 2011	Drafted SOP for Creditors Department only
COMMENTS	Could not compile SOPs do for all clusters due to lack of capacity		
REMEDIAL ACTION	More specialists will be appointed by the end of the second quarter of 2011/12 to assist in drafting the SOP's.		

Finalize 100% of all job descriptions		By June 2011	Managed to finalize 60% of job descriptions.
COMMENTS	Departments have been requested more than once to submit their job descriptions and they have only submitted the 60%		
REMEDIAL ACTION	The project has been included to form part of the 100 days programme ending in September 2011		

5.3.6 SECRETARIAT AND ADMINISTRATION

5.3.6.1 OVERVIEW

- To render an effective support service to the Municipal Council and all its committees, all departments of Council as well as the community.

5.3.6.2 DESCRIPTION

- The department mainly administers all meetings of Council and its committees
- Co-ordinates all reports
- Keeps safe and updates Delegations of Authority and Policy Register
- Tracks and follows up on resolutions
- Provides a central archive and registry service in terms of the Archives Act
- Maintains and facilitates switchboard service
- Safekeeping of contracts and agreements
- Avail information to external stakeholders in terms of the Public Access to Information Act

5.3.6.3 STRATEGIC OBJECTIVES

- To promote good governance, institutional capacity and public participation.

5.3.6.4 KEY ISSUES AND PRIORITIES

- Upgrade storage for records
- Integrated document management system
- Council resolutions implemented
- Upgrading of telephone system.

5.3.6.5 PERFORMANCE INFORMATION

KEY PERFORMANCE INDICATOR		PERFORMANCE TARGET	ACTUAL PERFORMANCE
Compilation and distribution of agendas, minutes and action lists of all scheduled meetings of Council and its committees		Monthly	Achieved
COMMENTS	All agendas, minutes and action lists compiled and distributed, the 72 hours turnaround time was met by 67%		
REMEDIAL ACTION			
Archiving, record-keeping and distribution of mail as per requests from clusters.		Monthly	Achieved
COMMENTS	All mail received from clusters archived, filed and distributed. 2537 documents were archived and were compliant to the National Archives Act (No 43) of 1996		
REMEDIAL ACTION			
Manage and maintain telecommunication services		Monthly	Achieved
COMMENTS	Telecommunication services managed though : • Issuing of telephone codes • Reporting of faults • Opening and closing of telephone lines • Updating internal telephone directory A total number of 393 telephone faults were reported to the telephony service provider and were resolved. The turnaround times in attending to these ranged from within 24 hours up to 5 days, depending on the nature of the fault.		
REMEDIAL ACTION			

5.4 ECONOMIC DEVELOPMENT PLANNING

5.4.1 BUILDING CONTROL

5.4.1.1 OVERVIEW

- To promote and enforce a safe and healthy construction environment.

5.4.1.2 PERFORMANCE INFORMATION

KEY PERFORMANCE INDICATOR		PERFORMANCE TARGET	ACTUAL PERFORMANCE
Consider 90% of all applications for approval of building plans received		By June 2011	92,65% (average)
COMMENTS	Target achieved		
REMEDIAL ACTION	Continuous monitoring to ensure compliance in achieving the target		
Implementation of Risk Management Strategy		By June 2011	Risk Register drafted
COMMENTS	Draft Risk Register implemented		
REMEDIAL ACTION	Draft Register will be submitted for approval during the next financial year		
Spent 100% of operational budget		By June 2011	98%
COMMENTS	The target has been achieved		
REMEDIAL ACTION	Continuous monitoring to ensure compliance with reaching the target		
Minor capital		By June 2011	0%
COMMENTS	No funds allocated		
REMEDIAL ACTION	Request for funds will be submitted in the next budget cycle to provide minor capital items in order to improve service delivery		

5.4.2 HOUSING MANAGEMENT

5.4.2.1 OVERVIEW

- Facilitation of housing projects and leasing of low cost housing rental units (Council owned stock).

5.4.2.2 DESCRIPTION

- Facilitate housing projects (including Retro Program to transfer rental units to tenants) and leasing of Council owned stock.

5.4.2.3 STRATEGIC OBJECTIVES

- Sustainable housing developments

5.4.2.4 KEY ISSUES AND PRIORITIES

- Eradication of informal settlements and developing of sustainable communities.

5.4.2.5 PERFORMANCE INFORMATION

KEY PERFORMANCE INDICATOR		PERFORMANCE TARGET	ACTUAL PERFORMANCE
Complete strategy on land invasions and informal settlements by-laws		By June 2012	50%completed
COMMENTS	The strategy on land Invasions and informal settlement by-laws has been drafted. The strategy will be tabled during 2011/12 financial year for Council approval.		
REMEDIAL ACTION	• Ensure report finalisation for approval and implementation • Close liaison with Gauteng Department of Local Government & Housing • Close monitoring of infiltration of new informal settlements		
Complete strategy on rural housing development		By June 2012	50% completed
COMMENTS	The strategy on rural housing has been drafted. The strategy will be tabled during 2011/12 financial year for Council approval.		
REMEDIAL ACTION	• Ensure report finalisation for approval and implementation • Close liaison with Gauteng Department of Local Government & Housing		
Tenant legal issues resolved at Kwa-Masiza Hostel		By June 2012	Not achieved
COMMENTS	• Legal Department in process to finalise Kwa-Masiza Hostel • Issues been addressed with different service delivery departments and GDLG&H to addressed the interim solution in the provision of basic services. • Close liaison with Gauteng Department of Local Government & Housing to ensure coordination and integration of actions		

REMEDIAL ACTION	Meetings are held with regard to looking at the interim basic services that can be provided such as water and sanitation provision.		
Develop and complete a policy on rental housing		By June 2012	50% completed
COMMENTS	The Rental Housing by-laws Policy has been drafted. The policy will be tabled during 2011/12 financial year for Council approval.		
REMEDIAL ACTION	Ensure finalisation of report and approval by Council for implementation		
Transfer of rental stock		By December 2012	In process
COMMENTS	Progress has been made on the transfer of 400 title deeds during 2010/11 financial year		
REMEDIAL ACTION	Regular meetings with Gauteng Department of Local Government and Housing will be arranged to assist with the transfer process for the remaining title deeds		
Development of Risk Management Strategy		By June 2012	Achieved
COMMENTS	Risk registers was compiled, under review and to be revised		
REMEDIAL ACTION	Continuous monitoring and implementation to ensure minimum risk exposure		
Effective financial management and budget control		By June 2012	Achieved
COMMENTS	Budget is closely monitored, and variance reports are submitted on a monthly basis		
REMEDIAL ACTION	Deviation approvals will be secured before actual engagements with service providers		
Minor capital		By June 2012	Achieved
COMMENTS	Budget is closely monitored, and variance reports are submitted on a monthly basis.		
REMEDIAL ACTION	Management monitoring and evaluation to comply with supply chain management compliance		

5.4.3 LAND USE MANAGEMENT

5.4.3.1 DESCRIPTION

- Optimal spatial development in the Emfuleni municipal area.

5.4.3.2 STRATEGIC OBJECTIVES

- To promote optimal spatial development in order to provide an environment for living, working, recreation and training.

5.4.3.3 PERFORMANCE INFORMATION

KEY PERFORMANCE INDICATOR		PERFORMANCE TARGET	ACTUAL PERFORMANCE
Opening of township registers		By June 2011	Tender to be re-advertised
COMMENTS	The project to appoint a service provider for the opening of township register was deferred to the 2011/12 financial year as a result of conditions for contracting not been agreed to between Emfuleni and the Service provider. This project was canned for implementation in 2011/12 financial year.		
REMEDIAL ACTION	Project to be continued in 2011/12 financial year		
Review and update of the Emfuleni Spatial Development Framework		By June 2012	Consultant appointed
COMMENTS	Service providers have been appointed for the review and update of the SDF. The project is 40% complete.		
REMEDIAL ACTION	Close monitoring to ensure finalisation within the timeframe and complying with conditions of appointment		
PROJECT CODE		**BUDGET PROVISION - R**	**ACTUAL EXPENDITURE (R)**
Development of GIS		300 000.00	0
COMMENTS	SITA has been appointed to assist with the development of the GIS and to date all cadastral data has been transferred to the GIS server. The second stage will involve the following:		
REMEDIAL ACTION	Close monitoring to ensure finalisation within the time-frame and complying with conditions of appointment		

5.4.4 LOCAL ECONOMIC DEVELOPMENT AND TOURISM

5.4.4.1 OVERVIEW

A. LOCAL ECONOMIC DEVELOPMENT PLANNING

- To manage, develop and promote business
- To develop business growth and retention in Emfuleni area by formulating and implementing development and growth programs
- To ensure sustainable business
- To create employment opportunities for local residents alleviated poverty and redistribute resources and opportunities to support and develop the local economy.

B. TOURISM

- To manage, develop, promote and market tourism in Emfuleni area by formulating and implementing tourism development programs
- To ensure sustainable and responsible tourism products to support and develop the local economy.

5.4.4.2 DESCRIPTION

A. LOCAL ECONOMIC DEVELOPMENT

- Development of informal trading areas in Emfuleni
- Establishment of Sectoral Business Forums
- Implementation of well controlled permit systems
- Development and implementation of LED strategy
- Assistance with the establishment of SMMEs and Co-operatives
- Establishment of Public-Private-Partnerships and Co-operatives
- Development of comprehensive databases for SMMEs.

B. TOURISM

- Participate in stakeholder meetings
- Identify capacity building need of local government, emergent and existing product owners and facilities
- Facilitate accreditation, registration and quality assurance
- Facilitate meetings
- Maintaining and upgrading of a comprehensive database of all tourism enterprises
- Maintain a tourism information centre to provide information
- Facilitate communication and serve as basic function in targeted areas
- Develop print or electronic publications that will provide information to visitors and public

- Facilitate tourism packages and tours
- Manage and implement the tourism signage policy
- Facilitate SMME's
- Liaise with land use management to ensure a spatial development framework (SDF) that incorporates a tourism land use management plan
- Increase tourism spending in the area.

5.4.4.3 STRATEGIC OBJECTIVES

- To achieve sustainable financial viability
- To ensure social and economic development
- To ensure good governance and institutional capacity.

5.4.4.4 KEY ISSUES AND PRIORITIES

A. LOCAL ECONOMIC DEVELOPMENT

- Finalisation on the functional organogram
- The appointment of personnel in vacant positions
- Review and finalisation of outstanding policies and by-laws.

B. TOURISM

- To develop the full potential of an integrated comprehensive electronic tourism database
- Internet connections to fulfil the needs of visitors in the area
- To implement tourism signage policy
- The development of a comprehensive marketing brochure and DVD to ensure maximum publicity at exhibitions and other areas.

5.4.4.5 PERFORMANCE INFORMATION

KEY PERFORMANCE INDICATOR		PERFORMANCE TARGET	ACTUAL PERFORMANCE
Implement LED Strategy		By 2011/12	2 workshops
COMMENTS	The LED strategy was presented to Council at a policy workshop, however it was recommended that for the strategy to be approved it should incorporate additional information from the Spatial Development Framework, Infrastructure Master Plan and Development Incentives.		
REMEDIAL ACTION	• Supporting the finalisation of the Spatial Development Framework as well as the Development Incentives reports • Close liaison with Gauteng Department of Economic Development in sourcing additional funds for LED strategy review as well as various projects implementation		
		By June 2011	

COMMENTS			
REMEDIAL ACTION			
Continue with the promotion of Vereeniging CBD Urban Development Zone tax incentive.		By June 2014	In progress
COMMENTS	• This is an ongoing project and it will end in March 2014. • During the 2010/11 financial year a total of 5 applications were received and 5 location certificates issued. • The value of investment generated by the tax incentives was R6.3 million in 2010/11 financial year.		
REMEDIAL ACTION	Continuous promotion and marketing of the urban development zones tax		
Renew Vanderbijlpark CBD		By 2011/12	Incentive policy drafted
COMMENTS	To be addressed by the new investment policy and investment scheme that will attract investment within the Vanderbijlpark CBD.		
REMEDIAL ACTION	Special incentive programme be developed to attract investment and encourage job creation		
Develop Precincts and Business Hub Plans		By 2011/12	Achieved
COMMENTS	Business plans were developed and finalised and submitted to Sedibeng District Municipality for approval by the National Treasury The submitted business plans are part of the Neighbourhood Development Partnership Grant for the renewal of precinct and business hubs which is in the region of R250 million.		
REMEDIAL ACTION	Emfuleni is part of the Sedibeng Task team in managing the project and implementation will start as soon as National Treasury allocations has been made		
Enhance relations with local business sector		By June 2011	Achieved
COMMENTS	Sector forums were established		
REMEDIAL ACTION	Achieved and continuous contact		
		By June 2011	Achieved
COMMENTS			
REMEDIAL ACTION			
Implement Tourism Development Strategy		By June 2011	Achieved
COMMENTS	Tourism Strategy is implemented and being aligned with the LED Strategy		
REMEDIAL ACTION	Continued participation in Emfuleni Tourism Association and Sedibeng Regional Tourism Organisation's activities in attraction of investment in development areas will be encouraged and promoted		
Review by-laws governing informal trading		By June 2011	Informal Trading Policy developed
COMMENTS	By-laws have not yet been reviewed as the Informal Trading Policy is in the process of being developed		

REMEDIAL ACTION	Support will be provided in assisting the finalisation of the by-laws		
Facilitation and support for agricultural development programs		By June 2011	Achieved
COMMENTS	Facilitation and support for agricultural programs continue.		
REMEDIAL ACTION	• Agricultural plan/strategy developed. • Establishment of an agricultural section to be motivated. • Close liaison with Gauteng Department of Economic Development in sourcing additional funds and support		
Empower co-operatives to take over management function of hydroponics projects		By June 2011	Terms of Reference developed
COMMENTS	Terms of reference were drafted where after funds were withdrawn in December 2011		
REMEDIAL ACTION	• External funds will be sourced to fund this project • Close liaison with Gauteng Department of Economic Development in sourcing additional funds and support		
Finalize the River Front Development Plan		By June 2011	Not achieved
COMMENTS	Finalisation is still being attended to.		
REMEDIAL ACTION	• The project is currently not being implemented due to a lack of private sector implementation. • Legal actions will determine progress		
Implement Advertising Strategy		By June 2011	Achieved
COMMENTS	By-laws are still being reviewed		
REMEDIAL ACTION	Support will be provided to finalise the process		
Resolve the Vaal Show Ground lease		By June 2011	Not achieved
COMMENTS	The parties are still engaged in court procedures		
REMEDIAL ACTION	Finalisation of the land ownership between SDM and ELM will be secured which will determine the way forward		
Create 20 000 jobs through LED initiative and EPWP		By 2011/12	Report developed
COMMENTS	EPWP funds will be allocated in 2011/12 financial year to implement it.		
REMEDIAL ACTION	Funds will be secured in order to follow the supply chain management process for implementation		
Implement risk management strategy		By June 2011	Achieved
COMMENTS	Risks were identified, risk register compiled, monitored and implemented		
REMEDIAL ACTION	Continuous monitoring and implementation to ensure minimum risk exposure		

Effective financial management and budget controls		By June 2011	Budget closely monitored
COMMENTS	Was successfully implemented and monitored		
REMEDIAL ACTION	Seeking external funding in support of internal funds to implement job creation projects		

5.4.5 PROPERTY MANAGEMENT

5.4.5.1 OVERVIEW

- Managing of Council owned fixed assets.

5.4.5.2 DESCRIPTION

- Facilitation of lease and sale application and managing of Council fixed assets.

5.4.5.3 STRATEGIC OBJECTIVES

- To facilitate applications of the sale and lease of Council property, excluding residential properties.

5.4.5.4 PERFORMANCE INFORMATION

KEY PERFORMANCE INDICATOR		PERFORMANCE TARGET	ACTUAL PERFORMANCE
Approved Land Disposal Strategy		By June 2011	Approved in March 2011
COMMENTS	Target achieved well within target date		
REMEDIAL ACTION	Done and finalised		
Finalize 90% of all renewable lease agreements		By June 2011	Total for year 55%
COMMENTS	Staff experienced difficulty in implementing new lease agreements due to new contract conditions of higher lease amounts, escalation clauses and shorter lease periods.		
REMEDIAL ACTION	Capacitating human resources will improves efficiency in dealing with backlogs on lease agreements		
Approved policy on disposal of businesses		By June 2011	Pending lifting of moratorium on sale of land
COMMENTS	Lifting of moratorium on sale of land for businesses, churches and crèches		
REMEDIAL ACTION	Implementation underway for selling of identified land through the Supply Chain Management processes		
Implement Risk Management Strategy		By June 2011	Implemented. Monitoring and updating
COMMENTS	Risks were identified, risk register compiled, monitored and implemented		
REMEDIAL ACTION	Continuous monitoring and implementation to ensure minimum risk exposure		
Effective financial management and budget control		By June 2011	Expenditure 99%

COMMENTS	Close management and controlling expenditures within targets		
REMEDIAL ACTION	Continuous monitoring to operate within targets		
Consider 90% of all lease applications		By June 2011	Finalized within 3 to 6 months
COMMENTS	Targets were achieved within the bench marks		
REMEDIAL ACTION	Continuous monitoring to operate within targets		
Building of internal capacity by filling of critical vacancies		By June 2011	Advertised but not yet filled
COMMENTS	Request for additional funding submitted during budget process		
REMEDIAL ACTION	Short listing and interviews will be finalised and appointments be done urgently		
PROJECT NAME		**BUDGET PROVISION - R**	**ACTUAL EXPENDITURE (R)**
Minor capital		600 000	
COMMENTS	Due to financial savings measures no funds were allocated		
REMEDIAL ACTION	Application for minor capital funds will be submitted during the next stage of the budget process		

5.5 FINANCIAL SERVICES

5.5.1 KEY ISSUES AND PRIORITIES

- Budget Office: compliance with MFMA in respect of the budget process
- Revenue Management: correct accounts sent on time to customers, and completion of the valuation roll
- Debt Collection: collection of debt and continuous updating of the indigent register
- Expenditure Management: Payment of known creditors within 30 days of invoice/statement. Payment of salaries and wages monthly.
- Financial Control: timeous compilation of the annual financial statements and implementation of action plan to address the audit queries of the Auditor General
- Supply Chain Management: efficient and effective supply chain management process. Achieve value for money and promote BBBEE through the procurement process.

5.5.2 PERFORMANCE INFORMATION

KEY PERFORMANCE INDICATOR		PERFORMANCE TARGET	ACTUAL PERFORMANCE
Explore alternative options for water meter readings including considering using different service providers in different areas		By June 2011	All procedures completed, and the evaluation and adjudication process to be completed.
COMMENTS	Both processes have been attended to. Smart metering proposals to be evaluated based on presentations still to be made and a final decision to be made. This is expected to take six months to one year hence the appointment of the meter reading company to continue with conventional meter reading in the meantime. Scope of tender extended to include smart metering for water meters.		
REMEDIAL ACTION			
Current account collection to be improved to 90%		June 2011 - 80%	73% collection (78% with indigent subsidies)
COMMENTS	Average payment level year-on – year: • Has improved from 73% to 78% • Collections in un-metered areas and townships are still a challenge. • Efforts by Debt Management and also intervention of appointing consultants to assist resulted in significant improvement. • Consideration given to appoint debt collection agents to pursue collection of outstanding debt more vigorously – as a long term solution		
REMEDIAL ACTION			

Analyse debtors' balance into different categories and apply relevant credit control measures to each category	By March 2011	Achieved
COMMENTS	• All debtors are categorized (stratified) and credit control measures applied respectively as per the approved policies. • As part of a National/ Provincial initiative the ELM approved proposals to re-structure the non-performing portion of the debtors' book, which will be implemented in the 2011/12 financial year. Process commenced in the 2010/2011 financial year. • Consultants appointed to accelerate collections -+ R20 million collected.	
REMEDIAL ACTION		
Management of existing debt	By March 2011	Achieved
COMMENTS	• A consulting firm was engaged to accelerate the collection of existing debt. An amount in excess of R20 million was recovered in a short period of time. This was however a short term intervention. The need for debt collection agents to manage and control debt up to 90 days was identified and the process commenced with tender (EOI) being put out for such services. The process will be finalised in the 2011/12 financial year. • As part of the provincial initiative ELM approved the proposals to re-structure the non-performing portion of the debtor's book (90 days+). The process commenced in the 2010/2011 financial year and will be finalised in the 2011/2012 financial year.	
REMEDIAL ACTION		
Legal action where accounts are in arrears	Appointment of consultants to improve revenue - March 2011	Report on collection agents submitted to Section 80 Finance Committee in June 2011
COMMENTS	• Report on collection agents submitted to Council for approval. • Process has commenced in 2010/2011 year and will be finalised in 2011/12 financial year.	
REMEDIAL ACTION		
Procure service provider to cleanse and maintain database	By March 2011	Achieved
COMMENTS	A service provider was appointed to reconcile and collect the "Top 600 debtors" this process included data cleansing.	
REMEDIAL ACTION		

Improve financial controls	By June 2011	Action plan for AG queries formulated for implementation. Audit outcome for 2010/2011 shows further significant improvements from 2009/2010 audit outcome.
COMMENTS	• Adherence to General Ledger Control Framework. • Acquisition of Case ware software to improve financial reporting. • OPCA Steering Committee has been established to ensure proper measures are implemented and control environment is improved.	
REMEDIAL ACTION		
Pay all suppliers / service providers / contractors within 30 days of invoice / statement	For immediate implementation	Target could not be fully achieved due to cash flow situation
COMMENTS	• Due to cash flow challenges, all suppliers could not be paid within the 30 days time-frame • Payments were prioritized in accordance with service delivery considerations and contractual obligations. Payments to SMME's were also given preference.	
REMEDIAL ACTION		
Centralize all invoices from suppliers and service providers at SCM	By 2010/11	Original KPI not practical. Alternative solution implemented
COMMENTS	• Decentralization of the SCM functions for better process flow and improvement in turn-around time.	
REMEDIAL ACTION	• SCM organogram was reviewed for approval.	
Minimize all payments going through as "Sundry Payments".	By June 2011	Not measurable
COMMENTS	• Projects and bulk purchases going through the sundry payments • Rand value increase due to increased costs for bulk purchases and more projects done this year. • Payments for electrical reticulation in Tshepong. (once off payment) • Payment for KwaMasiza. (once off payment) • Security cost R3 million (R1.5 million) per month	
REMEDIAL ACTION		
Implement MFMA reforms and best practice	By 2011/12	Achieved
COMMENTS	• All MFMA reforms and best practices were implemented during the reporting period	

REMEDIAL ACTION			
Compliance with regulatory framework		For immediate implementation	Achieved
COMMENTS	High priority was given to compliance with legislative.		
REMEDIAL ACTION	Internal Material Framework for compliance with legislation was increased from 60% to 100%.		
Monitor budget versus actual expenditure		Monthly and quarterly reporting	Achieved
COMMENTS	• Monthly and quarterly reports were submitted to all departments and clusters for monitoring purposes. • Actual expenditure 70% of budget due to: ▪ Cost cutting measures ▪ Cash flow being under pressure. ▪ Finance being "banker of last resort" for other clusters		
REMEDIAL ACTION			
Establish internal customer care centre to address customer queries		By 2011/12	Partially achieved
COMMENTS	• Staff were trained on customer care and client orientation • Municipal Manager also directly involved in establishing a Revenue Agency which incorporates a fully-fledged and integrated customer care function. • Top structure of the Revenue Agency has been approved by Council • Short listing will be done by the MM		
REMEDIAL ACTION			
Implement additional payment systems/channels, e.g. debit cards, credit cards at pay points		By 2011/12	Target met
COMMENTS	• Credit card payments Implemented at Vereeniging and Vanderbijlpark rates halls • Also traffic fines now payable by various credit cards		
REMEDIAL ACTION			
Implement and promote Batho Pele principles in all departments of finance		Quarterly reviews	Achieved
COMMENTS	Training on customer care was completed and the cluster is embarking on establishing standard operating procedures for internal engagements with other clusters to improve co-operation and expedite services to all stakeholders.		
REMEDIAL ACTION			
Re-negotiate all industrial contracts (1987 and prior)		By 2011/12 - Metsi and Electricity Dept.	Not achieved
COMMENTS	• Negotiations to be done by Electricity and Metsi departments of Basic Services. • Electricity department have already started with the process.		

REMEDIAL ACTION			
Improve contract management of all leases on Council property (liaising with LED)		By June 2011	Achieved
COMMENTS	All lease agreements were captured into the financial system		
REMEDIAL ACTION			
Address matters raised By Auditor General and Internal Audit		By June 2011	100% on AG queries and 80% on Internal Audit queries have been attended to.
COMMENTS	• All matters raised by the AG were attended to and progress report was handed over to Internal Audit for assurance. Internal Audit matters are 80% completed • Significant improvement in addressing matters raised by internal audit compared to previous year.		
REMEDIAL ACTION			
Awareness campaigns on Council policies		Annually	Achieved
COMMENTS	All policies work-shopped and public participation occurred		
REMEDIAL ACTION			
Awareness campaigns throughout the year to encourage people to pay		Annual review of policies and advertisements to public	Achieved
COMMENTS	• Policies were reviewed and public participation processes were done • CFO produced the booklet understanding your Municipal Account which has distributed at Rates Halls and electronically. • Advertisements were put out on policies and receiving of accounts electronically.		
REMEDIAL ACTION			
Extend payment incentives to businesses		By June 2011	Achieved
COMMENTS	The incentive was extended to cater for customers other than households during the 2009/10 reporting period. This was only for a 8 month window period and ended in the 2010/11 financial year.		
REMEDIAL ACTION			
Continue to build capacity		By June 2011	Achieved
COMMENTS	• Workshops, training and seminars relating to finance were presented to enhance technical capacity, while additional staff training on customer care and policies proceeded as well • Addressed filling vacancies at top management, budget manager, and manager financial control. • Debt management: Manager position on hold as top structure of Revenue Agency has been advertised.		

REMEDIAL ACTION			
Review policies and procedures		Annually	Achieved
COMMENTS	• All financial policies were reviewed during the reporting period • Resolution also to stop 50% write off policy to residential households		
REMEDIAL ACTION			
Empowerment of co-operatives via SCM policies		By June 2011	Achieved
COMMENTS	• Workshops were held by LED and SCM • Lead up to tender going out by LED, Post June 54 co-ops registered • SCM mainly acted in an advisory capacity		
REMEDIAL ACTION			
Continuous monitoring of deviations in the procurement process		Quarterly	Achieved
COMMENTS	• Deviation were continuously monitored • Deviations were monitored and reported to Council quarterly • Deviations are not fully under the control of the Finance Cluster • Deviations 2009/2010 156 R7.1 million • Deviations 2010/2011 20 R7.9 million • Deviations now strictly comply with Regulation 36		
REMEDIAL ACTION			
Two adverts per annum to encourage suppliers to register on the Council's database		Twice annually	Achieved
COMMENTS	• Advertisements were published • Responses received updated on the SCM database		
REMEDIAL ACTION			
Workshops with SMME's to explain procurement processes of Council		By 2010/11	Achieved
COMMENTS	Workshops were held by LED and SCM Minutes also at business breakfast Presentation also done by CFO at business breakfast – IDP meeting in September 2011		
REMEDIAL ACTION			
All assets to be insured annually		Annually	Achieved
COMMENTS	Done by 30 June 2011		
REMEDIAL ACTION			
Turn-around times for settlement of claims by insurance companies to be reduced		Quarterly	Partially achieved

COMMENTS	• Insurance section to be transferred to the Risk Management under the Chief Risk Officer upon appointment. • Addressing of the backlogs. Facilitated joint meeting with fleet, Insurance and the Brokers to expedite matters. Situation has improved.		
REMEDIAL ACTION			
Spend 100% of finance capital budget		Annually	Achieved
COMMENTS	• The capex spent for the year was 5.5% • The minor capital budget for the municipality was budgeted for in the finance cluster for better control and management. • Finance was the "banker of last resort" for other clusters in view of the cash flow situation. • Cash flow considerations and cost cutting		
REMEDIAL ACTION			
PROJECT NAME		**BUDGET PROVISION - R**	**ACTUAL EXPENDITURE (R)**
Finance projects		2 480 000	NIL
COMMENTS	Delays by facilities to effect renovations in the finance department		
REMEDIAL ACTION			
Minor capital		1 020 000	302 002
COMMENTS	• The capex spent for the year was 29.6% • The minor capital budget for the municipality was budgeted for in the finance cluster for better control and management. • Finance was the "banker of last resort" for other clusters in view of the cash flow situation.		
REMEDIAL ACTION			
Debt Collection Software		2 000 000	2 000 000+
COMMENTS	Funds committed for Debt Collection was utilised for consultants however the Restructuring Grand Funds have been withdrawn by National Treasury before payment could be made from the Restructuring Grant.		
REMEDIAL ACTION			
TOTAL		**5 500 000**	**0**

5.6 MUNICIPAL MANAGER

5.6.1 ADMINISTRATION

5.6.1.1 PERFORMANCE INFORMATION

KEY PERFORMANCE INDICATOR		PERFORMANCE TARGET	ACTUAL PERFORMANCE
Appointment of effective, efficient and transparent internal audit system operating according to the prescribed standards		Internal audit reports	Achieved
COMMENTS	Internal Audit function is fully operational. Audit Committee appointed to facilitate oversight role; Chief Audit Executive appointed; 3 year risked based audit plan was developed.		
REMEDIAL ACTION	None		
Ensure that IT systems are operating optimally		Appointment of Chief Information Officer. Council approved Master System Plan	Partially achieved
COMMENTS	The position of Chief Information Officer is in the process of being filled. A total IT assessment is to be conducted to address the Auditor General's findings of 2009/10. This will also involve the development of an IT strategy/plan for ELM. The SLA with SDM will be reviewed as consideration is given to a fully-fledged IT department within the ELM.		
REMEDIAL ACTION	None		
Coordinate and provide strategic leadership to ensure IDP and SDBIP implementation		Appointment of a Chief Risk Officer by June 2011	Partially achieved
COMMENTS	Chief Risk Officer in the process of being appointed. Integration of the IDP and SDBIP alignment will be completed in the 2011/12 financial year. The process has already started with the development of an organisational SDBIP for implementation in the 2011/12 financial year.		
REMEDIAL ACTION	None		
An optimum staff complement, aligned with the institutional review that is deployed to ensure effective service delivery		By June 2011	Achieved
COMMENTS	Decentralization of SCM and Human Resources to user departments in line with the institutional review has been completed as part of the Turn-around Strategy.		
REMEDIAL ACTION	None		
Develop and approve turn-around strategy on the immediate implementation priorities (pre 2011 elections)		By July 2010	Achieved

COMMENTS	The ELM LGTAS was approved by Council in 2010. The LGTAS addresses the following pertinent issues that need to be achieved in the next 3 years: (1) Improvement in revenue collections (2) Equalisation of sanitation tariffs between Vanderbijlpark and Vereeniging (phased over more than 1 year) (3) Development of a tariff and pricing model for all services (4) Development of a 5 year financial recovery plan (6) Alignment between the IDP and SDBIP		
REMEDIAL ACTION	Concerted efforts will be made in obtaining funding for the implementation of critical quick wins such as the tariff modelling and 5 years financial plan. Provincial support will be sought for the implementation of this intervention measures.		
Develop and approve turn-around strategy on the immediate implementation priorities (post 2011 elections)		By June 2011	Achieved
COMMENTS	(Similar to pre 2011 elections)		
REMEDIAL ACTION			
Implementation of the turn-around strategy on the immediate implementation priorities (pre 2011 elections)		By June 2011	Achieved
COMMENTS	Complete assessment of the revenue function. R25m recovered from outstanding debt. Creation of a revenue agency is being considered.		
REMEDIAL ACTION	The appointment of the top structure of the revenue management agency will be given a high priority in the next financial year as well as the public participation process through the IDP consultative process will be done. A business case will be developed for the creation of the revenue agency and Council approval has been obtained for this initiative.		
Develop and approve risk management strategy (including occupational health and safety)		By June 2011	Achieved
COMMENTS	A Risk Management Framework was approved by the Audit Committee in May 2011 as well as Council in May 2011. Processes are already underway to develop operational risks at cluster level. All strategic and operational risks have been identified and rated. The appointment of the Chief Risk Officer is at an advanced stage and the post is to be filled in 2011/12.		
REMEDIAL ACTION	Risk champions have been appointed to operationalize the risk management framework at cluster level as well as to monitor cluster operational risks and report on a quarterly.		
Implement and maintain delegation of powers		By June 2011	Achieved
COMMENTS	Delegation of power are being reviewed		
REMEDIAL ACTION			

Roll out of performance agreements to employees appointed i.t.o. Section 56 of the MSA	Performance agreements in place by 31 July 2010. Mid-year reviews conducted in January 2011 and year-end evaluations conducted in July 2011	Partially achieved
COMMENTS	All S56 appointees, including the Accounting Officer, signed performance agreements for 2010/11; the year-end evaluations are to be conducted in September 2011.	
REMEDIAL ACTION	None	
Roll out of performance agreements to level 5 staff in all departments in line with policies, regulations, IDP and SDBIP's	By June 2011	Partially achieved
COMMENTS	SDBIPs were cascaded to post level 5, but formal performance agreements were not concluded.	
REMEDIAL ACTION		
Effective policies, by-laws and communication systems are reviewed and implemented	By June 2011	Achieved
COMMENTS	All by-laws and policies are reviewed annually	
REMEDIAL ACTION		
Create a culture of co-operation amongst the administration, political structures and the community on service delivery	By June 2011	Partially achieved
COMMENTS	Integration of the political offices into the cluster of the Municipal Manager as well as the creation of a rapid response unit, which monitors service delivery, has fostered corporation and integration within the administration and political wing within the ELM.	
REMEDIAL ACTION		
80% of the approved capital budget is spent within the financial year	Quarterly reports on spending per department	Achieved
COMMENTS	87% of the capital budget was spent in the year under review	
REMEDIAL ACTION		
95% of the approved operational budget is spent	Quarterly reports on spending per department	Achieved
COMMENTS	98% of the operational budget was spent in the reporting period	
REMEDIAL ACTION		

Compilation and approval of a multi-year budget aligned to the IDP		By May 2011	Achieved
COMMENTS	The budget and IDP was approved by Council in May 2011. Due to the municipal elections the multi-year aspect was not addressed. Multi-year budget and IDP is to be developed in 2011/12.		
REMEDIAL ACTION	Process has started to develop a 5 year IDP aligned to the District Growth and Development Strategy as well as National Government Priorities in relation to Outcome 9. The 2012/17 IDP will reflect a 5 year plan and budget.		
Internal/External communication plans and procedures are determined per institution		By June 2011	Achieved
COMMENTS	A communication plan and strategy were developed in line with Council and Mayoral priorities		
REMEDIAL ACTION	None		
All reporting by departments to comply with requirements of the MFMA and all relevant and applicable legislation		All reporting as prescribed by the MFMA is submitted/available and are adhered to	Partially achieved
COMMENTS	Quarterly reports are submitted to National Treasury in line with the requirements of the MFMA.		
REMEDIAL ACTION			
Manage intergovernmental relations		By June 2011	Achieved
COMMENTS	Various IGR structures have been established and are operational. This includes Municipal Managers Forum, CFO's Forum, MMC/MEC Forum, Premier Coordinating Forum, Joint MM's Forums, Joint Mayor's Forum, Joint Mayoral Forum as well as Joint Mayoral Committee Forum.		
REMEDIAL ACTION	Continued attendance of Forum's meetings as requested as well as implementation of resolution taken.		
Develop interdepartmental service level agreements in the first quarter		360 degree interdepartmental SLA feedback as from the second quarter	Partially achieved
COMMENTS	Criteria for 360° feedback were identified and recorded in Success Factors™ (PMS), but formal agreements were not concluded		
REMEDIAL ACTION			
Develop organisational year planner in the first quarter		By 30 September 2010	Achieved
COMMENTS	An organisational year planner was developed in line with the Council priorities and the IDP and performance management process plan.		
REMEDIAL ACTION			
Ensure an effective Performance Management System		By June 2011	Achieved

COMMENTS	A performance management policy was approved by Council in November 2011. A performance management framework was also approved by Council in April 2011, which indicates how performance is measured and at what intervals should performance be measured and what key indicators trigger performance management.
REMEDIAL ACTION	

5.6.2 EMPLOYMENT EQUITY

5.6.2.1 OVERVIEW

- To monitor and implement measures that will ensure compliance with the provisions of Employment Equity Act
- To develop policies, processes, and procedures that will guard against discrimination in the workplace and will promote affirmative action measures.

5.6.2.2 DESCRIPTION

- The implementation and monitoring of the Employment Equity Plan
- Setting of numerical goals to achieve equity in the workplace
- Conduct workshops, trainings and information dissemination sessions to internal stakeholder
- Compile reports to Management on Employment Equity Status quo and trends
- Benchmarking with sector departments and adoption of best practises.

5.6.2.3 STRATEGIC OBJECTIVES

- To manage and ensure compliance with the Employment Equity Act.

5.6.2.4 PERFORMANCE INFORMATION

KEY PERFORMANCE INDICATOR		PERFORMANCE TARGET	ACTUAL PERFORMANCE
Implementation of the EE plan		By June 2011	Partially Achieved
COMMENTS	Analysis of ELM policies, processes, and procedures were conducted. Affirmative action measures could not be finalised as a final part to the successive EE plan due to the pending finalisation of the payday project.		
REMEDIAL ACTION	Workforce profile update project is underway to assist with affirmative action plan.		
Effective utilization of the EE forum		By June 2011	Achieved
COMMENTS	EE forum is in existence and forum members were trained on EE and discrimination in the workplace. LLF subcommittee mandate and process plan to be revised and finalised.		
REMEDIAL ACTION			
Effective utilization of payday system		By June 2011	Partially achieved
COMMENTS	The system is being partially used. Employee records will be fully updated during 2011/12		
REMEDIAL ACTION	Workforce profile update project is underway to clean up employee data and access given to other departments.		
Develop a plan to assess and recommend on the status of the municipal buildings		By June 2011	Achieved

COMMENTS	An assessment on the accessibility of municipal buildings for disabled people was conducted and recommendations in this regard were formulated. The recommendations are being implemented.
REMEDIAL ACTION	

5.6.3 INTEGRATED DEVELOPMENT PLANNING

5.6.3.1 OVERVIEW

- To develop a credible Integrated Development Plan

5.6.3.2 DESCRIPTION

- Facilitate review and public participation of the IDP

5.6.3.3 STRATEGIC OBJECTIVES

- An IDP that correctly identifies and articulates the strategic direction, development objectives and strategies, and operational strategies, including key performance indicators and performance targets

5.6.3.4 PERFORMANCE INFORMATION

KEY PERFORMANCE INDICATOR		PERFORMANCE TARGET	ACTUAL PERFORMANCE
Review of IDP process plan		31 August 2009	Achieved
COMMENTS	Approved by Council on 31 August 2009		
REMEDIAL ACTION			
Review all phases of the IDP		31 March 2010	Achieved
COMMENTS	All phases of the IDP was reviewed for the Draft IDP document		
REMEDIAL ACTION			
Submission of draft IDP to Council		31 March 2010	Achieved
COMMENTS	Draft IDP document submitted to Council 30 March 2010		
REMEDIAL ACTION			
Coordination of public participation meetings		30 April 2010	Achieved
COMMENTS	For the 2010/11 IDP, 8 public participation meetings in 4 regions were held and 2 business breakfast meetings.		
REMEDIAL ACTION			
Submission of final IDP to Council		31 May 2010	Achieved
COMMENTS	Final IDP document submitted to Council on 31 May 2010		
REMEDIAL ACTION			
Monitor alignment of SDBIPs to the IDP		By June 2010	Not achieved

COMMENTS	After the amendment of the IDP by the inclusion of key performance indicators and targets, the SDBIP was not amended accordingly	
REMEDIAL ACTION		
Monitor alignment of the Budget to the IDP	31 January 2011	Achieved
With the amendment of the IDP the budget was adjusted accordingly		

5.6.4 INTERNAL AUDIT

5.6.4.1 OVERVIEW

- Internal audit provides management, the Audit Committee, and Council with assurance and consulting services guided by the philosophy of adding value to and improving operations. Internal audit assists with the accomplishment of objectives by applying a systematic disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

5.6.4.2 DESCRIPTION

- The focus is to determine whether the municipality's risk management, control and governance processes as designed and represented by management, is adequate and functioning, which includes, amongst others, the following:

  - Review that risks are properly identified and managed
  - Prepare a three year rolling plan and risk-based annual plan
  - Review the means of safe-guarding of municipal assets
  - Assess whether quality and continuous improvement is fostered in the municipal control processes
  - Assess whether significant legislative or regulatory issues impacting the municipality is recognised and addressed properly
  - Review operations and programs to ascertain whether results are consistent with pre-determined objectives and goals of the IDP and SDBIP
  - Evaluate the functionality of the municipal performance management system
  - Advise the accounting officer and report to the Audit Committee on the implementation of:

    - ✓ Internal controls
    - ✓ Accounting procedures and practices
    - ✓ Risk and risk management
    - ✓ Performance management (monitoring and evaluation)
    - ✓ Loss control
    - ✓ Compliance with all legislation.

5.6.4.3 STRATEGIC OBJECTIVES

- Execution of the approved risk-based annual audit plan.

5.6.4.4 PERFORMANCE INFORMATION

KEY PERFORMANCE INDICATOR		PERFORMANCE TARGET	ACTUAL PERFORMANCE
Develop risk-based internal audit plans (both annual and three-year rolling plans)		By June 2011	Achieved
COMMENTS	Approved by Audit Committee		
REMEDIAL ACTION			
Review the Charters (i.e. Internal Audit, Audit and Performance Audit Committee as well as Risk Management, Anti-fraud and Anti-corruption Charters)		By June 2011	All charters reviewed
COMMENTS	All charters were reviewed in May 2011 and submitted to the relevant committees for consideration and approval		
REMEDIAL ACTION			
Support to the established Performance - and Audit Committee		Quarterly	Achieved
COMMENTS	Assistance was rendered with the drafting and submission of agendas, reports and minutes for 8 meetings of these committees		
REMEDIAL ACTION			
Conduct assessments on Risk Registers		By June 2011	Achieved
COMMENTS	Assessment of risk registers was performed with the support of the Gauteng Risk Management and Financial Governance Department		
REMEDIAL ACTION			
Conduct quarterly assessment on implementation of Fraud Prevention Plan, Risk Strategy and occupational health and safety		Quarterly	Mid-year and third quarter conducted
COMMENTS	Quarterly assessments on the implementation of the Fraud Prevention Plan, Risk Strategy and Occupational Health and Safety compliance were reported to the Risk Management – and Audit Committee		
REMEDIAL ACTION			
Ensure effective functioning of the Internal Audit Department		Quarterly	Achieved
COMMENTS	Quarterly reports were submitted to the Audit Committee		
REMEDIAL ACTION			
Review financial compliance, enterprise wide risk management as well as governance processes		By June 2011	Achieved
COMMENTS	Reports were submitted to the Audit Committee		
REMEDIAL ACTION			
Provision of project management assurance services for the municipality		By June 2011	Achieved

COMMENTS	Reports were submitted to the Audit Committee		
REMEDIAL ACTION			
Provide information technology governance audit		By June 2011	Not achieved
COMMENTS	Appointment of an IT Audit Manager was made with effect from 1 August 2011		
REMEDIAL ACTION			
Review and make recommendations to enhance the Performance Management System		Quarterly	Annual report issued
COMMENTS	Report was submitted to the Audit Committee		
REMEDIAL ACTION			
Contribute towards Operation Clean Audit		Quarterly	Achieved
COMMENTS	Quarterly progress on all findings by the Auditor-General was monitored and reported to the Audit Committee		
REMEDIAL ACTION			
Review the IDP, SDBIP and Budget alignment		By June 2011	Achieved
COMMENTS	Report was submitted to the Audit Committee		
REMEDIAL ACTION			

5.7 PUBLIC SAFETY AND COMMUNITY DEVELOPMENT

5.7.1 ENVIRONMENTAL MANAGEMENT, HEALTH AND SOCIAL DEVELOPMENT

5.7.1.1 OVERVIEW

- The provision of comprehensive Primary Health Care, Environmental Health Services, Environmental Management and Social Development services to enable the community to live in a healthy and hazard free environment.

5.7.1.2 DESCRIPTION

- Environmental Health functions as stipulated in the National Health Act, 2003 (Act 61 of 2003)
- To provide comprehensive Primary Health Care core package as stipulated in the National Health Act 61, 2003 (Act 61 of 2003)
- Environmental Management Services in terms of the National Environmental Management Act
- Social Development Services according to the relevant legislation.

5.7.1.3 STRATEGIC OBJECTIVES

- To improve social, health and environmental status of the community
- To promote healthy lifestyles
- To consistently improve health care delivery systems by focusing on access, equity, efficiency, quality and sustainability
- Use core business to facilitate socio-economic development
- Ensure a safe and healthy environment
- Maximum utilisation of government grants and subsidies to improve service delivery.

5.7.1.4 KEY ISSUES AND PRIORITIES

- Service Level Agreement negotiated and signed between the Emfuleni Local Municipality and the Sedibeng District Municipality to fund the Environmental Health function 100%
- Development of Environmental Management Framework
- Adoption of the Environmental Management Program of Action
- Roll out of the clean fires concept (Basanje ngo Magogo) to the remaining 23 wards
- Filling of critical and attrition vacancies
- Extension of mobile services to identified rural points
- Sign a service level Agreement with Gauteng Provincial Department of Health and Social Development for the rendering of the function
- Finalise construction of ECD and Elderly Day Care Centre in Sharpeville
- Ward based Indigent Registration Programme

- Promulgation of By Laws: Environmental Health and Environmental Management
- Provide extended operational hours in two clinics.

5.7.1.5 PERFORMANCE INFORMATION

KEY PERFORMANCE INDICATOR		PERFORMANCE TARGET	ACTUAL PERFORMANCE
Development of Environmental Management Master Plan (framework)		June 2011 to June 2012	Achieved 15%
COMMENTS	There was a non-responsive tender process; tender to be re-advertised and process rolled over to the outer years.		
REMEDIAL ACTION	Bid evaluation took place and the process will be finalized in the 2011/12 financial year. The development of the master Plan should be finalized in the 2011/12 financial year.		
Maintain a comprehensive municipal health service		June 2011	Achieved
COMMENTS	Maintained a municipal health (9 elements) and environmental health service, e.g. licensing, pre-school and undertakers inspections, and attend to public nuisances		
REMEDIAL ACTION	None		
100% implementation of the SDBIP		June 2011	Achieved
COMMENTS			
REMEDIAL ACTION	None		
Quarterly progress reports on SDBIP implementation		June 2011	Achieved
COMMENTS	The SDBIP for the division was reported on as required.		
REMEDIAL ACTION	None		
Implementation of Turn Around Strategy		June 2011	Not applicable to the division
COMMENTS	Rehabilitated the Zone 13 Wetland		
REMEDIAL ACTION	None		
Adherence to delegation of powers		June 2011	Achieved
COMMENTS	All delegated authority executed		
REMEDIAL ACTION	None		
Performance agreements in place by end July 2010.Mid-year reviews conducted in January 2011 and year end evaluations conducted in July 2011		June 2011	Achieved
COMMENTS	Applicable to the DMM.		
REMEDIAL ACTION	None		

Approved reviewed policies, by-laws, regulations and procedures		June 2011	Achieved
COMMENTS	Draft By-Laws for Municipal Health Services were submitted to Legal Department in April 2011		
REMEDIAL ACTION	The process is beyond the control of the Cluster. Legal should account for the way forward with the promulgation of the by-laws		
More and regular public participation meetings		June 2011	Achieved
COMMENTS	9 Environmental Health stakeholder meetings held and activities implemented in a coordinated way.		
REMEDIAL ACTION	None		
Approved budget and quarterly reporting		June 2011	Achieved
COMMENTS	Worked according to the approved budget		
REMEDIAL ACTION	None		
Implementation of institutional internal/external communication plans		June 2011	Achieved
COMMENTS	Schedule of programs was adopted and adhered to.		
REMEDIAL ACTION	None		
Remedial action as prescribed by Audit Reports		June 2011	Achieved
COMMENTS	Eight (8) IA findings resolved. No AG findings.		
REMEDIAL ACTION	None		
360 degree interdepartmental SLA feedback		June 2011	Achieved
COMMENTS	Applicable to the DMM's		
REMEDIAL ACTION	None		
Implement Organisation Year Planner		June 2011	Achieved
COMMENTS	Implemented according to schedule		
REMEDIAL ACTION	None		
PROJECT NAME		**BUDGET PROVISION - R**	**ACTUAL EXPENDITURE - R**
Master Plan Environment (Environmental Management Framework)		600 000	0
COMMENTS	Non-response tender to be re-advertised in the next financial year. Budget allocation will be done in the 2011/12 financial year.		
REMEDIAL ACTION	Roll over to 2011/12		
TOTAL		**600 000**	**0**

KEY PERFORMANCE INDICATOR		PERFORMANCE TARGET	ACTUAL PERFORMANCE
Coordinate NGO's & CBO's and assist with funding applications		June 2011	Achieved
COMMENTS	One elderly luncheon club in Zone 7 established with Lottery funds		
REMEDIAL ACTION	None		
ID, Birth Certificates and grant campaigns		June 2011	Achieved
COMMENTS	Done in six (6) wards		
REMEDIAL ACTION	None		
Implementation of Social Development programs and support the Office of the Executive Mayor		June 2011	Achieved
COMMENTS	Special programs on Gender, Youth, Disability and HIV/Aids in coordination with the Office of the Mayor		
REMEDIAL ACTION	None		
Awareness campaigns to engage the community in cluster activities		June 2011	Achieved
COMMENTS	Awareness campaigns conducted in line with national calendar		
REMEDIAL ACTION	None		
Establishment of Victim Empowerment Centres		June 2013	Achieved
COMMENTS	VEP established and operational at Barrage. One Social Worker and One Auxiliary Social Worker deployed to the centre		
REMEDIAL ACTION	None		
Sharing of indigent register with SASSA and Eskom		June 2011	Achieved
COMMENTS	Indigent register was distributed to both SASSA and ESKOM		
REMEDIAL ACTION	None		
Building of ECD			Achieved 60%
COMMENTS	Delays due to inclement conditions, rising water table, work stoppages and cash flow problems of the contractor		
REMEDIAL ACTION	None		
Development of Social development Master Plan		June 2011	Achieved
COMMENTS	Formal adoption by Council before December 2011		
REMEDIAL ACTION	None		
PROJECT NAME		**BUDGET PROVISION - R**	**ACTUAL EXPENDITURE - R**

Building ECD Facility, Sharpeville		74 815	74 815
COMMENTS	Funds allocated in tranches by the Gauteng Department of Health and Social Development.		
REMEDIAL ACTION	None		
Social Development Master Plan		500 000	257 016
COMMENTS	The plan is ready for implementation.		
REMEDIAL ACTION	None		
Social Development Grant		33 478	33 478
COMMENTS	Funds allocated in tranches by the Gauteng Department of Health and Social Development.		
REMEDIAL ACTION	None		
Social Development Grant		12 000 000	4 458 000
COMMENTS	Funds allocated in tranches by the Gauteng Department of Health and Social Development as the project progresses		
REMEDIAL ACTION	None		
TOTAL		**12 608 293**	**4 823 309**

5.7.2 PARKS AND CEMETERIES

5.7.2.1 OVERVIEW

- To provide a clean, green and safe environment.

5.7.2.2 DESCRIPTION

- Conduct cemetery services activity and function
- Horticultural, arboriculture duties in public open spaces, green belts, municipal gardens and cemeteries.

5.7.2.3 STRATEGIC OBJECTIVES

- Service delivery in cemeteries and public open spaces
- Providing a clean and green environment.

5.7.2.4 PERFORMANCE INFORMATION

KEY PERFORMANCE INDICATOR		PERFORMANCE TARGET	ACTUAL PERFORMANCE
Maintain and manage the 613 undeveloped and 95 developed Parks, Public Open Space and Green Belts. Planned 4 cuts		June 2011	Achieved 50%
COMMENTS	Number of cuts done two (2). Budgetary constraints		
REMEDIAL ACTION	A request for sufficient funding for grass cutting will be made in the 2012/13 financial year		
Maintain and manage trees and problematic trees in Parks, Public Open Space and Green Belts and on Side walks		June 2011	Achieved
COMMENTS	75 000 trees feathered/pruned. 72 problematic trees removed.		
REMEDIAL ACTION	None		
Management of nursery		June 2011	Achieved
COMMENTS	Basic horticultural maintenance done at the nursery in Boipatong		
REMEDIAL ACTION	None		
Development of un-developed Parks, Open Spaces and Green Belts. Planned 4		June 2011	Achieved 75 %
COMMENTS	• Park in Evaton West developed -Privately funded by FNB and Old Mutual and developed by Space Securitization (finalized) • Park in Sebokeng Zone 7 upgraded - Funded from Mayor's budget (finalized) • Indaloyethu and Mdelo projects are at initial stage (2 projects)		
REMEDIAL ACTION	The Indaloyethu and Mdelo projects were initiated and should be finalized in the 2011/12 financial year. The process is beyond the control of the Council		

Maintain, upgrade and manage the 6 active and 5 non active Cemeteries		June 2011	Achieved
COMMENTS	One (1) cut done		
REMEDIAL ACTION	A request for sufficient funding for the function will be made in the 2012/13 financial year		
Establishment of new cemetery		June 2011	Achieved 30%
COMMENTS	The process of purchasing land for new cemetery is in progress (Portion 15 of the farm Rietspruit). Legal process unfolding.		
REMEDIAL ACTION	The legal process is underway, once finalized the service providers to plan and develop the cemetery will be appointed.		
100% implementation of the SDBIP		June 2011	Achieved
COMMENTS	The SDBIP for the division was implemented.		
REMEDIAL ACTION	None		
Quarterly progress reports on SDBIP implementation		June 2011	Achieved
COMMENTS	The SDBIP for the division was implemented.		
REMEDIAL ACTION	None		
Implementation of Turn-Around Strategy		June 2011	Not applicable
COMMENTS	Additional burial space in Rust-ter-Vaal Cemetery. Master plan for the Mielie land new cemetery is in the process of being developed		
REMEDIAL ACTION	Process to be expedited		
Adherence to delegation of powers		June 2011	Achieved
COMMENTS	The business of the division was concluded according to the approved delegations.		
REMEDIAL ACTION	None		
Performance agreements in place by end July 2010. Mid-year reviews conducted in January 2011 and year end evaluations conducted in July 2011		By July 2011	Not applicable
COMMENTS	Applicable to DMM's		
REMEDIAL ACTION	None		
Approved reviewed policies, by-laws, and standard operating procedures (SOP's)		June 2011	Achieved
COMMENTS	One policy was approved in November 2010 :Heroes Acres Policy		
REMEDIAL ACTION	None		
More and regular public participation meetings		June 2011	Achieved

COMMENTS	All Council committee meetings and activities attended		
REMEDIAL ACTION	None		
Approved budget and quarterly reporting		June 2011	Achieved
COMMENTS	Worked according to the approved budget		
REMEDIAL ACTION	None		
Implementation of institutional internal/external communication plans		June 2011	Achieved
COMMENTS	Schedule of programs was adopted and adhered to.		
REMEDIAL ACTION	None		
Remedial action as prescribed by Audit Reports		June 2011	Not applicable
COMMENTS	No audit findings		
REMEDIAL ACTION	None		
360 degree interdepartmental SLA feedback		June 2011	Achieved
COMMENTS	Applicable to the DMM's		
REMEDIAL ACTION	None		
Implement Organisation Year Planner		June 2011	Achieved
COMMENTS	All Council committee meetings and activities were attended		
REMEDIAL ACTION	None		
PROJECT NAME		**BUDGET PROVISION - R**	**ACTUAL EXPENDITURE - R**
Construction of fence around Vanderbijlpark cemetery		4 800 000	4 100 000
COMMENTS	The project was completed with a saving of R700 000		
REMEDIAL ACTION	New business plans drafted for the utilisation of the saving		
Upgrading of Dickinson Park Phase 3		23 408 441	12 000 000
COMMENTS	Multi-year project. Phase 1 and 2 completed. Phase 3 has commenced		
REMEDIAL ACTION	This is a multi-year project. The phases are concluded as planned.		
TOTAL		**28 208 441**	**16 100 000**

5.7.3 PUBLIC SAFETY

5.7.3.1 FIRE AND RESCUE SERVICE

5.7.3.1.1 OVERVIEW

- To promote a safe and healthy environment to the community
- To render Fire and Rescue services.

5.7.3.1.2 DESCRIPTION

- To render fire fighting, rescue and fire safety services
- To ensure the safety of property and human life
- Responsible for Disaster Management as well as the Fire Protection Association, which relates to veld and bush fires on the farms and small holdings.

5.7.3.1.3 STRATEGIC OBJECTIVES

- To render affective and efficient fire fighting service, rescue service, fire safety and fire investigation
- To reduce the risks of disasters and conduct disaster risk management
- To provide more fire awareness to the public and at schools.

5.7.3.1.4 PERFORMANCE INFORMATION

KEY PERFORMANCE INDICATOR		PERFORMANCE TARGET	ACTUAL PERFORMANCE
100% implementation of the SDBIP		June 2011	achieved
COMMENTS	The SDBIP for the division was implemented.		
REMEDIAL ACTION	None		
Quarterly progress reports on SDBIP implementation		June 2011	achieved
COMMENTS	The SDBIP for the division was reported on as required.		
REMEDIAL ACTION	None		
Implementation of Turn-Around Strategy		June 2011	achieved
COMMENTS	Fire Inspections Strategy extended to previously neglected hazardous areas. In 3 CBD's, Vanderbijlpark, Vereeniging and Sebokeng / Evaton.		
REMEDIAL ACTION	None		
Adherence to delegation of powers		June 2011	achieved
COMMENTS	The business of the division was concluded according to the approved delegations.		

REMEDIAL ACTION	None		
Performance agreements in place by end July 2010. Mid-year reviews conducted in January 2011 and year-end evaluations conducted in July 2011		June 2011	achieved
COMMENTS	Applicable to DMM		
REMEDIAL ACTION	None		
Approved reviewed policies, by-laws and standard operating procedures (SOP).		June 2011	Achieved 90%
COMMENTS	Two By-laws drafted and awaiting promulgation. Community Fire Safety By-law and the In-land Waters By-law.		
REMEDIAL ACTION	Legal Department to fast track promulgation of the Bylaws.		
Regular public participation meetings		June 2011	Achieved
COMMENTS	All Council committee meetings and activities attended		
REMEDIAL ACTION	None		
Approved budget and quarterly reporting		June 2011	Achieved
COMMENTS	Worked according to the approved budget		
REMEDIAL ACTION	None		
Implementation of institutional internal/external communication plans		June 2011	Achieved
COMMENTS	Schedule of programs was adopted and adhered to.		
REMEDIAL ACTION	None		
Remedial action as prescribed by Audit Reports		June 2011	Not applicable
COMMENTS	No audit findings		
REMEDIAL ACTION	None		
360 degree interdepartmental SLA feedback		June 2011	Achieved
COMMENTS	Applicable to DMM's		
REMEDIAL ACTION	None		
Implement Organisation Year Planner		June 2011	Achieved
COMMENTS	Where applicable the Organisational Year Planner was implemented, e.g. Section 80 Meetings		
REMEDIAL ACTION	None		

5.7.3.2 MUNICIPAL COURT

5.7.3.2.1 OVERVIEW

- Public Safety is a social services function with the mandate to promote a safe and healthy environment to the community.

5.7.3.2.2 DESCRIPTION

- To ensure the efficient delivery of administrative support to the judicial branch
- To enhance the adjudication of municipal by laws, building regulations, health legislation, road traffic offences and all other municipal related offences.

5.7.3.2.3 STRATEGIC OBJECTIVES

- To expedite fair and reliable adjudication of cases
- To provide support services to the National Prosecution Authority and the Department of justice
- To reduce backlogs in the criminal justice system
- To capacitate prosecutors and magistrates with the necessary expertise pertaining to the respective municipal by-law offences, Health and Environment legislation, Building Regulations, Road Traffic Legislation and other relevant municipal legislation.

5.7.3.2.4 PERFORMANCE INFORMATION

KEY PERFORMANCE INDICATOR		PERFORMANCE TARGET	ACTUAL PERFORMANCE
Adjudication of By-laws		June 201	Achieved
COMMENTS	6 369 By-law infringements adjudicated		
	None		
100% implementation of the SDBIP		June 2011	Achieved
COMMENTS	The SDBIP for the division was implemented.		
REMEDIAL ACTION	None		
Quarterly progress reports on SDBIP implementation		June 2011	Achieved
COMMENTS	The SDBIP for the division was reported on as required.		
REMEDIAL ACTION	None		
Implementation of Turn-Around Strategy		June 2011	Not applicable to the division
COMMENTS	Implemented new technology for the tracing of offenders with unsettled warrants of arrests.		

REMEDIAL ACTION	None		
Adherence to delegation of powers		June 2011	Achieved
COMMENTS	The business of the division was concluded according to the approved delegations.		
REMEDIAL ACTION	None		
Performance agreements in place by end July 2010. Mid-year reviews conducted in January 2011 and year end evaluations conducted in July 2011		June 2011	Achieved
COMMENTS	Applicable to DMM's		
REMEDIAL ACTION	None		
Approved reviewed policies, by-laws, regulations and procedures		June 2011	Achieved 90%
COMMENTS	Draft Policy not yet approved but implemented by the department. Awaiting Council approval.		
REMEDIAL ACTION	The policy was drafted and implemented. The policy was submitted for approval by Council.		
Regular public participation meetings		June 2011	Achieved
COMMENTS	All Council committee meetings and activities attended		
REMEDIAL ACTION	None		
Approved budget and quarterly reporting		June 2011	Achieved
COMMENTS	Worked according to the approved budget		
REMEDIAL ACTION	None		
Implementation of institutional internal/external communication plans		June 2011	Achieved
COMMENTS	Schedule of programs was adopted and adhered to.		
REMEDIAL ACTION	None		
Remedial action as prescribed by Audit Reports		June 2011	Achieved 90%
COMMENTS	AG findings on Fines Management Policy. Draft policy finalized and implemented. Awaiting council approval.		
REMEDIAL ACTION	The policy was drafted and implemented. The policy was submitted for approval by Council.		
360 degree interdepartmental SLA feedback		June 2011	Achieved
COMMENTS	Applicable to the DMM's.		
REMEDIAL ACTION	None		
Implement Organisation Year Planner		June 2011	Achieved

COMMENTS	Where applicable the Organisational Year Planner was implemented e.g. Section 80 Meetings		
REMEDIAL ACTION	None		
360 degree interdepartmental SLA feedback		June 2011	Achieved
COMMENTS	Applicable to the DMM's.		
REMEDIAL ACTION			
Adherence to delegation of powers		June 2011	Achieved
COMMENTS	The business of the division was concluded according to the approved delegations.		
REMEDIAL ACTION			
Performance agreements in place by end July 2010. Mid-year reviews conducted in January 2011 and year end evaluations conducted in July 2011		July 2011	Achieved
COMMENTS	Applicable to the DMM's.		
REMEDIAL ACTION			
Approved reviewed policies, by-laws, regulations and procedures		June 2011	Achieved 90%
COMMENTS	Draft Policy not yet approved but implemented by the department. Awaiting Council approval.		
REMEDIAL ACTION	The policy was drafted and implemented. The policy was submitted for approval by Council.		
More and regular public participation meetings		June 2011	Achieved
COMMENTS	All Council committee meetings and activities attended		
REMEDIAL ACTION	None		
Approved budget and quarterly reporting		June 2011	Achieved
COMMENTS	Worked according to the approved budget		
REMEDIAL ACTION	None		
Implementation of institutional internal/external communication plans		June 2011	Achieved
COMMENTS	Schedule of programs was adopted and adhered to.		
REMEDIAL ACTION	None		
Remedial action as prescribed by Audit Reports		June 2011	Achieved 90%
COMMENTS	AG findings on Fines Management Policy. Draft policy finalized and implemented. Awaiting council approval.		
REMEDIAL ACTION	The policy was drafted and implemented. The policy was submitted for approval by Council.		

PROJECT NAME		BUDGET PROVISION - R	ACTUAL EXPENDITURE - R
Establish fire station Sebokeng / Evaton		8 596 217	20 533 589.61
COMMENTS			
REMEDIAL ACTION			
Establish Municipal Court Sebokeng / Evaton		13 814 301	412 426
COMMENTS			
REMEDIAL ACTION	None		
Construction of ramps		715 000	715 000
COMMENTS	Facilities Department utilized funds to construct ramps at municipal buildings		
REMEDIAL ACTION	None		
Equipment for By-law unit		77 980	77 980
COMMENTS	RG funds utilised by Municipal Court for professional fees regarding the establishment of the Sebokeng/Evaton court		
REMEDIAL ACTION	None		
Minor capital		600 000	600 000
COMMENTS	Funds fully utilised by SRACLIS, EMH &SD, PS & CD ADMIN, FIRE & RESCUE		
REMEDIAL ACTION	None		
TOTAL		**23 803 498**	**22 38 996**

5.7.3.3 TRAFFIC AND SECURITY

5.7.3.3.1 OVERVIEW

- To render integrated and coordinated traffic and security services

5.7.3.3.2 DESCRIPTION

- Law Enforcement, Accident Management, Administration, Crime Prevention, Guarding Services, Training, Traffic Engineering, and VIP Protection.

5.7.3.3.3 STRATEGIC OBJECTIVES

- Visible policing
- To improve road safety
- To enhance road discipline
- To prevent crime.

5.7.3.3.4 PERFORMANCE INFORMATION

KEY PERFORMANCE INDICATOR		PERFORMANCE TARGET	ACTUAL PERFORMANCE
Effective policing of Street & Miscellaneous By-law enforcement		June 2011	Achieved
COMMENTS	94 Illegal Dumping fines were issued; 193 Illegal Advertisements fines were issued; Section 56's = 761 summonses issued, Section 341 = 412 issued; 6 Trailers impounded		
REMEDIAL ACTION			
Capacitate By-Law Enforcement Unit. (Eight Officers)		June 2011	Achieved 100%
COMMENTS	Eight (8) By Law Officers attended Training college at JMPD		
REMEDIAL ACTION			
Capacitate the CCTV control room		June 2011	Achieved
COMMENTS	One (1) additional staff member was deployed to the CCTV control room. Total staff in the control room is seven (7)		
REMEDIAL ACTION			
Capacitate Traffic		June 2011	Achieved 50%
COMMENTS	Shooting Range training done quarterly for qualified Traffic Officers (Two practices done due to financial constraints)		
REMEDIAL ACTION	A request for sufficient funding will be made in the 2012/13 financial year		
Capacitate Security		June 2011	Achieved

COMMENTS	Specialized Training in Cable Theft investigation. Two officials trained		
REMEDIAL ACTION	None		
Capacitate Crime Prevention		June 2011	Achieved
COMMENTS	One (1) Crime Prevention Officer appointed		
REMEDIAL ACTION	None		
Develop Local Road Safety Plans		June 2012	Not applicable
COMMENTS	In process of development for implementation in 2011/12 financial year.		
REMEDIAL ACTION	None		
Procure parking meters		June 2012	Not applicable
COMMENTS	Budgeted in the outer years		
REMEDIAL ACTION	None		
Establish Traffic precinct in Evaton / Sebokeng		June 2014	Achieved 5%
COMMENTS	Consultants are still finalising designs for the construction of the traffic precinct. The project is 5% finalised.		
REMEDIAL ACTION	This is a project with a completion date in 2014. The planning started in 2010 and funds were duly approved by MIG.		
Conduct joint law enforcement operations in relation to Provincial and National projects. 9 operations		June 2011	Achieved
COMMENTS	Oct 2010 Operation Juggernaut Nov 2010 Operation Futha Dec 2010 Operation Bumper to Bumper; Jan 2011 Operation Hamba Kahle; Feb 2011 Operation Juggernaut, March 2011 Operation Zero Tolerance; April 2011 Operation Safer Easter; May 2011 Operation Juggernaut; June 2011 Pedestrian Safety Operation Footloose.		
REMEDIAL ACTION	None		
Effective management of protest and peaceful marches		June 2011	Achieved
COMMENTS	SOP regarding the management and approval of marches was developed		
REMEDIAL ACTION	None		
Effective management of funeral processions		June 2011	Achieved
COMMENTS	192 funeral escorts were undertaken in 2010/11 financial year.		
REMEDIAL ACTION	None		

Contribute to the expansion of CCTV cameras to Vanderbijlpark CBD and crime hot spot areas. 29 cameras	June 2011	Achieved
COMMENTS	Twenty-four (24) in Vanderbijlpark CBD and Five (5) in CCTV cameras Bedworthpark were installed in 2010/11 financial year.	
REMEDIAL ACTION	None	
Investigate fraud and losses in relation to Council assets and transactions	June 2011	Achieved
COMMENTS	50 cable thefts and 20 common thefts were investigated. Continuous process.	
REMEDIAL ACTION	None	
Develop a local Crime Prevention Strategy	June 2011	Not achieved
COMMENTS	To be developed in 2011/12 financial year.	
REMEDIAL ACTION	Sufficient funding will be provided for this project in the 2012/13 financial year.	
Implement Joint Road Safety Plans. 10 planned	June 2011	Achieved
COMMENTS	9 Road Safety Awareness plans were implemented and 1 scholar patrol program was implemented.	
REMEDIAL ACTION	None	
Ensure effective public participation in all CPF's/Sector Forums	June 2011	Achieved
COMMENTS	Launched Community Safety Plan and Community Patrollers' Terms of Reference for the establishment of the Community Safety Forum were developed, Community Safety Audit at Rust-ter-Vaal, Roshnee and Sharpeville; 16 Days of Activism against women and children abuse; 5 Women and Child Safety campaigns	
REMEDIAL ACTION	None	
Upgrading of archive facilities	June 2012	Not applicable
COMMENTS	Budgeted in the outer years	
REMEDIAL ACTION	None	
Procurement of alcohol screeners	June 2012	Not applicable
COMMENTS	Budgeted in the outer years	
REMEDIAL ACTION	None	
Procurement of speed measuring equipment	June 2012	Not applicable
COMMENTS	Budgeted in the outer years	
REMEDIAL ACTION	None	

Procurement of traffic volume counters		June 2012	Not applicable
COMMENTS	Budgeted in the outer years		
REMEDIAL ACTION	None		
Replacement and upgrading of air conditioners		June 2012	Not applicable
COMMENTS	Budgeted in the outer years		
REMEDIAL ACTION	None		
Procurement of firearms		June 2012	Not applicable
COMMENTS	Budgeted in the outer years		
REMEDIAL ACTION	None		
Provide efficient staff and community training		June 2012	Not applicable
COMMENTS	Budgeted in the outer years		
REMEDIAL ACTION	None		
Upgrade of emergency power supply unit		June 2012	Not applicable
COMMENTS	Budgeted in the outer years		
REMEDIAL ACTION	None		
Implementation of laser shot shooting simulator		June 2012	Not applicable
COMMENTS	Budgeted in the outer years		
REMEDIAL ACTION	None		
Procure and upgrade office equipment and furniture		June 2012	Not applicable
COMMENTS	Budgeted in the outer years		
REMEDIAL ACTION	None		
100% implementation of the SDBIP		June 2011	Achieved
COMMENTS	The SDBIP for the division was implemented.		
REMEDIAL ACTION	None		
Quarterly progress reports on SDBIP implementation		June 2011	Achieved
COMMENTS	The SDBIP for the division was reported on as required.		
REMEDIAL ACTION	None		
Implementation of Turn-Around Strategy		June 2011	Not applicable
COMMENTS	Fifteen zero tolerance roads effective Law Enforcement.		

REMEDIAL ACTION	None		
Adherence to delegation of powers		June 2011	Achieved
COMMENTS	The business of the division was concluded according to the approved delegations.		
REMEDIAL ACTION	None		
Performance agreements in place by end July 2010. Mid-year reviews conducted in January 2011 and year end evaluations conducted in July 2011		July 2011	Achieved
COMMENTS	Applicable to the DMM		
REMEDIAL ACTION	None		
Approved reviewed policies, by-laws, regulations and procedures		June 2011	Achieved 90%
COMMENTS	Policy for Impoundment of Goods and Perishable Foods has been drafted.		
REMEDIAL ACTION	The policy will be submitted to Council for approval once Legal comments were received.		
More and regular public participation meetings		June 2011	Achieved
COMMENTS	All Council committee meetings and activities are attended in line with year planner.		
REMEDIAL ACTION	None		
Approved budget and quarterly reporting		June 2011	Achieved
COMMENTS	Worked according to the approved budget		
REMEDIAL ACTION	None		
Remedial action as prescribed by Audit Reports		June 2011	Achieved
COMMENTS	All the applicable findings were attended to and regularly reported to MM. Four Officers trained on the procedure regarding the cancellation of traffic fines.		
REMEDIAL ACTION	None		
360 degree interdepartmental SLA feedback		June 2011	Achieved
COMMENTS	Applicable to the DMM's.		
REMEDIAL ACTION	None		
Implement Organisation Year Planner		June 2011	Achieved
COMMENTS	All Council committee meetings and activities attended in line with the year planner.		
REMEDIAL ACTION			

5.7.4 SPORT, RECREATION, ARTS, CULTURE, AND LIBRARY INFORMATION SERVICE

5.7.4.1 PERFORMANCE INFORMATION

KEY PERFORMANCE INDICATOR		PERFORMANCE TARGET	ACTUAL PERFORMANCE
Negotiate the transfer of the Two (2) Multi-Purpose Activity Centres with GP		June 2011	Not achieved
COMMENTS	Awaiting response from Gauteng Province		
REMEDIAL ACTION	The Cluster is in regular contact with the DP. Once a principle decision is received the SLA will be drafted and submitted for approval.		
Resolve the Vaal Show Ground ownership		June 2011	Not achieved
COMMENTS	Title Deed at Deeds Office has SDM as the legal owner of the property. Matter has been referred to SDM		
REMEDIAL ACTION	Resolve the Vaal Show Ground ownership with SDM and Deeds Office		
Resolve the outstanding lease agreements in conjunction with LED and Legal.		June 2011	Achieved 75%
COMMENTS	Most processes completed		
REMEDIAL ACTION	This is a continuous process and will be concluded in 2011/12		
Grading and formalising of 42 informal soccer fields		June 2011	Achieved
COMMENTS	Total budget used. Forty two fields were graded during the financial year. R 180 000		
REMEDIAL ACTION	None		
Implement the maintenance plan for existing sport facilities. (21 Multi-Purpose Activity Centres, 4 Community Halls and 6 swimming Pools)		June 2011	Achieved
COMMENTS	All facilities were maintained in line with the maintenance plans.		
REMEDIAL ACTION	Adherence to maintenance plan		
Upgrading of six (6) identified sport and recreational facilities		June 2011	Achieved 90%
COMMENTS	Five facilities upgraded and Emfuleni Park to be upgraded in the outer years.		
REMEDIAL ACTION	Sufficient provision will be made in the 2012/13 budget to upgrade the Emfuleni Park.		
Support and sustain the Arts and Culture Forum		June 2011	Achieved
COMMENTS	Support rendered to the Forum for their meetings and activities		
REMEDIAL ACTION	To assist the Forum with office space for their weekly meetings		

Implementation of 16 Arts and Culture programs in partnership with relevant stakeholders locally, provincially and nationally	June 2011	Achieved
COMMENTS	All the identified programmes were executed.	
REMEDIAL ACTION	None	
Establishment of new Arts and Culture facilities through the IGR process	2011/12	Not achieved
COMMENTS	Project rolled-over to 2011/12.	
REMEDIAL ACTION	Was not scheduled for the period under review.	
Develop and implement a policy on geographic name changes through the IGR process	2011/12	Not achieved
COMMENTS	Budgeted in the outer years.	
REMEDIAL ACTION	None	
Promote eight (8) social integration programs through Sport, Recreation, Arts and Culture programs	June 2011	Achieved
COMMENTS	All 8 identified programs successfully completed.	
REMEDIAL ACTION	None	
Upgrading and maintenance of two (2) libraries	June 2011	Achieved
COMMENTS	Two (2) libraries renovated and upgraded (Evaton and Sebokeng Zone 13 libraries)	
REMEDIAL ACTION	None	
Construction of library in Boipatong	2011/12	Not achieved
COMMENTS	Budgeted in the outer years.	
REMEDIAL ACTION	None	
Provide and sustain relevant Library Information Services (Target 5400 new books)	June 2011	Achieved
COMMENTS	Total books available are 543 219 and 5 613 added to the total books	
REMEDIAL ACTION	None	
100% implementation of the SDBIP	June 2011	Achieved
COMMENTS	The SDBIP for the division was implemented.	
REMEDIAL ACTION	None	
Quarterly progress reports on SDBIP implementation	June 2011	Achieved
COMMENTS	The SDBIP for the division was reported on as required.	

REMEDIAL ACTION	None		
Implementation of Turn-Around Strategy		June 2011	Achieved
COMMENTS	**Born to Read** programme successfully implemented and adopted by Gauteng Province **Sasol Sharpeville Library High Tech Centre**		
REMEDIAL ACTION	None		
Adherence to delegation of powers		June 2011	Achieved
COMMENTS	The business of the division was concluded according to the approved delegations.		
REMEDIAL ACTION	None		
Performance agreements in place by end July 2010. Mid-year reviews conducted in January 2011 and year end evaluations conducted in July 2011		By July 2011	Achieved
COMMENTS	Applicable to the DMM.		
REMEDIAL ACTION	None		
Approved reviewed policies, by-laws, regulations and procedures		June 2011	Achieved
COMMENTS	The following policies were approved: 3 for Libraries, 1 for Sport and Recreation and 1 for Arts and Culture.		
REMEDIAL ACTION	None		
More and regular public participation meetings		June 2011	Achieved
COMMENTS	Public participation was implemented in the form of training and awareness programs.		
REMEDIAL ACTION	None		
Approved budget and quarterly reporting		June 2011	Achieved
COMMENTS	Worked according to the approved budget		
REMEDIAL ACTION	None		
Implementation of institutional internal/external communication plans		June 2011	Achieved
COMMENTS	Schedule of programs was adopted and adhered to.		
REMEDIAL ACTION	None		
360 degree interdepartmental SLA feedback		June 2011	Achieved
COMMENTS	Applicable to the DMM.		
REMEDIAL ACTION	None		
Implement Organisation Year Planner		June 2011	Achieved

COMMENTS	Where applicable the Organisational Year Planner was implemented, e.g. Section 80 Meetings		
REMEDIAL ACTION	None		
PROJECT NAME		**BUDGET PROVISION - R**	**ACTUAL EXPENDITURE - R**
Minor Capital		600 000	600 000
COMMENTS	SRACLIS, EMH &SD, PS & CD ADMIN, FIRE & RESCUE		
REMEDIAL ACTION	None		
Sports Grant		1 038 000	750 000
COMMENTS	The upgrading of Bophelong Stadium was undertaken during 2010/11 financial year. Project is 95% completed.		
REMEDIAL ACTION	The project is in its final stage. Will be finalized in the 2011/12 financial year.		
Upgrading of George Thabe Stadium		228 758	228 758
COMMENTS	Project completed in the 2009/10 Financial Year for the Soccer World Cup.		
REMEDIAL ACTION	The balance of R228 758 was rolled over to 2010/11/12 outer financial years for the installation of storm water drainage system		
Upgrading of Saul Tsotetsi Sport Complex		978 516	820 000
COMMENTS	Project completed in full. Ten % saving on budgeted amount achieved.		
REMEDIAL ACTION	Business plans submitted to utilise savings		
Upgrading of Sebokeng Zone 3 Stadium		147 000	147 000
COMMENTS	Project completed in full within available amount.		
REMEDIAL ACTION	None		
Library Grant		4 200 000	3 805 371
COMMENTS	Project completed roll-over of saving requested for Evaton Library.		
REMEDIAL ACTION	None		
Library Roofing project		200 000	196 852
COMMENTS	Project successfully completed within budget.		
REMEDIAL ACTION	None		
Library Grant		817 415	745 294
COMMENTS	Project successfully completed within budget.		
REMEDIAL ACTION			

Libraries (Upgrade) Renovations (Zone 13)		1 120 649	0
COMMENTS	This project is part of the other project to upgrade the Zone13 Library. The funds were transferred to another vote and the project is 90% complete. To be completed in the 2011/12 financial year		
REMEDIAL ACTION	Rolled over and transferred to complete the Zone 13 Library.		
Libraries (Upgrade) Furniture		700 000	664 196
COMMENTS	Project completed within budget. Saving requested to be rolled over.		
REMEDIAL ACTION	None		
Libraries Vehicles		960 000	960 000
COMMENTS	Project successfully completed. 4 Vehicles purchased.		
REMEDIAL ACTION	None		
Upgrade Zone 13 Library		4 548 543	4 548 543
COMMENTS	Project 90% completed.		
REMEDIAL ACTION	Additional funds sourced from Library Grant roll-over of R1 120 649.		
TOTAL		**15 538 881**	**13 466 013**

5.8 POLITICAL OFFICES

5.8.1 OFFICE OF THE EXECUTIVE MAYOR

5.8.1.1 OVERVIEW

The Executive Mayor, through pieces of legislation governing and regulating local government, is elevated to the apex of the municipality to provide political guidance and leadership in ensuring that the municipality is able to:

- Exercise its powers and use its resources in the best interest of communities;
- Provide accountable and democratic government;
- Encourage the participation of local communities;
- Ensure that municipal services are provided to the local community in an equitable and financially and environmentally sustainable manner;
- Promote development in the municipality;
- Promote gender equality;
- Promote a safe and healthy environment in the municipality; and
- Contribute to the progressive realization of the fundamental rights contained in the constitution.

5.8.1.2 PERFORMANCE INFORMATION

KEY PERFORMANCE INDICATOR		PERFORMANCE TARGET	ACTUAL PERFORMANCE
Implement Gender, Youth, HIV/ Aids and Disability policies		By 2011/12	In process
COMMENTS	Policies on gender, youth, people with disabilities and HIV/Aids were drafted for implementation		
REMEDIAL ACTION	Council approval for the implementation of this policies as well as presentation to a policy workshop for adoption.		
Internal training of staff		By 2011/12	In process
COMMENTS	Staff were continuously trained. One staff member was trained on protocol and etiquette for the purposes of understanding official protocol and for the proper application of government protocol.		
Develop and implement programs for the youth, disabled, gender and HIV/ Aids		By 2011/12	Achieved

COMMENTS	• Convened a strategic planning Workshop • Convened regular gender section 79 meetings. • Created 100 jobs for young people through the NARYSEC projects • Created 14 jobs for young people through the ETDP SETA partnership • Trained 50 people with disability in computer literacy • Establishment of gender desk in all wards • Allocated bursaries needy youth for educational purposes • Developed youth month programme • Developed woman's month programme • Developed Mandela Day programme • Developed joint projects with the district like i.e. Sharpville Massacre, Heritage Day, etc • Convened youth business Imbizo • Trained youth on housing consumer education • Conducted youth and elections programme with IEC • Convened of a youth business expo • Conducted a computer literacy training course for people with disabilities • Disabled people sports • Conducted (4) mayoral imbizo to respond to protests and petitions • To enhance good governance and legislative compliance we approved IDP and budget and continued monitoring SDBIPs. • To achieve financial viability we launched revenue enhancement programme • To provide basic services we established the rapid response team to monitor service delivery and respond to complaints arising from the presidential hotline • Launched the local AIDS Council • To promote a safe, secure and health environment, we conducted awareness campaign on drug and substance abuse in schools • Awareness on teenage pregnancy in schools • Raising awareness on school safety • Trained 50 HIV/AIDS volunteers		
Strengthen relations with the international twinning partners (VNG and Eindhoven)		By June 2011	Achieved
COMMENTS	Solidified relations with VNG International through memorandum of understanding for the purpose of strengthening relations in the adopting of and implementation protocol that would facilitate the building of sports and recreational facilities and activities in Emfuleni. It has been envisaged that a Sport Academy will be established in partnership with Kaizer Chiefs Football Club. Twinning Project Programmes includes the handing over of 3 mobile clinics through our partnership with Eindhoven which will serve inaccessible areas such as informal settlements and rural settlement to have access to primary health care facilities.		
Sustain and extend the programs funded by VNG		By 2011/12	Achieved
COMMENTS	Solidified relations with VNG International through memorandum of understanding.		

5.8.2 OFFICE OF THE SPEAKER

5.8.2.1 OVERVIEW

According to the Local Government Structures Act 177 of 1998, the Speaker of Council is the chairperson of Council and is responsible for the total administration of the Council which includes among others functioning of Council itself through Council sittings, policy formulation and review. This Act further stipulates that the Speaker of Council is the chairperson of all the Section 79 committees. ELM has four Section 79 committees namely:

- Municipal Public Accounts Committee (MPAC)
- Petitions Management Committee
- Gender Committee
- Land Tribunal.

These committees are chaired by councillors on behalf of the Speaker on part time basis but sit regularly to address issues brought forward. Some of these committees are directly linked to five functional units in the office of the Speaker, namely:

- Ward Committees Unit
- Public Participation
- Municipal Public Accounts Committee Unit
- Petitions Management Unit
- Councillors Capacity Building.

The Municipal Public Accounts Committee is regulated by the Municipal Finance Management Act of 2003 section 21 that plays an oversight role on the municipal finances. It also scrutinizes the Annual Reports and Auditor General's comments and make sure that measures are put into place to address any challenges that might be present.

5.8.2.2 PERFORMANCE INFORMATION

KEY PERFORMANCE INDICATOR		PERFORMANCE TARGET	ACTUAL PERFORMANCE
Establishment of the following committees: -			
COMMENTS	A total of 4 committee meetings were held during the year under review		
Risk Management, Anti-Fraud & Anti-Corruption Committee		By June 2011	Achieved
COMMENTS	A total of 4 committee meetings were held during the year under review		
Audit and Performance Audit Committee		By June 2011	Achieved
COMMENTS	A total of 7 committee meetings were held during the year under review. Attendance in these meetings was 100%. It should be noted that one committee member resigned during the year under review.		

Municipal Public Accounts Committee		By 2011/12	Achieved
COMMENTS	A total of 2 committee meetings were held during the year under review		
Accident Committee		By 2011/12	Not achieved
COMMENTS	New committee established towards the end of the financial year.		
Establish local government tribunal to listen to community concerns		By 2011/12	Petitions Committee achieved
COMMENTS	During the year under review a total of 20 petitions were received with a 75% resolution rate achieved.		
Deepening democracy through public participation		By June 2011	On-going
COMMENTS	43 ward committees has been established and are operational.		
Strengthening of ward committee system		By June 2011	On-going
COMMENTS	Of the 43 ward committees elected in 2006, the office managed to sustain 42 wards that are fully operational and functional during the year under review.		
Facilitation of proper communication channels between the municipality and communities		By June 2011	On-going
COMMENTS	A total of 661 Councillors consultative meetings and feedback session were held during the year under review in the the entire area with an average attendance rate 50%.		
Active involvement of communities in core municipal processes, viz. IDP		By June 2011	On-going
COMMENTS	4 IDP and budget consultative processes were undertaken during the year under review.		
Good governance and institutional capacity		By June 2011	On-going
COMMENTS	All section 80 and section 79 committees are duly constituted and functional.		
Effective management of petitions		By June 2011	On-going
COMMENTS	20 Petitions were received during the year under review. A total 15 petitions were resolved with a 75% resolution rate being obtained.		