



EMFULENI
LOCAL MUNICIPALITY

Vaal River City, the Cradle of Human Rights

Annual Report

2019/20

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LIST OF ABBREVIATIONS

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

SALGA:

South African Local Government Association

SAICE:

South African Institute of Certified Engineers

SCM:

Supply Chain Management

SDBIP:

Service Delivery and Budget Implementation Plan

SMME:

Small Medium Micro Enterprise

SMT:

Senior Management Team

SDF:

Spatial Development Framework

VEM:

Vehicles, Equipment and Machinery



Cllr Gift Moerane
EXECUTIVE MAYOR

THE EXECUTIVE MAYOR'S FOREWORD

The Annual Report of Emfuleni Local Municipality presented hereunder complies with the provisions of Chapter 6, Section 46 of the Local Government Municipal Systems (Act 32 of 2000). The municipalities' Annual Report is presented to provide a full account of the Institutions performance for the period 2019/2020 in line with the set strategic objectives as enshrine in the Municipal Integrated Development Plan (IDP).

The period under review involves an active intergovernmental participation in the institution based on the number of interventions aimed and fulfilling the objectives of the Financial Recovery Plan (FRP) adopted by the municipality. The institution adopted an integrated budget 2019/2020 approach towards enhancing the provincial and national government interventions by linking urgent operations and maintenance challenges with capital infrastructure projects for future growth. This has enabled the Gauteng Government Southern Corridor vision to benefit from interventions on water and sanitation and other improved services.

The municipality had budgeted for a surplus of R713m for this financial year under review, however only realized a deficit of R1315m. The deficit was mainly due to debt impairment on non-performing debtors. The operating revenue was 7% over the annual budget, this can be attributed to electricity sales and sewer services which did not realize as anticipated. The conversion from conversional metering to smart prepaid metering also has an impact on unrealized electricity billing.

The Local Economic Development (LED) at the Municipality is identifying and using local resources to create opportunities for economic growth and employment creation. The function also focuses on forming local partnerships with key and relevant stakeholders such as National government, Provincial government, District government and Private sector structures. This is done to promote and support local economic development initiatives aimed to enhance Economic Growth and to provide infrastructure for investment attraction and promotion of Emfuleni as a tourism destination.

The anchor catalytic River City has been promulgated as a Township Establishment. Together with preparations for the Vaal and Sedibeng to benefit from the envisaged Special Economic Zone. These developments are earmarked as catalysts for growth as envisaged in the regional Growth and Development strategy. The review of the Spatial Development Framework, 2019 -2020 and the formulation of the Land Use Scheme in line with the Spatial Planning and Land Use Management Act, 2013

(SPLUMA) was successfully completed in this reporting period. Significant progress on the Land Use Scheme formulation has been made and is currently 95% complete.

Among the major financial issues is the payment of both the Rand Water and ESKOM debts which continue to increase, we have developed the payment plan to both entities for consideration. In order to improve our capital budget, the municipality has begun with savings from leakages identified. During 2019/20, we have implemented the key deliverable priorities, the reduction of water loss and the upgrading of water treatment plants. The municipality continues to address the issues that impact the delivery of services such as theft of brass water meters, vandalism of pressure reducing valves which results in increased water pressures and pipe bursts, ageing infrastructure.

The list of creditors reduced by the Committee contributed to the resolution of the application of section 152, which was an advisor for several companies, to direct municipal expenditure towards service delivery in terms of prioritisation

During the 2019/20 financial year Metsi-a-Lekoa completed the refurbishment of pump stations program through the Water and Sanitation Infrastructure Grant (WSIG) roll over for 2018/19 FY. This is one the in priority Financial Recovery Plan deliverable.

Vaal River System intervention through the Department of Water and Sanitation (DWS) appointed the East Rand Water and Sanitation Company (ERWAT) as an implementing Agent. In the 2019/20 financial year, 12km of outfall sewers have been unblocked and more than 600 residential sewer blockages have been resolved denoting progress in restoring our sanitation network.

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

In accordance with the latest statistics reported to National Energy Regulator of South Africa (NERSA) there are approximately 69330 consumers of which 64751 are residential and agricultural. The residential and agricultural consumers consume approximately 20% of the total energy distributed by the municipality. The other 80% of electricity is consumed by the industrial and business consumers. Free Basic Electricity (FBE) is provided to all registered indigents at 50kWh per month. The challenge faced by the institution among others include Cable Theft, Malicious Vandalism of infrastructure, dilapidated underground cables, Illegal connections and Insufficient Budgets to renew electricity network

Provision was made in the annual operating and capital budgets for the maintenance, refurbishment and/ or upgrading of the electricity network. The allocation to the maintenance funding for the Electricity function is being increased gradually to achieve the requirement of 6% of the electricity sales on an annual basis as stipulated by NERSA in an effort to improve the preventative maintenance actions and ensure long term continuity of supply.

The Municipality is committed to continuously improving the quality of life of its community. Provision of efficient, competitive and responsive economic infrastructure networks, is one of the organisational priority. However, in 2019/20 financial year .storm water maintenance activities from the operational department was done spa Our ELM encountered challenges in the provision of roads and storm water infrastructure.

There is backlog on refurbishment /maintenance of the tar roads and Emfuleni strives to address the challenge before it can reach deeper level of deterioration and affect the entire pavement structures. Lack of adequate yellow fleet, white fleet, small plant and the shortage of labour component, contributed to failure to reach annual targets.

Despite attempts to align road maintenance initiatives, rehabilitation programmes such as maintenance of gravel roads, rejuvenation of surface layers and resealing activities with the budget, the allocation of funds is inadequate. To effectively address the challenges of the deteriorating tar road network. The municipality is working on acquiring the financial support to curb these challenges.

Average household waste collection was partially achieved at 45.58% below projection of 50% required and also 0% on the landfill site bi-annual audit compliance which was below projection of 95% compliance. The results of not fully performed are attributed to a lack of resources and the delays in the sourcing of external capacity to conduct the landfill sites audits. There is also a poor state on infrastructure in all the waste disposal facilities and this negatively impact on some function in the department.

In addition to the basic services listed above, the municipality also offers community services such as primary health, environmental management, social development, public safety, sports and recreation, and so forth.

ELM social development programmes serve target groups such as children, young people, women, families, elderly people and people with disabilities. A developmental approach is used by social workers to support the social well-being of the ELM community. These include rehabilitation, prevention, socio-economic development, moral regeneration, empowerment and poverty reduction. As far as municipal organisational developments is concerned, all senior management positions have been filled while the organisational structure is under review.

We continue to value the support from the Gauteng Provincial Government and the National Departments especially the Department of Water and Sanitation and we look forward to the recovery of Emfuleni to serve its residents with pride and satisfaction.



Cllr G. Moerane

Executive Mayor



Mr Lucky Leseane
Municipal Manager

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MUNICIPAL MANAGER EXECUTIVE SUMMARY

The year 2019/20 presented itself as a very challenging year for the people of Emfuleni, our true character was tested as people of Emfuleni and we stood the test of time by being united in the midst of adversaries. The Municipal assets were attached by our creditors and could not render service to the residents in the municipality, that experience put us at odds with our people/customers as residents.

Whilst dealing with the attachment of Municipal property we then had a challenge of COVID which did not only become a local nor a national challenge but rather a universal pandemic and everyone responded with such a shock to it as was nothing known to any, hence we could not know how to respond to it. We thank the national government for its research capacity which revealed its origin and how to deal with it

This on its own affected service delivery as we had to scale down and devise new means to render service to the people of Emfuleni. This saw us working on a skeleton staff to collect waste, respond to electrical deficiencies, attending to water and sanitation calls, helping families on a daily basis to make arrangements to bury their loved ones who passed on. Through these we worked with our communities. We had the Municipal employees who felt the brunt as people who are in the coalface of service delivery and had to risk their lives and that of their families by coming to work every day in the midst of the plague. It is against that reason as the Senior Management of the municipality we deep our hats for the unsung heroes and heroines who passed died in the battle to give service delivery to the people of Emfuleni.

The effects of COVID 19 were not only felt physically but also in Rands and cents, our revenue base shrunk as a result we had to revise our revenue budgeting from 74% to 71% which has a detrimental effect to service delivery in the municipality. Through the provincial aid we have management to get the service of the revenue expert who has helped us to develop an Integrated Revenue Action Plan to mitigate the revenue challenges in the municipality

We must also appreciate the intervention by GPT on seconding a team of Administrators to come and aid Emfuleni Local Municipality in rendering service delivery to its people. Working together with helped a great deal in dealing with:

- The Eskom debacle

- Rand Water
- BXC

It seemed insurmountable to many but working together with a team of Administrators from CoGTA as many would have thought there would have been a power tussle delaying service delivery but we worked like a hand in glove and complementing each other's ability and effort in dirtying our hands for the people of Emfuleni.

The following remains areas that we have managed to achieve in the financial year reporting on and it has not been easy but through working together with Councillors, Emfuleni employees, Business community, Religious community and our entire community within the Municipality:

- We have established the Budget Management Controls Committee which is constantly sitting to reduce the creditor's list of the Municipality and thus far we have managed to drastically reduce the creditors list
- We have managed to have a 0 based budgeting and have a 6% reserved for maintenance
- We are tirelessly working on instilling discipline & creating stability in the municipality including finalising disciplinary cases that are 6 month and older
- We are swiftly implementing the recommendation of the Financial Disciplinary Board against the employees who were name in the Unauthorised Irregular and Wasteful Expenditure
- We have finalised the stakeholder engagement program which amongst other things will be dealing with the installation of both water and electrical meters in and around Emfuleni.
- Plans are afoot to address the challenge of power outage in the municipality as this also has serious ramifications in the investor confidence and makes the community to be irate towards the municipality

We remain resilient as Emfuleni in turning the tide for the benefit of its residents, we agree that on our own we will not make it hence a clarion call to all communities and organised civil society movement to join hand with us in changing the narration of our municipality. Colin Powell teaches us that "There are no secrets to success. It is the result of preparation, hard work and learning from failure."

Lucky Leseane



Municipal Manager

CHAPTER 1: MUNICIPAL OVERVIEW

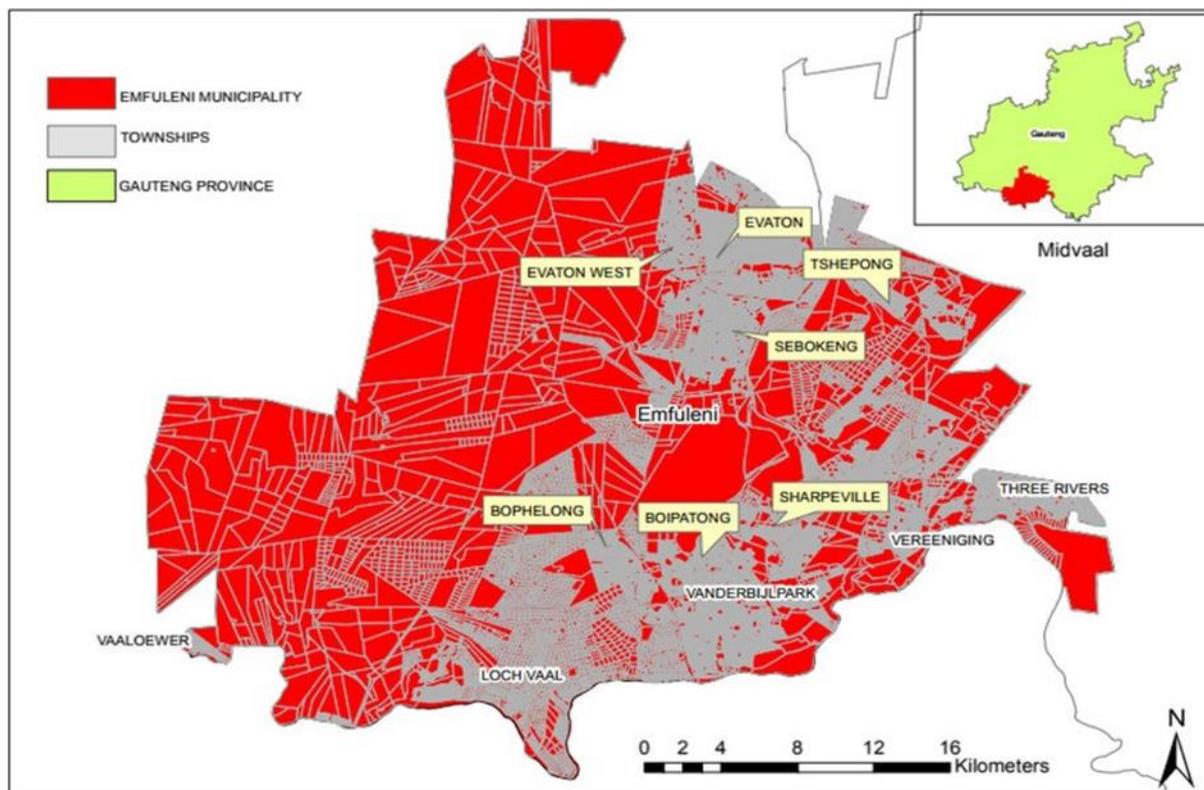
1. INTRODUCTION

The Emfuleni Local Municipality's annual report for the period 1 July 2019 to 30 June 2020 is presented in compliance with Treasury Regulations and according to 121 of the Municipal Finance Management Act 56 of 2003 and read with section 46 of the Municipal Systems Act of 2000.

Chapter 1 of the report provides an overview of the Municipality and a concise description of the main service delivery areas; Chapter 2 is Good Governance and Public Participation; Chapter 3 is the implementation of the Municipality's Service Delivery and Budget Implementation Plan (SDBIP); Chapter 4 is the Human Resources Administration Organizational Development aspects of the municipality. Chapter 5 is the municipality's unaudited financial statements; and Chapter 6 addresses the Auditor's general findings of the previous year, and finally appendices related to the Annual Report.

This annual report also evaluates the performance of Emfuleni Local Municipality in meeting the planned predetermined objectives as set out in the strategic objectives of the organization. The Integrated Development Plan sets out the vision of Emfuleni Local Municipality and the strategic objectives and decisions to be implemented by the Council each year. This continues to give the decision to invest in all the services and programs the Municipality provides.

1.1 MUNICIPAL OVERVIEW



Map-showing-different-locations-in-Emfuleni-Local-Municipality

Emfuleni Local Municipality (ELM) is the western most central municipality, covering Gauteng's entire southern province from east to west along a 120 km axis. It covers 987,450km² of land. ELM is one of Sedibeng district three local municipalities. ELM shares boundaries with Metsimaholo and Ngwathe Local Municipalities in the Southern Free State of Fezile Dabi District, Midvaal Local Municipality in the Southeast, Johannesburg Metropolitan Municipality in the North, Merapong Local Municipalities in the

West Rand District Municipality and Tlokwe (Potchefstroom) Local Municipality. There are two central business district, Vereeniging and Vanderbijlpark, besides other suburban settlements within six kilometers of the above-mentioned towns include Evaton, Sebokeng, Sharpeville, Bojpatong, Bophelong, Tshepiso, Tshepong, Bonanne, Steel Park, Duncanville, Unitas Park, Arcon Park, Sonlandpark, Waldrift, Rust-ter-Vaal, Roshnee and Debonairpark

ELM is the "heartland" of what was once known as the Vaal Triangle, renowned for its contribution to South Africa's iron and steel industry. The Vaal river forms ELM's southern border, and its strategic position provides many opportunities for tourism and other types of economic growth. ELM is rich in history as it encapsulates the South African War with the signing of the Vereeniging peace treaty on 31 May 1902 that ended the Second Boer War. It has heritage assets such as the Sharpeville Memorial and Exhibition Centre, also known as the Sharpeville Human Rights Precinct, commemorating the events of 21 March 1960, to commemorate those who died on that tragic day and to mark a major event signing the Constitution of the Republic of South Africa on 10 December 1996 in Sharpeville.

1.1.1 Population Distribution

1.1.1 Population, Environmental and Economic

Year	Population By Sex		Population Group By Age			Total Population
	Males	Females	0-14	15-64	65 -	Total
2016	361 692	371 752	188 801	474 865	69 779	733 445

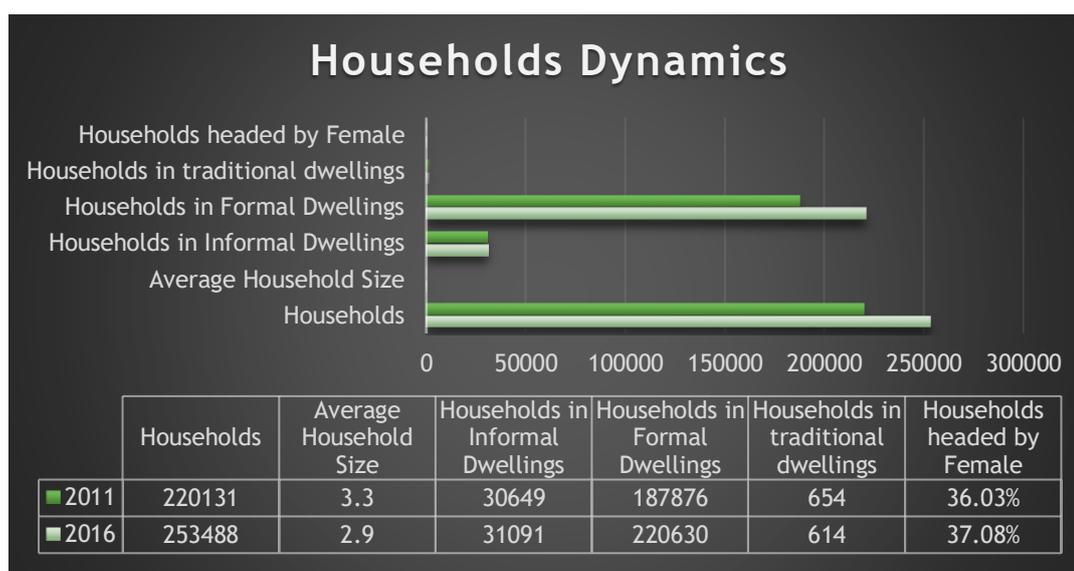
(Source: Community Survey 2016)

Year	Population Group					Total Population
	Blacks	Whites	Coloreds	Asians/Indians	Other	Total
2016	625 778	90 996	7 368	7 368	-	733 445

(Source: Community Survey 2016)

The above two tables show the distribution of the population by sex, age and the population groups for the Community Survey (CS) 2016. According to the 2016 Community survey, the population of Emfuleni Local municipality totals 733 445. For 2016, the population by age group shows that there are 188 801 people aged 0-14, 474 865 people aged 15-64, and 69 770 people aged 65 and up. Community Survey 2016 further indicated data on the number of females as 371 752 higher than 361 692 males. The black African population dominates in Emfuleni Local Municipalities, followed by white, coloured and Indian/Asian populations respectively.

1.1.2 Households Dynamics



Source: Stats SA 2011 and Community Survey 2016

The graph above shows the number of households in ELM from 2011 to 2016 and the average household size. The number of households rose from 220 131 in 2011 to 253 488 in 2016, but the average household size declined marginally from 3.3 to 2.9. This also shows the distribution of households in Emfuleni by form of main dwelling. Emfuleni is dominated by formal household, smallest in the informal dwelling, and those in traditional and other types of dwellings reflect the lowest proportions other styles of living.

1.1.3 Socio- Economic Status

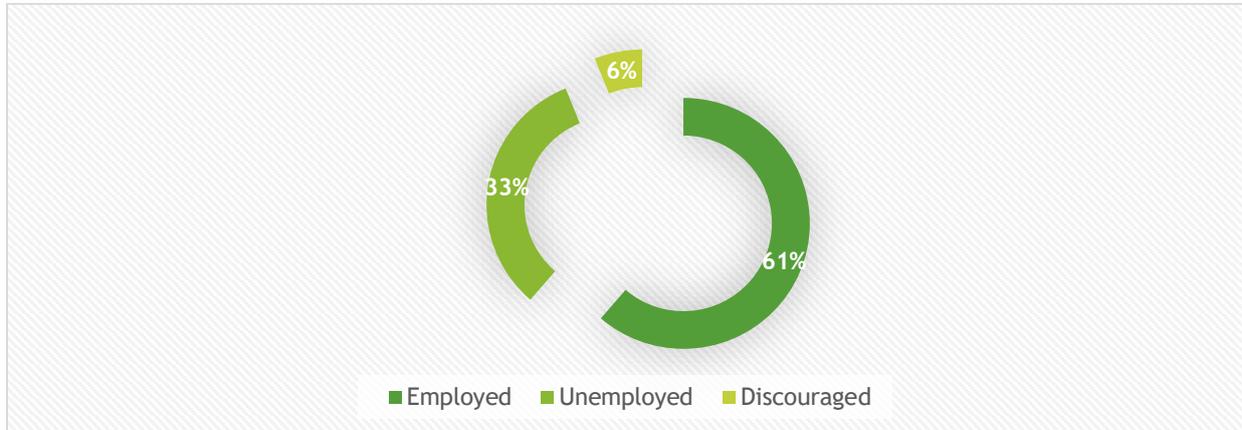
This section includes an ELM overview of economic activities, progress, level of employment, involved economic sectors.

Economic Activity by Sector

Economic Activity by Sector				
Sector	2016/17	2017/18	2018/19	2019/2020
Agriculture, forestry and fishing	181 623	167 432	145 401	180 839
Mining and quarrying	452 695	377 557	250 800	339 654
Manufacturing	8 075 113	7 937 293	6 745 340	7 079 430
Wholesale and retail trade	3 216 139	3 242 310	3 262 234	3 182 991
Finance, property, etc.	6 748 833	6 864 367	6 986 768	10 129 447
Government, community and social services	5 832 572	5 858 270	5 894 458	6 291 198
Infrastructure services	1 088 228	1 086 335	1 084 436	878 668

Agriculture, forestry and fishing, mining and quarrying, manufacturing and wholesale and retail trade are fluctuating while infrastructure services are declining. Finance, property, etc and government, community and social services are increasing.

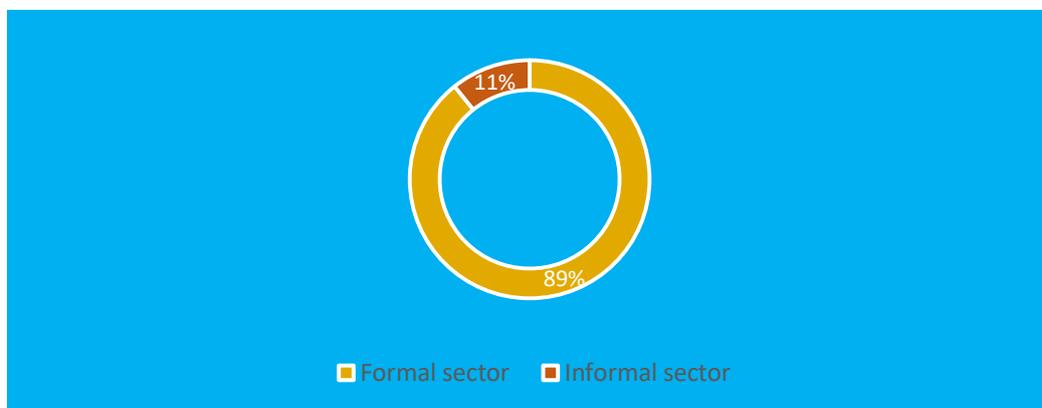
Employment Levels



Source: Census, 2011

The chart above indicates relatively high unemployment levels within Emfuleni, with 33% of the economically active population being unemployed or discouraged to continue looking for work. In total, 61% of the economically active population in Emfuleni are employed. The unemployment rate can be expressed as the number of economically active people who are willing and able to work but do not have jobs. Unemployment is one of the major contributors to poverty as unemployed people are not able to provide for their household's basic needs due to the lack of disposable income.

Formal and Informal Sector



Source: Census 2011

The above chart depicts the occupations held in the formal and informal sectors within Emfuleni Local Municipality. It is evident from the Diagram the almost 90% of the economically active population of Emfuleni Local Municipality are employed in the formal sector of the economy. Only 11% is the economically active population need to or choose to work in the informal sector of the economy.

1.1.4 Overview of Neighbourhoods within Emfuleni Municipality

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

1.1.5 Natural Resources, Heritage and Historical precincts

The Vaal river is the main tributary of the Orange River. It is 1,120 kilometers long and forms the boundary between Mpumalanga, Gauteng and the North West Province on its north bank and the Free State on its south bank. River Water is used for mining and industrial purposes, such as coal mining and energy and chemical activities in Sasol, as well as for urban use and electricity generation. The river basin offers a variety of leisurely water activities that attract local and international visitors throughout the year.

1.2 SERVICE DELIVERY

1.2.1 Electricity

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

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

Item	Quantity
Primary substations	38
Secondary substations	636
Miniature substations	505
High voltage cables (m)	80,488
High voltage overhead lines (m)	88,782
Low voltage cables (m)	1210,445
Low voltage overhead lines (m)	635,782
Streetlights	24 500
High mast lights	662
Traffic lights	124
Prepaid electricity meters	42 947
Bulk meters connected online	1202
Conventional electricity meters	15 768

Electricity Bulk Purchases

In accordance with the latest statistics reported to National Energy Regulator of South Africa (NERSA) there are approximately 62 415 consumers supplied with electricity. The number of households that are supplied with prepaid metering is 42 947, however the actual of meters on vending system are 69 333. The municipality is embarking on conducting prepaid meter audits to constantly update and ensure that there is one meter per house hold, also ensure that the duplicated meters are eliminated. According to the ELM financial system the municipality has 15 768 post-paid meters and 3700 meters are un-metered stands. The residential and agricultural consumers consume approximately 20% of the total energy distributed by the municipality. The other 80% of electricity is consumed by the industrial and business consumers.

The bulk purchase of electricity procured from Eskom for 2019/20 amounted to R 1,955,056,936. Total distribution losses by June 2020 were 444,405,812 klm at a cost of R 376,989,451, representing a 21.19% reduction in electricity loss over the previous year. These losses occur mostly from illegal connections to electricity networks, physical losses related to network activities and economic losses due to faulty meters.

Energy Efficiency and Green Energy Initiatives

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

In the 2019/20 financial year, 72 highmast lights were retrofitted (HPS lights were replaced with energy efficient lighting). Furthermore, with the change in technology the municipality is piloting LED lights as an initiative to save energy. The municipality also encourages the developers of new areas to make use of energy efficient building methods as well as solar power systems. In 2020/21 financial year, 41 highmast lights are planned to be retrofitted (HPS lights were replaced with energy efficient lighting).

Illegal connections

In dealing with illegal connections, the municipality has installed special locking mechanisms in most meter boxes in the area. This was done with the aim of reducing the chances of consumers connecting themselves illegally onto the reticulation system and also to keep the meter boxes locked at all times for the safety of the households situated near these meter boxes. The municipality has security measures in place also in all its main substations and selected substations in order to eradicate theft and illegal connections.

The municipality has upgraded 1202 business meters to online metering system in order to issue accurate billing and detect any discrepancies in bulk meters. The move to online meter reading system contributes to the efforts of the Municipality to improve revenue.

Free Basic Electricity

Free Basic Electricity (FBE) is provided to all registered indigents at 50kWh per month. FBE is provided to approximately 3411 consumers on a monthly basis (to date 610 consumers are supplied by the municipality and 2801 consumers supplied by Eskom). Up to 94.25% of all electricity complaints received are attended to within 24 hours of being received by the Control Centre.

Achievements

- Migration of 1020 business customers from manual to online meter readings
- Removal of illegal connections at Dreamlands and Waterdal
- Retrofitting of High Mast lights with energy efficiency light fittings and globes
- Replacement of 11 000 V outdated oil switchgears and panels with modern vacuum switchgear type at various substations. That is Dun 18, Water Tower Vanderbijlpark and Bophelong South.
- Replacement of 135 wooden substation doors with robust door type.

Challenges

- Cable Theft
- Malicious Vandalism of infrastructure
- Dilapidated underground cables
- Illegal connections
- Insufficient Budgets to renew electricity network

1.2.2 Solid Waste and Landfill Management

Waste management services in Emfuleni Local Municipality is categorized in the following: households and businesses collections, illegal dumps removal, and industrial refuse collection, street sweeping in the CBD, and management of waste disposal facilities.

A total of 190,162 households receive the waste collection services once a week. The remainder of the households represents a total of 31 228 households living in informal settlements that are serviced through the removal of illegal dumps. During the year under review, 96% of reported illegal dump sites were cleared.

Solid waste generated by businesses is collected on a daily basis in both Vanderbijlpark and Vereeniging areas, including the town centres. The street sweeping services are done daily in Vereeniging and Vanderbijlpark town centres including the outer business centres. Litter picking service is done in all the main roads including the cleaning of street bins.

The audits of operational land filling sites took place during 2019/20 financial year. The aim of the audits is to determine the extent and amount of waste disposed of and the remaining usable airspace. The present findings are estimates for the results obtained of the respective operational landfill sites:

- Boitshepi Landfill site calculated lifespan for final closure: 2.3 years.
- Estimated lifetime of the Palm Springs landfill to full closure: 20.99 years

Waldrift Landfill site calculated lifespan for final closure: 3.52 years.

The level of compliance of the landfill sites has declined due to a lack of infrastructure maintenance. This lack of oversight also contributes to the declining condition of the landfill sites. The municipality is considering the new framework for better control of the landfill site.

Highlights /Achievements

- Clean my city programme
 - Implemented every daily wherein the programme started in January 2020
 - Focus was on cleaning illegal dump hotspots
 - Converting waste dumps into recreational parks, food gardens
 - In overall a total number of 15 wards has been cleaned.
- 90 Days Depot Programme.
 - Implemented on daily basis

- 30 wards have been cleaned
- Implementation of Wetlands, Awareness and Greening Programme,
- Implementation of the Green Deeds Programme (Thuma Mina Project),
- Formalization of Recyclers Programme 11 cooperatives have been registered with GDARD,

Challenges

Average household waste collection was partially achieved at 45.58% below projection of 50% required and also 0% on the landfill site bi-annual audit compliance which was below projection of 95% compliance. The results showed that the municipality has partially achieved and this is attributed to a lack of resources and the delays in the sourcing of external capacity to conduct the landfill sites audits.

1.2.3 Roads and Storm Water

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

Achievements and Challenges

In regards to annual maintenance of roads and storm water, the table below indicates achievements for 2019/20 financial year.

Key Activities	Actual Achievement
Road Re-sealing	3.998km
Potholes patching	6119.92 m ²
Gravel Roads Maintained	121.85 km

Challenges

There is backlog on refurbishment /maintenance of the tar roads and municipality strives to address the challenge before it can reach deeper level of deterioration and affect the entire pavement structures.

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

Achievements

The municipality align the road maintenance programmes rehabilitation programmes such as gravel roads maintenance, surface layer rejuvenation and resealing activities with the budget allocation.

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

Taking into account the current size of the workforce available, which has about 80% vacant positions, the municipality is looking at recruiting trained personnel and even at expediting the process of acquiring

the training and skills development programmes for existing persons. All the requirements and documentation for vacant positions have been submitted to HR department

1.2.4 Potable Water

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

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

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

Bulk Water Purchases

The municipality total cost of bulk water purchases for 2019/20 was R1, 067,529,941. Meanwhile, total water supply losses by June 2020 amounted R601, 859,513, representing a 59% increase over the previous financial year. Physical water losses for the financial year under review were primarily caused by illegal connections to the network, while economic losses were caused by faulty meters.

Achievements and Challenges

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

ELM and Rand Water signed a co-operation agreement for the implementation of Water Demand and Conservation initiatives. This project intends to implement measures that will reduce water losses in the network through active pressure management and retrofitting of internal networks. ELM has started installing bulk water meters for purposes of checking accuracy on the bulk water bill from Rand Water and to monitor water consumption trends to Emfuleni communities.

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

- High number of vacant positions that are critical to delivery of services
- Shortage of fleet and plant has a negative impact to achieve turnaround time
- Tools of trades
- Expired Water Management system (WMS) that assists to capture all complains reported by communities

1.2.5 Sanitation Services

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

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

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

During the year under review, several initiatives were taken enhance service delivery. The following achievements were noted:

- Completion of civil and safety upgrade at Pump Station 9 located in Golf road Peacehaven. The pump station was successfully commissioned on 10 July 2020 and has been operational since.
- Module 6 and 7 of Sebokeng water care works which is part of Sedibeng Regional Sewer Scheme is in progress
- Measures are put in place to address the challenges such as ageing infrastructure, shortage of human resources, lack of capital funding for upgrading of waste water care works and replacement of outfall sewer lines. The municipality received grant funding for 2019/20 Financial Year for refurbishing of sewer pump stations. The challenges in sludge treatment at Sebokeng, Rietspruit and Leeuwkuil will be addressed under Sedibeng Regional Sanitation Scheme.

1.3 ORGANIZATIONAL DEVELOPMENT OVERVIEW

The municipality reviewed the Service Delivery Model and Organizational Structure after the pronouncement by the Gauteng Provincial Executive Committee declaring Emfuleni local municipality as under section 139 (1) (a) (b) (i) (ii) of the Act 108 of 1996 and section 139 (1) (a) and (b) of the Municipal Finance Management Act 56 of 2003.

Job Evaluation

Another significant project milestone undertaken was progress on Job Evaluations. Final Outcome Reports (FORs) were tabled to the Executive Committee of the municipality. To date, the Wage Curves Main Collective Agreement has not been concluded, further increase in vacancy rates and limitations on other roles under section 139 of Act 108 of 1996 and Municipal Finance Management Act 56 of 2003.

Outstanding jobs evaluations will be submitted to jobs evaluation Committee during 2020/21 financial year.

Employee Assistance Programme

The Support ELM provided to employees included; individual counselling of 165 employees, HIV/AIDS counselling and testing-127 employees were tested during the reporting financial year. Six wellness information sessions were held, 3 covering subjects of communication and conflict management, trauma awareness, Employee Assistance Programs, HIV/AIDS policy and, lastly, substance abuse. Financial management workshops were held, including pre-retirement workshops with the participation of 150 employees.

Human Resources

The responsibility of the Human Resources function is to provide effective and innovative HR services that address both skills development and administrative functions. Two of them were for Section 56 Managers, The municipality has a total of 2 550 active vacancies, of which 722 are critical vacancies. During the financial year under review, 43 vacancies the were filled : Chief Director of Utilities, Facilities Manager, 19 Journeyman, 6 Special Workmans, 3 Senior Fire Fighters, 3 Professional, and Building Inspector.i.e. Executive Directors for: Chief Audit Executive and infrastructure development. As at the end of June 2020, this results in a vacancy rate of 4.9% for the year.

A number of critical posts have been advertised and appointments will be finalized during the 2020/21 financial year.

As a way variety of important positions have been advertised, and appointments will be made during the fiscal year 2020/21.

Employee Turnover Rate (2019/2020)

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate
2017/18	48	188	7.3%
2018/19	30	153	5.8%
2019/20	43	125	4.9%

The Workplace Skills Plan (WSP) for the financial year 2020/2021, together with the Training Plan, was submitted to the Local Government Sector Education and Training Authority (LGSETA) at the end of May 2020 as per the provisions relating to the extended submission deadline and the provisions of the Skills Development Act, 2008 as amended. During the year under review a total of 445 staff members were successfully trained in various training interventions during the period under review. A full summary of training interventions can be found in Chapter 4 of this report.

Change Management

In collaboration with the Ethics Institute sponsored by Siemens, ELM introduced work-place ethics. Six Ethics Champions have been trained and also certified by the University of Stellenbosch. Ethics Strategy, Implementation Plan and Pledges have been developed and submitted for consideration and approval to ELM Executive Committee and Joint Section 80 Corporate Governance and Communications and

Finance Committees. They will be presented to the Council in the next financial year. ELM has also completed the development of a draft change management framework and a change management plan is expected to be completed very soon. This process has not been adhered to due to the pandemic and the lockdown implications. The due process is unknown.

1.4 FINANCIAL OVERVIEW

The municipality had budgeted for a surplus of R453m for this financial year, however only realized a deficit of R1,3m. The deficit was mainly due to debt impairment on non-performing debtors and the depreciation mainly as a result of GRAP17 implementation during 2014/15 financial year.

The operating revenue was 11% over the annual budget, this can be attributed to electricity sales and sewer services which did not realize as anticipated. The conversion from conventional metering to smart prepaid metering also has an impact on unrealized electricity billing.

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

2019/20			
	Adjusted Budget R'000	Actual R'000	Achievement %
Operating revenue	5,989,994	6,653,011	111%
Operating expenditure	5,536,849	8,050,067	145%
Surplus/(deficit)	453,145	- 1,397,056	

*See detailed Statement of Financial Performance in Chapter 5

Analysis of operational income

Services	2019/20	2018/19	Year on Year increase (%)	Approved
	R'000	R'000 (Restated)		tariff increase (%)
Assessment rates	896,097	856,165	5.2	17.2
Electricity	2,378,128	2,024,614	1.8	6.8
Water	1,242,300	1,535,676	7.9	19.9
Refuse	248,262	254,203	0	9
Sewer	489,374	455,014	5.2	17.2

Assessment rates – the tariff increase was 5.2% in 2019/20. Actual increase in revenue was 10.5%, the difference of 1.55% can be attributable mainly to the increase in valuation of properties and new developments around Emfuleni Municipality.

Electricity – the tariff increase for 2019/20 was 1.8% and actual increase in revenue was 3.9%. The difference attributable to reduction in electricity consumption as consumers are more careful when using the prepaid electricity unlike when on conventional metering system.

Water – the tariff increase was 7.9% in 2019/20 and the actual increase in revenue was 9.3%, the real decrease was 1.7% can be to a certain extent be attributed to the Nationwide campaign by the Department of Water and Sanitation and Local Government on utilization of water sparingly.

Refuse – the approved tariff increase was 0%. The actual increase in revenue was 8.9%, which is in line with the tariff increase.

Sewer – the approved tariff increase for 2019/20 was 10.2%. Actual increase in revenue was 14%. The difference of 3% is due to the increased sewer services

Analysis of operational expenditure:

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

	2019/20 (Adjusted budget)	2019/20 (Actual)	2018/19 (Actual) Restated	2018/19 Achievement (Budget vs Actual)
	R000	R000	R000	
Cash items				
❖ Employees cost	1,221,474	1,100,479	1,052,017	90%
❖ Repairs and maintenance	118,337	84,006	-	71%
❖ Bulk purchases – Electricity	1,541,222	1,955,057	1,571,000	127%
❖ Bulk purchases – Water	759,998	1,067,529	941,146	140%
❖ Contracted services	192,748	258,892	254,527	134%
Non-Cash items				
❖ Depreciation	428,330	311,062	368,940	73%
❖ Debt impairment		1,981,788	1,141,401	

- Repairs and maintenance was underspent by 29% in the current financial year due to cash flow constraints experienced by the municipality and is therefore unable to spend on maintenance.
- Bulk purchases on both electricity and water was on par with the annual budget.
- Several existing contracts were reviewed and re-negotiated in the current financial year with the quest to contain costs, hence the low spending on contracted services.
- Depreciation was 37% above the budgeted amount due to insufficient provision made in the budget.
- Debt impairment provision was 19% above the budgeted amount due to insufficient provision made in the budget.

Cash flow and liquidity ratios

	NORM	2016/17	2017/18	2018/19	2019/20
Liquidity Ratio	2.1	0.26	0.38	0.80	0.50
Cost coverage ratio	1.1	0.36	0.36	0.12	0.13
Creditors payment period	30 Days	251	212	144	124

Analysis

The municipality continued to experience the cash flow challenges in the year under review and the situation has further declined when compared to the previous year. The current ratio was sitting at 0.5 (2015/16 - 0.5:1) at the end of the financial year which was below the norm of 2:1. This indicates the inability to settle invoices within the regulated 30 days' timeframe. On average as per the above table, the current turnaround time to settle creditors' invoices is 81 days.

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

Remedial action

The municipality has adopted a comprehensive Financial Recovery Plan to address, inter alia, measures to improve the financial position of the municipality, more specifically the cash flow situation. The focus areas are:

Enhanced revenue capabilities of the municipality:

- Revision of Revenue protection and Enhancement Strategy;
- Enhance Revenue Value Chain;
- Enhanced comprehensive Credit Control and Debt Management policy;
- Ensure that the municipality's fixed cost is reasonably covered by income received;
- Ensure that the income received does not exceed the operating cost of the services;
- Ensure that the municipality is able to comply with loan agreements and finance lease agreements

Progress made on the priorities of the Financial Recovery Plan is monitored on a monthly basis and a report forwarded to Treasury.

The municipality has entered into payment agreements with both Rand Water and Eskom, and various undertakings made with respect to reducing the bulk supply needs of the municipality from the current levels to more reasonable and affordable levels that the municipality can manage.

Cash flow is directly managed by the Chief Financial Officer on a daily basis and payments to creditors are approved by him.

1.5 STATUTORY ANNUAL REPORT PROCESS

No.	Activity
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).
3	Finalize the 4th quarter Report for previous financial year
4	Submit draft year 2019/20 Annual Report to Internal Audit
5	Municipal entities submit draft annual reports to MM
6	Audit/Performance committee considers draft Annual Report of the municipality and entities (where applicable).
8	Mayor tables the unaudited Annual Report
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase
11	Auditor General Audits Annual Report including consolidated Annual Financial Statements and Performance data
12	Municipalities receive and start to address the Auditor General's comments
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report
14	Audited Annual Report is made public and representation is invited
15	Oversight Committee assesses Annual Report
16	Council adopts Oversight report
17	Oversight report is made public
18	Oversight report is submitted to relevant provincial and National departments
19	Finalization of Budget/ IDP for next financial year. Annual Report and Oversight Reports to be used as input

Disclaimer: The process for submitting the Annual Report was not completed due to COVID-19 circumstances, which prompted the compliance timeline to be altered in compliance with MFMA Circular 104 of MFMA. The process plan will then be adopted as soon as the situation surrounding COVID-19 improves.

CHAPTER 2: GOVERNANCE

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

Chapter 2 integrates the municipality's overarching governance structures and decision making processes and legislative obligations of the various governance structures and committees. There are a number of assurance role players for corporate governance in the municipality and they provide different types of assurances.

POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 POLITICAL GOVERNANCE

2.1.1 Political Leadership

The Mayoral Committee of the municipality

The Mayoral Committee of Emfuleni Local Municipality is the political governance structure that is established in terms of Section 60 of Local Government: Municipal Structures Act 117 of 1998. **Cllr G Moerane** is the Executive Mayor of Emfuleni Local Municipality and the public face of the municipality. He is the chair of the Mayoral Committee comprising of nine (10) Councillors accountable to him. The Mayoral Committee meets regularly to co-ordinate the work of municipality and make recommendations to Council. The Executive Mayor steers the development and implementation of Integrated Development Plan which encapsulates service delivery and performance.

Speaker of Council

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

Over and above these roles, the Speaker also is a driving force of the public participations, petitions, ward committees, capacitation of Councillors' with specific reference to their portfolios. During the year under review, the Office of the Speake has conducted 369 ward committee meetings, implemented 146 publihief

Chief Whip of Council

Cllr MC Sale is the Chief Whip of the municipality. The role of the Chief Whip is to strengthen and maintaining healthy relations between all the parties in Council. The Chief Whip is also responsible for ensuring that portfolio committees are functional and that councillors are allocated appropriately. The duties of the Chief Whip of Council includes facilitation and implementation of whippery, study groups, multi-party forums. During the reporting period the Office of the Chief Whip has successfully implemented 5 chief whip caucus monitoring and evaluation on governance study groups, conducted 10 cluster oversight.

Political Management Team



Cllr Maipato Tsokolibane
SPEAKER OF COUNCIL
Tel: 016 950 6462



Cllr Gift Moerane
EXECUTIVE MAYOR
Tel: 016 950 5452



Cllr Christinah Sale
CHIEF WHIP OF COUNCIL
Tel: 016 950 6457

Mayoral Committee



Cllr Edwin Kele
Human Settlements
Tel: 016 950 6541



Cllr Dimakatso Malisa
Health and Social
Development
Tel: 016 950 5069



Cllr Pias Maseko
Agriculture, LED,
Development Planning &
Tourism
Tel: 016 950 5654



Cllr Busi Mncube
Shared Service
Tel: 016 950 5365



Cllr Khethiwe Ntombela
Infrastructure Planning
and Development
Tel: 016 950 5345/5041



Cllr Bheki Ntsele
Public Works
Tel: 016 950 5312



Cllr Jan Moshoaluba
Public Safety
Tel: 016 422 1483



Cllr Penny Sengoatsi
Sport, Recreation, Arts and Culture,
Library Information Services,
Parks & Cemeteries
Tel: 016 950 3683/9



Cllr Robert Thema
Finance & Revenue
Tel: 016 950 5289



Cllr Nomvula Thulo
Environmental Management and Planning
Tel: 016 950 5285

2.1.2 Municipal Council

The Emfuleni Local Municipality Council is fulfilling its mandate of taking decisions as mandated by Section 160 of the SA Constitution and Section 17 on the Municipal Structures Act among others. The Municipal Council is composed of ninety (90) PR & Ward Councillors. The Municipality council comprises of Forty-five (45) Wards with forty-five Ward Councilors and forty-five (45) PR Councilors.

Out of the ninety (90) Councillors, fifty-four (54) are males while thirty-six (36) are female Councillors. This means that women Councillors comprise forty (40%) of the total number of all Councillors

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

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

Council and Mayoral Committee Meetings as at June 2020:

	Meetings	Resolutions Passed
Council	14	194
Mayoral Committee	19	37
Total	33	231

During the year under review Council held fourteen (14) meetings. During these meetings 194 resolutions were passed. These types of meetings are opened to members of the public who attends under the observer status. On the other hand, the Mayoral Committee had nineteen (19) meetings and passed 37 resolutions.

These types of resolutions directly impact on the following areas:

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

The following provides a brief reflection of the said resolutions:

- Strategy to create consumer and business confidence in addressing a culture of payment of services by all stakeholders
- Revenue enhancement analysis and strategy
- Rules and Orders of Council (Approved in principle; undergoing public participation and comments).
- Web Based Central Supplier Database
- External Mayoral Bursary Scheme

2.1.3 Council Committees

Section 80 Committees

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

The Mayoral Committee of the municipality has the following portfolios: Corporate and Governance, Basic Services, Environmental Management and Planning, Public Safety, Health and Social Development, Finance and Revenue, Agriculture, Local Economic Development and Planning, Human Settlement, and Infrastructure Planning, Development and Sport Recreation, Culture and Library.

Section 79 Committees

Ethics Committee: The Ethics Committee is chaired by Cllr. T Nquba. The committee ensures compliance with the Code of Conduct as set out in Schedule 1 of the Local Government: Municipal Systems Act 32 of 2000 as amended. The Code requires that a Municipal Council may establish a special committee to investigate and make a finding on any alleged breach of the Code and conduct of councillors and make appropriate recommendations to the Municipal Council. For the period under review the municipality has conducted 3 meetings.

Petitions and Public Participation Committees: The Petitions and Public Participation Management Committee (PPPMC) is Chaired by Councillor Mthunzimele Sikukala, and it derives its mandate from the following piece of legislations:

- The Promotion of Administration of Justice Act (Act 3 of 2000)
- The Promotion of Access to Information Act, 2000, Act No. 2 of 2000, hereinafter referred to as PAIA,
- The Local Government: Municipal Structures Act (Act 117 of 2000)
- The Local Government: Municipal Systems Act (Act 32 of 2000)
- Gauteng petitions Act, 5 of 2002
- Constitution of the RSA, Act 108 of 1996

The committee is functional and has 15 active councillors and 3 officials from Speaker's office. For the period under review it has conducted 10 meetings.

The Audit Committee and Performance Audit Committee: The Audit Committee and Performance Audit Committee are committees of the Council and performs the statutory responsibilities assigned to it by the Local Government: Municipal Finance MFMA (sections 165 and 166), and other relevant responsibilities delegated to them under its charter by the Council. The committees are chaired by Ms T Moja and Mr S Mofokeng. They are independent advisory body's that advises Council, the political office-bearers, the accounting officer and the management of the municipality on matters relating to internal financial control and internal audits; risk management; accounting policies; the adequacy, reliability and accuracy of financial reporting and information and performance management.

Municipal Public Accounts Committee: The Municipal Public Accounts Committee (MPAC) is functional and is headed by Cllr. MM Nthebe. The MPAC is the custodian of the Annual Report and also heads up all forms of community or public participation on the annual report. During the year under review the committee held 10 meetings to give an expression on the quarterly performance report and annual report.

Spatial Planning and Land Use Management Act (SPLUMA) 16 of 2013 is a new framework which prescribes that municipalities embark on a process of disestablishing the old Land Tribunal Committee established in terms of section 79 of the Municipal Structures Act 117 of 1998 the Town Planning and Townships Ordinance 15 of 1986.

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

The purpose of the Municipal Planning Tribunal (MPT) is to consider and adjudicate on land development applications within the municipality's area of jurisdiction in terms of the delegated authority as delegated by Council. The purpose of the Appeal Authority (AA) is to consider and adjudicate on land development applications within the municipality's area of jurisdiction wherein the applicant has lodged an appeal against unsatisfactory decision taken at the MPT level. For the reporting year, six (6) tribunals were held.

2.1.4 Decision Making Process

Political Decision Making

Council meetings are ran according to the adopted Standing Orders. These set out how the meetings should be managed, how you can propose motions or pass resolutions and how decisions will be made. The Speaker of Council is responsible for keeping order.

There is a cycle of decision-making that is followed by Emfuleni Local Municipality is as follows:

- Agendas have to be prepared before meetings and any committee reports, petitions or motion have to appear on an agenda before they can be discussed.
- When an issue comes up for discussion at a council meeting it is often referred to a committee or to the Mayco for further discussion and a deadline is given for when a report should be made.
- If the matter is referred to a committee the committee will report to Mayco. The Mayoral Committee will consider the issue and either support their recommendations or put opposing recommendations forward to the council meeting.
- The council will then vote on the matter.

Council decisions are taken after the Mayoral Committee has made recommendations. When Council agrees by a majority vote, the recommendation becomes a resolution of council.

2.2 ADMINISTRATION GOVERNANCE

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

The municipality is divided into 9 Administrative Clusters, each with focused and clear roles and responsibilities. They provide support function and service delivery to the community. Each cluster is responsible for its own planning and budget in accordance with the municipality's overall strategic plan.

The Executive Committee meetings are conducted weekly to discuss reports that are recommended to Sections 79 and 80 respectively, Mayoral Committees and Council for approval.

Executive Committee



Mr Lucky Leseane
Municipal Manager
Tel: 016 950 5105



Mr Thabo Ndlovu
Executive Director:
Shared Services
Tel: 016 950 5444



Mr Vincent Campbell
Executive Director:
Community Services
Tel: 016 950 5415



Mr Matubatse Motubatse
Executive Director:
Economic Planning and
Human Settlement
Tel: 016 950 5680



Ms Refilwe Mokgosi
Executive Director:
Public Works
Tel: 016 950 5317



Ms Laura Mabunda
Acting Chief Audit Executive
Tel: 016 950 5497



Mr Andile Dyakala
Chief Financial Officer
Tel: 016 950 5340



Mr April Ntuli
Executive Director: Infrastructure
Planning & Development
Tel: 016 950 5074 /41



Mr Madoda Besani
Chief Director: Metsi-a-Lekoa
Tel: 016 950 8363

COMPONENT B INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

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

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

- Ntirhisano Forums;
- Provincial and National Departmental /Sectoral IGR Forums;
- Municipal Managers IGR Forums headed by DG;
- Chief Financial Officers IGR Forums;
- COGTA IGR Forum;
- SALGA IGR Forums.

The value obtained from these forums, especially at provincial level, is implemented across the spheres of government .The municipality has established a manager's IGR forum with the sole purpose of avoiding to work in silos as clusters, support each other and implement decisions/resolutions taken at provincial and national government.

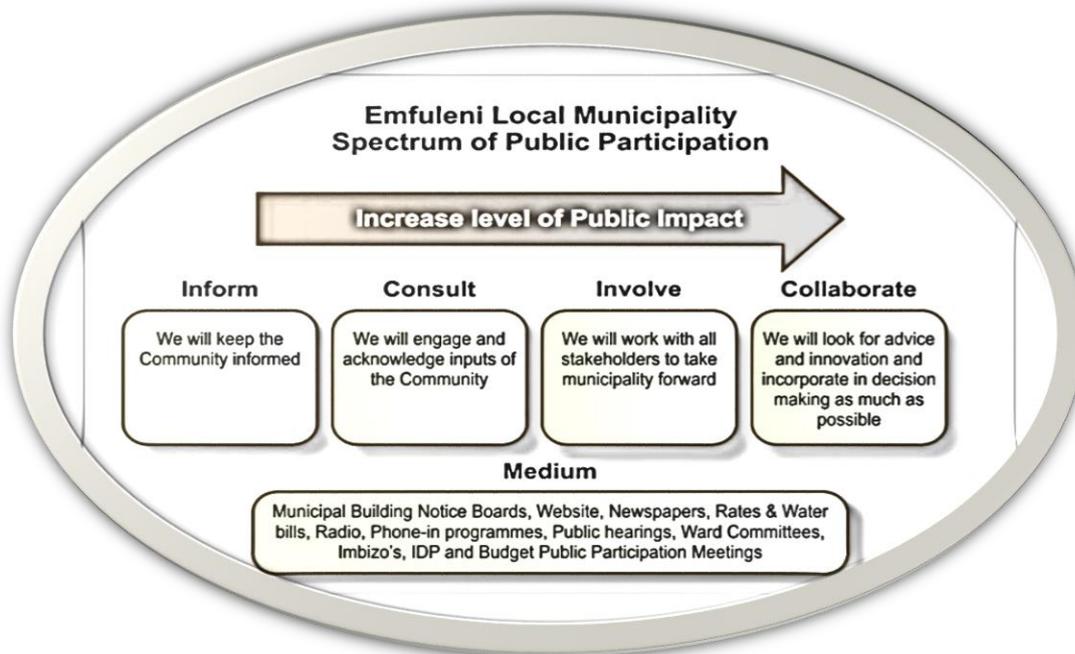
COMPONENT C PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4 PUBLIC PARTICIPATION AND MEETINGS

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

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

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



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

2.4.1 Ward committees

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

Ward Committees are established:

- To get a better participation from the community and to inform them about Council decisions. These committees seek to ensure that there is more effective communication between the Council and the community.
- To create formal unbiased communication channels and cooperative partnership between the community and the municipality in the ward
- To create harmonious relationship between the communities of a ward, the ward councilor, geographically spread community and the municipality.

During the year under review 180 ward committee meetings were held to engage on Integrated Development Plan and infrastructure projects.

2.4.2 Public Meetings

Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)
Mafatsane Hall	02 October 2019	11	23	244	Yes
Wilberforce College Hall	08 October 2019	14	16	188	Yes
Saul Tsotetsi Sports Centre	09 October 2019	4	26	448	Yes
Sharpeville Community Hall	10 October 2019	5	16	332	Yes
Boipatong Hall	15 October 2019	12	13	277	Yes
Bophelong Community Hall	17 October 2019	5	17	202	Yes
Eligwa Primary School	22 October 2019	10	17	81	Yes
Vereeniging Banquet Hall	23 October 2019	6	15	174	Yes
Quest Conference Hall	25 October 2019	6	15	334	Yes

2.5 INTEGRATED DEVELOPMENT PLAN AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	YES
Does the IDP have priorities, objectives, KPIs, development strategies?	YES
Does the IDP have multi-year targets?	YES
Are the above aligned and can they be calculated into a score?	YES
Does the budget align directly to the KPIs in the strategic plan?	YES
Do the IDP KPIs align to the section 57 Managers	YES
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	YES
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	YES
Were the indicators communicated to the public?	YES
Were the four quarter aligned reports submitted within stipulated time frames?	YES

2.6. RISK MANAGEMENT

Risk Management plays a crucial role in identifying both risks and opportunities that are present and to take a strategic position in minimizing the said risks and maximizing present opportunities for the benefit of its citizens. The role of the Risk Management in the municipality is to provide the expertise and support for institutionalizing Enterprise Risk Management and thereby embedding a risk intelligent culture. This is achieved through various methods including employee training on the principles and practices of risk management, coordinating efforts in determining the municipality's risk exposure and in the development of mitigating actions by management for addressing the identified risks.

The municipality's Risk Management, Anti-fraud and Anti-corruption Committee (RMAAC) was established. During the 2019/20 reporting period the committee held 2 meetings. The Risk Management, Anti-fraud and Anti-corruption Committee Charter was also adopted in the reporting year. The municipality Strategic Risk Register as well as departmental Operational Risk Registers was updated and monitored.

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



Chart A: Strategic Risk Profile

The Strategic Risk Profile of the municipality is depicted in Chart A, and it remains at a considerable high with 82% of the risks being high, 12 risks being medium and 6% at a low residual risk level. The overall progress registered on the implementation of the risk mitigation actions is satisfactory with 76% of the risk being satisfactory, 18% unsatisfactory and 6 being weak.



Chart B: Risk Mitigation Action Progress

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

- o Chief Risk Manager Position Vacant
- o Capacitating the Risk Management Department (Staffing);
- o Development of the organisational structure for risk management department
- o Defining the Risk Appetite and Risk Tolerance Levels (currently defined in the framework in terms of the risk rating criteria);
- o Risk Assessment aligned with IDP and Budget Processes (Key challenges in this regard have been considered by the Senior Management Team);
- o Creating a library of Risk Incidents (currently underway).

The RMP for the 2020/21 period will take these outstanding matters into account to ensure their finalization with the goal of improving the risk management culture of the municipality to become pro-active and effectively its risk maturity levels across the board.

2.7 ANTI- CORRUPTION AND FRAUD

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

The Anti-fraud and Anti-corruption Strategy is made up of the following documents;

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

The municipality has for the 2019/20 period, conducted the following forensic investigations;

Name of Investigation	Status
Unauthorised, Irregular, Fruitless and Wasteful 2017.18 financial year	On-going
Probity on appointment of the service provider for Insurance	On-going

2.8 INTERNAL AUDIT

The Emfuleni Local Municipality (ELM) has a fully functional Internal Audit Cluster which is mandated to provide independent, objective assurance and consulting services geared towards adding value to ELM and improved quality of the service delivery. Internal Audit is an independent cluster which is a significant contributor to corporate governance and service delivery within the municipality by providing assurance services.

To this end, the Internal Audit Cluster has developed and implemented a Risk-Based Annual Audit Plan which is aligned to the ELM strategy (IDP) and Strategic Risk Register as adopted and approved by the Audit Committee and Council respectively.

Contributions to Corporate Governance and Operation Clean Audit (OPCA): Audit Committee and Performance Audit Committee

Internal Audit contributed towards strengthening the governance structures within ELM by supporting the Audit Committee and Performance Audit Committee by submitting and presenting audit reports of a value-adding and system-enhancing nature. This observation was endorsed by the evaluation made by the Office of the Speaker, Executive Mayor and Senior Management on the functionality of the committees as follows:

The Aggregate Rating of the Audit and Performance Audit Committees' performances on a 1-5 scale during 2019/20 were:

AUDIT COMMITTEE AND PERFORMANCE AUDIT COMMITTEE PERFORMANCE EVALUATION		
EVALUATED BY THE EXECUTIVE MAYOR; SPEAKER OF THE COUNCIL; MUNICIPAL MANAGER; SENIOR MANAGEMENT TEAM AND AUDIT COMMITTEE MEMBERS		
2019/20	Performance Audit Committee	Audit Committee
Expertise and know-how	4.3	4.4
Inquiry attitude, objectivity and independence	4.1	4.1
Judgment	3.9	3.9
Knowledge of Local Government and its objectives	4.3	4.4
Understanding of and commitment to the Committee's duties and responsibilities	4.3	4.3
Devotion of time in order to participate effectively in the Committee	4.3	4.2
Timely responses	4.4	4.1
Attendance of meetings	4.5	4.6
Overall Percentage 2019/20	84.8%	84.8%
Overall Percentage 2018/19	95%	92%

Municipal Public Accounts Committee- Further, the Cluster contributed to strengthening other governance mechanisms within ELM by providing technical support to the MPAC as well as by providing quality reports, which the Audit Committee used to exercise its oversight responsibility effectively in terms of its charter.

Consulting Services- Internal Audit plans includes a consulting services framework, strategy and methodology, aimed at increasing the range of value-added services that internal audit provides to its stakeholders, while maintaining its independence in relation to assurance services. Consulting services

comprise a wide range of activities based on management's needs. These services are tailored to resolve specific issues that senior management identifies as requiring attention which ranges from advisory, educational and/or facilitative in nature.

Continuous Auditing- Internal Audit has introduced a continuous auditing/real time audit technique which is used to provide a snapshot of the internal controls in order to enable timely and regular assurance of ELM control effectiveness by monitoring compliance with key controls. This approach assists to identify the internal control gaps or deficiencies and send warning signs to management timeously.

Internal Audit Outcomes for 2019/20

Execution of the Risk Based Annual Audit Plan

Based on the approved Risk Based Audit Plan, Internal Audit provided assurance and reported on the adequacy and effectiveness of controls in ELM's business processes as well as in specialized areas such as Management, Supply Chain Management, Performance Management, Value for Money Audit, Compliance, Financial, ICT Governance and Risk Management which resulted in a **95%** audit coverage of the approved plan.

AGSA Dashboard- Internal Audit has facilitated the AG (SA) Dashboard Reports on the Key Control Environment which are quarterly signed off by the Executive Mayor. These reports contributed to key leadership commitments made by the key role players, including the ELM Executive Mayor in order to strengthen the executive leadership and oversight in maintaining clean governance. Further, continuous key control environment assessment by management and evaluation by internal audit indicated improvement on Leadership, Financial and Performance Management and Governance processes.

Key Commitments- Internal audit facilitated and followed up on key commitments and initiatives for 2019/20 financial year as committed by various Assurance Providers. The results were agreed upon by the Accounting Officer, Senior Management, Audit Committee, Executive Mayor, Mayco and Council. Internal Audit reached the same assessment results and/or conclusion as reported on the Auditor-General management report.

Annual Assessment of the ELM internal controls

Internal Audit provided assurance in respect of the adequacy and effectiveness of controls in all the clusters. Based on the outcomes of these audits, Internal Audit provided the Audit Committee with a written assessment on the status of the ELM internal controls for the 2019/20 reporting period. In order to achieve a seamless approach on the achievement of clean administration at ELM this process was aligned to the Auditor-General *Dashboard Report-Drivers of Internal Control* which also contributes to commitments made by the Executive Mayor to improve the audit outcomes. Internal Audit reached the same assessment results and/or conclusion as the Auditor-General.

Quality assurance improvement programme

The Internal Audit Cluster maintained and implemented a quality assurance and improvement program to ensure the quality of audit products and services are realized by ELM. The programme is designed to enable evaluation of the cluster in order to conform to the Internal Audit International Standards and Code of Ethics as well as its own approved Internal Audit Charter and audit methodology. To that end client satisfaction surveys were implemented to measure the quality of internal audited projects for strengthening the governance processes within the Municipality. The said process is conducted through providing management with recommendations which resulted in improved governance, risk management and internal controls in the Municipality.

Evaluation of Internal Audit cluster

Internal Audit was evaluated by all the stakeholders on a scale of one to five. The Internal Audit Cluster is operating within the commitment of the entire ELM and internal audit staff where everybody is striving towards meeting agreed upon deadlines.

In overall the Internal Audit Cluster had a very successful 2019/2020 reporting period.

The following table indicates results indicates ELM Internal controls, risk management and governance process during the 2019/20 reporting period:

Performance Evaluation of Internal Audit Activity		
Self-Evaluation and Audit Committee 2019/120		
CRITERIA	Audit Committee	Self-evaluation
	Rating	Rating
Managing the Internal Audit Activity	5.0	4,3
Status of the Internal Audit Activity	4.5	4.5
Nature of Work	5.0	4.3
Continuing Professional Development	4.8	4.1
Risk-based Auditing	4.7	4.3
Technology	2.8	3.3
Resources	4.4	4.1
Quality Assurance and Development	4.4	3.9
Communications	5.0	4.2
Relationship with Stakeholders	5.0	4.2
Operational Requirements	5.0	4.3
Overall Percentage 2019/20	92.6%	82.5%
Overall Percentage 2018/19	83%	

Internal Audit Highlights and Successes for 2019/20

- Followed a communication strategy to build good communication and client relations with management and all related stakeholders;
- Successfully performed a cluster-audit approach;
- Executed a 100% performance audit methodology which is aligned to National Treasury Framework on performance management adding value to the service delivery quality, to this end ELM has attained an AGSA 100% unqualified audit opinion on "usefulness of information"; and
- Following the continuous auditing model.

2.9 ANNUAL REPORT OF THE AUDIT COMMITTEE FOR THE REPORTING PERIOD ENDED 30 JUNE 2020

1. INTRODUCTION

The Chairperson of the Audit Committee has pleasure in submitting herewith the annual report of the Audit Committee for the financial year ended 30 June 2020.

2. LEGAL FRAMEWORK GOVERNING THE AUDIT COMMITTEE

- (a)** Section 166(1) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003 as amended) (MFMA) requires from each municipality to have an audit committee.
- (b)** 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 controls 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.

© In addition sections 166(2)(b), (c), (d) and (e) require from the committee to review the annual financial statements, respond to Council on any issues raised by the Auditor-General (South Africa) (**AGSA**) in the audit report, carry out such investigations into the financial affairs of the municipality and to perform such other functions as may be prescribed by the Council.

3. ADDITIONAL LEGISLATION GOVERNING/GUIDING THE AC

- i.** The Constitution of the Republic of South Africa No. 108 of 1996, Section 152(1)(a).
- ii.** Local Government: Municipal Systems Act, No. 32 of 2000, section 46.
- iii.** Local Government: Municipal Finance Management Act, No. 56 of 2003, section 166.
- iv.** Local Government: Municipal Structures Act, No.117 of 1998, Section 79(1)(a) - (c).
- v.** All MFMA, MSA and Structures Act Regulations.

4. AUTHORITY

In order to carry out its responsibilities effectively and independently, the AC has the following authority:

- i.** Pre-approve all requests for internal audit consulting services.
- ii.** Access to all information it needs in terms of its mandate.
- iii.** Obtain any relevant information it requires from the CAE, Management and AGSA sources.
- iv.** Request independent professional advice, in consultation with the MM when necessary.
- v.** Call the attendance of municipal officials at AC meetings when required.
- vi.** Initiate special investigations per MFMA, section 166, in consultation with the MM.

- vii. Resolve any disagreements between Management and AGSA regarding audit findings.
- viii. Review/Oversee the activities of the IA and AGSA.
- ix. Engage freely with Council, Executive Mayor and Speaker of the Council on any matter requiring attention.
- x. Investigate any activity within its terms of reference.

5. GOVERNANCE OF THE COMMITTEE

- (a) All members of the Audit Committee are non-executive members and all meetings of the committee were held in accordance with the charter and process plan of the committee as approved by Council. The annually revised charter for the committee has been approved by Council. The Acting Chief Audit Executive reports operationally to the Municipal Manager and functionally to the Audit and Performance Audit Committee.
- (b) The Audit and Performance Audit Committee has executed its responsibilities in accordance with section 166 of the Local Government: Municipal Finance Management Act, 2003 (Act number 56 of 2003 as amended).
- (c) The members of the Audit Committee and Sub-committees during the period under review were:

Name	Audit Committee	Sub-Committees		
		Performance Audit Committee	Risk Management and Anti-Fraud and Corruption Committee	Information Communication and Technology Governance Committee
Mr. LS Mofokeng	Member	Chairperson	-	Chairperson
Ms. MAF Moja	Chairperson	Member	-	-
Mr. PS Fourie	Member	Member	Chairperson	-
Adv. HW Cory	Member	Member	-	-

The membership of the Audit and Performance Audit Committee as at 30 June 2020 including the period 01 July 2020 to 31 October 2020 comprised of 4 (four) independent external members and their attendance is reflected in the table below.

Name	Audit Committee	16/08/19	28/08/19 sp	19/01/20	21/02/20 sp	22/06/20	01/09/20 (new fy)	02/09/20 (new fy)	07/10/2020 (new fy)	26/10/2020
Mr. LS Mofokeng	Chairperson	√	√	√	√	√	√	√	√	√
Ms. MAF Moja	Member	√	√	√	√	√	√	√	√	√
Mr. PS Fourie	Member	√	√	√	√	√	√	√	√	N
Adv. HW Cory	Member	√	√	√	√	√	√	√	√	√

(d) Risk Management, Anti-Fraud and Anti-Corruption Committee as the name indicates, is a management committee chaired by an independent AC member to guide and advise management while providing close Audit Committee oversight.

(e) Council members contacts ended in December 2019, and was extended to 31 March 2020. Due to the National Lockdown the contract was further extended until the end of June 2020. The municipality was delayed in processing the appointment the new committee and further extended the contract until 31 October 2020.

4. INTERNAL CONTROLS

(a) Internal audit evaluated effectiveness of municipal system of internal controls following AGSA Methodology and using the tool provided by AGSA.

(b) Internal Audit reported system weaknesses and recommended corrective actions for management to address the deficiencies. Management implemented internal audit recommendations to enhance the system of internal controls to the acceptable level.

(c) In the conduct of its duties, the Committee has, inter alia, reviewed the following:

- The effectiveness of the internal control systems;
- The operational risk areas covered in the scope of internal and external audits;
- The adequacy, reliability and accuracy of financial information provided to management and other users of such information;
- Any accounting and auditing concerns identified as a result of internal and external audits;

- Compliance with legal, accounting and regulatory frameworks;
- The activities of the Internal Audit Function, including its annual work program, co-ordination with external auditors, the reports of significant investigations and the response of management to specific recommendations;
- Where relevant, the independence and objectivity of external auditors.

5. INTERNAL AUDIT

- (a) The Committee is satisfied that the internal audit cluster has during the period under review effectively focused its available resources towards identified critical risk areas in accordance with the approved Risk Based Annual Audit plan for 2019/20 of which they managed to achieve **88%** implementation. The finalization of the plan was impacted by the absence of officials during the National Lockdown. The committee also approved the Risk Based Annual Audit plan for the 2020/21 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.
- (b) All Internal audit activities were completed in-house in accordance with the approved Internal Audit Charter and independence or objectivity of the function was observed throughout for the year under review.
- (c) With Internal audit follow-up reports, 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 were tracked, managed and reported to the Audit Committee.
- (d) The committee noted a decline in the percentage of audit findings resolved by management from 38% in 2018/19 to 13% in 2019/20 financial year.
- (e) The committee also believes that Internal audit has effectively carried out its mandate and responsibility in accordance with the MFMA and approved Internal Audit Charter.
- (f) One-on-one discussions with the Chief Audit Executive did not reveal any matters of concern.
- (g) The Internal Audit Function monitored the effectiveness and efficiency of the internal control systems, report their findings and make recommendations to management and the Audit Committee of the Council and monitored whether corrective actions have been taken. These controls focus on critical risk areas in line with the principles of the cost of control versus the benefit thereof.

6. RISK MANAGEMENT

- (a) The Risk Management Anti-Fraud and Anti-Corruption Committee and Audit committee have assisted the Accounting Officer to execute his risk responsibilities.
- (b) From the various reports received the Audit Committee is satisfied that the risk management processes were adequately designed although not effectively and efficiently implemented in some instances.
- (c) Further, the committee acknowledges the progress made in risk management processes which improved the risk management maturity level of the municipality.
- (d) Risk management is an ongoing process and is focused on identifying, assessing, managing and monitoring all known forms of significant risk across all Clusters.

- (e) The Audit Committee noted with concern the absence of the Chief Risk Officer within the Municipality.

7. MATTERS OF CONCERN

- (a) Audit Committee entered into discussions with the Accounting Officer again to emphasize the critical need for enhanced revenue management initiatives in order to effectively address the cash flow challenges faced by the municipality. The municipality needs to finalize the revenue management structure and capacitate it accordingly to enable increased revenue collections.
- (b) Complete reliable contracts register be presented to AC.
- (c) Long outstanding management comments on the Supply Chain Audit.
- (d) All forensic report concludes tabled to the AC for determination of the relevant cause of action
- (e) 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. The forensic reports are finally dealt with in closed sessions of the Council.
- (f) Certain individual regarding the current AGSA audit for 2018/19 financial also informed the committee of leaked information. The AGSA has undertaken to investigate if there were leaks from its staff. The Audit committee requested the Accounting Officer to investigate the leak on the part of staff and management and take appropriate action in terms of the code of conduct for staff and management. Where applicable the code of conduct for councilors be applied.

8. PERFORMANCE MANAGEMENT

- (a) Management in the year under review has not implemented the Council approved Performance Management Plan. This was due to change which was brought by the termination of the QPR System and the municipality was forced to utilize manual.
- (b) The Audit Committee noted that Management still has to review a performance management policy and procedure manual which was approved by Council to accommodate the current practices.
- (c) The Performance Audit Committee could not monitor management's evaluation of identified "external service providers" as required by section 46 of the Municipal Systems Act, 2000. All required documentation to support the evaluation was not presented to the Committee.
- (d) The Acting Chief Audit Executive in terms of the MFMA/MSA regulations on a quarterly basis audited the reported performance information. All system weaknesses reported were brought to the attention of the Accounting Officer.
- (e) The monitoring of the Council's performance is a key function of management, executive management and the Council.
- (f) The Committee has ensured, principally through the internal audit function, that the systems of performance measurement and reporting, as well as the systems of internal control that underpin the performance management framework of the Council, remain robust and are addressed routinely in the audit plans.

- (g) The Committee also obtained assurance from management and internal audit that the Council's performance management system adequately and effectively reports appropriate and relevant information.

9. COMPLIANCE WITH MFMA, THE ANNUAL DIVISION OF REVENUE ACT AND ANY OTHER APPLICABLE LEGISLATION

- (a) The Audit Committee recommended improvement to the system implemented by management. The Chief Audit Executive recommended that, the system to monitor compliance with applicable laws and regulations be enhanced to ensure reliability. The Audit Committee also noted that compliance in some instances is not being addressed in a timely manner. However, the Risk Management, Anti-Fraud and Anti-Corruption Committee as a sub-committee of the Audit and Performance Committee, assisted the Audit and Performance Audit Committee in tracking the progress by management in this regard.
- (b) The Council approved a materiality framework in the year 2018.29 which provide for zero tolerance for non-compliance with laws and regulations. The framework is due to be reviewed to consider changes that were brought about the COVID- 19 regulations.

10. ANY OTHER ISSUES REFERRED TO THE AUDIT COMMITTEE BY THE MUNICIPALITY

- (a) The Committee was requested to review the process of implementing Council resolutions within the municipality. The Committee made recommendations to enhance the processes and documentation of Council resolutions.

11. REVIEW AND EVALUATION OF QUARTERLY AND ANNUAL FINANCIAL STATEMENTS

The committee has:

- (a) Quarterly Financial Statements for 2019/20 were not prepared by the office of the CFO, therefore, not reviewed by internal audit
- (b) Annual Financial Statement are not yet presented to the Audit and Performance Audit Committee
- (c) AGSA audit for 2018/19 financial year was finalized and the audit report and management letter were presented to Council in September 2020. The Audit Committee concurred with the results of the Audit, however management's response, the changes in the Accounting Policies and Practices, significant adjustments resulting from the audit. These issues were not presented to Audit Committee for review.

12. AUDITOR-GENERAL (SA) AUDIT OPINION

- (a) The committee is saddened that the municipality after maintaining and retaining an unqualified audit opinion for more than 7 years in succession has regressed and obtained qualified audit opinion in the financial year 2018/19. However, the increase in the matters raised by the AGSA from 53 to 83 findings is a matter of concern. The committee is concerned that to date management has not yet put proper measures to work towards receiving a Clean Audit opinion in 2019/20 financial year.

13. ISSUES RAISED BY THE AUDITOR-GENERAL (SOUTH AFRICA)

- (a) the recognition of infrastructure and community assets in accordance with GRAP 17, Property, plant and equipment.
- (b) Distribution losses

- (c) Irregular Expenditure
- (d) Fruitless and wasteful expenditure
- (e) Contingent liability
- (f) Material Misstatement

14. INTERACTION WITH THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

The members of MPAC were briefed on the control system implemented by the Acting Chief Audit Executive for purposes of tracking progress on the resolution of audit findings reported by the Acting Chief Audit Executive. Matters raised by internal audit are periodically referred to MPAC information purposes. The Committee has attended oversight meetings as arranged by the MPAC office.

15. ONE-ON-ONE DISCUSSION WITH THE EXECUTIVE MAYOR

One-on-one discussions with the honorable Executive Mayor revealed any matters of concern with regard to the following areas.

Revenue enhancement, Supply Chain Management issues, Contract Management Issues and including service delivery issues

16. THE ADMINISTRATION TEAM (COGTA)

The Audit Committee has reviewed the Programme of the Administrator and advised on issues of alignment between the other programmes of the municipality which is the Financial Recovery Plan and the Service Delivery and Budget Implementation Plans.

17. APPRECIATION

In conclusion the Audit and Performance Audit Committee expresses its appreciation towards the Speaker of Council, Executive Mayor, Accounting Officer, the Administrator and all other role players for the effective meetings the Audit and Performance Audit Committee had.



Mr. S Mofokeng

Chairperson of the Audit Committee

2.10 WEBSITE

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

Information to be placed on the website	2019/2020
1. Adjustment budget 2019/2020	Yes
2. Mid-Year and Performance Report 2019/2020	Yes
3. MTREF Budget 2019/2020	Yes
4. Final IDP 2019/2020	Yes
5. All budget related policies 2019/2020	Yes
6. SDBIP 2019/2020	Yes
7. Annual Report 2018/2019	Yes
8. Oversight report for 2018/19	No
9. Performance Agreements as per s57 (1) (b) of MSA 2019/2020	Yes
10. All service delivery agreements	No
11. All long-term borrowing contracts	Yes
12. All SCM contract above R100 000 per quarter	Yes
13. Public-private partnership agreements	Yes

3. INTRODUCTION

Chapter 3 of this annual report focuses on the key deliverables and the strategic objectives captured in the 2019/2020 IDP and translated into cluster Service Delivery Budget Implementation Plans. In this chapter, the municipality takes a moment to reflect on its performance against the predetermined objectives for the year under review.

3.1 WATER

Emfuleni Local Municipality supplies potable water to all informal and formal settlements in accordance with the National Water Act, 1998 (Act No. 36 of 1998). The purpose of the National Water Act is to ensure that South Africa's water resources are protected, used, developed, conserved, managed and controlled in ways which take into account factors such as: Meeting the basic human needs of present and future generations; Promoting equitable access to water; Promoting the efficient, sustainable and beneficial use of water in the public interest, and Providing for growing demand for water use.

During 2019/20, ELM's potable water infrastructure included 2882 km of potable water reticulation network, 14 528 water network valves, 1482 fire hydrants, 99 pressure reducing valves, and 15 reservoirs.

The total cost of bulk water purchases for 2019/20 was R1, 067,529,941. Meanwhile, total water supply losses by June 2020 amounted R601, 859,513, representing a 59% increase over the previous financial year. Physical water losses for the financial year under review were primarily caused by illegal connections to the network, while economic losses were caused by faulty meters.

Achievements and Challenges

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

During 2019/20, ELM implemented its key deliverable priorities, the reduction of water loss and the upgrading of water treatment plants. ELM and Rand Water have signed a memorandum of understanding on the implementation of the Water Demand and Conservation Programme. Both parties are expected to develop measures to reduce water losses.

The municipal installation of bulk water meters is in progress and will help to monitor the accuracy of the bulk water billing of Rand Water and the trends in water consumption. The Municipality aims to further install domestic and industrial meters in order to improve the collection of water revenue.

Throughout the course of the financial year 2019/20 the maintenance of the water infrastructure consisting of the Pressure Reduction Valves (PRV) had been carried out by 97%, 167 faulty / stolen water meters were replaced; 1,437 pipe bursts were repaired, a total of 8,633 water complaints were resolved and 63 new water connections were installed.

The municipality continues to address the issues that impact the delivery of services such as: theft of brass water meters, vandalism of pressure reducing valves which results in increased water pressures and pipe bursts, ageing infrastructure.

3.1.1 Total Use of water by sector

Total Use Of Water By Sector(Cubic Meters)					
	Agriculture	Forestry	Industrial	domestic	Unaccountable water losses
2017/2018					37,301,741,6
2018/2019					46,661,784.723
2019/20					59 649 109.28 Kl.

Previously, the demand for water in Emfuleni showed a decrease in agricultural, industrial and domestic demand. This is attributed to continuing government awareness and education programs aimed at educating customers in the conservation of water. However, an increase in unaccountable water losses is component of the obvious losses.

3.1.2 Water Service Delivery Levels

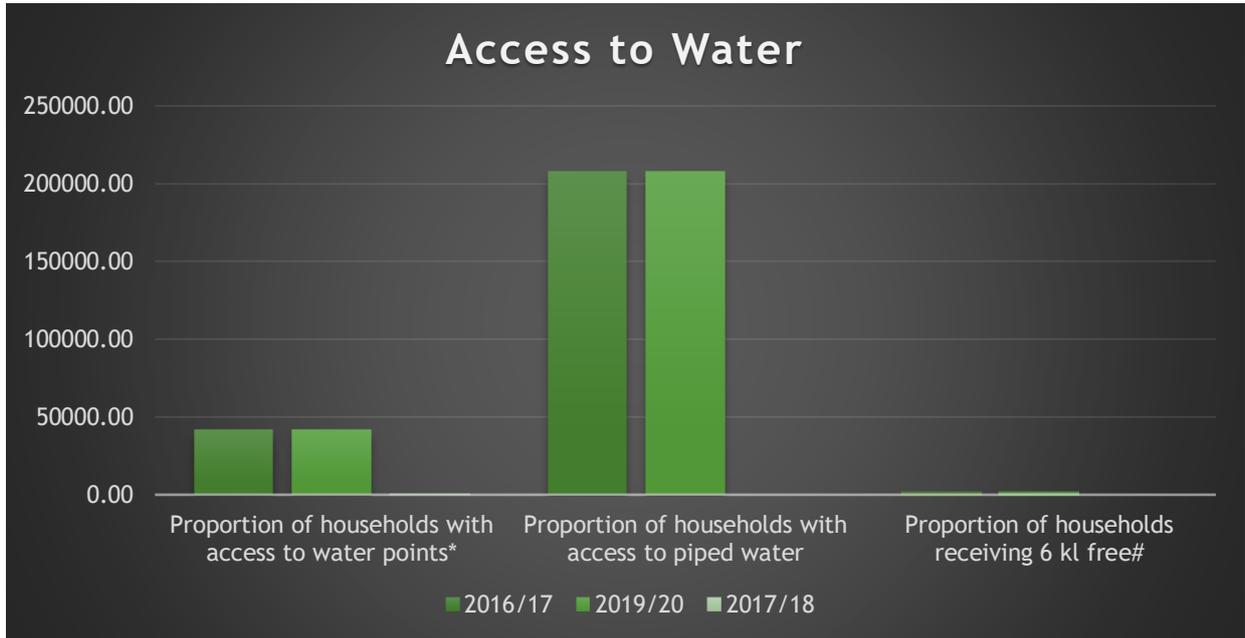
Water Service Delivery Levels				
Households				
	2015/16	2016/17	2017/18	2019/20
Description	Actual No	Actual No	Actual No	Actual No
<u>Water:</u> (above min level)				
<u>Water:</u> (above min level)				
Piped water inside dwelling	173	173	173	173
Piped water inside yard (but not in dwelling)	35	35	35	35
Using public tap (within 200m from dwelling)	14	14	14	14
Other water supply (within 200m)				
<i>Minimum Service Level and Above sub-total</i>	221	221	221	221
<i>Minimum Service Level and Above Percentage</i>	100%	100%	100%	100%
<u>Water:</u> (below min level)				
Using public tap (more than 200m from dwelling)				
Other water supply (more than 200m from dwelling)	1	1	1	1
No water supply				
<i>Below Minimum Service Level sub-total</i>	1	1	1	1

Below Minimum Service Level Percentage	0%	0%	0%	0%
Total number of households*	223	223	223	223

3.1. 3 Households-Water Service Delivery levels below minimum

Households-Water Service Delivery levels below minimum				
Households				
	2015/16	2016/17	2017/18	2019/20
Description	Actual No	Actual No	Actual No	Actual No
Formal Settlement				
Total households	250	250	250	250
Households above minimum service level	249	249	249	249
Proportion of households above minimum service level	100%	100%	100%	100%
Informal Settlements				
Total households	250	541	541	541
Households below minimum service level				
Proportion of households below minimum service level				

3.1.4 Access to Water



The portion of households with access to water points is reserved for informal settlements located at the back of formalized stands. The portion of families getting 6kl of free basic water is only applicable to customers registered in the indigent register of 1 632 families in 2019/20. The largest portion of water users have access to piped water within their properties and dwellings amount to 207 344 and access to water points is 41 577.

3.1. 5 2019/20 Water Service Policy Objectives Taken from IDP

SERVICE OBJECTIVES	OUTLINE SERVICE TARGETS	2018/19		2019/20		2020/21	
		PREVIOUS YEAR		Current Year		NEXT YEAR	
		TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
Renewing our communities and reviving a sustainable environment	Number of all formalised stands that have access to clean reticulated water	183356	183356				
	Number of all formalised stands that have access to clean reticulated water			183387	183408		
	Number of new / additional water meters installed on previously unmetered areas of the municipality.					12 000 additional water meters	
	Reduced bulk water purchases to R70 million			Reduced bulk water purchases to R70 million	10073 0311.41		
	Reduced bulk water purchases to R95 million					Reduced bulk water purchases to R95 million	

3.1.6 Employees: Water

Job Level	Total Posts	Employees 2018/19	Employees 2019/20	Vacancies Fulltime	Vacancies as %
0 - 3	1	1	1	0	0%
4 - 6	5	3	3	2	40%
7 - 9	16	2	6	10	63%
10 - 12	26	14	14	12	46%
13 -15	12	2	2	10	83%
16 -	142	54	59	83	58%
	202	76	85	117	58%

3.1.7 Financial Performance: Water

Water Services					
Financial Performance 2019/20: Water Services					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	903,332	1,133,620	1,133,620	1,102,372	-3%
Expenditure:					
Employees	23,719	29,740	23,034	22,677	-31%
Repairs and Maintenance	10,874	11,802	23,581	29,972	61%
Other	839,323	1,283,330	1,150,802	1,145,469	-12%
Total Operational Expenditure	873,916	1,324,873	1,197,416	1,198,117	-11%
Net Operational (Service) Expenditure	29,416	-191,253	-63,797	-95,745	-100%

3.1.7 Overall Performance

Despite the challenge of water loss owing to old infrastructure and lack of funds, new innovations have taken place that have allowed the municipality to boost the purchase of bulk water. Implementation of initiatives on water conservation and water demand management is underway.

- Processing Monthly Water Quality Tests. ELM had 15 samples.
- Enable 24 hour control of the pressure.
- Dedicated Response Team for Water Quality Complaints and Resolution.
- Daily monitoring of the main water supply infrastructure.
- Active Water Safety Plan and Incident Management Protocol.
- Day-to-day raw water and process monitoring and testing at the Vaaloever Potable Water Purification Plant.
- Quarterly Water Quality Liaison Committee Meeting between the Municipality of Emfuleni and Rand Water.
- Ensured 24 Hour safety at the main water supply facilities.
- Appropriate 24 Hour stand-by teams to respond to infrastructure and supply emergencies.
- Maintenance and support of electrical, mechanical and instrumentation systems.

3.2 SANITATION

The sanitation networks consist of 3000 Km of gravity sewer pipelines, 33 328 sewer manholes, 44 pump sewer stations and 34 km of pumping mains. The sanitation network is maintained and operated by 11 sewer maintenance teams attending to sewer blockages, maintenance, and cleaning as well as pipe repairs.

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

categorized as class A, Leeuwkuil WCW as class A and Sebokeng WCW as class A in terms of the National Water Act.

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

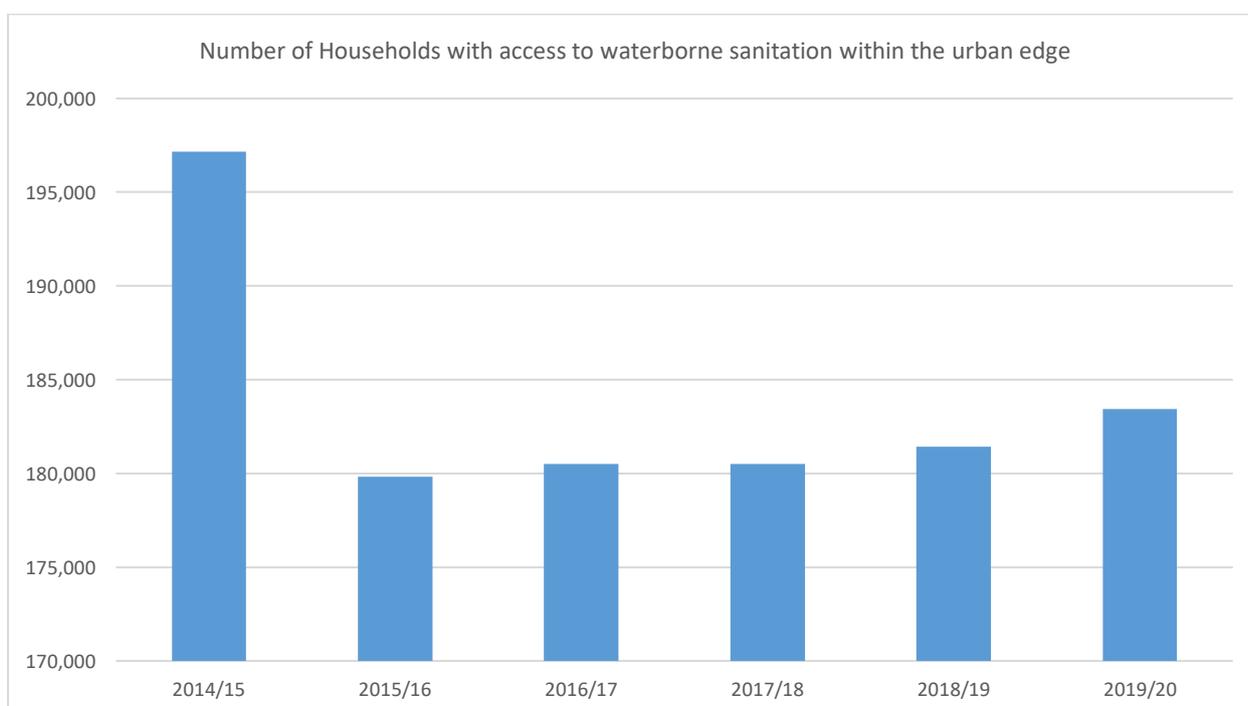
3.2.1 Sanitation Service Delivery Level

Sanitation Service Delivery Levels				
Households				
	2016/17	2017/18	2018/19	2019/20
	Actual No	Actual No	Actual No	Actual No
<u>Sanitation/sewerage:</u> (above minimum level)				
Flush toilet (connected to sewerage)	180,492	180,492	181 434	183 438
Flush toilet (with septic tank)	N/A	N/A	N/A	N/A
Chemical toilet	N/A	N/A	N/A	N/A
Pit toilet (ventilated)	N/A	N/A	N/A	N/A
Other toilet provisions (above minimum-service level)	N/A	N/A	N/A	N/A
Minimum Service Level and Above sub-total	0	0	0	0
Minimum Service Level and Above Percentage				
<u>Sanitation/sewerage:</u> (below minimum level)				
Bucket toilet	N/A	N/A	N/A	N/A
Other toilet provisions (below min. service level)	N/A	N/A	N/A	N/A
No toilet provisions				
Below Minimum Service Level sub-total	0	0	0	0
Below Minimum Service Level Percentage	N/A	N/A	N/A	N/A
Below Minimum Service Level Percentage	N/A	N/A	N/A	N/A
Total number of households*	N/A	N/A	N/A	N/A
				T 3.2.1

3.2.2 Households - Sanitation Service Delivery

Households - Sanitation Service Delivery Levels						
Households						
Description	2017/18		2018/19		2019/20	
	Actual	Actual	Actual	Actual	Actual	Actual
Formal Settlements						
Total households	179,814	179 814	181 434	181 434	183 438	183 438
Households below minimum service level	0	0	0	0	0	0
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
Informal Settlements						
Total households	N/A	N/A	N/A	N/A	N/A	N/A
Households below minimum service level	N/A	N/A	N/A	N/A	N/A	N/A
Proportion of households below minimum service level	100%	100%	100%	100%	100%	100%

3.2.3 Access to Waterborne Sanitation



3.2.4 Sanitation Service Policy Objectives Taken From IDP

Service Objectives	Outline Service Targets	2018/2019		2019/2020		2020/21
		Target	Actual	Target	Actual	Target
Renewing our communities and reviving a sustainable environment	Formalized stands with access to Basic Level of Sanitation	179 814	181 434	183 376	183 408	
	Percentage achievement to a compliance to turnaround time (24 hours) to restore waste water service interruptions after reported			50%	48%	50%
	90% compliance with discharge license requirement on effluent quality at Rietspruit, Sebokeng and Leuwkuil waste water treatment works in 2018/2019	90%	74.44	90%	27.50%	90%

3.2.5 Capital Expenditure: Water and Sanitation

2019/20 Capital Expenditure: Water and Sanitation					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Water & Sanitation	168 745 625,00	110 952 254,00	1 293 452,71		
Const Bulk Water Houtkop to Unitaspark	4528811	2082500	0		
Three Rivers Reservoir	10000000	0	0		
Refub Shapv Reservoir	20000000	0	0		
Water Supply to West Areas & Vaaloewer	5362343	0	0		
Const Water Pipe Lethabong to Houtkop	6571982	0	0		
Bulk Water Evaton Reservoir to Dadeville	4218998	1020000	0		
Bulk Water Unitas Reservoir to Sonlpark	6020689	0	0		
Bulk Water Supply Tshepiso to Shville	9831301	1382703	0		
Waterdal Pressure Station	1250000	0	0		
N:Easter Outflow Diversion	19971133	0	0		
Sewer Line-3 Rivers, 3 R-East & Solpark	6900000	4433260	0		
Bulk Sewer Bonane Frm VDP To Rtspruit	13000000	0	0		
Upg Main Outfall Sewer on Evaton & Sbk	7000000	3000000	0		

Upgr Union Str Bulk Sewer in Vereeniging	2000000	2500000	0		
Upgrading of Sewer Rising Main Pipelines	8000000	2500000	0		
Upgrading of Gravity Sewer Pipelines	14090368	4540000	0		
Acquisition of Water Meters	30000000	10000000	0		
Acquisition of Water Meters	0	0	0		
Acquisition of Water Meters	0	0	0		
Rehab ELM Pump Station 8; 7 & 9	0	2082500	0		
COVID-19 Refurbishment of Vdb Reservoirs	0	5092540	0		
COVID-19 Refurbishment 35 Pump Stations	0	11935363	0		
COVID-19 Waterdal Pressu Station Eva/Sbk	0	2500000	0		
Reha of Sewer Pipe Line-Lebohang School	0	3200000	0		
WWTW R553-Rietspruit 11000 DIA 3 500M	0	10560841	0		
WWTW Upgrade Val-Boph 1100 DIA AND 8000M	0	10623201	0		
Gravity Sewer Lines Flora Garden	0	3067325	0		
Gravity Line Rust-Ter-Vaal Meyerton	0	1050000	0		
Gravity Main Outflow Palm Springs - Evaton	0	4314485	0		
Gravity Main Outflow Stretford-Evaton	0	5120901	0		
COVID-19 Chlorine Dosing Rietspruit WWT	0	8271745	0		
COVID-19 Dosing System Sebokeng WWT	0	10148112	0		
Upgrading Sewer Pumpstation Civil Works	0	1526778	1293453	-0,18	100%

3.2.6 Employees: Sanitation

Job Level	Total Posts	Employees 2018/19	Employees 2019/20	Vacancies Fulltime	Vacancies as %
0 - 3	1	1	1	0	0%
4 - 6	5	3	3	2	40%
7 - 9	16	2	6	10	63%
10 - 12	26	14	14	12	46%
13 -15	12	2	2	10	83%
16 -	142	54	59	83	58%
	202	76	85	117	58%

3.2.7 Financial Performance: Sanitation

Sanitation Services					
Financial Performance 2019/20: Sanitation Services					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	343,438	341,057	341,057	348,908	2%
Expenditure:					
Employees	25,566	29,783	29,783	26,418	-13%
Repairs and Maintenance	12,260	1,804	39,434	29,654	94%
Other	79,686	336,084	285,054	57,938	-480%
Total Operational Expenditure	117,512	367,671	354,271	114,010	-222%
Net Operational (Service) Expenditure	225,926	-26,614	-13,214	234,898	111%

3.2.8 Overall Performance

During the 2019/20 financial year Metsi-a-Lekoa completed the refurbishment of pumpstations program through the Water and Sanitation Infrastructure Grant (WSIG) roll over for 2018/19 FY. The work was completed at Pumpstations NO 9 in Three Rivers.

The Metsi-A-Lekoa internal sanitation teams have managed to resolves 8 877 complaints out of a total of 9 797.

Vaal River System intervention through the Department of Water and Sanitation (DWS) appointed ERWAT as an implementing Agent. In the 2019/20 FY 12km of outfall sewers have been unblocked and 687 residential sewer blockages have been resolved.

The Vaal River System Intervention will continue to also address the following:

- Gravity and Rising main: All leakages and deficiencies in the network system need to be replaced / repaired;
- Pump stations: Prioritise upgrade of the 44 pump stations
- Wastewater Treatment Plants: All three (3) treatment works should be refurbished to optimally functionality;

Sustaining the Intervention Initiatives;

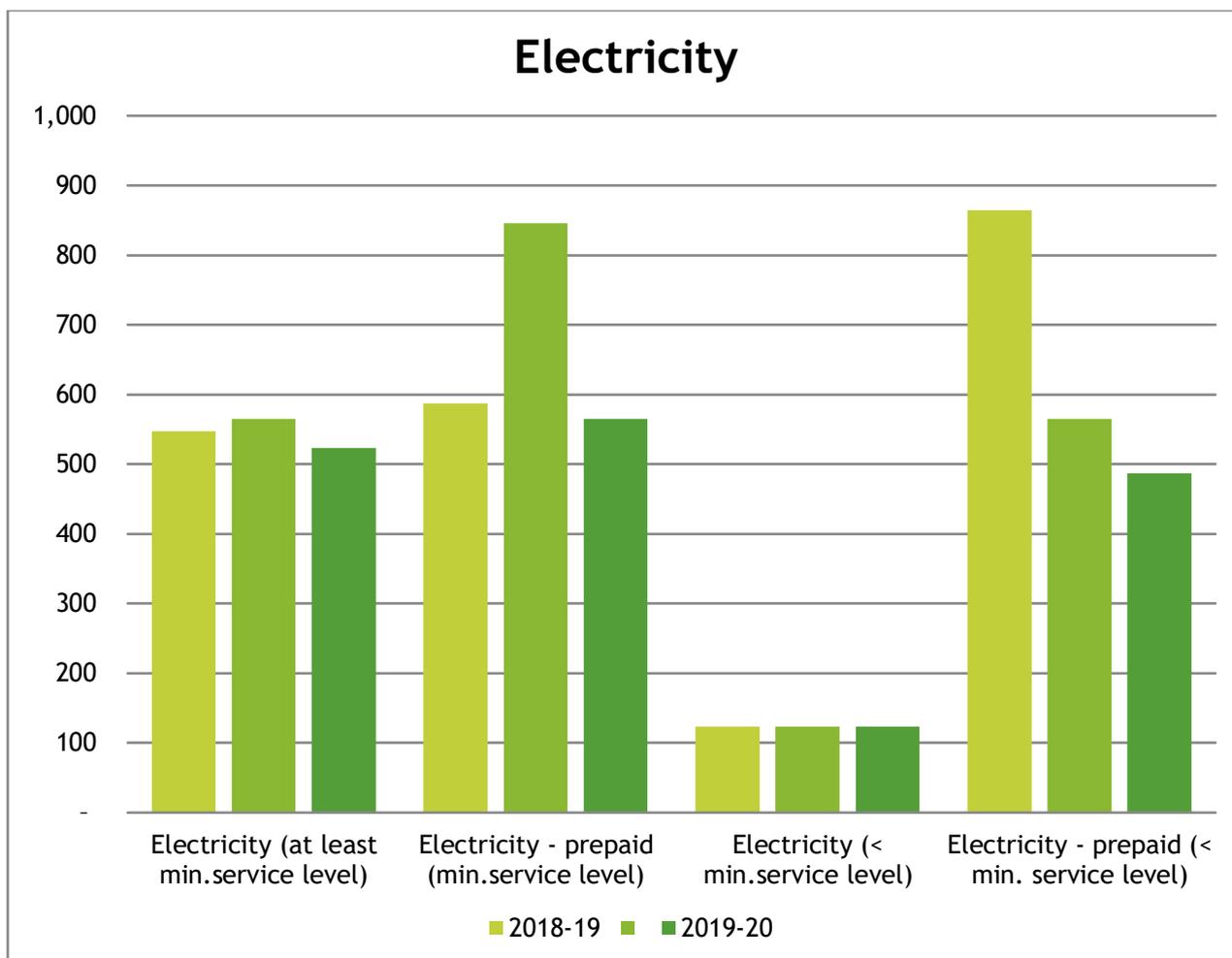
- Ensure Compliance to the required Legislative requirements.
- Maintenance & Replacement of Assets.
- Developing Management Systems.
- Assist in obtaining and retaining adequate resources (Human & Equipment).
- Skills Training & Transfer to address gaps.

3.3 ELECTRICITY

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

Bulk Purchases of Electricity in the area covered by the municipality's distribution licence consumed 1 496 072 795 kWh. In accordance with the latest statistics reported to National Energy Regulator of South Africa (NERSA) there are approximately 62 415 consumers supplied with electricity. The number of households that are supplied with prepaid metering is 42 947, however the actual of meters on vending system are 69 333. The municipality is embarking on conducting prepaid meter audits to constantly update and ensure that there is one meter per house hold, also ensure that the duplicated meters are eliminated. According to the ELM financial system the municipality has 15 768 post-paid meters and 3700 meters are un-metered stands. The residential and agricultural consumers consume approximately 20% of the total energy distributed by the municipality. The other 80% of electricity is consumed by the industrial and business consumers. The distribution losses for 2019/20 which is mainly caused by illegal connections, physical network operation and economical losses due to faulty equipment's like meter.

The bulk purchase of electricity procured from Eskom for 2019/20 amounted to R 1,955,056,936. Total distribution losses by June 2020 were 444,405,812 kl at a cost of R 376,989,451, representing a 21.19% reduction in electricity loss over the previous year. These losses occur mostly from illegal connections to electricity networks, physical losses related to network activities and economic losses due to faulty meters.



3.3.1 Service Delivery Levels

Electricity Service Delivery Levels				
Description	2016/17	2017/18	2018/19	2019/20
	Actual	Actual	Actual	Actual
Energy: (above minimum level)				
Electricity- Conventional (at least min.service level)	10 500,00	10 500,00	10 000,00	19 373
Electricity - prepaid (min.service level)	58 830,0	53 005,00	63 505,00	42 947
Minimum Service Level and Above sub-total	69 330,00	63 505,00	63 619,00	62 415
Minimum Service Level and Above Percentage	100,0%	100,0%	100,0%	100%
Energy: (below minimum level)				
Electricity (< min.service level)				
Electricity - prepaid (< min. service level)				
Other energy sources	N/A	N/A	N/A	
Below Minimum Service Level sub-total				
Below Minimum Service Level Percentage	0,0%	0,0%	0,0%	
Total number of households	69	69	64	

3.3.2 Households - Electricity Service Delivery Levels below the minimum

Households - Electricity Service Delivery Levels below the minimum				
Description	2016/17	2017/18	2018/19	2019/20
	Actual	Actual	Actual	Original Actual
Formal Settlements				
Total households	69 237	69 237	69 300	62 415
Households below minimum service level	n/a	n/a	n/a	n/a
Proportion of households below minimum service level	n/a	n/a	n/a	n/a
Informal Settlements	n/a	n/a	n/a	n/a
Total households	n/a	n/a	n/a	n/a
Households below minimum service level	n/a	n/a	n/a	
Proportion of households below minimum service level	n/a	n/a	n/a	

3.3.3 Electricity Service Policy Objectives Taken From IDP

Electricity Service Policy Objectives Taken From IDP								
SERVICE OBJECTIVES	OUTLINE SERVICE TARGETS	2017/18		2018/19		2019/20		2020\21
		TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET
Renewing our communities	Additional households connected to the electricity network	69 237	69 000	69 000	69 000			
	Number of additional electricity meters connections of formal households within NERSA licenced / or non Eskom areas of municipality					150	10	360
	Number of high mast lights installed	17	17	6	0	76	76	64
	Percentage reduction in electricity distribution losses.					27%	21.19%	24%

3.3.4 Employees: Electricity

Job Level	Total Posts	Employees 2018/19	Employees 2019/20	Vacancies Fulltime	Vacancies as %
0 - 3	4	1	1	3	75%
4 - 6	26	18	15	11	42%
7 - 9	63	40	44	19	30%
10 - 12	79	27	28	51	65%
13 -15	10	7	0	10	100%
16 -	57	49	50	7	12%
	239	142	138	101	42%

3.3.5 Capital Expenditure: Electricity

Capital Expenditure: Electricity					
2019/20					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Electricity	60 000 000,00	46 963 402,54	48 186 842,47		
Replace 11KV Switchgear in Substations	12100000	12100000	10480303	-0,15	-15%
20MVA;88/11KV Trans & S_Gear Duncan Sub	3000000	3000000	18271247	0,84	84%
N:New Connection & Network Reinforcement	0	0	0		
Tshepong Phase 3 Electrification	5400000	5400000	0		
Sebokeng Bulk	9000000	0	0		
Tshepong Phase 3 Bulk	3000000	0	0		
Tools and Test Equipment	4000000	2000000	0		
Sebokeng Ext 30 Electrification	3500000	0	0		
Electricity Capital Programmes	0	15600000	14892663	-0,05	100%
11KV Switchgear Various Substation	0	2575603	0		
Replace Battery System on 11KV System	0	62600	0		
Replace Doors at Various Substations	0	0	0		
Upgrade High Voltage Cables	0	225200	0		
INEP Grant	20000000	6000000	4542629	-0,32	-340%

3.3.6 Financial Performance: Electricity

Electricity Services					
Financial Performance 2019/20: Electricity Services					
R' 000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	1,833,342	2,177,123,686	2,327,124	2,406,212	10%
Expenditure:					
Employees	37,320	49,584	41,518	38,821	-28%
Repairs and Maintenance	0				
Other	1,593,543	1,782,152	2,085,732	2,139,560	17%
Total Operational Expenditure	1,630,862	1,831,736	2,127,250	2,178,381	16%
Net Operational (Service) Expenditure	202,480	345,388	199,873	227,831	-52%

3.3.7 Overall Performance

Electrification

Electrification of new low cost housing developments is done with the assistance of the Department of Energy (DoE). The funding received from DoE is however not sufficient to install an electricity network that will be sustainable for the medium to long term in these new areas and the municipality therefore provides additional funding to ensure that a sustainable electricity network is installed. As part of the electrification, area lighting is also provided to ensure a good standard of living and increased security for the residents of the affected areas. Within Emfuleni Local Municipality (ELM) licenced area of supply, electricity is distributed to all categories of consumers. The categories include residential, agricultural, business and industrial consumers. All consumers connected to the electricity network receive a full service at the applicable rates/tariffs as approved by the National Energy Regulator of South Africa (NERSA) every year.

Maintenance

Provision is made in the annual operating and capital budgets for the maintenance, refurbishment and/or upgrading of the electricity network. The allocation to the maintenance funding for the Electricity function is being increased gradually to achieve the requirement of 6% of the electricity sales on an annual basis as stipulated by NERSA in an effort to improve the preventative maintenance actions and ensure long term continuity of supply. Maintenance on the electricity network is done on a continuous basis and use is made of multiyear maintenance contracts to achieve this. Maintenance on public lighting is done in accordance with a predetermined program.

3.4 SOLID WASTE

The Emfuleni Local Municipality's Environmental Management and Planning unit is accountable for the waste management services provided under the National Environmental Management Act: Waste Act (Act No. 59 of 2008). The key tasks include household collection, operation and management of landfill locations (Boitshepi, Palm Springs and Waldriff), litter picking, road sweeping, management of mini dumps / transfer stations, prepaid collection service, cleaning of illegal dumps and environmental management and education and awareness.

A total of 190,162 households receive the waste collection services once a week. The remainder of the households represents a total of 31 228 households living in informal settlements that are serviced through

the removal of illegal dumps. During the year under review, 96% of reported illegal dump sites were cleared.

3.4.1 Solid Waste Service Delivery Levels -A

Solid Waste Service Delivery Levels				
Households	2016/17	2017/18	2018/19	2019/20
	Actual No	Actual No	Actual No	
Description				
<u>Solid Waste Removal: (Minimum level)</u>				
Removed at least once a week	189,452	189,659	189,870	190 162.0
<i>Minimum Service Level and Above sub-total</i>	189,452	189,659	189,870	190 162.0
<i>Minimum Service Level and Above percentage</i>	85.8%	85.9%	86%	85.90%
<u>Solid Waste Removal: (Below minimum level)</u>				
Removed less frequently than once a week				
Using communal refuse dump	31,435	31,228	31,017	31 228
Using own refuse dump				
Other rubbish disposal				
No rubbish disposal				
<i>Below Minimum Service Level sub-total</i>	31,435	31,228	31,017	31 228
<i>Below Minimum Service Level percentage</i>	14.2%	14.1%	14%	14.1%
Total number of households	220,887	220,887	220,887	221 390

3.4.2 Solid Waste Service Delivery Levels –B

Households - Electricity Service Delivery Levels below the minimum						
Description						Households
	2017/2018	2018/19	2019/20	2019/20		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No	No.	No.	No.
Formal Settlements						
Total households						
Households below minimum service level	189,659	189,870	190,162	189,298,704	203,777,609	203,777,609
Proportion of households below minimum service level	31,228	31,017	31,228	34,000,000	19,700,000	19,700,000
Informal Settlements						
Total households						
Households ts below minimum service level	220,887	220,887	220,390	34,000,000	19,700,000	19,700,000
Proportion of households ts below minimum service level	31,228	31,017	31,228	34,000,000	19,700,000	19,700,000
	14%	14%	14%	100%		100%

3.4.3 Waste Service Policy Objectives Taken From IDP

Strategic Objectives	Key Performance Indicators	2017/2018	2018/2019		2019/2020		2020/21	
		Annual Target	Actual	Target	Actual Achieved	Annual Target	Actual Achieved	Annual Target
Renewing our communities and reviving a sustainable environment	Renewing our communities and reviving a sustainable environment	% of formal households with access to basic level of solid waste collection	50%	47.07%	50%	32%	85%	49.52%
		Reduction of reported / cited illegally dumped waste backlog					85%	96%
		m ³ of Illegal dumps removed as per the maintenance plan.			110,000m ³ (75,000m ³ (Quarter 1&2)Reduced to 35,000m ³ Quarter 3&4))	109,190m ³		

3.4.4 Capital Expenditure: Waste Management

Capital Expenditure: Waste Management					
2019/20					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Refuse removal	900 000,00	500 000,00	332 140,73		
Dvlp 5 Trnsf ST Vd;Vwr;Sbk ;Evt;Shvile	900000	0	0		
Investigate & Dev New Landfill Sites	0	500000	332141		

3.4.5 Employees: Solid Waste

EMPLOYEES: SOLID WASTE MANAGEMENT & WASTE DISPOSAL SERVICES (WASTE MANAGEMENT)					
Job Level	Total Posts	Employees 2018/19	Employees 2019/20	Vacancies Fulltime	Vacancies as %
0 – 3	4	1	1	3	75%
4 – 6	10	3	6	4	40%
7 – 9	20	7	13	7	35%
10 – 12	72	71	27	45	63%
13 -15	19	16	10	9	47%
16 -	371	364	262	109	29%
	496	462	319	177	36%

3.4.6 Financial Performance: Waste Management

Employees: Solid Waste Magement Services					
Financial Performance 2019/20: Solid Waste Management Services					
R'000					
Details	2018/19	2019/20			
	Actual	Original	Adjustment	Actual	Variance to
Total Operational Revenue (excluding tariffs)	178,503	172,929	172,929	166,820	-4%
Expenditure:					
Employees	45,618	57,317	50,691	46,094	-24%
Repairs and Maintenance	-20	3,800	0	20	-19187%
Other	54,819	144,480	153,280	84,608	-71%
Total Operational Expenditure	100,417	205,597	203,971	130,722	-57%
Net Operational (Service) Expenditure	78,086	-32,667	-31,041	36,099	190%

3.4.7 Overall Performance

A total of 2 292 newly completed households obtained weekly sustainable side services from the ELM during the reporting year.

Street cleaning services strengthened as a total of 119 EPWP staff were appointed and deployed in various areas of the ELM, such as 37 in Sebokeng, 54 in Vanderbijlpark and 28 in Vereeniging.

The audits of operational land filling sites took place during 2019/20 financial year. The aim of the audits is to determine the extent and amount of waste disposed of and the remaining usable airspace. The present findings are estimates for the results obtained of the respective operational landfill sites:

- Boitshepi Landfill site calculated lifespan for final closure: 2.3 years.
- Estimated lifetime of the Palm Springs landfill to full closure: 20.99 years
- Waldrift Landfill site calculated lifespan for final closure: 3.52 years.

The level of compliance of the landfill sites has declined due to a lack of infrastructure maintenance. This lack of oversight also contributes to the declining condition of the landfill sites. The municipality is considering the new framework for better control of the landfill site.

Waste Management and Air Quality By-Laws revised effectively, in consistent with the NEM: Waste Act (Act 59 of 2008) and have also been approved by the Council. The draft by-laws are already gazette became the implementation gazette.

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Other key deliverables achieved for the 2019/20 financial year include the following:

- Joint Clean-up Programmes with Province
 - GDARD
- Clean my city programme
 - Implemented every daily wherein the programme started in January 2020
 - Focus was on cleaning illegal dump hotspots
 - Converting waste dumps into recreational parks, food gardens
 - In overall a total number of 15 wards has been cleaned.
- 90 Days Depot Programme.
 - Implemented on daily basis
 - 30 wards have been cleaned
- Implementation of Wetlands, Awareness and Greening Programme,
- Implementation of the Green Deeds Programme (Thuma Mina Project),
- Formalization of Recyclers Programme 11 cooperatives have been registered with GDARD,
- Continuous household and Business Waste collection Programme, and

- 240L Wheel Bins Distribution Programme.

Challenges

The municipality experienced drastic reduction in the provision of household collection services due to the lack or non-availability of the fleet. The target of 50% for household waste collection services for 2019/2020 could not be realized. Consequently the frequency of weekly collection of waste was temporarily changed to biweekly where it was collected once in a span of two weeks.

Currently, instead of using mini dump stations, bulky waste is being dumped anywhere in the field. As a result, infrastructure is vandalized as heavy waste bags are dumped against the fences. The challenge is also deepened by lack of enough resources such as tipper trucks available to remove waste. In order to lessen the problem, ELM would need to have at most additional 100 x 6m³ bins and at least six dedicated vehicles to assist in the proper control and management of services.

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

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

3.5 ROADS AND STORMWATERS

Roads and Storm Water function is classified into three sections, namely: planning, operations and auxiliary each with a different focus but taking an integrated approach in rendering the service to the community. The municipality is also responsible for the development, implementation and management of various electronic management systems and master planning for all roads infrastructure. ELM is also responsible for the quality of implementation of capital projects, administration of the capital budget and approval of applications for new development. The road infrastructure of Emfuleni Local Municipality links directly to national roads thus making access to other key strategic economic hubs like Johannesburg, Ekurhuleni, and the City of Tshwane etc. easy and convenient.

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

3.5.1 Gravel Road Infrastructure

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

Gravel Road Infrastructure				
Kilometers				
Year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel graded/maintained roads
2017/2018	145	15	10	100
2018/2019	160	20	12	120
2019/2020	160.85	25	14	121.85

In the 2019/2020 period only a total of 121.85 km of gravel roads were maintained as illustrated in the above table.

3.5.2 Asphalted Road Infrastructure

In the 2019/2020 period the roads department managed to maintain an equivalent of 6119.92 square meters of tarred roads through the patching of potholes programme. This was an under achievement when considering the current state and increased level of deterioration of the municipal tarred roads network. Due to constraints of cash availability only 3.68 kilometres of resealing of existing tarred roads were resealed.

Cost of Construction/Maintenance						
YEAR	GRAVEL			TAR		
	NEW	GRAVEL - TAR	MAINTAINED	NEW	RE-WORKED	MAINTAINED
2013/2014	-	81,495,586.13	600,000.00	81,495,586.13	5,000,000.00	35,848,114.65
2014/2015	-	120,380,570.97	660,000.00	20,380,570.97	26,400,000.00	15,000,000.00
2015/2016	-	43,236,486.37	4,060,000.00	43,236,468.37	-	
2016/17	-	25,911,249.20	-	25,911,249.20	180,157,737.00	180,157,737.00
2017/18	-	67,974,638.38	-	67,974,638.38	4,773,838.62	4,337,713.57
2018/2019	-	-	1,396,298.00	-	27,957,260.00	-
2019/20					14,693,034.36	1,0691,23.80

Tarred Road Infrastructure					
Kilometers					
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar Roads maintained
2015/2016	2936.01	15.3	0.00	0	2.921
2016/2017	45.83	3.55	35.66	0	6.62
2017/2018	8.46	3	2.96	0	2.5
2018/2019	28.42	7.1	14.12	0	7.2
2019/2020	10.12		3.998	0	6.12

3.5.3 Storm-water Policy Objectives Taken from IDP

Roads and Storm-water Policy Objectives Taken From IDP								
Service Objectives	Outline Service Targets	2017/2018		2018/19		2019/2020		2020/21
		Target	Actual	Target	Actual	Target	Actual	
Renewing our communities	Storm-water Pipes and Channels Maintained	600m of Storm water Concrete Pipes Cleaned	2 964.00 m	361.30 m gravel canal	1108.3 gravel canal cleaned			
		1373m concrete canals cleaned		1373m	1270m			
		1100 stormwater catchpits cleaned		1100	788			
		524 m stormwater concrete pipes cleaned		524 m	409 m			
		number of kilometres tarred on municipal roads					110km	120.85km
		number square kms of tarred municipal roads and streets that get patched per period within the year					5000 sq.km	15 160.33
		Meters of stormwater maintained in line with maintenance plan						1000m
		Kilometres of tarred roads resurfaced in line with the maintenance plan.						5km

3.5.4 Employees: Roads and Stormwater

Job Level	Total Posts	Employees 2018/19	Employees 2019/20	Vacancies Fulltime	Vacancies as %
Job Level	Total Posts	Employees 2018/19	Employees 2017/18	Vacancies Fulltime	Vacancies as %
0 - 3	3	3	2	1	33%
4 - 6	10	4	5	5	50%
7 - 9	18	9	8	10	56%
10 - 12	167	33	27	140	84%
13 -15	77	1	5	72	94%
16 -	1115	146	149	966	87%

3.5.5 Capital Expenditure: Roads and Stormwater

Capital Expenditure: Roads and Storm Water					
2019/20					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Roads & Stormwater	179 795 443,00	29 100 687,00	4 494 483,69		
Waybridges-Boits, Waldrift & Palmsprings	2500000	0	0		
N:Constr of U Street in Sebokeng Z7	4500000	1275314	0		
N:Construction of Thomas Nkobi	21856101	0			
N:Construction of Lakeside Block A Road	5000000	5500000	0		
Construction Multiple R& S Upgrd Project Evaton	14000000	1000000	4051258	0,75	-246%
N:Tarring of Bikitsha Street Zone 12	1000000	0	0		
Tarring Dhlamini Str Umzi to Moshoeshoe	3500000	800000	0		
Upgrading R&S in Sebokeng Zone 6 EXT 5	800000	0	0		
Construction Ironsid Road & Stormw - PVD Sidewalk	3000000	0	0		
Construction of Van Schalkvyk Street Eatonside	7000000	0	0		
Construction of Tseitso & All Nation Rd Ward 30	100000	0	0		

N:Tarring of Pitseng and Uranium Street	6014608	0	0		
N:Construction of Lindt Road in Evaton	1000000	0	0		
N:Tarring of Micado Road Evaton	4374017	0	0		
N:Construction of William Nicole	1000000	0	0		
N:Tarring of Cetshwayo Street	1000000	525373	443226	-0,19	-126%
Construction Road & Stormwater Pipe Dr Nkomo	19223808	0			
Stormwater Manage Proj Across Bophelong	6014608	0	0		
Rehab & Resealing of Three Rivers Road	9555836	0	0		
Rehab & Resealing of Sebokeng Road	15678307	0	0		
Rehab & Resealing of Vdb, Bophel Road	21380750	0	0		
Rehab & resealing of Vereeniging Road	10736335	0	0		
Rehab & Rese of Spvile, Boip, Tspi & Boik	20561073	0	0		
Acquisition of Road Infrastructure	0	20000000	0		
Roads & Stormwater	179 795 443,00	29 100 687,00	4 494 483,69		
Waybridges-Boits, Waldrift & Palmsprings	2500000	0	0		
N:Constr of U Street in Sebokeng Z7	4500000	1275314	0		

3.5.6 Financial Performance: Roads

Financial Performance 2019/20: Roads Services					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	0	0	0	-37,280	100%
Expenditure:					
Employees	4,301	21,844	21,844	18,155	-20%
Repairs and Maintenance	38,530	39,210	33,510	9,153	-328%
Other	150,874	261,936	255,786	104,932	-150%
Total Operational Expenditure	193,705	322,990	311,140	132,240	-144%
Net Operational (Service) Expenditure	-193,705	-322,990	-311,140	-169,520	-91%

3.5.7 Financial Performance: Stormwater Services

Stormwater Services					
Financial Performance 2019/20: Stormwater Services					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)		0	0	1,311	100%
Expenditure:					
Employees	15,080	18,669	14,992	14,724	-27%
Repairs and Maintenance	0				
Other	14,271	15,318	15,318	15,099	-1%
Total Operational Expenditure	29,351	33,987	30,311	29,824	-14%
Net Operational (Service) Expenditure	-29,351	-33,987	-30,311	-28,513	-19%

3.5.8 Overall Performance of Roads and StormWater

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

The maintenance of tarred roads through patching of potholes programme has also been negatively affected by cash flow constraints. Gravel maintenance was carried out by internal teams with the help of provincial Department of Roads.

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

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

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

Achievements:

The following is an indication of the achievements made during the 2019/2020 period in line with the key performance indicators in the departments Service Delivery and Budget Implementation Plan.

- Rehabilitation and resealing of roads: 3.998 km
- Potholes Patched: 6 119.92 m² square metres
- Gravel Roads Maintained: 121.85 (km) kilometres

3.6 HOUSING

The Human Settlements responsibility is to ensure delivery of diversified habitable houses, with all social amenities in a secure and development friendly environment. These effecting the National Outcome 8 – breaking new grounds policy, plan, coordinate, facilitate, promote and enable appropriate housing development in the municipal areas. The provision of houses is the competency of Gauteng Department of Human Settlements. The land availability is the function of Emfuleni Local Municipality with the view to facilitate building of houses and ultimately delivery to the deserving community members. After the land transfer to Emfuleni Local Municipality, Gauteng Department of Human Settlements interact with the relevant departments before commencing with a project. (E.g. Water and Sanitation, Electricity, Roads and Storm water and Land Use Management).

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

Human Settlements division. The municipality provides the following services:

- o Rental Accommodation;
- o Eradicating informal settlements – through the provision of proclaimed townships, with service stands and houses;
- o Identifying suitable land for the establishment of new housing projects to reduce the housing backlog on the Gauteng Waiting list;
- o Rental Housing Information Offices where Rental Tribunal Administration is performed;
- o Issuing of Title Deeds; 120 Title Deeds were handed out to the lawfull beneficiaries of R.D.P. houses.

The following housing units will be transferred to the tenants/purchasers through the Retro Programme: Leeuhof Extension 1; Sonhof Flats; CW5 Low Cost Housing units in Vanderbijlpark; and Housing units in Rust-ter-Vaal.

3.6.1 Housing

Year end	Total Households including in formal and informal settlements	Households in formal settlements	Percentage of households in formal settlements
2017/18	178741	8624	4,82%
2018/19	180761	6584	3.64%
2019/20	184267	3076	1.66%

The total households (formal and informal) are indicated in column 2, the total houses that was built in informal settlements are 3076, whereby it is indicated a growth of only 1.66% in 2019/20.

Housing: Departmental Service Delivery and Budget Implementation Plan								
Outline Service Targets	2016/17		2017/18		2018/19	2019/20		2020/21
	Target	Actual	Target	Actual	Target	Target	Actual	
Management of rental housing stock % of valid lease agreements	100%	100%	100%	100%	100%	No KPI for Human Settlements for this financial year	100%	

200 Title Deeds handed over to rightful beneficiaries	173	173	-	-	-	-	40 Title Deeds handed over to rightful beneficiaries
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3.6.2 Housing: Service Delivery and Budget Implementation Plan

3.6.3 Employees: Housing

Job Level	Total Posts	Employees 2018/19	Employees 2019/20	Vacancies Fulltime	Vacancies as %
0 - 3	2	2	1	1	50%
4 - 6	16	10	9	7	44%
7 - 9	4	2	2	2	50%
10 - 12	13	0	0	13	100%
13 -15	0	0	0	0	0%
16 -	17	1	1	16	94%
	52	15	13	39	75%

3.6.4 Financial Performance: Housing

Financial Performance 2019/20: Housing Services					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	16,067	16,566	16,566	19,219	14%
Expenditure:					
Employees	12,239	29,468	29,468	21,660	-36%
Repairs and Maintenance	0				
Other	47,988	23,931	21,546	37,267	36%
Total Operational Expenditure	60,227	53,399	51,014	58,928	9%
Net Operational (Service) Expenditure	-44,159	-36,833	-34,448	-39,708	7%

3.6.5 Overall Performance: Housing

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

Rental accommodation: Human Settlements is administering the following low cost rental units:

CW 5; Hertzog flats; Mimi Fouriehof flats; Sonhof flats; Leeuhof ext. 1 (Erf 305) Roshnee Old Age Home; and Rust-ter-vaal flats

Eradicating informal settlements – through the provision of proclaimed townships, with serviced stands and houses;

Golden Gardens-345

Tshepong Proper Ph 3 -344

Sonderwater-480

Westside Park-150

Sebokeng Zone 24-149

Sebokeng Zone 28-500

Sebokeng Ext 30 -72

Identifying suitable land for the establishment of new housing projects to reduce the housing backlog on the Gauteng Waiting list;

Rental Housing Information Offices where Rental Tribunal Administration is performed (74 cases were attended to);

and 120 Title Deeds was delivered by the Human Settlements Department .

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

Leeuhof Extension 1 (190 rental units was transferred, 62 still outstanding – Sectional Titles need to be registered);

Sonhof Flats (Not transferred yet);

CW 5 Low Cost Housing units in Vanderbijlpark (Not transferred yet); and

Housing units in Rust-ter-Vaal (Not transferred yet).

The Human Settlements requested through the Upgrade Informal Settlements Programme assistance to upgrade the Informal Settlements. A business plan was submitted to Provincial Government, whom combined all municipalities' business plans and submitted it to National Government for approval and financial assistance. The following Informal Settlements were selected as a priority:

- i. Chris Hani Informal Settlement;
- ii. Snake Park Informal Settlement;
- iii. Thsepiso Informal Backyard dwellers;
- iv. Hlala Kwabafileyo Informal Settlement; and
- v. Cape Gate Informal Settlement.

3.7 PLANNING AND DEVELOPMENT

The Land Use Management (LUM) functions include evaluation and processing of received development applications (rezoning, consent uses, townships establishment, removal of restrictive conditions of title, subdivisions, and divisions of land, site development plans, building plans and other development planning related applications). Spatial Planning is a component of the Land Use that deals with the development of the Spatial Development Frameworks (SDFs) of the municipality. Spatial planning integrates vertical alignment of plans (local, district and provincial level) to guide the development, investments and at ensuring annual compliance in terms of the Local Government: Systems Act (no.32 of 2000).

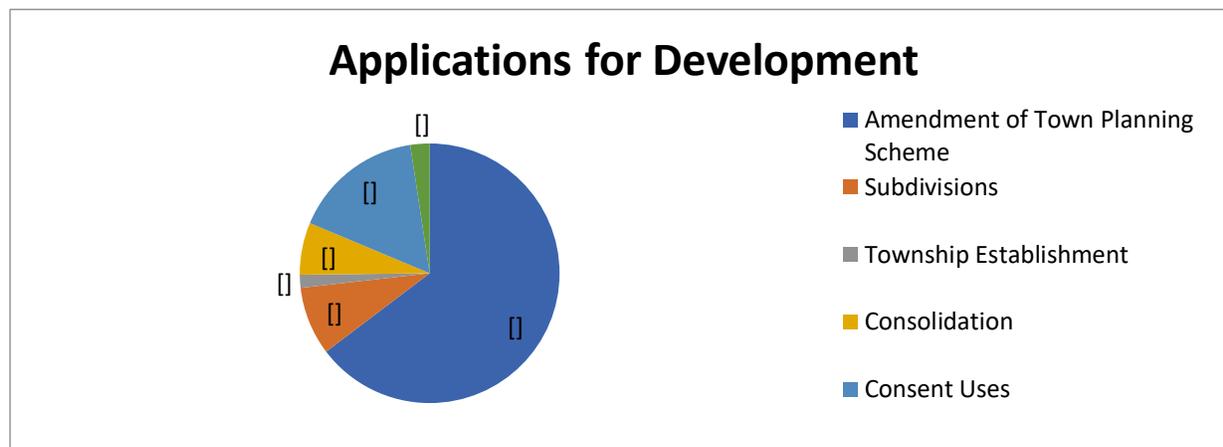
The five-year term, 2017- 2022 Spatial Development Framework has been reviewed and adopted by Council in June 2020. The Framework reflect the status quo, spatial development strategies for the municipality and new projects with Capital Investment. Moreover, the framework aligns with National and Provincial spatial planning priorities.

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

3.7.1 2019-2020 Applications for Land Use Development

The Applications for land development entails the administration of development applications that includes (1) Rezoning, (ii) Removal of Restrictions, (iii) Township Establishments, (iv) Consent Uses, (v) Consolidations, (vi)Subdivisions and (vii) Evaluation and assessment of building plans. In the 2019-2020 financial year, the municipality received 200 development applications, of which 75 determinations were made and 5 withdrawn. A total of 125 applications is outstanding.

The table below reflects percentage representative of land development applications received, processed and those still pending areas with the Municipality.



The table above reflects percentage representative of land development applications received, processed and those still pending with the Municipality.

APPLICATIONS FOR LAND USE DEVELOPMENT				
Detail	Received and still in process for reporting			Approved
	PDA Areas	Vanderbijlpark Areas	Vereeniging Areas	Total
Amendment of Town Planning Scheme	5	50	80	40
Township Establishment	0	5	0	0
Subdivisions	4	3	8	12
Consolidations	4	5	5	6
Consent uses	5	14	8	12
Removal of Restrictions	3	0	2	2
Total outstanding applications – Applications in Progress	22	77	103	72

The municipality has received a total of 135 applications for Amendment of Town Planning Schemes and approved 40; received 5 Township Establishments which are still under consideration, received 15 Subdivision applications and approved 12; received 14 Consolidation applications and approved 6, received 27 Consent Use applications and approved 12; received 5 Removal of Restrictions and approved 2.

The total outstanding applications (applications still in progress) at the end of the current financial year were 202. Non approval on some of the town planning applications is because some applications were not fully compliant with the statutory requirements such as outstanding municipal accounts and bond holders' consent. Negative comments from relevant Sector Departments arising from Water and Sewer Capacity problems have also contributed to the delay in the finalization of applications.

Township Establishments

Township Name	Nature of Project
Vanderbijlpark SW 7 Extension 11	1 100 currently undeveloped erven
Flora Gardens Extension 2	500 – Residential units
Vanderbijlpark SW 7 Extension 10	13 – Residential units
Eaglest Nest	249 - Residential units
Vanderbijlpark SE 8 Extension 1	3 - Retirement Village (3400 Res units)
Vanderbijlpark SE 8 Extension 2	2 - Retirement Village (2500 Res units)
SE 9	5 - Residential units (2400 Res units)
Bophelong Extension 25	142 - Residential units
SW Extension 12	13 - Residential units
	2 - Private Open Space
Sebokeng Unit 6 Ext 6	1- Commercial township (shopping mall).
SW 8	8 - Residential units
Sebokeng Extension 30, 32 & 34	3 343 - Residential units
Bedworth Park X 8	Commercial Township
	200 residential units
	100 commercial stands

	50 Business stands
Powerville Park X 5	Commercial township (31 stands)
Powerville Park X 6	Commercial township (two stands)
Sebokeng Extension 29	203 - Residential
Vaalower Ext 1	450 - Residential units
SW 7 Ext 10	39 - Residential units
Lethabong	3200 - Residential
SE 5	1 75l - Residential
SW 7 Extension 5	2 – Business
Driefontein Estate	40 Residential
Sylviavale 4	Residential 2 – 5 Units Business 4 – 1
Lochvaal Extension 1	Residential 1 – 30
Sebokeng Extension 33	Business 1 – 2 Public Garage – 1
Northdene	Residential 1 – 4
Kaalplaats	Residential 1 – 30
Bonane Extension 2 & 4	Residential 1 - 298

The table above reflects recently approved township establishments not particularly confined to this reporting period. During the 2018/2019 financial year, Bonanné Extension 3 Township, Sebokeng Extension 33, and South East 10 Extension 1 Townships were approved by Council. However, during the 2019/2020 financial year, the following Townships were received and are still under consideration: 3 Northdene, CW 6 Extension 4, Suttons Rest, SE 5 and SW7 Extension 13.

3.7.2 Land Use and Building Control: Employees

EMPLOYEES: PLANNING (LAND USE MANAGEMENT AND BUILDING CONTROL)					
Job Level	Total Posts	Employees 2018/19	Employees 2019/20	Vacancies Fulltime	Vacancies as %

0 - 3	7	3	2	5	71%
4 - 6	33	18	19	14	42%
7 - 9	43	16	19	24	56%
10 - 12	6	3	2	4	67%
13 - 15	0	0	0	0	0%
16 -	1	0	1	0	0%
	90	40	43	47	52%

3.7.3 Land Use Management: Service Delivery and Budget Implementation Plan

Land Use Management: Service Delivery and Budget Implementation Plan								
Strategic Objective	Outline Service Targets	2017/2018		2018/2019		2019/2020		2021
		Target	Actual	Target	Actual	Target	Actual	Target
Re-inventing our economy and Renew our communities	Percentage key milestones implemented of the municipality's Spatial Development Framework	100%	100%	100%	100%	100%	100%	100%
	%key milestones implemented in finalising unified land use scheme for the ELM region	N/A	N/A			90%	24%	
	Percentage development and roll out of the Inner City Regeneration Programme that includes Township areas							100%

Work on the Integrated Land Use Management Scheme was established in accordance with the 2013 Spatial Planning and Land Use Management Act (SPLUMA) recently launched. In addition, SPLUMA BY-LAWS were developed, followed by the appointment of the Municipal Planning Tribunal (MPT) and the Appeal Authority (AA) Committee by the Council, replacing the section 79 Committee (Land Tribunal).

In the period 2019 – 2020, the Municipal Planning Tribunal had 19 applications lodged with the municipality. The Appeals Authority had 7 Appeals wherein 5 of them were concluded and 1 was withdrawn. The Appeal

Authority based on the above statistics has therefore eradicated the backlog created from 2015 which was caused by the transition from the Old Order Legislation to the new SPLUMA legislative requirements.

The municipality conducted 695 Land use inspections, 238 transgressions (non-compliance to land use legislations) and 55 Court Cases were submitted.

3.7.4 Applications for Approval of Building Plans

	2017/18	2018/19	2019/20
Building Plan applications received for approval	1052	979	997
Determination made in year of receipt	754	681	390
Determination made in following year	0	0	0
Applications not approved	246	215	512
Applications outstanding at year end	52	83	95

3.7.5 Service standards

The following services are provided by Building control unit as per minimum standard:

- Examining applications submitted under Building Regulations
- Inspecting building work
- Providing an advisory service in respect of Building Regulations
- Administering the Occupation Certificates
- Advising and caution on any dangerous structures
- Conducting training sessions in regards to building industry and Building Regulations
- Ensure Public Safety during community events
- Enforcing the Energy Performance of Buildings Regulations
- Provisional Authorization to commence or proceed with the erection of a building
- Administer exemption any from one or more provisions of the National Building Regulations when necessary;

- Issue Demolition Permits
- Process Applications to use a building or part thereof before the Certificate of Occupancy be issued
- Process Applications to Issue a Certificate of Occupancy for an existing building where such Certificate was not issued on completion of the works where the building is already occupied/not occupied
- Issue Permits for Minor Building Work for new buildings and additions/alterations to existing buildings are issued.

3.7.6 Financial Performance: Planning

Planning					
Financial Performance 2019/20:Planning					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	-				
Expenditure:					
Employees	2,047	3,875	3,875	1,866	-108%
Repairs and Maintenance					
Other	1,766	2,801	2,801	1,606	-74%
Total Operational Expenditure	4	6,676	6,676	3,472	-92%
Net Operational (Service) Expenditure	-4	-6,676	-6,676	-3,472	-92%

3.7.7 Overall Performance

The review of the Spatial Development Framework, 2019 -2020 and the formulation of the Land Use Scheme in line with the Spatial Planning and Land Use Management Act, 2013 (SPLUMA) was successfully completed in this reporting period. Significant progress on the Land Use Scheme formulation has been made and is currently 95% complete.

During this financial year, Emfuleni Local Municipality identified the area surrounding the N1/R54 crossing within Emfuleni Municipal area as good potential for an Aerotropolis and an Agricultural Hub. To this end, the Department of Agriculture, Land Reform and Rural Development in consultation with Sedibeng District Office and Municipal Infrastructure Support Agent (MISA) have appointed a service Provider to draft the Vaal Aerotropolis Conceptual Framework as espoused in the Emfuleni SDF 2012. Part of the development includes the Reitkuil Agro-processing plant approved by Emfuleni in August 2019, pursuant to the achievement of the broader agro-industrialisation of the region's objectives. The first status quo draft for this framework has recently been produced. Work for this project is currently ongoing. The investment value of the project is worth more than R600 million and 500 jobs are expected to be created in the local economy upon completion of the project.

The department has however been facing challenges with regards to the GIS capturing of electronic town planning information, an activity which is currently ongoing. The projects were developed to guide, facilitate and coordinate land developments, attract investments and ensure legislative compliance to land use development of the municipality. The Reviewed SDF, 2020 – 2021 was approved by Council at the end of June 2020.

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

The Municipality has set several applications before the Land Tribunals of which the majority have been finalized in this reporting period. The Municipality previously faced challenges regarding several late postponements by members and as such most hearings could not take place. It is now apparent that the appointment of the new MPT and AA committees has eventually solved this challenge.

During the period under review there were about 695 Land use inspections and 238 transgressions (non-compliance to land use legislations). 55 Court Cases were submitted.

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

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

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

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

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

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

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

3.8 LOCAL ECONOMIC DEVELOPMENT

Local Economic Development (LED) at the Municipality identifying and using local resources to create opportunities for economic growth and employment creation. The function also focuses on forming local partnerships with key and relevant stakeholders such as National government, Provincial government, District government and Private sector structures. This is done to promote and support local economic development initiatives aimed to enhance Economic Growth and to provide infrastructure for investment attraction and promotion of Emfuleni as a tourism destination.

Other key Undertakings of LED and Tourism include:

- Enterprise development: Encourage, support and promotion of SMME's and Cooperatives;
- Advertisement: Approvals of advertising in the area, monitoring and removals of illegal advertising and advertising by-law enforcement;
- Informal Trading: Enforcement of informal street trading by- laws, demarcation of trading spaces, identifying places which can be used for informal street trading markets, Issuing of trading permits, Identifying where stalls can be erected for traders to conduct their business, interacting with the Provincial Government for more support for the sector;
- Business Retention and Growth: Urban regeneration, renewal and retention, exploration of new methods to improve business climate, cultivate and maintain relationships with business associations, forums and service providers. Develop and maintain the data system to track trends within the business community;

Tourism: Promotion and marketing of Tourism within the municipality; and

- Agriculture: Promotion and facilitation of agricultural development in the Municipality

3.8.1 Economic Activity by Sector

Economic Activity by Sector				
Sector	2016/17	2017/18	2018/19	2019/2020
Agriculture, forestry and fishing	181 623	167 432	145 401	180 839
Mining and quarrying	452 695	377 557	250 800	339 654

Manufacturing	8 075 113	7 937 293	6 745 340	7 079 430
Wholesale and retail trade	3 216 139	3 242 310	3 262 234	3 182 991
Finance, property, etc.	6 748 833	6 864 367	6 986 768	10 129 447
Government, community and social services	5 832 572	5 858 270	5 894 458	6 291 198
Infrastructure services	1 088 228	1 086 335	1 084 436	878 668

Agriculture, forestry and fishing, mining and quarrying, manufacturing and wholesale and retail trade are fluctuating while infrastructure services are declining. Finance, property, etc. and government, community and social services are increasing.

3.8.2 Local Economic Development Objectives Taken from IDP

Service Objectives	Outline Service Targets	2018/2019		2019/2020		2020/2021
		Target	Actual	Target	Actual	Target
		Target				
Sustainable Livelihoods through decent employment	Approved LED Strategy	Stakeholder Consultation	Not Achieved	Implementation	Not Achieved	Develop and implement
	LED, Agriculture and Tourism initiatives implemented	7 Initiatives implemented 4 Initiatives implemented	3 Initiatives implemented	3 Initiatives implemented	3 Initiatives implemented	3 Initiatives implemented

3.8.3 Financial Performance: Local Economic Development

Local Economic Development Services					
Financial Performance 2019/20: Local Economic Development Services					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	988	1,043	1,043	853	-22%
Expenditure:					
Employees	5,381	6,006	6,006	5,260	-14%
Repairs and Maintenance					
Other	3,571	4,865	3,440	2,834	-72%
Total Operational Expenditure	8,952	10,871	9,446	8,093	-34%
Net Operational (Service) Expenditure	9,940	11,913	10,488	8,947	-33%

3.8.4 EMPLOYEES: LOCAL ECONOMIC DEVELOPMENT SERVICES

EMPLOYEES: LOCAL ECONOMIC DEVELOPMENT SERVICES

Job Level	Total Posts	Employees 2018/19	Employees 2019/20	Vacancies Fulltime	Vacancies as %
0 - 3	3	2	2	1	33%
4 - 6	10	7	9	1	10%
7 - 9	11	4	4	7	64%

10 - 12	0	0	0	0	0%
13 -15	0	0	0	0	0%
16 -	0	0	0	0	0%
	24	13	15	9	38%

3.8.4 Overall Performance

Issuing of trading permits to informal traders and spaza shops.

Agricultural Processing framework developed.

Draft Tourism Strategy developed.

A Skills Development partnership program between ELM and, private company (SetSquare) and SEDA was initiated.

The initiative to develop of an Automotive Hub on Erf 64, J.W.Mushet street in Vanderbijlprk has been undertaken and the identified site has been reserved for the hub.

A ground-breaking initiative has been achieved in 2019/20 where traffic officers selected within ELM are the first youth in which the municipality is given an opportunity to have a first cluster of youth who received the non-weaponry type of military training prior to them being trained by the traffic academy.

The expectation is that upon their conclusion of the skill to be acquired will be the first highly disciplined cadres loyal to their cause of work within the jurisdiction of the local municipality.

NARYSEC will contribute towards the studies financially. It is expected that the municipality will work a system of appointing the said youth permanently into its structure as will be guided by the human resources policy.

In partnership with Department of Agriculture & Rural Development and Sedibeng, the department held the Annual Farmer's Exhibition Day.

38 cooperatives attended International Cooperatives Day Celebration build- up Workshop

3.9 SPORT AND RECREATIONAL

Sport and Recreational implement a number of sport development programs that are focusing in the underprivileged areas. Some of the programs which were implemented included inter alia, sporting codes such as cycling, soccer, softball, boxing, netball, volleyball and athletics. Almost 3000 participants and emerging officials / coaches have been reached through these programmes.

The municipality increasing in efforts to maintain and create healthy and safe environments has maintained 25 formal and 42 informal sport facilities.

The highlight of the financial year 2019/20 was the hosting of both the Vaal River City Marathon, the Cycling Tournament with 300 participants and the launch of the Learn-to-Swim program.

3.9.1 Art and Culture

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

3.9.2 Services Statistics of Arts and Culture

Activity	Number of Participants
Puisano Jazz Auditions	300
Film Workshop	50
Reading for redemption with Groenpunt Prison	150
Breaking through excellence	250
Film shooting Umbuzoka Themba	300
Film shooting Taxi queen	400
Emfuleni Hip Hop Auditions	500
Redsquare DJ Knockout	1500
Emfuleni Hip Hop Auditions	500
Now or Never Festival	1500
Brass bands & Indigenous gospel	700
Sedibeng Music Conference	250
Sedibeng Music Festival	1000
1 night in Sebokeng	700
NWU Rag	10000

Sunday Soul Session	1500
<u>Walk for change</u>	<u>100</u>
LGBTQI Parade	1500

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

Library, Sport, Recreation, Arts and Culture policy objectives taken from IDP								
Service objectives	Outline service targets	2017/18		2018/19		2019/20		2020/21
		Target	Actual	Target	Actual	Target	Actual	Target
Searching for talent, support, develop and nurture local artists	Sports programs and projects implemented	8	8	8	8	8	12	-
Searching for talent, support, develop and nurture local artists	Arts and Culture programs	7	9	6	10	7	7	-
	Development of artist	5	5	7	7	7	7	-

3.9.4 Employees: Sports and Recreation

EMPLOYEES: SPORTS AND RECREATION					
Job Level	Total Posts	Employees 2019/18	Employees 2019/20	Vacancies Fulltime	Vacancies as %
0 - 3	3	2	2	1	33%
4 - 6	8	5	6	2	25%
7 - 9	15	5	8	7	47%
10 - 12	30	30	22	8	27%
13 -15	40	6	16	24	0%
16 -	96	57	50	46	0%
	192	105	104	88	46%

3.9.5 Capital Expenditure: Sports and Recreation

Capital Expenditure: Sports and Recreation					
2019/20					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
R:Upgrading of Zone 7 Stadium	5000 00	0	0	-	-
R:Upgrading of Zone 11 Stadium	5000 00	0	0	-	-
N:Recrea Facility Moedi School Ward 13	1500 000	0	0	-	-
Upg Tennis Courts Tshepiso, Shpeville, Sbk	5893 2	0	0	-	-
Development of Sebokeng Precinct Project	7500 000	0	0	-	-
N:Facilities S/Ville in Ward 13 Moedi	0	6500 000	0	-	-
R:Upgrading of Zone 7 Stadium	5000 00	0	0	-	-
R:Upgrading of Zone 11 Stadium	5000 00	0	0	-	-
N:Recrea Facility Moedi School Ward 13	1500 000	0	0	-	-

Upg Tennis Courts Tshepiso, Shpeville, Sbk	5893 2	0	0	-	-
Development of Sebokeng Precinct Project	7500 000	0	0	-	-
N:Facilities S/Ville in Ward 13 Moedi	0	6500 000	0	-	-

3.9.6 Financial Performance: Sports and Recreation

Sport and Recreation					
Financial Performance 2019/20: Sport and Recreation					
R' 000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	346	645	645	770	16%
Expenditure:					
Employees	17,548	22,193	22,193	18,036	-23%
Repairs and Maintenance	319	1,017	917	702	-45%
Other	24,024	17,683	13,854	23,775	26%
Total Operational Expenditure	41,891	40,892	36,964	42,513	4%
Net Operational (Service) Expenditure	-41,545	-40,247	-36,319	-41,743	4%

3.10 PARKS AND CEMETERIES

The Division of Cemeteries is responsible for the maintenance and management of 11 cemeteries. Five (5) cemeteries are active, that is open for burial in new graves. Six cemeteries are closed that is only second or third reburials are allowed in an existing grave. All eleven (11) cemeteries are operational and are being maintained. The municipality is in the process of identifying sites for the establishment of new cemeteries.

The lack of suitable land for the development of cemeteries catering for conventional burials and changing cultural values, are driving the need to promote alternate burials modes such as cremations and mausoleums.

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

3.10.1 Parks and Cemetery Policy Objectives Taken from IDP

Parks and Cemetery Policy Objectives Taken From IDP								
Services Objectives	Outline Service Targets	2017/2018		2018/2019		2019/20		2020/21
		Annual Target	Actual Achieved	Annual Target	Annual Achieved	Annual Target	Annual Achieved	
Maintained cemeteries, parks, public open spaces and green belts in urban areas.	Arboricultural and horticultural maintained parks, public open spaces and green belts in urban areas	1,060,000m ²	1,060,000m ²	1,060,000m ²	2,030,000m ²	-	-	-
	Number of trees in public open spaces pruned and cut			1 100	1 100	1 100	-	-
	m ² grass cut at undeveloped public open spaces	1 500	1 500 000m ²	550 000 m ²	550 000 m ²	550 000 m ²	-	-
	100% Turnaround time of 3 working days for the provision of graves for burial purposes, measured from the time of receipt of applications to the time of completion for providing the graves	100%	100%	100%	100%	-	-	100%

3.10.2 Employees: Parks and Cemeteries

EMPLOYEES: PARKS AND CEMETERIES					
Job Level	Total Posts	Employees 2018/19	Employees 2019/20	Vacancies Fulltime	Vacancies as %
0 - 3	3	1	3	0	0%
4 - 6	13	5	6	7	54%
7 - 9	72	22	16	56	0%
10 - 12	25	7	6	19	0%
13 -15	279	38	33	246	0%
16 -	629	67	92	537	0%
	1021	140	156	865	85%

3.10.3 Capital Expenditure: Cemeteries

Capital Expenditure: Cemeteries					
2019/20					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Cemeteries	18 000 000,00	10 066 740,00	10 066 739,38		
R:Upgrading of Tshepiso Cemetery	2000000	66740	66739	0,00	-2897%
R:Upgrading of Rustervaal Cemetery	2000000	0	0	-	-
R:Upgrading of Nanescol Cemetery	2000000	0	0	-	-
R:Vanderbijlpark Cemetery	2000000	0	0	-	-
Cemetery New Land	10000000	10000000	10000000	0,00	0%

3.10.4 Financial Performance: Cemeteries

Financial Performance 2019/20: Cemeteries and Crematoriums					
					R'000
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	9	9,594	9,594	8,640	-11%
Expenditure:					
Employees	6,855	7,462	7,462	7,048	-6%
Repairs and Maintenance					
Other	-626	7,329	9,029	22,122	67%
Total Operational Expenditure	6	14,791	16,492	29,171	49%
Net Operational (Service) Expenditure	3	-5,197	-6,898	-20,529	75%

3.11 SOCIAL DEVELOPMENT

Social development is multidisciplinary in nature and cuts across different sectors. ELM provides social development services to different target groups, i.e. children, youth, women, families, elderly people and people with disabilities.

Social workers have employed a developmental approach to guide and shape the nature of development. The programs delivered include programs for socio-economic, moral regeneration, empowerment and poverty reduction. The levels of intervention often used to these focus groups are: prevention, early intervention (non-statutory) and reintegration. Interventions are continually rendered to victims of child abuse, physical, emotional and financial abuse. Door-to - door campaigns, distribution of educational materials and presentation of workshops and meetings forms part of prevention and early intervention to protect children from violence. The Department has also employed social workers who use four methods of intervention, such as casework, group work, community development and research in the delivery of social services to the communities of ELM.

During 2019/20 financial year the community support program statistics includes the following:

Indigent household program was implemented. The program entails the subsidy that is allocated to permanent residents who cannot afford to pay for their rates and taxes, due to a number of socio-economic factors which result in non-payment of basic services. Accordingly, 2280 indigent household were verified and registered in the indigent program with a total household market value exceeding R250, 000 thresholds. 664 approved indigent household registration;

Indigent / pauper burials program: The program is aimed at providing assistance to families who are needy. Families are assisted to bury their loved ones with dignity and respect. 186 indigent & pauper burials were conducted during the reporting financial year municipality;

3.11.1 Social Development Policy Objectives Taken from IDP

Outline Service Targets	2017/18		2018/19		2019/20		2020/21
	Target	Achieved			Target	Actual	
Number of indigent household applications verified	4000	7570	4 175	4 778	-	2280	-
Implement developmental program and awareness campaigns.	8	12	12	12	-	-	-
100% indigent Burial applications verified	100%	100%	100%	100%	-	186	-

3.11.2 Social Development Employees

Job Level	Total Posts	Employees 2019/20	Vacancies Fulltime	Vacancies as %
0 - 3	1	1	1	0
4 - 6	26	9	9	17
7 - 9	13	0	0	13
10 - 12	20	12	14	6
13 - 15	0	0	0	0
16 -	0	0	0	0
	60	22	24	36

3.11.3 Financial Performance: Child Care, Aged Care and Social Programmes

Financial Performance 2019/20: Child Care; Aged Care; Social Programmes					
R'000					
Details	2019/20	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	0				
Expenditure:					
Employees	652	647	674	649	0%
Repairs and Maintenance	0				
Other	428	452	465	430	-5%
Total Operational Expenditure	1,080	1,099	1,139	1,078	-2%
Net Operational (Service) Expenditure	-1,080	-1,099	-1,139	-1,078	-2%

3.11.4 Overall Performance

There was no budget to execute the Indigent Household Mass Registration and Verification Program/ Campaign that require more staff members, to conduct door to door verification and registration of new applicants. The department will continue with ward based verification.

The demand for Indigent/ pauper burials has increased over the years because of high rate of unemployment and poverty in the community. The municipality is receiving more applications than the actual allocated budget could accommodate.

3.12 PRIMARY HEALTH CARE

ELM provide the primary health Care to the communities of Emfuleni Local Municipalities. During 2019/20 primary health care has launched a system called Central Chronic Medicine Dispensing and Distribution (CCMDD). The system helps chronic patients to get their prescription from neighbourhood clubs, local pharmacies and delivered to the door. The program reduced waiting time and overcrowding in local clinics.

The World Health Organization (WHO) has confirmed a pandemic of Covid-19, raising alarm throughout the world. As a result, South Africa has declared a national state of disaster, followed by a number of confirmed positive cases of people with the virus, since the lockdown was declared on 27 March.

Emfuleni local municipalities has also played a role in helping to reinforce and support existing systems to enforce contingency plans and to ensure that measures are put in place to prevent the spread of the virus. It aligned the regional proposals with the national ones. To date, ELM nurses have been conducting awareness and education programs, screening and testing in the community.

3.12.1 Primary Health Care Employees

Job Level	Total Posts	Employees 2019/20	Vacancies Fulltime	Vacancies as %
0 - 3	2	4	1	1
4 - 6	39	36	11	28
7 - 9	119	66	44	75
10 - 12	24	16	9	15
13 -15	25	1	2	23
16 -	40	22	15	25

3.12.2 Financial Performance: Clinics

Clinics					
Financial Performance 2019/20: Clinics					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	41,842	64,470	64,470	46,566	-38%
Expenditure:					
Employees	46,744	52,008	52,008	44,746	-16%
Repairs and Maintenance					
Other	22,166	29,001	29,359	25,344	-14%
Total Operational Expenditure	68,911	81,010	81,368	70,090	-16%
Net Operational (Service) Expenditure	-27,068	-16,540	-16,898	-23,523	30%

3.13 ENVIRONMENTAL HEALTH

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

The function includes the provision of a comprehensive Environmental Health Services to enable the community to live in a healthy and hazard free environment.

Environmental Health is rendered in terms of National Health Act 61 of 2003. Municipal Health Services composed of nine (9) elements or focus areas, which are the mandate of ELM with regard to Municipal Health Services, namely

Food Control

Health surveillance of premises

Vector control

Prevention of communicable diseases

Disposal of the dead

Water Quality Monitoring

Environmental Pollution Control

Control of hazardous waste

Chemical Safety

Other classification of Municipal Health Services includes aspects of Schedule 4 Part B and Schedule 5 Part B functions, which are to be performed by the Environmental Health Division.

Air Pollution

Noise Pollution

Solid Waste removal and disposal

Water and Sanitation

Licensing and Control of undertakings that sell food to the public

Control of Public Nuisances

Child Care Facilities

Municipal Abattoirs

3.13.1 Statistics

During 2019/20 financial year, a total of 60 patients were received from Life Esidimeni to Sedibeng District Municipality following the Ombudsman investigation on the deaths of more than 100 patients at the Life Esidimeni mental health clinic. A proposal was made by the National Department of Health Director General to assess the new facilities that have received patients in the Sedibeng District Municipality.

The following facilities were provided to accommodate patients in the Sedibeng District and Emfuleni Local Municipality:

- Lapeng Care of the Aged received 9 patients
- Kanana Health Care Centre received 11 patients
- Annani Trauma Centre received 30 patients
- Thekganang Support Group 1 patient
- Solutions Care Centre received 9 patients

Two of the five facilities had already received Health Certificates and Acceptability Certificates for the kitchen, while the other three were in the process of applying.

3.13.2 Employees: Pollution Control (Environmental Management)

EMPLOYEES: POLLUTION CONTROL (ENVIRONMENTAL MANAGEMENT)					
Job Level	Total Posts	Employees 2018/19	Employees 2019/20	Vacancies Fulltime	Vacancies as %
0 - 3	1	1	1	0	0%
4 - 6	3	1	1	2	67%
7 - 9	8	3	3	5	63%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 -	0	0	0	0	0%
	12	5	5	7	58%

3.13.3 Financial Performance: Pollution Control

Pollution Control					
Financial Performance 2019/20: Pollution Control					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	0	0	0	0	
Expenditure:					
Employees	14,654	18,273	18,273	14,884	-23%
Repairs and Maintenance					
Other	17,862	16,708	17,312	17,104	2%
Total Operational Expenditure	32,516	34,981	35,585	31,988	-9%
Net Operational (Service) Expenditure	-32,516	-34,981	-35,585	-31,988	-9%

3.13.4 Financial Performance: Environmental Health

Financial Performance 2019/20: Bio-Diversity; Landscape and Other					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	409	418	418	9,640	2307%
Expenditure:					
Employees	8,258	10,502	10,502	8,551	81%
Repairs and Maintenance					0%
Other	6,791	8,221	7,261	5,685	69%
Total Operational Expenditure	15,050	18,723	17,763	14,237	76%
Net Operational (Service) Expenditure	-14,640	-18,305	-17,345	-4,597	25%

3.14 PUBLIC SAFETY

This component includes: Fire & Rescue Services, Disaster & Event Management Services, Traffic Management Services, Road Safety Promotion, Social Crime Prevention, Security and Investigations as well as Municipal Courts Services

The ELM Crime Social Prevention is aligned to the National Crime Prevention Strategy, the Provincial Crime Prevention Strategy and the District Crime Prevention Strategy.

3.14.1 Municipal Courts

ELM Municipal Courts function is divided into a number of services, including Magistrates' Offices, Prosecutor's Offices, Court Support Services, Admission of guilt Services, Help Desk Services, Fine Recovery Services, Accounting and Finance Services, Court Order Services, Interpreter Services and Messenger Services.

The Municipal Courts have continuously sought to meet its duty and its mandate as specified in the Municipal Systems Act of 2000. Section 112 of the Act allows a municipality to prosecute a contravention of, or inability to comply with, the provisions of the by-law of a municipality, other legislation administered by a municipality and other legislation as determined by the National Director of Public Prosecutions.

3.14.2 Employees: Municipal Courts

EMPLOYEES: MUNICIPAL COURT				
Job Level	Total Posts	Employees 2019/20	Vacancies Fulltime	Vacancies as %
0 - 3	2	2	0	0%
4 - 6	14	5	9	64%
7 - 9	82	22	60	73%
10 - 12	7	1	6	86%
13 - 15	0	0	0	0%
16 -	4	2	2	0%
	109	32	77	71%

3.14.3 Overall the Performance

A total of 90 840 cases were adjudicated during the financial year 2019/20, 1 035 warrant of arrest were executed and 72 224 representations were considered by the respective courts. The admission of guilt penalty of R27 242 492 was collected from fines from the Municipal Courts Pay Points located in the relevant magisterial jurisdictions. A total of 2 185 telephone calls, 7 577 e-mails and 920 fax enquiries were received and attended by the Municipal Courts help desk.

3.14.3 Municipal Courts: Service Delivery Budget Implementation Plan

Service Objectives	Outline Targets	Service	2017/18		2018/19		2019/20	2020/21
			Target	Actual	Target	Actual	Target	
Renewing our communities and reviving sustainable Environment	7.00% of Infringement Fines Issued Actually Collected Revenue in 2017/2018	of Fines Actually As in	4.26 %	4.26 %	8.00% Accumulative Success Rate on Cases Received in 2018 / 2019	10.11 %	-	-

3.15 TRAFFIC AND SECURITY

Emfuleni Local Municipal (ELM) Traffic & Security services are provided in all 45 municipal wards. Traffic & security is further sub-divided into sections in order to ensure proper management and control. These sections perform traffic law enforcement, administration & logistical support services, accident management, training which includes road safety promotion, control room, Social Crime Prevention and Security Services.

The Traffic and Security Services of the Emfuleni Local Municipality are aligned with the National Crime Prevention Strategy, Provincial Crime Strategy, and District Crime Prevention Strategy. The function is located in three different regions namely: Vanderbijlpark as region 1, Vereeniging as region 2 and Sebokeng / Evaton as region 3.

During 2019-20 financial year, traffic officers continued executing their regular traffic law enforcement duties as well as implementing COVID-19 transport regulations in suburbs, townships, entrances and exit points of provinces and taxi ranks as follows:

Participated and held static and roving roadblocks jointly with the Army, Gauteng Traffic and the SAPS.

Monitored and enforced the Lock down Regulations during funerals at various municipal cemeteries.

Provided security during the issuing of informal trading permits.

provided security to the Shelters for the homeless at General Smuts and at Saul Tsotetsi.

Conducted patrols to enforce various stages during the lock down regulations to enforce compliance in terms public transport and private vehicles, etc.

3.15.1 Services Data

	Details	2018/2019	2019/2020		2020/21
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of road traffic accidents during the year	5993	4993	3672	4600
2	Number of all by-law infringements attended (include parking meters)	6972	7800	8982	9500
3	Number of Traffic officials in the field on an average day (Traffic Officers & Traffic Wardens)	89	94	96	99
4	Number of all Traffic personnel on duty on an average day (includes Traffic Officers Security, By laws, Crime Prevention, General Workers, admin personnel)	113	120	99	127

The above table indicate that road accidents decreased from 5993 in 2018/19 to 3672.00 in 2019/20. A number of all by-law infringements attended (include parking meters) amounted to 8982 in 2019/20 which is an increase from 6972 during 2018/19. The ELM areas to be serviced has grown tremendously in size, road network human population and vehicle population increase while the number of traffic officers has decreased as well as available resources to deal with day to day responsibilities.

3.15.3 Traffic and Security Policy Objectives Taken from IDP

Traffic and Security Policy Objectives Taken From IDP								
Service Objectives	Outline Service Targets	2017/18		2018/19		2019/20		2020/21
		Target	Target	Target	Actual	Target	Actual	Target
Renewing our communities and reviving sustainable Environment	Fraud and loss control - investigations	Turn-around time of 24 hours, 100% compliance	Achieved 100% maximum turn-around	100.00% Compliance to Turnaround Time (24 Hours) to Open Internal Docket on Theft and Losses of Municipal Property in 2018 / 2019	100.00 %	-	-	-
	Social crime prevention campaigns implemented	Conduct 16 Local Crime Prevention Campaigns ter	Conducted 16 Local Crime Prevention campaigns	21 Social Crime Prevention Campaigns Conducted in 2018 / 2019	23.00			
	Conduct law enforcement operations in relation to ELM Annual law enforcement plan	Conduct 12 law enforcement operations,3 campaigns per quarter	Conducted 12 law enforcement operations	16 Road Traffic Law Enforcement Operations Conducted in 2018 / 2019	14.00			

3.15. 4 Financial Performance Traffic

Financial Performance 2019/20: Traffic					
R'000					
Details	2018/19	2019/20			
	Actual	Original	Adjustment	Actual	Variance to
Total Operational Revenue	199,457	134,832	134,832	214,903	37%
Expenditure:					
Police Officers	29,792	36,448	36,448	30,037	-21%
Other employees	15,629	18,498	18,498	15,899	-16%
Repairs and Maintenance					
Other	135,039	213,869	207,377	133,839	-60%
Total Operational	180,460	268,815	262,322	179,775	-50%
Net Operational (Service)	18,997	-133,983	-127,491	35,127	481%

3.15.3 Traffic and Security: Employees

EMPLOYEES: POLICE OFFICERS (TRAFFIC & SECURITY)					
Job Level	Total Posts	Employees 2018/19	Employees 2019/20	Vacancies Fulltime	Vacancies as %
Chief Traffic Officer	1	1	1	0	0%
4 - 6	10	5	5	5	50%
7 - 9	201	101	102	99	49%
10 - 12	64	14	17	47	73%
13 - 15	4	1	1	3	0%
16 -	63	9	8	55	0%
	343	131	134	209	61%

3.16 FIRE & DISASTER MANAGEMENT

Fire and rescue services are available in all 45 municipal wards of the Municipality. The municipal area is divided into three different regions (Vereeniging, Vanderbijlpark and Sebokeng / Evaton). The Fire and Rescue Services core is to provide fire-fighting, rescue and fire-security services and to ensure the safety of human life and property. Fire protection associations have been established in the management of disasters. ELM's Fire, Rescue and Disaster Management Services have four fire stations that are strategically located in the area and have responded to all calls under in compliance with South African National Standards (SANS)

Disaster Management Committee was established, consisting of separate departments within the local municipality of Emfuleni, it coordinates all issues linked to disasters. During the reporting year the Committee managed to carry out a flood evaluation and established flood management reaction plans. Relationships

with the South African Weather Services (SAWS) have been retained and early warnings have been obtained to help coordinate prompt response

Event Safety Management Policy is also in place. The Disaster Management Plan Level 1-3 has been approved by the Council and is reviewed bi-annually.

3.16.1 PIER (Public Information Education Relation)

PIER (Public Information Education Relation) is a basic training programme offered to communities in first aid and fire fighting

Activity	2018/19	2019/20
Awareness Campaigns	12	12
Basic First aid	199	199
Basic firefighting	358	358
School visits trainings	12	12

3.16.2 Disaster Management Statistics

Emergency relief and support were given in the form of:

Year	2018/19	2019/20
Blankets	84	8
Salvage Sheets distributed	1	0
Tents distributed	1	0
Referrals to food bank to assist families in need of relief in conjunction with Sedibeng District Municipality.	17	11
Referrals to Social Development.	17	11

3.16.3 Fire and Disaster Management Service Policy Objectives Taken From IDP

2019/20 Public Safety: Service Delivery Budget Implementation Plan								
		2017/18		2018/19		2019/20		2019/20
		Previous Year		Current Year/Reporting Year				
Service Objectives		Target	Actual	Target	Actual	Target	Actual	
Renewing our communities and reviving a sustainable environment	% Accumulative success rate on cases received	7%	10.84%	8%	10.19%	10%	n/a	
	80% turn-out time within 3 minutes (1056 Calls)	80% turn-out time within 3 minutes	85.07% within 3 minutes	80% turn-out time within 3 minutes	85% within 3 minutes	70% turn-around time within 23 minutes to all calls	N/A	-

3.16.4 Financial Performance: Fire Services

Financial Performance 2019/20: Fire Services						R'000
Details	2018/19	2019/20				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	770	1,031	1,031	518	-99%	
Expenditure:						
Fire fighters	33,155	37,683	37,683	34,754	-8%	
Other employees	998	10,689	10,689	5,264	-103%	
Repairs and Maintenance						
Other	51,510	44,832	43,380	50,533	11%	
Total Operational	85,663	93,204	91,752	90,552	-3%	
Net Operational (Service)	-84,893	-92,173	-90,721	-90,034	-2%	

3.16.5 Employees: Fire Services

EMPLOYEES: FIRE SERVICES					
Job Level	Total Posts	Employees 2018/19	Employees 2019/20	Vacancies Fulltime	Vacancies as %
Chief Fire Officer	1	1	1	0	0%
4 - 6	10	6	5	5	50%
7 - 9	233	93	112	121	52%
10 - 12	0	14	0	0	0%
13 -15	6	0	0	6	0%
16 -	8	3	3	5	0%
	258	117	121	137	53%

3.17 LIBRARY SERVICES

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

The Constitution of the Republic of South Africa - According to schedule 5A Public Libraries are the competency of Provincial Government and for the fact that this is an unfunded mandate. This situation is addressed by receiving conditional grants and equitable share transfers from the Gauteng Provincial Government; and

South African Public Library and Information Services Bill (Draft) - The draft bill will set uniform minimum norms and standards, principles for Library and Information Services, Institutional arrangements, inter-governmental arrangements and assignment of functions.

3.17.1 Service Statistics

Among the service standards and successes started by ELM includes the Born-to-Read program, Soccer Legends Reading Programs and vegetable gardens at clinics and libraries. The Early Childhood Development Program was offered to 58 Crèches in rural areas. 13 265 Participated in the Holiday Program.

3.17.2 Employees: Libraries

EMPLOYEES: LIBRARIES					
Job Level	Total Posts	Employees 2018/19	Employees 2019/20	Vacancies Fulltime	Vacancies as %
0 - 3	1	1	0	1	100%
4 - 6	4	3	3	1	25%
7 - 9	40	17	14	26	65%
10 - 12	72	38	31	41	57%
13 -15	3	2	1	2	67%
16 -	35	14	14	21	60%
	155	75	63	92	59%

3.17.3 Service Policy Objectives Taken from IDP

Service Policy Objectives Taken From IDP						
Service Objectives	Outline Service Targets	2018/19		2019/20		2020/21
		Target	Actual	Target	Actual	Target
		Previous Year Year	Previous Year	Current Year	Current Year	Following Year
Healthy and safe environment for communities	24 Library programs implemented	16	24	100% Refurbishment plan completed	0%	64 Libraries programs implemented and presented to the community.

3.17.4 Financial Performance: Libraries

Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Financial Performance 2019/20: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
R' 000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	14,423	16,269	17,269	20,061	19%
Expenditure:					
Employees	18,083	27,064	21,444	17,864	-20%
Repairs and Maintenance	0	215	1,070	0	
Other	5,828	3,843	11,431	11,899	4%
Total Operational Expenditure	23,911	31,121	33,945	29,763	-14%
Net Operational (Service) Expenditure	-9,488	-14,852	-16,676	-9,701	-72%

3.17.5 Overall Performance

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

3.18 EXECUTIVE COUNCIL

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

The Accounting Officer (Municipal Manager) is appointed in accordance with the Municipal Systems and Procedures contemplated in Section 54A and is supported by a Senior Management Team as described in Chapter 2 under Administrative Governance. The functions performed and coordinated by the office of the Municipal Manager are governance related. The office of the Municipal Manager monitors and oversees the administrative components of the following political offices:

The office of the Executive Mayor including Monitoring and Evaluation;

The office of the Speaker, and

The office of the Chief Whip.

3. 18. 2 Financial Performance: The Executive and Council

The Executive and Council					
Financial Performance 2019/20: The Executive and Council					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	656	1,016	1,016	729	-39%
Expenditure:					
Councillors	25,598	22,967	24,961	24,183	5%
Employees	39,685	107,976	109,869	135,541	20%
Repairs and Maintenance	0				
Other	49,003	-22,967	-24,961	-24,183	5%
Total Operational Expenditure	114,286	107,976	109,869	135,541	20%
Net Operational (Service) Expenditure	-113,630	-106,960	-108,853	-134,812	21%

3. 18. 3 Employees: Executive and Council (Office of the Mm and Political Offices)

EMPLOYEES: EXECUTIVE AND COUNCIL (OFFICE OF THE MM AND POLITICAL OFFICES)					
Job Level	Total Posts	Employees 2018/19	Employees 2019/20	Vacancies Fulltime	Vacancies as %
0 - 3	12	9	8	4	33%
4 - 6	23	19	19	4	17%
7 - 9	32	28	30	2	6%
10 - 12	7	4	3	4	57%
13 -15	0	0	0	0	0%
16 -	2	1	1	1	0%
	76	61	63	15	20%

3.19 HUMAN RESOURCES

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

The functions of the HRM Department comprise of the following:

Benefits Administration;

Personnel Administration;

Recruitment and Selection;

Leave Management;

Training and Development; and

Human Resource Policy Development and compliance monitoring.

Strategic input with regard to human capital planning

3.19.1 Service Statistics of Human Resources Services

The following service terminations were processed during the financial year 2019/2020:

Resignations	Dismissals	Medical Boarding	Deaths	Retirements	Contract terminations	Total
17	1	4	24	53	26	125

3.19.2 Financial Performance: Human Resource Services

Employees: Human Resource Services					
Financial Performance 2019/20: Human Resource Services					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	1,446	0	1,859	1,877	100%
Expenditure:					
Employees	16,064	18,180	18,180	16,089	-13%
Repairs and Maintenance					
Other	32,308	23,156	21,840	30,452	24%
Total Operational Expenditure	48,371	41,336	40,020	46,541	11%
Net Operational (Service) Expenditure	-46,926	-41,336	-38,161	-44,664	7%

3.19.3 Employees: Human Resources Services

EMPLOYEES: HUMAN RESOURCES SERVICES					
Job Level	Total Posts	Employees 2018/19	Employees 2019/20	Vacancies Fulltime	Vacancies as %
0 - 3	3	1	3	0	0%
4 - 6	18	4	14	4	22%
7 - 9	25	10	15	10	40%
10 - 12	1	0	0	1	0%
13 - 15	0	0	0	0	0%
16 -	1	29	1	0	0%
	48	44	33	15	31%

3.19.3 Overall Performance

The following performance was registered during the period under review:

The Department workshopped four Human Resources Policies with the Local Labour Forum i.e Cellphone Allowance Policy, Car Allowance Policy, Incapacity Policy and Induction Manual;

The Department recorded the appointment of 43 officials which includes 6 Section 56 Managers.

The Department facilitated the advertisement of 722 critical vacancies which includes 327 general workers during the period under review.

Successfully processed 125 employees who exited the employ of the Municipality due to resignations, dismissals, medical boarding, deaths retirements and contract terminations;

The Department in collaboration with the Information Technology Department conducted training to four Clusters on the employee self-service for automated leave applications.

Workplace Skills Plan (WSP) and Training Plan has been submitted to LGSETA within the prescribed period / time during the financial year under review;

Conducted four roadshows on Human Resources related policies, processes and procedures;

A total number of 445 employees were successfully trained in different training interventions during the period under review.

Twenty-nine (29) employees where conferred National Diplomas after completing N6 level studies

ELM has provided experiential-learning opportunities for 65 unemployed learners in the categories of Internships, Learnerships and Work-Integrated-Learning programs.

3.19.4 Key Programmes for 2020/21

Acquisition of time and attendance electronic system

Acquisition of head-count electronic system

Acquisition of E-Recruitment electronic system

Key Policies for Development and Reviews viz; Recruitment and Selection, Leave Administration, Retention, succession, Placement, Shift system, Cellular phones, Car allowance etc.

Updating of personnel files

Expansion of the Electronic Self Service Management System

Talent management programmes

Facilitate and coordinate implementation of learnerships / internship / apprentices in ELM

Provide and arrange training according to the training needs of Departments as captured through WSP to enhance operational efficiencies.

Compile and submit the Workplace Skills Plan to the LGSETA for approval.

Skills Audit programme

3.20 EMPLOYMENT EQUITY

The Employment Equity Act 55 of 1998 was promulgated as part of the transformation process following the 1994 democratic elections. The main purpose of the Act is to achieve equity in the workplace by eliminating discrimination and promoting equal opportunities and fair treatment of people from designated groups. It is therefore important for a designated employer to implement affirmative action measures and make concerted efforts to redress the imbalances of the apartheid era. The Municipality must therefore ensure that all efforts are made to promote equitable representation of designated groups at all levels and categories in the workplace.

To this end a 2-year successive Employment Equity Plan was developed and approved by Council on the 30th June 2019. This plan is for the period 01 July 2019 to 30th June 2021 and entails clear objectives, goals and timelines for the two-year period. Furthermore, the Employment Equity and Skills Development Forum has been established to as one of the consultative structures required in terms of Section 16 and 17 of the Employment Equity Act 55 of 1998. As part of the information dissemination process, the employment equity department conducted on quarterly road shows to raise awareness on matters related to equity in the workplace.

3.20.1 INSTITUTIONAL PROFILE EMPLOYMENT EQUITY

INSTITUTIONAL PROFILE JOB LEVEL = SEC 56 AND JOB LEVELS 1 – 16									
	RACE & GENDER								
	AM	AF	CM	CF	IM	IF	WM	WF	TOTAL
Total Permanent	1323	845	12	6	2	1	71	61	2321
Total Contract	44	22	0	0	0	0	2	2	70
Total Workforce	1367	867	12	6	2	1	73	63	2391
	57%	36%	1%	0.2%	0%	0%	3%	3%	100%
ELM Targets 2018/19	37	75	42	31	11	2	41	18	257
ELM Targets 2019/20	561	633	175	168	12	6	141	77	1773
GOAL	598	708	217	199	23	8	182	95	2030
Goal expressed in %	29%	35%	11%	10%	1%	0%	9%	5%	100%
Current status (appointments effected)	27	6	1	0	0	0	0	0	34
Current status expressed in % of total Goals	2%	0%	0%	0%	0%	0%	0%	0%	2%

The above table depicts representation of all staff including permanent and contracted staff as well as Section 56 appointments in the organization. One Coloured male was appointed in this period however there was no appointments made with regards to Indian Males (0%), Indian Females (0%). The representation of African Males has increased by (8.2%) while African Females increased by (13%). The current status also reflects an overall representation of 2.0% towards compliance target of 100% in the current financial year. Based on the above, it is clear that more efforts are needed

To improve the representation of African Females, Coloured Females, as well White Females In terms of the Employment Equity National compliance targets the profile of the organization is required to reflect equitable representation as targets as follows: 39% African Males, 35% African Females, 06% Coloured Males, 05% Coloured Females, 02% Indian Males, 01% Indian .Females, 07% White Males, and 05% White Females. The report shows that women are still under-represented at top and senior management levels. However, evidence shows that the Municipality has made significant strides in the appointment of females at different levels and categories.

Generally, there has been an underrepresentation of Indians, Coloureds and Whites especially at the skilled technical, semi-skilled and unskilled level and therefore the organization will continues to make concerted efforts to change the situation.

3.21 FACILITIES MANAGEMENT

The Facilities Management is primarily responsible for maintenance and renovation of all municipal offices and buildings. During 2019/20 the unit ensured office space management, parking management, cleanliness of all municipality buildings. In addition, in collaboration with Occupational Health and Safety department, successfully ensured safe, secure environment by maintaining the space heating, ventilation, air conditioning (HVAC) systems and lifts. *Challenges*

The cleaning of Emfuleni facilities was not up to required standard due to shortage of personnel although employment of EPWP has assisted to ease the challenge.

3.21.1 Employees: Facilities

EMPLOYEES: FACILITIES					
Job Level	Total Posts	Employees 2018/19	Employees 2019/20	Vacancies Fulltime	Vacancies as %
0 - 3	3	1	2	1	33%
4 - 6	5	4	2	3	60%
7 - 9	30	10	9	21	70%
10 - 12	2	0	1	1	0%
13 -15	0	0	0	0	0%
16 -	46	29	32	14	30%
	86	44	46	40	47%

3.22 FLEET MANAGEMENT

Fleet Management is a function within the municipality charged with a responsibility to grant the necessary support to all user departments by availing fleet for work purpose. Various departments and functions within the municipality are dependent on the availability of required vehicles, equipment, machinery and other transportation resources to achieve their organizational mandates of rendering essential services to the community it serves.

During the year under review the municipality managed to achieve 60% annual availability of the acquired fleet. In the 2019/20 financial year the ELM procured fleet as per the table below:

TYPE OF VEHICLES PROCURED	QUANTITY DELIVERED
Ford Figo 1,5 Sedans	26
Vw Double Cab Crew Cabs	10
Nissan Ud Tipper Trucks	4
Nissan Ud Compactors	5
Vw Q5 Suv	1
CREW CABS	6
CHERRY PICKERS	4
	56 Units

3.22.1 EMPLOYEES: FLEET

EMPLOYEES: FLEET					
Job Level	Total Posts	Employees 2018/19	Employees 2019/20	Vacancies Fulltime	Vacancies as %
0 - 3	3	2	2	1	33%
4 - 6	6	1	2	4	67%
7 - 9	33	16	20	13	39%
10 - 12	27	15	11	16	59%
13 -15	3	0	0	3	100%
16 -	7	3	2	5	71%
	79	37	37	42	53%

3.23. LEGAL SERVICES

The Legal Services role is to ensure good governance within the municipality. As a support system it continues to advise the municipality on all legal relevant matters. Furthermore, legal services staff members sit on various committees and disciplinary hearings.

3.23.1 Service Statistics

The following table indicate matters and progress made in 2019/20 financial year.

Status Quo On Cases	Number of Cases
Rulings in favour ELM	01
Rulings against ELM	01
Pending	50
Abandoned/ Settled	06
Total Matters	58

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

3.23.2 Departmental Functionality and Mitigatory Actions: Legal Services Department

The Legal Services Department has embarked with formalised mitigation strategies to remedy litigious prejudice against the local authority and includes the following actions during the last financial year: The formulation and adoption of a formalised Litigation Management Strategy to ensure uniform decision making in terms of decisions to litigate and the necessitated processes to follow in observance of costs implications thereto. The formulation and adoption of a uniform mandate/instruction precedent to appoint legal practitioners to represent the local authority in specific matters. The formulation and awaiting approval of a formalised legal costs mitigation policy and the establishment of an internal legal costs committee to consider legal accounts tendered by legal practitioners prior to recommendation for payment to the Executive Director Shared Services. Current embarkment to clean the Litigation Register in oversight of specific focus to reduce the amount of litigations against the local authority and ensure accurate information capturing in the Litigation Register. Said litigatory achievements should impact and be visible in the 2019/2020 financial year.

The formulation and attendance to individual matters by means of the development of a specimen form to obtain monthly feedback from legal Practitioners on record for the local authority. The formulation and development of a section 62 policy to ensure internal consideration of disputes and claims to resolve matters prior to the escalation of matters into the judicial domain. The limitation of legal practitioners' fees in terms of litigious matters in terms of the costs' prescripts in relation to both lower and high court matters.

Additional governance outcomes facilitated by the Legal Services Department include the review of the Emfuleni Local Municipality System of Delegations and the augmentation of the Emfuleni Local Municipality Standing Orders of Council. Hereto included in the Review of the System of Delegations were the facilitation of workshops, consultation with intergovernmental role-players like Gauteng CoGTA, Gauteng Treasury and SALGA Gauteng to achieve and implement of a comprehensive system of delegations for the Emfuleni Local Municipality. The SoD is currently awaiting approval by the Council.

Progress has been made in relation to the Draft System of Delegations being approved by EXCO on the 11th of June 2020 and Corporate Governance Section 80 Committee on the 7th of July 2020.

3.23.3 Financial Performance: Legal Services

Legal Services					
Financial Performance 2019/20: Legal Services					
R'000					
Details	2018/19	2019/20			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue (excluding tariffs)	0				
Expenditure:					
Employees	3,128	3,484	3,484	2,943	-18%
Repairs and Maintenance					
Other	31,648	17,258	19,396	32,275	47%
Total Operational Expenditure	34,776	20,742	22,880	35,219	41%
Net Operational (Service) Expenditure	-34,776	-20,742	-22,880	-35,219	41%

3.23.3 Employees: Legal Services

EMPLOYEES: LEGAL SERVICES					
Job Level	Total Posts	Employees 2018/19	Employees 2019/20	Vacancies Fulltime	Vacancies as %
0 - 3	4	2	2	2	50%
4 - 6	14	4	3	11	79%
7 - 9	4	2	1	3	75%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 -	0	0	0	0	0%
	22	8	6	16	73%

3.24. SECRETARIAT AND ADMIN SUPPORT

The Secretariat and Administration function forms part of the Corporate Services Cluster. It is responsible for the provision of support functions to the Municipal Council and all its Committees, as well as all Clusters and Departments. The department consists of two sections namely Committee Services and Auxiliary Services. These two sections focus mainly on the following:

Co-ordination and sequencing of all reports and meetings of Council and its Committees;

Updating of Policy Register and it's safe keeping;

Drafting of Action Lists for implementation of resolutions by Clusters;

Provision of a central records management, archive and registry service;

Maintains and facilitates switchboard and other telecommunications service; and

Safekeeping of contracts and agreements.

3.24.1 Service Statistics

Secretariat attended all meetings and ensured accurate compilation of minutes as required in these meetings. The following meetings were coordinated and supported:

Council meetings – thirteen (13) (88 Members with two vacancies)

Mayoral Committee meetings – twelve (12)

Senior Management Team meetings (EXCO) – twenty-one (21)

Extended Senior Management Team meetings - None

Section 80 Committee meetings as follows:

Corporate & Governance – two (2)

Finance & Revenue – eight (8)

Health & Social Development – three (3)

Human Settlements – two (2)

Basic Services (now Public Works) – three (3)

Agriculture, Local Economic Development, Development Planning and Tourism – one (1)

Public Safety – two (2)

Infrastructure Planning and Development – two (2)

Sport, Recreation, Arts & Culture, Library Information Services, Parks and Cemeteries - None

Environmental Management & Planning – three (3)

Section 79 Committee meetings as follows:

Audit Committee – five (5)

Performance Audit committee – three (3)

Ethics Committee (Still awaiting information)

Gender Committee (GEYODI) - None

Land Tribunal (now referred to as the Municipal Planning Tribunal) - (Still awaiting information)

MPAC (Municipal Public Accounts Committee) – five (5)

Petitions Committee – four (4)

Revenue Committee – it is dealt with under Section 80 Committee - Finance & Revenue

Ad-hoc Committee meetings:

Remuneration Committee - None

IDP & Budget Steering Committee – three (3)

Risk Management, Anti-Fraud & Anti-Corruption Committee - None

Information Technology - None

Central Health and Safety Committee - None

Ntirhisano Local Task Team -

Bid Adjudication Committee – twenty-five (25)

Emfuleni Support Team - None

3.24.2 Overall performance of Secretariat

All sittings of Section 80 Committees, Mayoral Committee, Council and Committees of Council were successfully coordinated and supported;

Finalization of Minutes of various Committees was done on time;

All Executive Committee meetings were successfully coordinated and supported;

In terms of Standing Orders agendas and minutes were distributed within 72 hours before commencement of each meeting;

Archiving & records keeping of Municipal contracts, agreements, reports, resolutions, minutes, agendas and general confidential documents were archived;

All mail was collected and dispatched timeously.

3.25 PROPERTY MANAGEMENT

Property Department is the custodian of Municipal-owned immovable property assets and exercise control over the property management. With the aim of maintaining Responsive, Accountability, Transparent and Efficient Property Management, subject to legislations and national standards. The department is responsible for disposal and acquisition of Council owned properties (vacant, public service infrastructure). The department is responsible for maximizing social and economic value of Emfuleni Municipality's property portfolio. Key performance area include property leasing, sales, Land audit, servitudes and advisory service.

3.25.1 Employees: Property Management

EMPLOYEES: PROPERTY SERVICES					
Job Level	Total Posts	Employees 2018/19	Employees 2019/20	Vacancies Fulltime	Vacancies as %
0 - 3	1	0	0	1	100%
4 - 6	9	4	4	5	56%
7 - 9	3	2	2	1	33%
10 - 12	0	0	0	0	0%
13 -15	0	0	0	0	0%
16 -	0	0	0	0	0%
	13	6	6	7	54%

3.25.2 Achievements

Under the Land Regularization programme, municipality transferred property to beneficiaries through the Conversions Act facilitated by the Gauteng Department of Human Settlements, 21 title deeds were issued to beneficiaries

3.25.2 Statistics

Leases Signed	Number of properties auctioned	Number of properties sold
12 leases	0 properties	0

Property department objective's is to maximize the Municipal property portfolio. This includes leasing and alienation of municipal-owned property, while generating financial returns. During financial year 2019/20 various categories of properties were leased, this are properties that stimulate the social and economic development that required to create job.

During this financial year the 12 lease agreement were enter upon. The impact of renewed leases will ensure income generation for municipality, which will ensure financial stability.

Municipal did not auction any property during 2019/20 financial year

3.25.3 Service Delivery Budget Implementation Plan

Service Delivery Budget Implementation Plan			
Outline Service Targets	2018/19		2019/20
	Target	Actual	Target
	Previous Year	Previous Year	Current Year
Percentage of Valid leases for leased properties.	100%	100%	100%
Commercialization of Council land Erf 1842 Bophelong	-	-	50%

100 % lease were received during 2019/20 financial year. The municipality is the process of Commercializing Erf 1842 Bophelong, this transaction is in support of leveraging investment in the municipality.

3.25.4 Overall performance

The department is responsible for maximizing social and economic value of Emfuleni Municipality. Properties department in its effort to reverse the past, through the conversion Act, transfer 21 properties to the beneficiaries of Emfuleni municipality.

Properties department provide leases to community for different use ranging from agricultural and business operations, in this financial year department enter in 12 leases which will have a positive impact to the community and municipal revenue.

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

3.26. INFORMATION TECHNOLOGY

The Information and Communication Technology Services rendered to ELM users can be divided into Operations, Technical Maintenance, Software Support, Networking and Administration.

3.26.1 Service Delivery Priorities and Services

ICT Strategic Planning

The development of five-year ICT Strategy is underway. The Strategy is aligned to the developed IDP, SDBIP and Financial Recovery Plan.

Service Statistics for ICT Services

The ICT department provide services to about 1600 users in the Municipality spread across the following areas:

ICT segmented the network, meaning ICT divided the network by departments, and new sites were discovered and incorporated into our network, namely all 13 Emfuleni Libraries and 2 new ones:

All the Emfuleni Libraries are connected via a GBN (Gauteng Broad Band) Network that is a fiber. All the libraries are providing the public with a Free Wi-Fi for 24/7. Although it is a challenge because now the libraries are targeted by thugs who breaks in and steal computers.

The access, installation, maintenance and support services that are granted to users on a need to use basis range from email, Internet, Voice Over Interned Protocol (VOIP), Solar, Payday, etc.

ELM does not have its own fiber, ELM is using SDM fiber with challenges that when the fiber is faulty ELM have to repair it and it becomes challenging when procurement and payments have to be done. Gauteng province E-Gov department after the meeting with them, agreed that ELM can use the e-Gov services that they have in the Emfuleni Local Municipality.

The ELM ICT Disaster Recovery Plan last phase was successfully completed with the installation of a working Generator that is assisting the ICT department to be in a position to switch off its servers properly.

On the verge of the offsite processing facility installation ICT department to move the DRP infrastructure to the offsite facility, unfortunately the building which is Electrical department uses got damaged by fire. Another major achievement was the virtualization of the municipality server environment and the acquisition of additional storage capacity. The ICT department is on the verge of installing high powered access points (Wi-Fi Routers) to the entire municipal buildings.

3.26.2 Capital Expenditure: ICT

Capital Expenditure: ICT

2019/20					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
ICT and Other	34 066 000,00	53 066 000,00	31 711 031,19		
Minor Capital	6000000	6000000	223082	-25,90	-2590%
ACQUISITION OF COMPUTER SOFTWARE	0	7500000	0		
Laptops & Desktops	4000000	4000000	2545183	-0,57	-57%

3.26.3 Financial Performance: ICT

Information Communication Technology					
Financial Performance 2019/20:					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	-	-	-	-	
Expenditure:					
Employees	0	-	-	0	
Repairs and Maintenance	0	0	176	13	100%
Other	0	0	-176	-13	100%
Total Operational Expenditure	17,806	20,848	23,959	23,883	13%
Net Operational (Service) Expenditure	-17,806	-20,848	-23,959	-23,883	13%

CHAPTER 4: ORGANIZATIONAL DEVELOPMENT

4.1 INTRODUCTION

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

4.2 MUNICIPAL PERSONNEL

4.2.1 Post Establishment

Post Establishment					
	2018/2019		2019/2020		
Descriptions	Employees No.	Approved post establishment No.	Employees No.	Variance No.	Vacancy Rate %
Water (Water, Water Care Works and Maintenance)	180	415	187	228	55%
Waste Water (Sanitation)	90	202	85	117	58%
Electricity	142	239	138	101	42%
Waste Management	324	496	319	177	36%
Housing	15	52	13	39	75%
Roads and Storm water	196	1390	196	1194	66%
Planning (LUM and Building Control)	40	90	43	47	52%
Local Economic Development	13	24	15	9	38%
Community & Social Services (Libraries, Parks & Cemeteries and Social Development)	241	1236	245	991	80%
Environmental Protection (Envir. Management)	5	12	5	7	58%

Health (PHC and Environmental Health)	111	296	99	197	67%
Security and Safety (Traffic and Fire)	260	601	255	346	58%
Sports and Recreation	106	192	104	88	46%
CORPORATE POLICY OFFICES					
Executive and Council (MM's Office and Political Offices)	59	76	63	13	50%
Financial Services	182	349	183	166	48%
Human Resource Services	38	48	33	15	31%
Property	7	13	6	7	54%
Legal Services	7	22	6	16	73%
Risk Management	9	19	10	9	47%
OTHERS					
ED's Office: Shared Services	3	4	4	0	0%
Labour Relations	7	13	7	6	46%
Organizational Development	6	19	7	12	63%
Secretariat & Administration	26	49	23	26	53%
Fleet Management	37	79	37	42	53%
Facilities Management	44	86	46	40	47%
Employment Equity	1	1	1	0	0%
EXECUTIVE CLUSTER					
Communications	8	14	8	6	43%
IDP	8	10	5	5	50%
Performance Management	2	8	2	6	75%
Monitoring & Evaluation	8	8	7	1	13%

IGR	1	1	1	0	0%
ED: IPD Office	2	4	2	2	50%
Programme and Administration	9	19	9	10	53%
Project Planning and Construction	1	19	2	17	89%
CD: Utilities and Strategic Projects Office	7	21	6	15	71%
Customer Care	11	24	10	14	58%
Project and Planning	5	21	5	16	76%
ED: Community Service Office	4	9	4	5	56%
By-Law	3	4	3	1	25%
Municipal Court (include Office of the Manager: PS)	31	109	32	77	71%
GEYODI	7	9	7	2	22%
ED: Public Works Office	4	12	5	7	58%
ED: EDP Office	4	6	4	2	33%
AUDIT	17	26	18	8	31%
TOTAL	2281	6347	2260	4087	64%

NB. Notice must be taken that placement of Interns and contract employees does affect the outcome of information

Designations	*Total Approved Posts	*Variances (Total time vacancies exist using fulltime equivalents)	*Variances (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	1	100,0

CFO	1	1	100,0
Other S56 Managers (excluding Finance Posts)	6	4	66,7
Other S56 Managers (Finance Posts)	0	0	0,0
Police Officers (Traffic Officers)	132	75	56,8
Fire fighters	235	113	48,1
Senior management: Managers' Levels - JL 1 & 2 (excluding Finance posts)	52	31	59,6
Senior management: Managers' Levels - JL 2 (Finance Posts)	8	5	62,5
Middle management: Level 3 (excl. Finance posts)	70	40	57,1
Middle management: Level 3 (Finance posts)	18	10	55,6
Highly skilled supervision: levels 4 -6 (excluding Finance posts)	482	240	49,8
Highly skilled supervision: levels 4 - 6 (Finance posts)	131	60	45,8
Total	1136	580	51,1

4.3 DISCIPLINARY ACTIONS

POSITION	NATURE OF ALLEGED MISCONDUCT	DATE OF SUSPENSION	DETAILS OF DISCIPLINARY ACTION TAKEN OR STATUS OF CASE AND REASON WHY NOT FINALISED	DATE FINALISED
Employee Relations Officer	Gross dishonesty	28/11/2018	Matter sat on the 15/02/2019. The initiator was recused from matter. New initiator from West Rand Municipality was appointed to finalize the matter (When was appointment) The new initiator was appointed on the 19/06/2019 and was accordingly briefed. Matter set down on 5th August 2019	Matter ongoing
Supervisor Metsi-a-lekoa	Allegations of fraud and corruption	22/08/2019	Suspension letter issued to employee on the 22/08/2019. Charge sheet issued to the employee on the 13/09/2019. Matter initially set down for 01/10/2019. Matter scheduled for 8/11/2019 but did not sit due to the building evacuation. Matter scheduled to sit on 4th December 2019. Matter sat on the 18/02/2020. Charges were read and the employee made his plea. Matter couldn't continue because the employer witness was not feeling well. Therefore, matter is set to continue on the	Matter ongoing

				3&4/03/2020. Matter was set to sit on 25/03/2020 but due to the commencement of the lockdown it was postponed sine die.	
Revenue accountant		Allegations of fraud and corruption	23 August 2019	Pre-suspension meeting sat on the 12/08/2019 and ruled that employees be suspended. Employees suspended on the 23/08/2019. Charge sheet issued on the 06/11/2019 and 1st sitting scheduled for 06/11/2019. Matter postponed as one of the employees had a funeral. Matter scheduled to sit on 28/11/2019, parties to submit written substantive points in limine. Matter sat on the 04/03/2020 and a ruling on the points in limine was issued in favour of the employer. Matter scheduled to sit on the 10&11/03/2020. Matter was set to sit on 25/03/2020 but due to the commencement of the lockdown it was postponed sine die.	Matter ongoing
Revenue clerk	senior	Allegations of fraud and corruption	23 August 2019	Pre-suspension meeting sat on the 12/08/2019 and ruled that employees be suspended. Employees suspended on the 23/08/2019. Charge sheet issued on the 06/11/2019 and	Matter ongoing

					<p>1st sitting scheduled for 06/11/2019. Matter postponed as one of the employees had a funeral. Matter scheduled to sit on 28/11/2019, parties to submit written substantive points in limine. Matter sat on the 04/03/2020 and a ruling on the points in limine was issued in favour of the employer. Matter scheduled to sit on the 10&11/03/2020. Matter was set to sit on 25/03/2020 but due to the commencement of the lockdown it was postponed sine die.</p>	
Revenue clerk	Senior	Allegations of fraud and corruption	23 August 2019	<p>Pre-suspension meeting sat on the 12/08/2019 and ruled that employees be suspended. Employees suspended on the 23/08/2019. Charge sheet issued on the 06/11/2019 and 1st sitting scheduled for 06/11/2019. Matter postponed as one of the employees had a funeral. Ms Masooane's case will be dealt with separately because she is still on bereavement leave. Matter was set to sit on 25/03/2020 but due to the commencement of the lockdown it was postponed sine die.</p>	Matter ongoing	

General worker	Allegations of selling council property (files) were brought against the mentioned employees	23 October 2019	Pre-suspension meeting sat on the 8/10/2019 and ruled that the employees be suspended. Employees were suspended on the 23/10/2019. Charge sheet issued on the 18/11/2019, 1st sitting sat on the 26/11/2019. Matter scheduled to sit on the 05/12/2019. Mater sat on the 18/02/2020 where the employee representative lead evidence through one witness. Heads of arguments are to be submitted on the 24/02/2020. We are awaiting the outcome of the DC.	Matter concluded. awaiting sanction from chairperson.
General worker	Allegations of selling council property (files) were brought against the mentioned employees.	23 October 2019	Pre-suspension meeting sat on the 8/10/2019 and ruled that the employees be suspended. Employees were suspended on the 23/10/2019. Charge sheet issued on the 19/11/2019, 1st sitting sat on the 26/11/2019. Matter scheduled to sit on the 05/12/2019. Mater sat on the 18/02/2020 where the employee representative lead evidence through one witness. Heads of arguments are to be submitted on the 24/02/2020. We are awaiting the outcome of the DC.	Matter concluded. awaiting sanction from chairperson.

Senior administrative officer in IGR	Allegations of fraud and corruption were brought against the mentioned employee.	29 October 2019	Pre-suspension meeting sat on the 13/09/2019 and ruled that employee be suspended. Employee was suspended on the 29/10/2019. Pre-arbitration sat on the 19/02/2020 and the matter is scheduled to sit on 24/02/2020.	Matter not heard yet
By-law officer	Allegations of misuse of Council vehicle investigation.	23 October 2019	Pre-suspension meeting sat on the 14/10/2019 and ruled that the employees be suspended. Employees were suspended on the 23/10/2019. Charge sheet issued on the 18/11/2019. Matter scheduled to sit on the 10/12/2019. Heads of arguments submitted by both the employee and employer representative. Awaiting ruling.	Matter concluded. Employee found guilty, now awaiting sanction outcome.
By-law officer	Allegations of misuse of Council vehicle investigation.	23 October 2019	Pre-suspension meeting sat on the 14/10/2019 and ruled that the employees be suspended. Employees were suspended on the 23/10/2019. Charge sheet issued on the 18/11/2019. Matter scheduled to sit on the 10/12/2019. Heads of arguments submitted by both the employee and employer representative. Awaiting ruling.	Matter concluded. Employee found guilty, now awaiting sanction outcome.
Employee Relations Officer	Gross dishonesty	12 October 2018	Matter sat on the 15/02/2019. The initiator was	Matter ongoing

			recused from matter. New initiator from West Rand Municipality was appointed to finalize the matter (When was appointment) The new initiator was appointed on the 19/06/2019 and was accordingly briefed. Matter set down on 7th August 2019	
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4.3.1 Disciplinary Action Taken on Cases of Financial Misconduct

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalized
Supervisor Metsi-alekoa	Allegations of fraud and corruption	Employee was suspended on the 22/08/2019 and was charged	Matter ongoing
Revenue accountant	Allegations of fraud and corruption	Employee was suspended on the 23/08/2019 and was charged	Matter ongoing
Revenue clerk senior	Allegations of fraud and corruption	Employee was suspended on the 23/08/2019 and was charged	Matter ongoing
Revenue clerk senior	Allegations of fraud and corruption	Employee was suspended on the 23/08/2019 and was charged	Matter ongoing
Senior administrative officer in IGR	Allegations of fraud and corruption were brought against the mentioned employee.	Employee was suspended on the 29/10/2019	Matter not heard yet

4.3.2 Others Misconducts

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

By Law Officer	Gross Insubordination	15-Nov-17	Charge sheet served to respective employee, matter still ongoing	Matter scheduled for 23 July 2018
By Law Officer	Gross Insubordination	15-Nov-17	Charge sheet served to respective employee, matter still ongoing	Matter scheduled for 23 July 2018
General Worker	Misrepresentation and Gross Dishonesty	20-Sep-17	Employee diseased	
Personnel Officer	Misrepresentation/Fraud and Gross Dishonesty	29-Nov-17	Parties negotiating a settlement agreement which is still not finalised	Matter still ongoing
General Worker	Theft	24-May-18	Charge sheet served to respective employee, matter still ongoing	Matter scheduled for 20 July 2018
General Worker	Theft	24-May-18	Charge sheet served to respective employee, matter still ongoing	Matter scheduled for 20 July 2018
Driver Speakers Office	Assault	31-Oct-17	Matter finalized	27-Feb-18
By Law Officer	Gross Insubordination	15-Nov-17	Charge sheet served to respective employee, matter still ongoing	Matter scheduled for 23 July 2018
By Law Officer	Gross Insubordination	15-Nov-17	Charge sheet served to respective employee, matter still ongoing	Matter scheduled for 23 July 2018
General Worker	Misrepresentation and Gross Dishonesty	20-Sep-17	Employee diseased	
Personnel Officer	Misrepresentation/Fraud and Gross Dishonesty	29-Nov-17	Parties negotiating a settlement agreement which is still not finalised	Matter still ongoing
General Worker	Theft	24-May-18	Charge sheet served to respective employee, matter still ongoing	Matter scheduled for 20 July 2018
General Worker	Theft	24-May-18	Charge sheet served to respective employee, matter still ongoing	Matter scheduled for 20 July 2018

Cashier	Fraud and Corruption	04-Jun-18	Charge sheet served to respective employee, matter still ongoing	Matter scheduled for 30 July 2018
Special Workman	Allegations of Fraud and Corruption (the financial implications to be determined with the progression of the case)	29 March 2017	Matter ongoing	Matter scheduled for the 26-27 July 2018
Clerk	Allegations of Fraud and Corruption (the financial implications to be determined with the progression of the case)	29 March 2017	Matter ongoing	Matter scheduled for the 20& 24 July 2018

4.4 EQUITY

4.4.1 Introduction

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

The Employment Equity department was therefore established to ensure that Emfuleni Local Municipality complies with this requirement by removing barriers to affirmative action and ensuring equal representation and advancement of people from designated groups.

Through the implementation of Employment Equity and Affirmative Action programmes, the Municipality has made significant strides in creating an environment that is conducive to equitable representation of designated groups in order to achieve broad representation of the South African demographics.

4.4.2 Achievements

The EE department conducted four (3) roads-shows and advocacy campaigns in this reporting period with the aim of providing a common understanding of the Employment Equity Act, it's interpretation and application. The department was unable to conduct the 4th road show as the organization was under lockdown restrictions imposed as a result of the Covid-19 pandemic

The department also drafted and facilitated the approval of the Employment Equity Plan in compliance with Section 20 of the Employment, Act 55 of 1998. The plan was approved by Council on the 30 June 2019 and will remain effective until 30 June 2021. The department has also resuscitated the Employment Equity and Skills Development Forum. The intention of the forum is to provide a platform for workers or their duly representatives to engage effectively with management on Employment Equity and Affirmative Action matters. The establishment of this forum has contributed to the harmonization of relations with trade union and other stakeholders.

4.4.3 Appointments made against the employment equity targets

Out of the 34 appointments effected and analyzed against employment equity targets 26% were in line with Employment Equity targets whereas 74% did not comply with the targets. This is attributed mainly to other designated groups not applying for positions as well as non-availability of suitable candidates from these groups. To this end the department has plans to embark on alternative recruitment methods including fair discrimination to ensure equitable representation of designated groups in line with the national and provincial demographics

The Municipality has put measures in place to enforce compliance with equity targets across all levels in the organization. These include the Employment Equity personnel getting involved in the shortlisting and interviewing processes and making inputs to the panel recommendations for approval by the Municipal Manager. The department has also created a Deviation Form which will be completed in cases where the interview panel fails to comply with EE targets

The department also engaged Executive Management in this regard and obtained written commitment to the effect that the appointment of African Females at top and senior level would be a priority during recruitment and selection process.

4.4.4 Appointments made against the employment equity targets

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

The Municipality has put measures in place to enforce compliance with equity targets across all levels in the organization. These include the Employment Equity personnel involvement in the shortlisting and interviewing processes and making inputs to the panel recommendations for approval by the Municipal Manager.

Legends: Appointments Assessed Against Employment Equity Targets.

APPOINTMENTS ASSESSED AGAINST EMPLOYMENT EQUITY TARGETS									
Gender & Race	AM	AF	CM	CF	IM	IF	WM	WF	TOTAL
Employment Equity Targets	2	21	4	2	0	0	3	2	34
Appointments in line with EE Targets	2	6	1	0	0	0	0	0	9
Appointments not in line with EE Targets	25	0	0	0	0	0	0	0	25

The table above reflects the total employment Equity targets for the reporting period 2019/2020.

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

4.4.5 Overall Performance

Conducted analysis of workforce profile and consulted with internal employment equity stakeholders, Organized Labour and cluster representatives

Conducted an analysis and updated the profile for People Living with Disabilities

Developed a successive employment equity plan in line with Section 23 of Employment Equity Act 55 of 1998 and facilitated the implementation of employment equity targets as prescribed in the plan.

Compiled and submitted the annual Employment Equity Report to the National Office of the Department of Labour for the period 2019

Processed 34 G47's with employment equity recommendations for targeted recruitment.

Conducted 3 Employment Equity road-shows during this period to create awareness regarding amendments to the Act as at June 2019.

Displayed a summary of the recent Employment Equity Report in some of the Municipality buildings as part of the duty to inform in line with Section 25 of the Employment Equity Act 55 of 1998

Status of Representation

The status of representation across occupational levels inclusive of people with disability was analyzed and reflected as follows:

Currently there is only 1 African female and 5 African male appointed at top management representing 16% and 84% respectively. Women are therefore still underrepresented at top and senior management levels. Emfuleni Local Municipality continues to experience underrepresentation of Indians, Coloureds and Whites particularly at all levels including the skilled technical, semi-skilled and unskilled level and to that end the organization will continue to make concerted efforts to improve the situation.

4.5 POLICIES

4.5.1 Human Resources Policies

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

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
15	Leave Administration		N/A	29 March 2018
16	Occupational Health and Safety		N/A	11 November 2010
17	Official Housing		N/A	Main Collective Agreement Gazette 30306, 01 September 2007
18	Official Journeys	N/A	N/A	
19	Official transport to attend Funerals	100%	N/A	29 June 2018
20	Official Working Hours and Overtime	100%	N/A	Main Collective Agreement 21 April 2010 & overtime policy of 29 June 2018
21	Organizational Rights	100%	N/A	Main Collective Agreement 21 April 2010
22	Payroll Deductions	N/A	N/A	
23	Performance Management and Development	100%	N/A	11 November 2012
24	Recruitment, Selection	100%	N/A	29 March 2018
25	Remuneration Scales and Allowances	100%	N/A	
26	Resettlement	N/A	N/A	
27	Sexual Harassment	100%	N/A	26 October 2004
28	Skills Development	100%	10%	Last approved by 30 May 2014. The policy is under review and it is expected to be approved by the end of 2019/20 financial year.

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
29	Smoking	N/A	N/A	
30	Special Skills	N/A	N/A	
31	Work Organization		N/A	Main Collective Agreement Gazette 30306, 01 September 2007
32	Uniforms and Protective Clothing	N/A	N/A	
33	Other		N/A	
34	Acting Policy		100%	29 March 2018
35	Code of Ethics	100%		28 June 2013
36	Relocation Policy	100%		25 June 2014
37	Head Hunting Policy	100%		25 June 2014
38	Promotion, Demotion and Transfer Policy	100%	N/A	29 March 2018
39	Overtime Policy	100%	N/A	29 March 2018
40	Bursary Policy	100%	N/A	29 March 2018

4.6 CAPACITATING MUNICIPAL WORKFORCE

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

In response to the quoted legislative framework and related regulations such as the National Skills Development Strategy (NSDSIV) and the Local Government Sector Education and Training Authority (LGSETA), Emfuleni acquitted itself well under the prevailing circumstances i.e. financial constraints and the COVID-19 pandemic.

The Workplace Skills Plan (WSP) for 2020/21 financial year with its attended Training Plan was submitted to the Sector Education and Training Authority for Local Government (LGSETA) by 31 May 2020 as per requirement.

The allocated training budget for the 2019/20 financial year for personnel training was R 6 386 757.00 (R6.4 million). The Training Budget represents 0,7% of the total ELM salary budget spent of R 954 000 000. This 0.7% expenditure on skills development represent a reduction from the previous year's expenditure of 0.9% of total salary budget.

The 0,7% is exclusive of conditional skills development grants received from SETAs such as the Mandatory Grant and Discretionary Grant.

A total of 445 employees were trained on various skills interventions during the 2019/20 financial year even with the reduced training budget.

It should be noted that ELM went under financial rescue – Section 139 – which resulted in a number of planned expenditures on skills development being scaled down.

The Training Section relied on external funding from the LGSETA and other related SETAs in order to achieve the set yearly targets.

This reliance on external funding will continue until ELM achieves financial recovery as per the Financial Recovery Plan

4.6.1 Skills Development, Related Expenditure on the Financial Competency Regulations

The ELM Training Plan is informed by key strategic documents such as IDP, Sector Skills Priorities (SSPs), internal Skills Audit Results as well as the National Treasury Minimum Competency Regulations of 2007. September 2015 was set by National Treasury as the final deadline by which compliance at the various sectorial and professional work levels must be achieved. This deadline has since been extended by National Treasury.

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

A total of 50 senior and middle managers (work levels 2, 3) have completed the Certificate Program in Management Development (CPMD) with the University of the Witwatersrand (WITS). Fifty (55) staff members – who are levels 4-6 and mainly drawn from the Finance and related Clusters have also completed the MFMP even though they are outside the peremptory compliance categories as set by National Treasury.

A new cohort of 22 ELM employees consisting of 556, levels 2 and 3 managers/assistant managers, will be embarking on the accredited and improved Municipal Finance Management Programme (MFMP) with WITS University in the new financial year.

This cohort of 22 officials represent mainly newly appointed personnel who do not yet comply with the National Treasury Minimum Competency Regulations for municipal employees as per Gazette 29967.

Milestones

The following achievements were registered by the Section:

Full compliance with the National Treasury Minimum Competency Levels Regulations, Gazette 29967 of April 2012

A total number of 445 employees including Councillors were trained during the 2019/20 cycle.

A total of 65 learners were provided with Internship, learnership and work-integrated –learning opportunities at ELM

Twenty-nine (29) learners achieved their National Diplomas having completed their N6 Certificate in Business Administration and Public Management.

Sixteen (16) employees completed their Horticulture qualifications.

CHAPTER 5: FINANCIAL PERFORMANCE

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

	2019/20	Current Year 2019/20			2019/20 Variance to actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Financial Performance						
Property rates	856,165	816,620	816,620	896,097	10%	10%
Service charges	4,269,507	3,728,268	3,728,268	4,358,065	17%	17%
Investment revenue	10,168	83,302	83,302	98,942	19%	19%
Transfers recognised - operational	781,799	739,504	739,504	857,659	16%	16%
Other own revenue	473,945	622,301	707,784	397,793	-44%	-44%
Total Revenue (excluding Capital transfers & contributions)	6,391,584	5,989,994	6,075,477	6,608,556	9%	9%
Employee costs	1,052,016	1,221,474	1,221,474	1,100,480	-10%	-10%
Remuneration of councillors	66,199	55,860	58,773	56,590	-4%	-4%
Depreciation & asset impairment	374,877	433,743	433,743	351,537	-19%	-19%
Finance charges	357,482	19,011	15,661	232,128	1382%	1382%
Materials and bulk purchases	2,512,482	2,301,220	2,196,220	3,022,587	38%	38%
Transfers and grants	0	0	0	0	0%	0%
Other expenditure	2,824,458	1,505,540	1,728,513	3,286,745	90%	90%
Total Expenditure	7,187,513	5,536,849	5,654,384	8,050,067	42%	42%
Surplus/(Deficit)	-795,929	453,146	421,093	-1,441,510		
Transfers recognised - capital	162,590	162,590	162,590	44,454	0%	0%
Contributions recognised - capital & contributed assets	0	0	0	0	0%	0%
Surplus/(Deficit) after capital transfers & contributions	-633,339	615,736	583,683	-1,397,057	-339%	-339%
Share of surplus/ (deficit) of associate						
Surplus/(Deficit) for the year	-633,339	615,736	583,683	-1,397,057	-339%	-339%

<u>Capital expenditure & funds sources</u>						
Capital expenditure						
Transfers recognised - capital	162,590	162,590	162,590	44,454	0%	0%
Public contributions and donations	0	0	0	0	0%	0%
Borrowing	0	0	0	0	0%	0%
Internally generated funds	0	0	0	0	0%	0%
Total sources of capital funds	162,590	162,590	162,590	44,454	-73%	-73%
<u>Financial position</u>						
Total current assets	1,372,980	966,521	2,287,060	1,239,645	0%	0%
Total non current assets	11,292,845	11,288,791	1,280,895	11,080,179	765%	765%
Total current liabilities	3,670,554	1,414,785	3,300,568	4,698,908	0%	0%
Total non current liabilities	402,297	33,814	260,674	391,679	0%	0%
Community wealth/Equity	8,627,645	10,806,713	10,806,713	7,229,238	-33%	-33%
<u>Cash flows</u>						
Net cash from (used) operating	303,601	1,089,825	1,089,825	139,381	-87%	-87%
Net cash from (used) investing	-147,661	20,500	20,500	-115,146	-662%	-662%
Net cash from (used) financing	-5,884	0	0	-1,406	100%	100%
Cash/cash equivalents at year end	217,508	309,633	391,467	240,338	-39%	-39%
<u>Cash backing/surplus reconciliation</u>						
Cash and investments available	150,056	971,187	971,187	22,829	0%	-4154%
Application of cash and investments	67,453			217,508		100%
Balance - surplus (shortfall)	217,508	971,187	971,187	240,338	0%	-304%
<u>Asset management</u>						
Asset register summary (WDV)	11,292,845	11,288,791	12,080,895	11,080,179	-8%	-9%
Depreciation and asset impairment	374,877	433,743	433,743	351,537	-19%	-23%
Renewal of Existing Assets	0	0	0	0	0%	0%
Repairs and Maintenance	108,870	0	0	0		
	140545793	107124970	127450201			

Financial Performance of Operational Services						
Description	2018/19	2019/20		2019/20 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget †	Adjustments Budget
<u>Operating Cost</u>						
Water	29,416	(191,253)	(63,797)	(95,745)	-99.75%	33.37%
Waste Water (Sanitation)	225,926	(26,614)	(13,214)	234,898	111.33%	105.63%
Electricity	202,480	345,388	199,873	227,831	-51.60%	12.27%
Waste Management	78	(32,667)	(31,041)	36,099	190.49%	185.99%
Housing	(44,159)	(36,833)	(34,448)	(39,708)	7.24%	13.25%
Component A: sub-total	413,741	58,021	57,374	363,374	84.03%	84.21%
Waste Water (Stormwater Drainage)	(29,351)	(33,987)	(30,311)	(28,513)	-19.20%	-6.30%
Roads	(194)	(322,990)	(311,140)	(169,520)	-90.53%	-83.54%
Transport	(11,235)	(28,071)	(61,024)	(66,426)	57.74%	8.13%
Component B: sub-total	(40,779)	(385,048)	(402,474)	(264,459)	-45.60%	-52.19%
Planning	(3,813)	(6,676)	(6,676)	(3,473)	-92.26%	-92.26%
Local Economic Development	9,940	11,913	10,488	8,947	-33.16%	-17.23%
Component B: sub-total	6,127	5,237	3,812	5,474	4.33%	30.36%
Planning (Strategic & Regulatory)	-	(35,625)	(36,229)	(31,992)	0.00%	0.00%
Local Economic Development						
Component C: sub-total	-	(35,625)	(36,229)	(31,992)	0.00%	0.00%
Community & Social Services	(1,080)	(5,197)	(6,898)	(20,529)	74.68%	66.40%
Environmental Protection	(32,516)	(34,981)	(35,585)	(31,988)	-9.36%	-11.25%
Health	(27,068)	(16,540)	(16,898)	(23,523)	29.69%	28.17%

Security and Safety	18,997	(133,983)	(127,491)	35,127	481.42%	462.94%
Sport and Recreation	(41,545)	(40,247)	(36,319)	(44,406)	9.36%	18.21%
Corporate Policy Offices and Other	(933,025)	1,041,508	1,021,800	(1,384,134)	175.25%	173.82%
Component D: sub-total	(1,016,236)	810,560	798,610	(1,469,453)	155.16%	154.35%
Total surplus/(deficit)	(637,147)	453,145	421,093	(1,397,056)	132.44%	130.14%
						T5.1.2

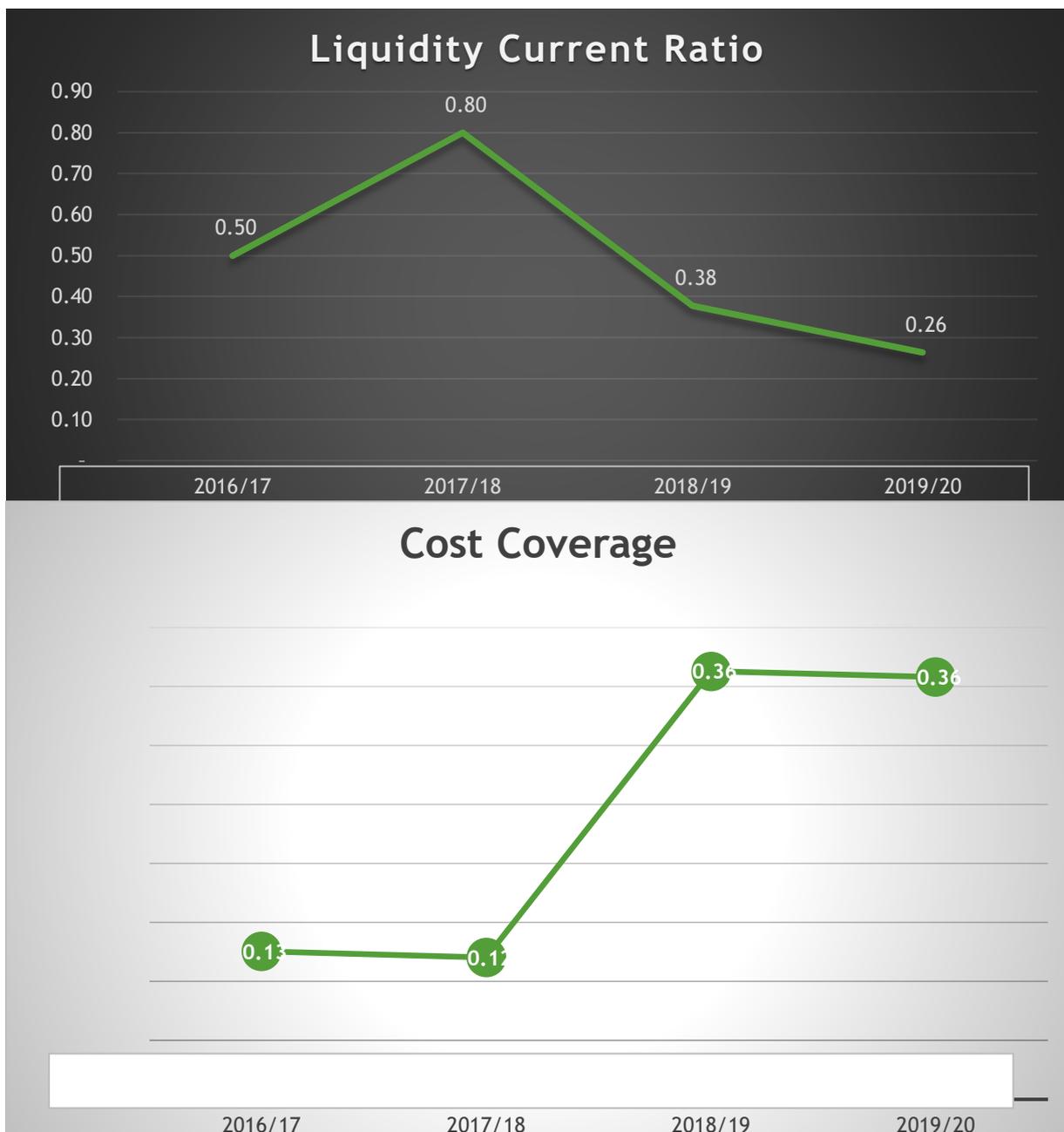
5.2 GRANTS

Grant Performance							R' 000
Description	Year -1	Year 0			Year 0 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)	
Operating Transfers and Grants							
National Government:	33,977	-	-	24,756			
Equitable share	21,565			17,303			
Municipal Systems Improvement	4,524			2,182			
Department of Water Affairs	6,665			4,283			
Levy replacement	1,222			988			
Other transfers/grants [insert description]							
Provincial Government:	18,925	-	-	5,994			
Health subsidy	8,645			3,786			
Housing	4,865			1,502			
Ambulance subsidy	846			219			
Sports and Recreation	4,568			489			
Other transfers/grants [insert description]							
District Municipality:	-	-	-	-			
[insert description]							
Other grant providers:	-	-	-	-			
[insert description]							
Total Operating Transfers and Grants	52,902	-	-	30,751			
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.</i>							T 5.2.1

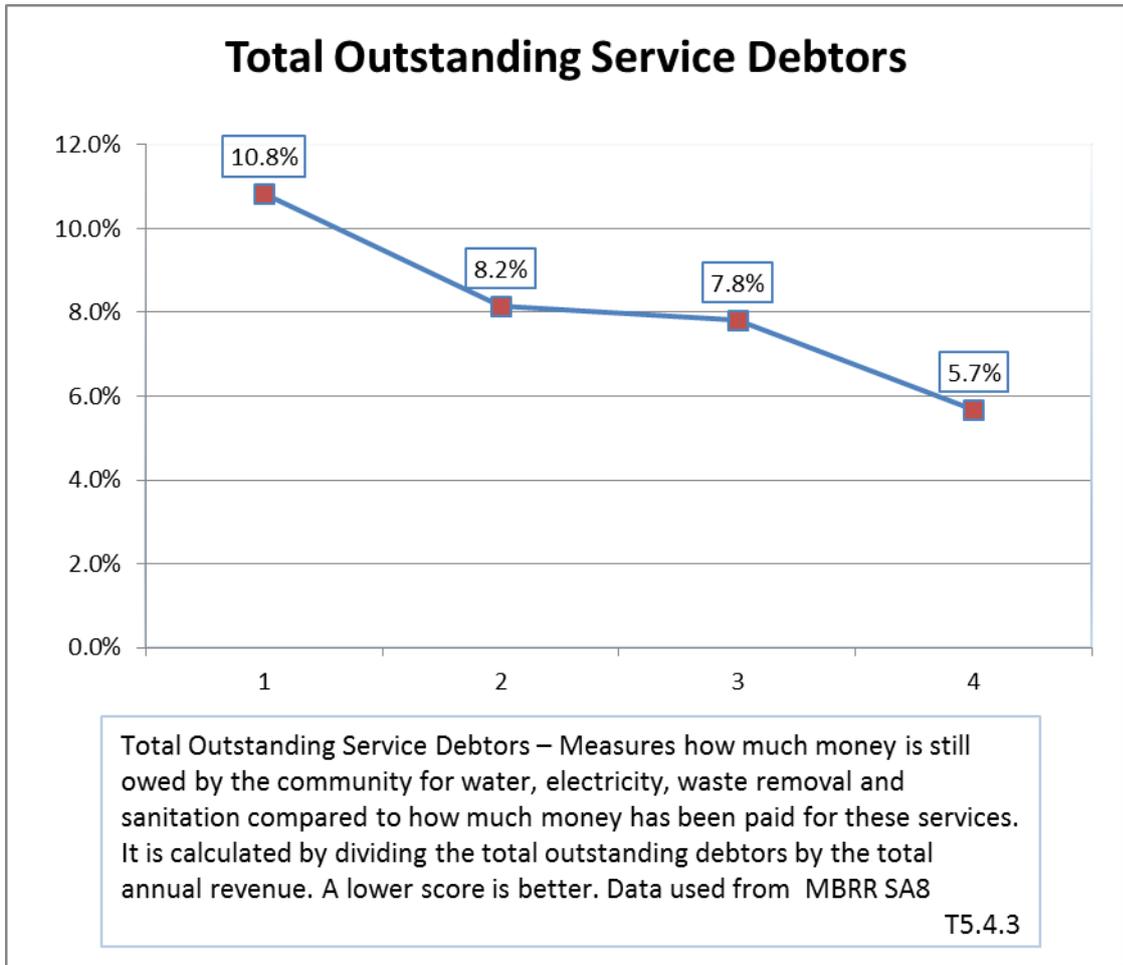
5.3 Repair and Maintenance

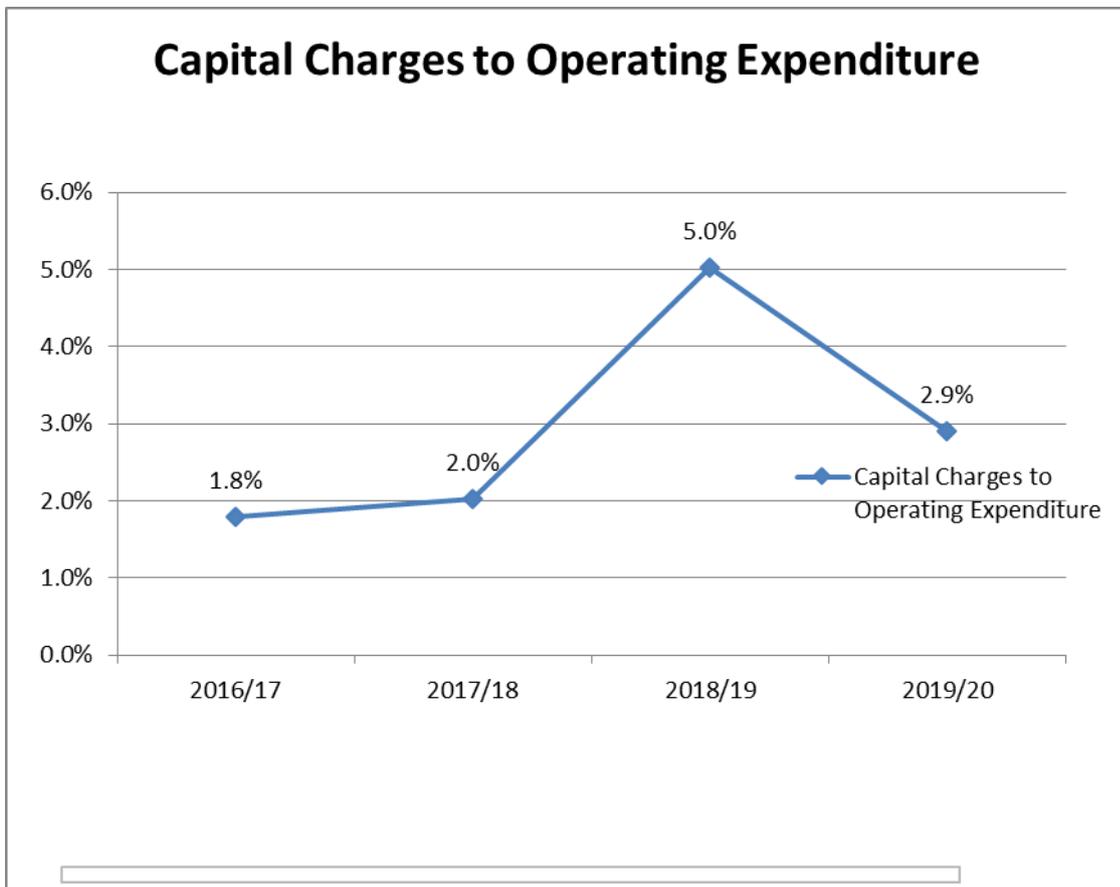
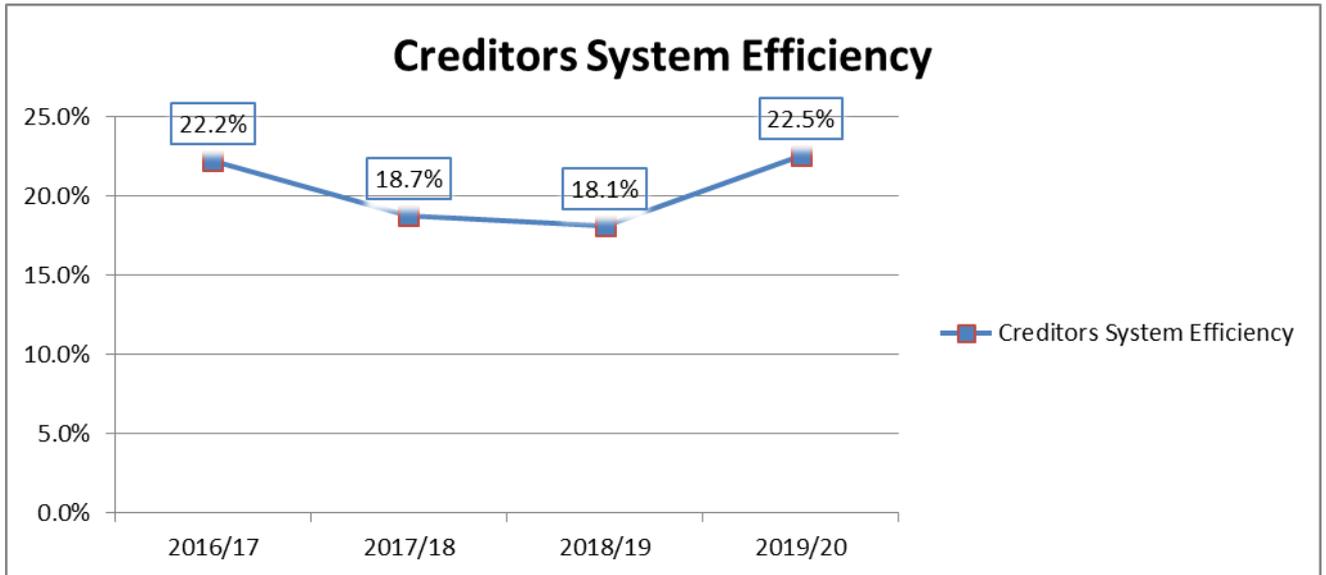
Repair and Maintenance				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	57,850	118,337	84,006	-45.21%

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

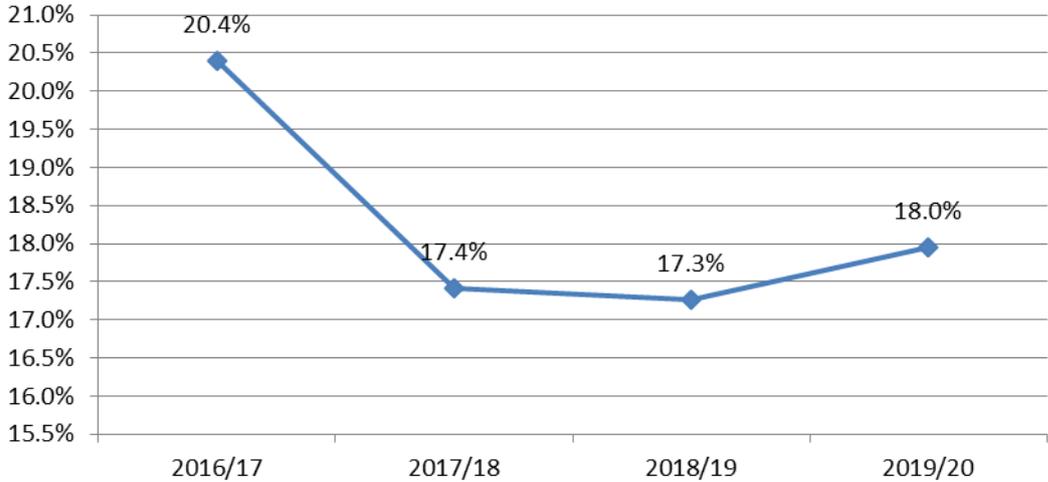


Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.13	0.12	0.36	0.36
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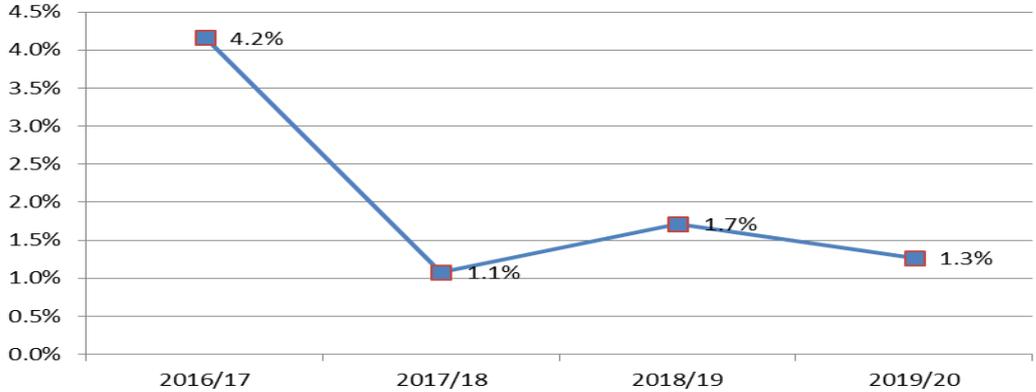




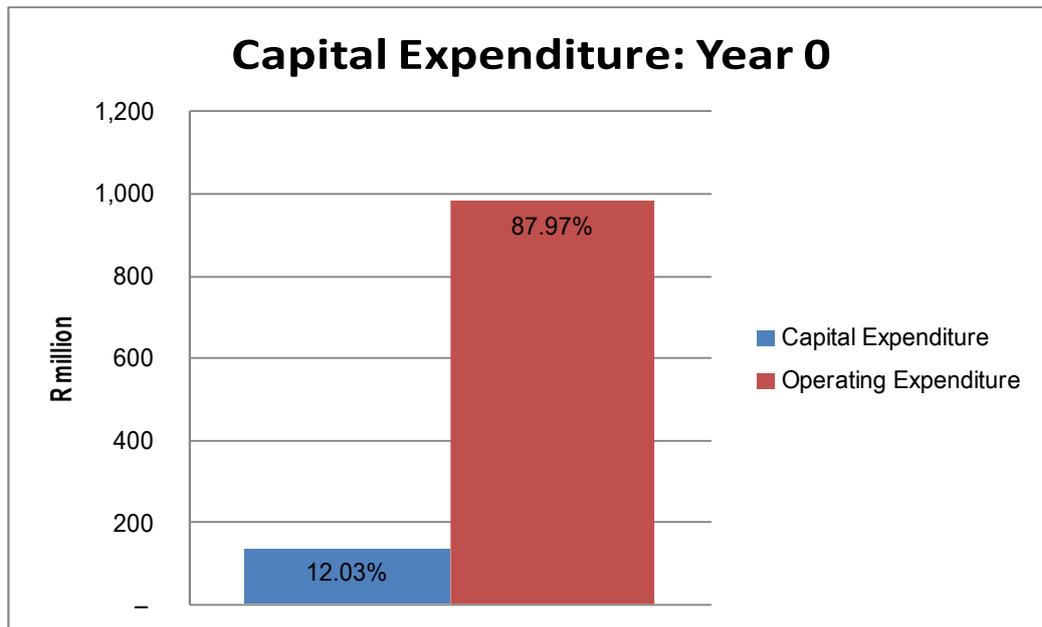
Employee Costs



Repairs & Maintenance



5.5 CAPITAL EXPENDITURE



5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: Year -1 to Year 0							R' 000
Details	Year -1	Year 0					
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)	
Source of finance							
External loans	3542	5500	5520	5511	0.36%	0.20%	
Public contributions and donations	248	300	390	421	30.00%	40.33%	
Grants and subsidies	3451	3700	3700	3856	0.00%	4.22%	
Other	2451	4500	4600	4565	2.22%	1.44%	
Total	9692	14000	14210	14353	32.59%	46.19%	
<i>Percentage of finance</i>							
External loans	36.5%	39.3%	38.8%	38.4%	1.1%	0.4%	
Public contributions and donations	2.6%	2.1%	2.7%	2.9%	92.1%	87.3%	
Grants and subsidies	35.6%	26.4%	26.0%	26.9%	0.0%	9.1%	
Other	25.3%	32.1%	32.4%	31.8%	6.8%	3.1%	
Capital expenditure							
Water and sanitation	1845	4300	4250	4256	-1.16%	-1.02%	
Electricity	1562	2400	2480	2453	3.33%	2.21%	
Housing	1243	2700	2800	2685	3.70%	-0.56%	
Roads and storm water	1352	1500	1400	1486	-6.67%	-0.93%	
Other	3690	3500	3450	3473	-1.43%	-0.77%	
Total	9692	14400	14380	14353	-2.22%	-1.08%	
<i>Percentage of expenditure</i>							
Water and sanitation	19.0%	29.9%	29.6%	29.7%	52.4%	95.2%	
Electricity	16.1%	16.7%	17.2%	17.1%	-150.1%	-205.4%	
Housing	12.8%	18.8%	19.5%	18.7%	-166.8%	51.7%	
Roads and storm water	13.9%	10.4%	9.7%	10.4%	300.2%	86.8%	
Other	38.1%	24.3%	24.0%	24.2%	64.3%	71.7%	
<i>T 5.6.1</i>							

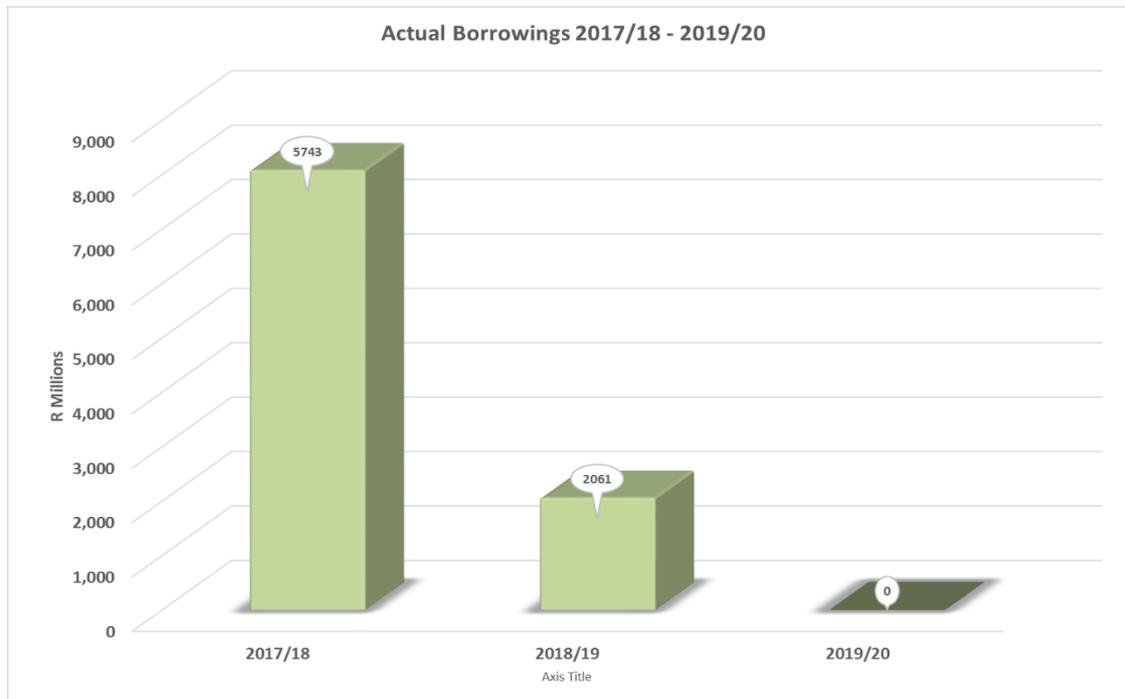
COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.7 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2018/19	Current Year 2019/20		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	3,087,551	4,204,726	4,004,726	3,018,441
Government - operating	781,799	733,960	733,960	857,659
Government - capital	162,590	260,075	162,590	44,454
Interest	69,175	53,268	69,175	31,093
Other receipts	818,515	136,426	136,426	839,531
Payments				
Suppliers and employees	-4,294,922	-4,285,976	-4,285,976	-4,438,256
Finance charges	-321,108	-12,472	-12,672	-213,541
NET CASH FROM/(USED) OPERATING ACTIVITIES	303,601	1,090,007	808,229	139,381
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of PPE	-152,273			-114,437
Proceeds on disposal of assets	5,336	2,500	2,500	
Purchase of intangible assets	-724			-709
NET CASH FROM/(USED) INVESTING ACTIVITIES	-147,661	2,500	2,500	-115,146
CASH FLOWS FROM FINANCING ACTIVITIES				
Borrowing long term/refinancing	-3,681	2,062	2,062	-2,062
Increase (decrease) in consumer deposits	1,219	0	0	656
Finance lease	-3,422	0	0	
NET CASH FROM/(USED) FINANCING ACTIVITIES	-5,884	2,062	2,062	-1,406
NET INCREASE/ (DECREASE) IN CASH HELD	150,056	1,094,569	812,791	22,829
Cash/cash equivalents at the year begin:	67,453	123,982	76,456	217,508
Cash/cash equivalents at the year end:	217,508	1,218,551	889,247	240,338

5.8 BORROWING AND INVESTMENTS

Actual Borrowings 2017/18 - 2019/20			
R' 000			
Instrument	2017/18	2018/19	2019/20
Municipality			
Long-Term Loans (annuity/reducing balance)	5,743	2,062	0
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases	2,342	0	0
PPP liabilities	0		
Finance Granted By Cap Equipment Supplier	0		
Marketable Bonds	0		
Non-Marketable Bonds	0		
Bankers Acceptances	0		
Financial derivatives	0		
Other Securities	0		
Municipality Total	8,085	2,062	0



R' 000			
Investment* type	2017/18	2018/19	2019/20
	Actual	Actual	Actual
<u>Municipality</u>			
Securities - National Government	0	0	0
Listed Corporate Bonds	0	0	0
Deposits - Bank	33,503	217,508	240,338
Deposits - Public Investment Commissioners	0	0	0
Deposits - Corporation for Public Deposits	0	0	0
Bankers Acceptance Certificates	0	0	0
Negotiable Certificates of Deposit - Banks	0	0	0
Guaranteed Endowment Policies (sinking)	0	0	0
Repurchase Agreements - Banks	0	0	0
Municipal Bonds	0	0	0
Other	0	0	0
Municipality Total	33,503	217,508	240,338

5.9 GRAP Compliance

The Municipality applied all effective GRAP standards and did not deviate from any of the standards applicable. The following GRAP standards were adopted and applied in the 2019/20 financial year:

1. GRAP 1: Presentation of financial statements;
2. GRAP 2: Cash Flow Statements;

3. GRAP 3: Accounting policies, change in accounting estimates;
4. GRAP 5: Borrowing costs; /
5. GRAP 9: Revenue from exchange transactions
6. GRAP 12: Inventories
7. GRAP 13: Leases;
8. GRAP 16: Investment Property
9. GRAP 17: Property, plant and equipment;
10. GRAP 19: Provisions, Contingent Liabilities and Contingent Assets
11. GRAP 20: Related party disclosures
12. GRAP 21: Impairment of non-cash-generating assets;
13. GRAP 23: Revenue from non-exchange transactions;
14. GRAP 24: Presentation of budget information in the financial statements;
15. GRAP 25: Employee Benefits;
16. GRAP 26: Impairment of cash-generating assets;
17. GRAP 31: Intangible assets;
18. GRAP 100: Discounted operations;
19. GRAP 103: Heritage Assets, and
20. GRAP 104: Financial Instruments

6.1 ACTION PLAN TO ADDRESS AGSA FINDINGS: 2019/20.

6.1.1 Trade receivables: Receivables relating to Municipal properties included as part of trade receivables

During the audit of trade receivables, it was identified that Emfuleni had included municipal properties as trade receivables. This is inconsistent with the GRAP framework; the municipality cannot owe itself. The services consumed by the municipality should be included in expenses as benefits have already been consumed, there are no future economic benefits that will accrue to the municipality.

Remedial Action

Unregistered Townships are part of Revenue War Room action plan. All billings that there is no lease agreement will be reversed to comply with AG findings.

6.1.2 Contingent liabilities: Legal confirmations not obtained

During the audit, requests for external legal confirmation letters were sent via email (telephonic follow-ups were made on multiple occasions to confirm the receipt of the emails) to the legal representatives of the Emfuleni Local Municipality, the information requested remains outstanding despite the matter being followed up.

Remedial Action

Management is going to apply ghost practice as a measure to save the records and to update them. As to the non-response by the service providers to request for information. The legal department has resolved that for this period of the contract letters are going to be issued to service providers warning them of the consequences of their failure to respond on time and that this will have an adverse effect on their relationship with the municipality. With future appointment of another panel this will for a condition of contract, failure to comply will result in termination of the contract. Lastly, all new instructions will include a clause that they must provide the information to the AG when requested.

6.1.3 Contingent liabilities Comparative figures not disclosed

During the audit, AG noted that the comparative figures in the notes to the financial statements for contingent liabilities were not disclosed.

Remedial Action

This was corrected during the audit

6.1.4 Unauthorized expenditure written off without conducting an investigation

During the audit of unauthorized expenditure, it was that the unauthorized expenditure was written off in the current year, without prior investigation by the investigation committee as required by section 32(2)(a)(ii) of the MFMA.

Remedial Action

MPAC committee to be empowered so to enable it to implement actions by conducting investigations and also implement action on the already conducted forensic investigations by Municipal Council which will also institute the necessary consequence management on non-compliance that leads to unauthorized expenditure

6.1.5 Fruitless and wasteful expenditure written off without conducting an investigation

During the audit of fruitless and wasteful expenditure, it was noted that fruitless and wasteful expenditure was written-off in the current year, without prior investigation by a council committee as required by par 32(2)(b) of the MFMA 56 of 2003.

Remedial Action

MPAC committee to be empowered so to able it to implement actions on the already conducted forensic investigations and also conduct by itself by Municipal Council which will also institute the necessary consequence management on non-compliance that leads to fruitless and wasteful expenditure

6.1.6 Property, plant and equipment: Amount as disclosed on the annual financial statements does not agree to the fixed asset register

During the audit, differences were noted between the annual financial statements and the fixed asset register for each asset category.

Remedial Action

The appointment of service provider in time to ensure that all transaction can be processed

6.1.7 Subsequent events not included as part of annual financial statements

In the arbitration award between Transaction Capital Recoveries Pty (Ltd) (Appellant) formerly known as MBD Credit Solutions Pty (Ltd) and Emfuleni LM (Respondent), reference number AFSA T.113, the arbitrator made the following award to the respondent on 1 Feb 2021:

- The appeal is upheld with costs;
- The arbitrator's award made on 4 December 2020 and 19 October 2021 are set aside;
- The respondent make payment to the claimant together with interest at prime interest rate calculated from 1 October 2019 until payment date;
- The respondent's counter claim is dismissed with costs;

Remedial Action

This was corrected during the audit

6.1.8 Non-disclosure of subsequent events

During the audit of irregular expenditure, we identified the certain suppliers of which the Emfuleni has a legal right to recover the amounts due to various factors. The amounts were not previously included in the amount of trade and other receivables.

Remedial Action

This was corrected during the audit

6.1.9 GRAP 24 Presentation of Budget Information in Financial Statements: Reasons for fluctuations not disclosed

The statement of comparison of budget and actual amounts and the related note to the financial statements does not provide explanations for the material differences between the budgeted and the actual amounts incurred in the year under review.

Remedial Action

The statement will be produced immediately after the closer of trail balance and processing of all journals affecting classification of line items. All journals affecting classification of line items must be processed on the financial system to avoid differences between the tool used to produce the AFS and The Financial system information. No line items should be created outside the scope of mSCOA item segment.

6.1.10 Usefulness: Inconsistency of objectives in SDBIP and Annual Performance Report

Certain objectives as per SDBIP is not consistent with the submitted annual performance report

Remedial Action

Management has corrected the misalignment. Strengthen internal controls and human resource

6.1.11 Usefulness: Indicator not measurable

During the audit of performance information for Emfuleni Local Municipality 2019/20, it was noted that certain indicators are not good performance indicators as they do not meet the requirements of a good performance indicator as per paragraph 3.2 of the Framework for managing programme performance information

Remedial Action

Undertakes to deal with the issue of Audit of Predetermined Objectives comprehensively. The workshops will be conducted to address the Auditor General findings in relation to Portfolio of evidence. The objective of this workshop is develop an understanding on the quality of performance information, meaning of well-defined indicators, usefulness of performance information. 2021/2022 SDBIP has been quality assured to resolve this finding in terms of well-defined indicators. Indicator Description will be provided for each key indicator.

6.1.12 Reliability: Schedules do not agree to the reported achievement on the Annual performance report

During the audit of predetermined objectives, it was noted that the listing or system generated reports for certain indicators did not agree to the reported achievements in the annual performance report.

Remedial Action

Management undertakes to deal with the issue of Audit of Predetermined Objectives comprehensively. The workshops will be conducted to address the Auditor General findings in relation to Portfolio of evidence. The objective of this workshop is develop an understanding on the quality of performance information, meaning of well-defined indicators, monitoring of corrective actions etc.

6.1.13 Reliability: Limitation of scope of various indicators

During the audit, requests for certain information were sent to management, the information requested remained outstanding despite the matter being followed up.

Remedial Action

Management undertakes to deal with the issue of Audit of Predetermined Objectives comprehensively. The workshops will be conducted to address the Auditor General findings in relation to Portfolio of evidence. The objective of this workshop is develop an understanding on the quality of performance information, meaning of well-defined indicators, usefulness of performance information. 2021/2022 SDBIP has been quality assured to resolve this finding in terms of well-defined indicators. Indicator Description will be provided for each key indicator.

6.1.14 Reliability: Performance information reported in the annual performance report: number of formalized stands with access to the waste water network system not verifiable

During the audit of performance information for Emfuleni Local Municipality 2019/20, it was noted that the indicator BS.22 is not verifiable. The indicator is described as number of formalized stands with access to waste and water network system. However, upon inspection of the annual performance report the achievement is recorded as 18 391, 50 and the 0, 5 is not verifiable as there is no half stand.

Furthermore, no support was provided to enable the auditors to verify whether the reported information was valid, accurate and complete. This was communicated to management in communication of finding 45 of 2020 and information has not been submitted.

Remedial Action

Verify the quality of the information received from Finance before and after capturing

Management undertakes to deal with the issue of Audit of Predetermined Objectives comprehensively. The workshops will be conducted to address the Auditor General findings in relation to Portfolio of evidence. The objective of this workshop is develop an understanding on the quality of performance information, meaning of well-defined indicators, usefulness of performance information. 2021/2022 SDBIP has been quality assured to resolve this finding in terms of well-defined indicators. Indicator Description will be provided for each key indicator.

6.1.15 Reliability: Reported achievement does not agree to the schedule/ listings

During the audit of predetermined objectives, it was identified that the reported achievement in the annual performance report for certain indicators for 2019/20 does not agree to the number as included in the schedules/capture sheets.

Remedial Action

Internal controls will be strengthened to ensure information is accurate and verified for completeness and accuracy. Consultations will be held with relevant clusters to enhance understanding of performance management.

Management undertakes to deal with the issue of Audit of Predetermined Objectives comprehensively. The workshops will be conducted to address the Auditor General findings in relation to Portfolio of evidence. The objective of this workshop is develop an understanding on the quality of performance information, meaning of well-defined indicators, usefulness of performance information. 2021/2022 SDBIP has been quality assured to resolve this finding in terms of well-defined indicators. Indicator Description will be provided for each key indicator.

6.1.16 Payments to suppliers not made within 30 days.

AG noted that certain payments were not made within 30 days of receipt of invoice.

Remedial Action

There has been intervention from COGTA via the administrators appointed to oversee the finance department and we have since managed to clear most of the outstanding creditors and it is the intention to continue giving creditors priority depending on the cash flow constraints

6.1.17 Contract management: No monitoring of contracts

AG has noted that certain contracts were not monitored on a monthly basis

Remedial Action

Contract Management Committee to be established

6.1.18 Lack of consequence management

During the audit of consequence management compliance, based on investigations completed during the 2019-20 financial year, it was found that no disciplinary or, when appropriate, criminal proceedings were instituted against officials of the municipality who has allegedly committed an act of financial misconduct or an offence in terms of Chapter 15. The outcome of investigations and the impact thereof covers multiple financial years prior to the 2019-20 financial year.

Remedial Action

There has been intervention from COGTA to monitor the implementation of the investigations register on a quarterly basis. The report on the COMPERIO Report is being implemented and progress will be reported regularly.

6.1.19 Strategic planning - Consultation, development, and approval of the IDP and SDBIP

20.1 Integrated development plan

During the audit planning, it was noted that the IDP did not reflect the key performance indicators as required by section 26(l) of the MSA and municipal planning and performance management regulation 2(1) (e).

Furthermore, it was noted that the KPIs were not set for each of the development priorities and the objectives, as required by section 41(1) (a) of the MSA and municipal planning and performance management regulation 9(1) (a). Performance targets were not set for each of the KPIs for the financial year, as required by section 41(1) (b) of the MSA and municipal planning and performance management 12(1).

6.1.20. Service delivery budget and implementation plan (SDBIP)

It was also noted that the SDBIP for the year under review did not include monthly revenue projections by source of collection and the monthly operational and capital expenditure by vote as required by section 1 of the MFMA.

Remedial Action

Develop an almanac of annual / quarterly reporting timelines to ensure reviews are performed on time.

6.1.21 Procurement and contract management: Reasons for deviations not valid

AG noted that certain deviations did not meet the definition of an emergency or sole provider. The deviation was also not disclosed as irregular expenditure in the financial statements.

Remedial Action

Deviations to be approved in line with SCM regulation 36

6.1.22 PPE not procured at prices regarded by the National Treasury as market related

PPE was not always procured at the prices regarded by the National Treasury as realistic and market related during the COVID-19 pandemic. Certain orders that were placed at prices in excess of the maximum prices prescribed by the National Treasury.

Remedial Action

Management to utilize Transversal Contract when procuring COVID PPE through appointed service providers by National Treasury.

6.1.23 Stock Management system not in place

No stock management system was in place at the municipality to ensure that the PPE stock that were ordered, received, stored and issued are formally recorded and accounted for.

Even though it appears stock at the main storage was recorded, this was however used to ensure user departments are given the stock they requested, it was not used to determine stock on hand, or to determine re-order levels of stock.

The following contributed to the municipality not having a stock management system in place for the management of PPE during the Covid-19 pandemic:

- No formal stock management system was put in place for the management of PPE during the Covid-19 pandemic
- Formal communication channels regarding the available PPE stock, needs and user requirements for PPE
- The municipality does not regard PPE as Inventory

Remedial Action

Management has implement a stock management system to facilitate the ordering, storing and issuing of PPE

6.2.1 Property, plant and equipment Overstated by halted projects that are recognized in work in progress.

Remedial Action

None

6.1.2 Overstatement of assets under construction - ECD Projects

the balance in the financial statements for work-in-progress of Early Childhood Development Centre's does not agree to the value of completed work per completion certificates

Remedial Action

The procedure on completion of projects will be followed and projects taken on when completed and the asset is fit for its intended purpose

6.2.3 Overstatement of Work in Progress (WIP) - Project EX00116

AG identified instances where the value of work in progress (WIP) as recognized in the financial statements differed from the values as per the contractor completion certificates.

Remedial Action

None

6.2.4 Overstatement of Work in Progress - Project EX0333

AG identified instances where the value of work in progress (WIP) as recognized in the financial statements differed from the values as per the contractor completion certificates.

Remedial Action

None

6.2.5 Commitments register does not agree to the AFS

Commitment register was submitted for audit and it was further noted that the balance of commitments as per the commitments register and the amount as per the annual financial statement do not agree

Remedial Action

None

6.2.6 Commitments Misstated

Issue

1

During the audit of commitments, a request was made for commitment contracts, it was noted through testing of commitments that the certain contracts have not been submitted for audit as requested

Issue 2

It has been noted during the audit of commitments that the certain contractors have been terminated yet they are still included in the commitment register

Issue 3

It has been noted that during the audit of commitments, that the certain consultants were included in the commitments register balance yet there are no contracts.

Remedial Action

None

6.2.7 Information requested has not been received (contingent liabilities)

Certain information has been requested for testing and was not provided within the required period.

Remedial Action

The municipality will do the follow up with the service provider on the outstanding information

6.2.8 Bulk purchases Information requested is not been received

it was identified that invoices received from Rand water were paid without the verification of quantities or unit consumptions. Management does not verify that the amount being billed is accurate and relate to water consumed by the municipality. Moreover, it was confirmed through inquiry with management that there are no water readings to verify unit consumptions in all sites.

it was further identified that the bulk purchases of electricity consumption invoiced by Eskom cannot be verified in all sites. Management have verification or readings in seven (7) out of 10 sites. The municipality does not verify the electricity bill for all ten (10) sites as no readings are implemented in three (3) of the sites.

Therefore, management cannot confirm the occurrence and/or accuracy of the expenditure incurred in relation to bulk purchases.

Remedial Action

The municipality is in the process of installing the remaining 3 check meters or verify manually the reading for all the sites that do not have check meters

6.2.9 Revenue accrual misstated

AG noted that the municipality did not record the revenue accruals correctly in the financial statements for the year ended 30 June 2019

Remedial Action

None

6.2.10 CAATs exceptions

During the audit of 2018/19 financial year, AG through the use of CAATs that the municipality had not correctly accounted for revenue accrued in the current financial year

Remedial Action

6.2.11 AOPO - Inconsistencies between the annual performance report and the SDBIP

AG noted inconsistencies between the annual performance report and the SDBIP of the municipality

Remedial Action

Correction of the unit of measurement on the SDBIP and the Municipal Management to sign of the corrected document.

6.2.12 AOPO - Public works reported achievements don't agree with number included in schedules/capture sheets

It was identified that the reported achievement for Waste and Environmental Management: percentage annual environmental management plan implemented in 2018 -19 does not agree to the number as included in the schedules/capture sheets.

Remedial Action

Quality Assurance will be enhanced

6.2.13 AOPO - Indicator not supported by adequate evidence

During the audit of performance information, it was noted supporting evidence for certain indicators was not adequate to support the reported achievements.

Remedial Action

None

6.2.14 AOPO - Inaccurate and invalid performance information reported in the annual performance report

During the audit of performance information, it was noted that the supporting evidence submitted for audit for indicator EL.05 is invalid. The indicator reports on the number of energy saving public awareness campaigns to be implemented in 2018/19 however the evidence does not represent campaigns conducted to raise awareness to the public

Remedial Action

None

6.2.15. AOPO - Limitation of scope

During the audit of performance information, it was noted that information submitted for certain indicators was not adequate to enable the auditors to verify whether the reported information was valid accurate and complete.

Remedial Action

6.1.16. AOPO - Indicator not well-defined

During the audit of performance information, it was noted that certain indicators are not good performance indicators as they do not meet the requirements of a good performance indicator as per paragraph 3.2 of the Framework for managing programme performance information.

Remedial Action

None

6.2.17. AOPO - Measures taken to improve performance are not well defined and supported by corroborating evidence.

During the audit of performance information, it was noted that the measures taken to improve performance are not well defined and valid as they are not supported by reliable corroborating source documentation as per the requirement in municipal systems act.

Remedial Action

6.2.18. Suppliers in service of other state institutions

In performing the audit of procurement and contract management, it was identified that there were awards made to certain bidders who, or whose manager, director or principal shareholder is in the service of other state institutions which is in contravention with SCM regulations.

Remedial Action

None

6.2.19. Split of goods and services to avoid following the competitive bidding process (coaf 54)

In performing the audit of the quotations process, it was identified that two separate quotation processes were followed for the procurement of goods and services with the intention to avoid a competitive bidding process.

Remedial Action

None

6.2.20. Bid rigging - Lease agreement not submitted

In performing the audit of tender 11/2019/13, AG identified an instance of possible bid rigging as similarities were identified between certain suppliers (The bid documents are similar in completion, the font of the bid documents submitted are similar in design, and the signatures on the declaration forms are the same).

Remedial Action

None

6.2.21. MBD4 - Non-declaration of interest submitted

During the audit of deviations, it was identified that goods and services were procured from suppliers and declaration of interest document such as the MBD 4 forms were not submitted by the suppliers.

The municipality did obtain the necessary information or declarations that would have enabled identification of non-performance history of the supplier, conviction of directors for improper conduct and family interests.

Remedial Action

None

6.2.22. Procurement of goods and services - Competitive bidding process not followed

During the audit of the quotation process, it was identified that a quotation process was followed for the appointment of a supplier to replace and install the voltage transformer at various substations. Two quotations were received by the municipality and both suppliers quoted above R200 000.

The reason for obtaining only two quotations was documented and approved by the chief financial officer. The reason states that the request for quotations was advertised for 7 days and only two suppliers responded, however a competitive bidding process should have been followed as the procurement was for goods and services above the value of R200 000.

Remedial Action

None

6.2.23. Circumvention of competitive bidding process

In performing the audit of the quotations process, it was identified that goods of a similar nature were procured from a certain supplier, for the period starting from August 2018 to May 2019 without following a competitive bidding process. It was noted that the procurement of the similar goods was split into values of less than R200 000 to avoid following the competitive bidding process.

The total amount of goods procured is R757 620 and total payments made to the supplier amount to R717 868.83.

Remedial Action

None

6.2.24. Irregular, fruitless and wasteful expenditure written off by council

During the auditing irregular and fruitless expenditure note, it was identified that there were irregular, fruitless and wasteful expenditure written off by the council in the year 2018/19.

The supporting evidence was requested, however no evidence has been provided of the investigations and write off by the council of the irregular, fruitless and wasteful expenditure.

Remedial Action

None

6.2.25. Not all UIFW cases were investigated by the municipality

During the audit of consequence management compliance, we identified unauthorized, irregular and fruitless and wasteful expenditure from the 2017/18 financial year that has not been investigated. It was noted that an investigation was done on 15 cases of irregular contract only (forensic investigations).

Management did not keep a register of all investigations being undertaken.

Remedial Action

Measures will be put in place to ensure that all records and registers relating to Unauthorized, Irregular, Fruitless and Wasteful Expenditures are kept. The Municipal Council has approved the Independent Disciplinary Board which will assist in addressing/implementing consequence management where necessary.

In conclusion the Municipal Public Accounts Committee (MPAC) is in the process of finalizing the 2017/2018 Unauthorized, Irregular, Fruitless and Wasteful Expenditure report to Council for consideration.

6.2.26. Incorrect allocation of points

Issue 1

In performing the audit of the competitive bidding process to procure maintenance and replacement of submersible pumps, their power supply and protective housing and for supply and delivery of street name plates and traffic signs, we identified bidders who have been incorrectly scored for functionality. The bidders did not meet the minimum qualifying score for functionality and they have been evaluated further passed this stage and awarded the tender.

The bidders should have not been assessed for pricing and awarded the tender as the functionality scored by the bidders was below the minimum threshold. The minimum required qualifying score per the bid documentation was stated as 30 points.

Issue 2

During the audit of the competitive bidding process to procure the delivery of substation doors and execution of emergency work on electricity distribution network, we identified bidders were incorrectly disqualified on the basis that they do not meet the minimum functionality points.

The bidders met the minimum qualifying score per the auditors' recalculations and therefore, the bidders should have been considered for pricing scoring.

Remedial Action

6.2.27. Regulation 32: Limitation of scope

During the audit of procurement and contract management, AG requested the information relating to SCM regulation 32 that has not been submitted for audit.

Remedial Action

None

6.2.28. Limitation of scope: Irregular expenditure information not provided

During the audit of irregular expenditure, information as per request for information number 72 and 75, relating to irregular, fruitless and wasteful expenditure as disclosed in note 31 in the annual financial statements was requested and not provided to the auditors.

6.2.29. Contractors appointed without following the bidding process

Remedial Action

6.2.30. Limitation of scope on consequence management

During the audit of irregular, fruitless, wasteful and unauthorized expenditure. We requested the allegations register, investigation register and cases consisting of criminal conduct reported to the South African police services as part of request for information number 6 (RFI 6) issued on the 22nd of January 2020. The information requested was not submitted to the auditors and therefore, limiting the scope of work of the auditors.

Remedial Action

None

6.2.31. Evaluation criteria is not consistent per original bid document

In performing the audit of the competitive bidding process for the various tenders, we have identified instances of inconsistent evaluation criteria applied to that in the original bidding documents.

The original bidding document did not include the sub-criteria to be used in evaluating the bids and as a result, the bidders were unfairly evaluated as submissions did not respond to sub-criteria and rather the criteria as it appeared in the bidding document.

Remedial Action

None

6.2. 32. Unauthorized expenditure not disclosed

During our analysis of the appropriation statement in the annual financial statements, unauthorized expenditure was identified amounting to R721 594 882 which was not disclosed in note 31 - Unauthorized expenditure. Furthermore, the closing balance of last year's unauthorized expenditure has not been presented appropriately as the opening balance of the current's year unauthorized expenditure in note 31.

Remedial Action

None

6.2.33. Local production and content criteria not applied

During the audit of procurement of goods and services, it was found that the bidding documents do not include a specific condition that only locally produced goods or locally manufactured goods meeting the stipulated minimum threshold for local production and content will be considered.

The municipality did not include the local content requirements in the bid advertisement, original bid document and evaluation of the bidders. Moreover, no declaration of local content was made by the bidders.

Remedial Action

None

6.2.34. Sub-contracting requirement not followed

During the audit of the procurement process, we have identified a contract with a supplier to procure the execution of emergency electrical distribution network where subcontracting has not been initiated though it appears feasible to do so. The value of the award exceeds R30 000 000 and sub-contracting should have been considered in advertising the bid and in awarding the bid.

Remedial Action

None

6.2.35. Quotation that scored the highest based on pre-determined criteria not selected

During the audit of the quotations process, it was identified that an award was made to appoint the supplier, who did not score the highest points to perform testing of transformers at various substations. No reasons were documented and approved for not appointing the supplier with the highest points.

Remedial Action

None

6.2.36. Irregular expenditure disclosed is not complete

During the audit of irregular expenditure disclosed and included in the irregular expenditure register, it was identified that the amounts included in the irregular expenditure register per supplier is incomplete resulting in amounts disclosed in the notes to financial statements being incomplete.

Remedial Action

None

6.2.37. Inaccurate and incomplete amount of irregular expenditure disclosed

During the audit of irregular expenditure disclosed, Inaccuracies were identified between the amount of irregular expenditure recorded in the irregular expenditure register and the irregular expenditure identified by the auditors.

Therefore, the amount recorded in the register was incomplete and inaccurate.

Remedial Action

None

6.2.38. Completeness of fruitless and wasteful expenditure disclosed

During the audit of trade and other payables, interest on overdue suppliers was identified which results in fruitless and wasteful expenditure. The interest on overdue suppliers identified was traced to the fruitless and wasteful expenditure register and not found on the register. This results to the fruitless and wasteful expenditure register as well as the annual financial statements disclosure being incomplete.

Remedial Action

A journal needs to be passed to account for Interest relating certain supplier.

6.2.39. Goods and services procured without available budget

During the audit of the quotations process, it was identified that the procurements made from the supplier, during August 2018 to May 2019 for the Vereeniging store acquisitions, were procured without an approved budget.

The total amount of goods procured is R757 620 and total payments made to the supplier is R717 868.83.

Remedial Action

None

6.2.40. No evidence of declarations of interest (coaf 74)

During the audit of the formal written quotations process, it was identified that goods and services were procured from suppliers who did not submit declaration of interest documents as required.

Remedial Action

None

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

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Emfuleni Local Municipality set out on pages 1.. to 90, which comprise the statement of financial position as at 30 June 2020, statement of financial performance, statement of changes in net assets, cash flow statement and statement of statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of Emfuleni Local Municipality as at 30 June 2020, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practices (SA standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 16 of 2019 (Dora).

Basis for qualified opinion

Trade and other receivables from exchange transactions

3. The municipality did not recognise some items of trade and other receivables from exchange transactions in accordance with GRAP 1, Presentation of financial statements as they did not meet the definition of current assets. Properties in the name of the municipality were billed for municipal services and incorrectly recognised as receivables. Consequently, trade and other receivables from exchange transactions were overstated by R200 615 062. Additionally, there was an impact on the accumulated surplus.

Other debtors

4. I was unable to obtain sufficient appropriate audit evidence for Other debtors disclosed in note 4 to the financial statements as I could not be provided debtors statements. I was unable to confirm this by alternative means. Consequently, I was unable to determine whether any adjustment relating to Other debtors, stated at R602 994 067 and Impairment Other Debtors, stated at R446 997 279 in note 4 to the financial statements, was necessary.

Fruitless and Wasteful Expenditure

5. I was unable to obtain sufficient appropriate audit evidence that fruitless and wasteful expenditure of R208 208 713 written off as disclosed in note 40 was investigated by the investigation committee as required by section 32(2) (b) of the MFMA.

Unauthorised Expenditure

6. I was unable to obtain sufficient appropriate audit evidence that the unauthorised expenditure of R997 138 981 written off as disclosed in note 36 was investigated by the investigation committee as required by section 32(2)(a)(ii) of the MFMA.

Contingent Liabilities

7. I was unable to obtain sufficient appropriate audit evidence for contingent liabilities as I could not obtain external legal confirmations. I was unable to confirm the disclosure by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to contingent liabilities stated at R926 892 114 (2019: R451 184 108) as disclosed in note 32 in the financial statements.

Context for the opinion

8. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
9. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
10. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material uncertainty relating to going concern.

11. I draw attention to the matter below. My opinion is not modified in respect of this matter.
12. I draw attention to note 35 to the financial statements, which indicates how the effect of Covid-19, the economic challenges and the dilapidated infrastructure has affected the municipality to date, and results in certain material uncertainties related to the future financial position, performance, and cash flows of the municipality. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern. In addition, the municipality incurred a net deficit of R1 397 055 937, and current liabilities exceed its current assets by R3 459 262 375.

Emphasis of matters

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

Restatement of corresponding figures

14. As disclosed in note 42 to the financial statements, the corresponding figures for 30 June 2019 were restated as a result of various errors in the financial statements of the municipality at, and for the year ended, 30 June 2020.

Material impairments

15. As disclosed in note 3 to the financial statements, the trade and other receivables from exchange transactions balance has been significantly impaired. The allowance for impairment amounts to R7 887 117 404 (2018-19: R 6 211 558 983) which represents 97.6% (2018-19: 92.8%) of total trade and other receivables from exchange transactions. The contribution to the allowance for impairment was R1 675 558 421 (2018-19: R1 162 882 647).
16. As disclosed in note 4 to the financial statements, the trade and other receivables from non-exchange transactions balance has been significantly impaired. The allowance for impairment amounts to R1 789 288 611 (2018-19: R1 732 063 524) which represents 87.2% (2018-19: 83.2%) of total trade and other receivables from non-exchange transactions. The contribution to the allowance for impairment was R516 805 319 (2018-19: R304 292 780).

Distribution Losses

17. As disclosed in note 37 to the financial statements, material electricity losses of R376 989 451 (2018-19: R368 332 737) were incurred, which represents 21.2% (2018-19: 21,5%) of total electricity purchased.
18. As disclosed in note 37 to the financial statements, material water losses of R601 859 513 (2018-19: R385 076 940) were incurred, which represents 56.9% (2018-19: 41.2%) of total water purchased.

Other matter

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

Unaudited disclosure note.

20. In terms of section 125(2) (e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

21. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
22. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters

relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

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

Report on the audit of the annual performance report

Introduction and scope

25. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected key performance areas presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
26. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality’s approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
27. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected key performance area presented in the municipality’s annual performance report for the year ended 30 June 2020:

Key performance area	Pages in the annual performance report
KPA 2 – Basic service and infrastructure	x – x 2 - 5

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

29. The material findings in respect of the usefulness and reliability of the selected key performance area are as follows:

Key Performance Area (KPA) 2- Basic Service and Infrastructure

Public works

30. The reported key performance area Public Works, as per the annual performance report did not agree with the planned key performance area of Basic Service and Infrastructure as per the approved Integrated Development Plan (IDP).

Number of formalised stands with access to the waste water network system

31. Adequate systems and processes were not established to enable consistent measurement and reliable reporting of performance against the predetermined indicator definitions.

Various indicators

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

Indicator Description	Reported achievement
Number of formalised stands with access to the waste water network system	18 391,50
% compliance with discharge licence requirements on affluent quality at 3 waste water treatment works	19%
Number of all formalised stands that have access to clean reticulated water	183 408

Other matter

33. I draw attention to the matter below.

Achievement of planned targets

34. Refer to the annual performance report on pages .1. to .12 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 33 to 35 of this report.

Report on the audit of compliance with legislation

Introduction and scope

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

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

Annual financial statements

37. 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 non-current assets, current assets and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Strategic and performance management

38. The IDP did not reflect the targets for key performance indicators as required by sections 26(i) MSA and municipal planning and performance management reg 2(1) (e).

39. The Service Delivery Budget Implementation Plan (SDBIP) for the year under review did not include monthly revenue projections by source of collection and the monthly operational and capital expenditure by vote, as required by section 1 of the MFMA.

Expenditure management

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

41. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R1 653 150 951 (2018-19: R1 001 894 687) as disclosed in note 36 to the financial statements, as required by section 62(1) (d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending on public works budget vote.

42. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R225 183 362 (2018-19: R357 567 696), as disclosed in note 40 to the annual financial statements, as required by section 62(1) (d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest and penalties on long outstanding accounts.
43. Reasonable steps were not taken to prevent irregular expenditure of R205 338 574 (2018-19: R358 499 209) as disclosed in note 41 to the financial statements, as required by section 62(1) (d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with SCM regulation 36.

Procurement and contract management

44. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by Supply Chain Management (SCM) regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was also reported in the prior year.
45. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2) (b) of the MFMA. Similar non-compliance was also reported in the prior year.
46. The contract performance and monitoring measures and methods were not sufficient to ensure effective contract management, as required by section 116(2) (c) of the MFMA. Similar non-compliance was also reported in the prior year.

Consequences management

47. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
48. Unauthorised expenditure were certified by council as irrecoverable without having conducted an investigation to determine the recoverability of the expenditure, in contravention of section 32(2)(a)(ii) of the MFMA.
49. Some of the irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA / municipal budget and reporting regulations 75(1).
50. Losses resulting from irregular and fruitless and wasteful expenditure were certified by council as irrecoverable without having conducted an investigation to determine the recoverability of the expenditure, in contravention of section 32(2) (b) of the MFMA.

Other information

51. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected key performance area

presented in the annual performance report that has been specifically reported in this auditor's report.

52. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
53. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected key performance area presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
54. I have nothing to report in this regard.

Internal control deficiencies

55. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
56. The accounting officer did not exercise adequate oversight responsibility regarding financial and performance reporting, compliance with laws and regulations and related internal controls which resulted in instances of non-compliance with the MFMA and SCM regulations.
57. Senior management did not prepare accurate and complete financial and performance reports that are supported by reliable evidence. The financial statements and the annual performance report contained material misstatements that could not be corrected as well as material amendments as a result of the audit process. In addition, there were instances of various non-compliance with the MFMA and SCM regulations.

Other reports

58. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
59. At the request of the municipality, an independent consultant investigated allegations of possible fraud within the supply chain and contract management processes focusing on specific contracts of the municipality, which covered the period 2006-07 to 2016-17 financial periods. The investigation concluded on 17 January 2020 and resulted in criminal proceedings against 20 current employees. These proceedings were in progress at the date of this auditor's report.

Johannesburg

03 May 2021



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected key performance areas and on the municipality’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
 - obtain an understanding of internal control relevant to the audit 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 municipality’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Emfuleni Local Municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipality to cease operating as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, the actions taken to eliminate threats or the safeguards applied.

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KPA 1: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT									
GDS / ELM Focus Areas / or SO	Ref No	Outcome Statement	Output Indicators	Unit of Measurement	Baseline 2018/19	Annual Target	Annual Actual	Explanation of Performance	Corrective Actions
Good and Financially Sustainable Governance	FS.01	On time availability of annual budget and adjustment budget in order to fund service delivery	Availability of an annual as well as supplementary budgets timeously approved by council and under implementation (Norm = MFMA Annual Budget Approved by May, 2019; Sup Budget by Feb	Compliance	Timeously approved 2018/19 municipal and supplementary budgets	Timely approved 2019/2020 budget available and under implementation	Budget Approved in June	Target Achieved	None
	FS.02	To improved customer payment regimen that augments financial purse of the municipality so that it can deliver more services to its residents / customers	% critical revenue accomplishment milestones accomplished (cumulative indicator)	Percentage	too many critical vacancies, narrow revenue base, (no revenue forum in operation in 2018/19 Revenue)	100.00%	50.00%	Due to Covid19 the was an impact on revenue collection. Credit control has resumed and the Revenue War Room has been fully established.	Due to Covid19 the was an impact on revenue collection. Credit control has resumed and the Revenue War Room has been fully established.
	FS.03		amount of cash municipal revenue collected per period	Rands	R 8,620,506	R3.5 billion of revenue for 2019/20	R 3,525,276,590.00	Target Achieved	None
	FS.04	To improve municipal investment portfolio	(Accumulative) amount cash invested by the end 2019/20 financial year excluding grants	Rands	R12 million invested by the end 2018/19 financial year excluding grant	R13 million	R9million	Due to Covid19 the was an impact on revenue collection. Credit control has resumed and the Revenue War Room has been fully established.	Due to Covid19 the was an impact on revenue collection. Credit control has resumed and the Revenue War Room has been fully established.
	FS.05	To improve expenditure management in order to realise value for money	% Implementation of cost containment regulation	Percentage	New Indicator	100.00%	60%	Cost Management Regulation will be enforced through a council approved Cost Containmentment Policy.	Cost Management Regulation will be enforced through a council approved Cost Containmentment Policy
	FS.06	To increase compliance, accountability, and reduce irregular appointment of service providers and contractors	% of service providers appointed in full compliance with prevailing SCM policies and regulations	Percentage	New Indicator	100.00%	0.00%	SCM is currently being re-engineered with proper reporting and document management.	SCM is currently being re-engineered with proper reporting and document management
	FS.07	To spend all grant funding fully and in terms with grant fundings specifications and guidelines	% of Social Development grant spent in line with grant conditions	Percentage	49%	100%	0.00%	The target was not achieved due to the procurement delays in the appointment of service providers, and the huge allocation is on the projects that are in design phase.	Fast tract the appointment of service providers and speed up the design of projects
	FS.08		% of municipal Infrastructure Grant spent	Percentage	100%	61.00%	7.00%	The target was not achieved due to the procurement delays in the appointment of service providers, and the huge allocation is on the projects that are in design phase.	Fast tract the appointment of service providers and speed up the design of projects

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KPA 2 BASIC SERVICE AND INFRASTRUCTURE									
IDP SO and GDS / ELM	Ref No	Outcome Statement	Output Indicators	Unit of Measurement	Baseline 2018/19	Annual Target	Annual Actual	Explanation of Performance	Corrective Actions
Renewing our communities, Reviving a sustainable environment and reintegrating our region	BS.01	Continuously growing number of new households now whose quality of life has improved due to access to the electricity network	Number of additional electricity meters connections of formal households within NERSA licenced / or non Eskom areas of municipality	Number	55818 cumulatively connected to date	150.00	10.00	Target not achieved. Delays in the appointment of Service Provider. Tender for consultants closed in October 2019 and was awarded on the 28th June 2020. The construction tender closed June 2020 and it's still under evaluation as at 30 June 2020 for the electrification of new connections.	To fastrack the appointment of service provider for construction to fastrack connections in order to address the backlog and connections for 2020/2021 financial year.
	BS.02	High levels of service continuity maintained	Electricity service restoration turn around times after interruption is reported (current norm to comply with is 24 hours)	Percentage	70.00%	70.00%	94.25%	Target Achieved	None
	BS.03	Increased service delivery (measured in terms of agreed service equivalents) resulting from electricity losses controlled	Additional proportion of Larger Power User (LUPs) meters connected to online metered services	Number	1200.00	400.00	444.00	Target Achieved	None
	BS.04		% in electricity distribution losses reduced	Percentage	28.00%	27.00%	21.19%	Target achieved	None
	BS.05	To improve public lighting on municipal public spaces	Number of public lightings repaired/maintained	Number	1187.00	1000.00	1156.00	Target achieved	None
	BS.06	Well maintained municipal roads and streets	Number of kilometres tarred on municipal roads	Kilometers	30 kms	20 kms	10kms	Target not achieved. Target could not be achieved due to delays in appointment of service providers and budget was reduced during budget adjustment.	Backlog for 2019-20 will be accommodated during 2020-21 financial year, subjected to budget availability.
	BS.07		Number square of kms of tarred municipal roads and streets that get patched per period within the year	Sqaure Kilometers	20 000 sq. kms	5 000 sq.kms	15 160,33sq.kms	Target Achieved	None
	BS.08		Number of kilometres of municipal gravel roads regavelled	Kilometers	95 kms	110kms	120 ,85kms	Target Achieved	None

	BS.09	Increased service delivery levels with current levels of solid waste collection	% of weekly household waste collection services completed as per schedule including formal and informal settlements	Percentage	50.00%	85.00%	49.52%	Target not achieved. The target was not achieved due to reduced fleet availability due to budget limitations. On average department completed 85 routes out of 199 routes using 11 compactor trucks. the required compactor trucks to achieve the set target is 25. the municipality only have 5 ELM trucks and the remaining additional 6 trucks were hired and were not sufficient	In order for the department to complete 199 routes, 25 compactor trucks are required. The new tender for plant hire was awarded the department will be able to hire additional compactors to improve on household waste collection. In the new financial year more budget will be allocated to achieve the target
	BS.10		% of reported illegal dump sites cleared within a week of reporting	Percentage	new indicator	85.00%	96.00%	Target Achieved	None
	BS.11	To increase compliance with Solid Waste Collection and Landfill Standards	% level of legal compliance with all landfill average standard) requirements	Percentage	new indicator	95.00%	14.00%	Target not achieved. The target was not achieved. Departmental audit was conducted at the three landfill sites wherein Boitshepi landfill site scored an average of 65%, Waldrift landfill site scored 75% and Palmsprings Landfill site scored 85% as part of the compliance monitoring process. The external bi-annual landfill site audit was not conducted due delay in the appointments of Consultants	The department will commence with the procurement process for Consultants in the new financial year.
	BS.12	Improved water Conservation and Preservation	% achievement of all critical milestones on Water Conservation and Water Demand Management Programme due for the period	Percentage	new indicator	75.00%	14.00%	Partial achieved. Most of the scope can only be accomplished through external expertise. There is no internal capacity.	The department will commence with the procurement process for Consultants in the new financial year.
	BS.13	Increased water management efficiencies due to better measurement using meters in all unmetered areas	Number of new / additional water meters installed on previously unmetered areas of the municipality	Number	48934 cumulatively installed to date	4000.00	0.00	Target not achieved, delay because service providers still to sign the SLA	Rand Water foundation project has started.
	BS.14	To control and manage the supply of water at entry points	Number of check meters and valves installed at the Rand Water Supply points	Number	new indicator	23.00	10.00	Target not achieved, Delay in the appointment of service providers	Service providers has started beggining of June with the installation of check meters
	BS.15	High levels of service continuity maintained	% maintenance of existing water meters in line with maintenance plan	Percentage	59,75%	50.00%	45.00%	Shortage of resources. ELM has 4 depots servicing more than 200 000 households.each depot has four teams but only one team is able to work at a time because there is only one vehicle for all teams.	ELM has to purchase vehicle for service delivery department.

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BS.16	To increase compliance to health standards due to high quality portable water provision	% compliance with the South African National Standards (SANS 241) on average for potable water quality	Percentage	95.00%	95.00%	57.00%	Rand Water analytical services contract expired. Submission was done to request extension. BAC delayed sitting.	New contract to be signed with Rand Water.
BS.17		Number of all formalised stands that have access to clean reticulated water	Number	183356.00	183387.00	183408.00	Target Achieved	None
BS.18	High levels of service continuity maintained	% Turn around time to restore all potable water service interruptions (current norm to comply with is 48 hours)	Percentage	52.00%	50.00%	50.00%	Target Achieved	None
BS.19	Increased control, management leading to more affordability of bulk water purchases with cost saving directed to service delivery	Reduced bulk water purchases to R70 million by quarter 4	Rands	R 90,000,000.00	R 75,000,000.00	-R100,730,311.40	Shortage of resources. ELM has 4 depots servicing more than 200 000 households.each depot has four teams but only one team is able to work at a time because there is only one vehicle for all teams. SCM did not appoint and opted to readvertise. This caused further delay in the appointment of contractors.	ELM has to purchase vehicle for service delivery department. ELM to provide budget for internal projects.
BS.20	To improve compliance levels of the Sanitation System in accordance with the standards	% Compliance with discharge license requirements on effluent quality at the 3 Waste Water Treatment Works	Percentage	58.00%	80.00%	19.00%	Shortage of resources. ELM has 4 depots servicing more than 200 000 households.each depot has four teams but only one team is able to work at a time because there is only one vehicle for all teams.	ELM has to purchase vehicle for service delivery department.
BS.21		% Compliance to average turnaround time (24 hours) to restore Waste Water service interruptions after reported	Percentage	68.00%	50.00%	48, 00%	Shortage of resources. ELM has 4 depots servicing more than 200 000 households.each depot has four teams but only one team is able to work at a time because there is only one vehicle for all teams.	ELM has to purchase vehicle for service delivery department.
BS.22	High levels of service continuity maintained	Number of formalized stands with access to the waste water network system	Number	182492.00	18376.00	18391.50	Target Achieved	None
BS.23	Well maintained and accessible libraries	% proportion of maintenance and refurbishment plan completed.	Percentage	new indicator	70.00%	0.00%	Refurbishment of Libraries , Implementation Programme Plan completed. Onlu needs to be signed by relevant ED's	Implementation Plan to be signed in Quarter 1 of 2020/2021
BS.24	To increase compliance to municipal by -laws	Number of By-Law operations conducted in 2019 / 2020	Number	Revised indicator	48.00	0.00	Own operations and joint operations were done. Stakeholders involved were SAPS, SANDF. Department of Home Affairs and Department of Labour & Health	Own and joint operations will continue

	BS.25	To promote safe and secured environment in the region	% Developed and implemented Community Safety Strategy / plan	Percentage	new indicator	100.00%	83.00%	Partial Implementation of the activities. Some of the activities could not be implemented due to the delays in approval of the Community Plan by Council as a result of the Covid-19 pandemic and implementation and adherence to the Lock Down Regulations. Only Quarter 1 & 2 activities were achieved while both Quarter 3 & 4 activities were achieved were partially achieved.	The lifting of the Lock down restriction to allow for Social Crime prevention and Road safety campaigns to be conducted in an environment where there will be minimum or no risk of effects.
	BS.26	To maintain compliance with environmental health norms and standards	Number of inspections to comply with national environmental health norms and standards at any period.	Number	Revised indicator	4400.00	0.00	100% compliance with national environmental health standards due to operation with different stakeholders (SAPS, MECs etc.)	Better performance could be reached if there was no shortage of staff and vehicles as well as the lock down regulations, did not allow community participation.

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KPA 3: LOCAL ECONOMIC DEVELOPMENT AND SPATIAL PLANNING									
IDP SO and GDS / ELM Focus Areas / or SO	Ref No	Outcome Statement	Output Indicators	Unit of Measurement	Baseline	Annual Target	Annual Actual	Explanation of Performance	Corrective Measures
Re-inventing our economy, Releasing human potential	ED.01	To grow and increase economic activity in the region	% Key milestones implemented on the Local Economic Development Plan	Percentage	Approved LED strategy	100.00%	22.50%	Some of the key milestones achieved that are aligned to the 2015 Council-approved LED Strategy include commencement Strategic partnerships with SetSquare Pty for Skills Development &	Refocusing key milestones in partnership with other spheres of government, SoEs & the private sector & increasing LED technical capacity through support from Provincial government to drive key LED
	ED.02		Number of jobs created through the implementation of the infrastructure projects program, measured as full time equivalents at 300 hours per FTE per quarter	Number	150.00	66.00	97.00	Target achieved	None
	ED.03	To attract investors into the municipal space	Number of initiated direct investment Number of new direct investment facilitated (Long and Short Term)	Number	new indicator	2.00	2.00	A key investment facilitated include approval of the expansion of Premier foods factory in Vereeniging, which eventually created over 15 new permanent jobs. Another key investment facilitated include approval of 72 land development applications.	Refocusing key milestones in partnership with other spheres of government, SoEs & the private sector & increasing LED technical capacity through support from Provincial government to drive key LED initiatives.
	ED.04	To re-establish the primacy of agricultural processing within the ELM	% Council Approved Agricultural Processing Framework	Percentage	new indicator	100.00%	25.50%	Target has been partially achieved. Only a small portion of the Draft Emfuleni Emfuleni Agro-Processing was completed by June 2019 due to inadequate technical capacity in LED department.	Emfuleni Agro-Processing Framework will be finalised and approved not later than June 2021.
	ED.05	To increase (guide)tourism business activity within ELM	% of critical milestones of reviewed tourism strategy % Council Approved Tourism Strategy	Percentage	proved Sedibeng Tourism Strate	100.00%	30.00%	Part of the Draft ELM tourism Strategy was completed due to inadequate technical capacity department.	Additional LED technical capacity have been requested from Provincial government through the Lead Administrator.
	ED.06	Increased service delivery equivalent due to revenue commercialization of municipal assets	number of key municipal properties commercialised	Number	new indicator	2.00	1.00	Commercialisation of Erf 1872, Bophelong, was initiated, but could not be completed due to public participation.	Council-report on commercialisation of Erf 1872 Bophelong will go through Council by March 2021 . Additional Council-owned properties will be leased for commercial purposes during 2020/21 financial year
	ED.07	To ensure that all infrastructural linked developments (business and domestic) in ELM are done in compliance with SPLUMA Legislative requirements at all times	%key milestones implemented in finalising unified land use scheme for the ELM region	Percentage	new indicator	90.00%	24.00%	The draft ELM Land Use Scheme was completed though there was administrative delay in obtaining Council approval.	The Land Use Scheme will go through Council-approval not later than June 2021.

	ED.08		% key milestones implemented of the ELM Spatial Development Framework (SDF) reviewal and updating Project completed in line with ELM, District and Provincial for targeted period	Percentage	oved Spatial Development Frame	75.00%	96.00%	Target achieved	None
	ED.09		% key milestones of Implemented Electronic Administrative System for Development Applications	Percentage	new indicator	100%	0.00%	Target could not be achieved due to lack of dedicated budget to procure the electronic system.	Support from Provincial Government to assist with the electronic system will be requested durring 2020/21 financial year.

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KPA 4: MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT									
IDP SO and GDS / ELM Focus Areas	Ref No	Outcome Statement	Output Indicators	Unit of Measurement	Baseline 2018/19	Annual Target	Actual Annual Target	Explanation of Performance	Corrective Actions
Releasing Human Potential /Good Financial Sustainable Governance	MT.01	Review and approve an Organisational Structure that's aligned to the FRP and SDBIP of the current and outer financial years	Council approved Organisational Structure	Percentage	Approved Organizational Structure	100.00%	50.00%	The review of the organisational structure is 70% complete. The draft Macro structure has been completed and 6 of the 8 Clusters draft micro structures have been finalised, awaiting consultation with the relevant internal stakeholders.	The review of the organisational structure is 70% complete. The draft Macro structure has been completed and 6 of the 8 Clusters draft micro structures have been finalised, awaiting consultation with the relevant internal stakeholders.
	MT.02	To develop and implement enterprise-wide change management programmes in order to adequately manage the change necessitated by the Sec 139 (b) and FRP interventions	% of change management project implemented	Percentage	new indicator	100.00%	50.00%	The review of the organisational structure is 70% complete. The draft Macro structure has been completed and 6 of the 8 Clusters draft micro structures have been finalised, awaiting consultation with the relevant internal stakeholders.	The review of the organisational structure is 70% complete. The draft Macro structure has been completed and 6 of the 8 Clusters draft micro structures have been finalised, awaiting consultation with the relevant internal stakeholders.
	MT.03	To improve the institutions operational efficiency due to competent and skilled workforce.)	% Implemented Workplace Skills Plan	Percentage	Approved Workplace skills Plan	80.00%	162.00%	Target exceeded.	None
	MT.04	To improve personnel resources availability in order to enhance service delivery and reduce operational costs	% of budgetted priority critical vacancies filled	Percentage	10% Critical Positions filled in 2018/19	50.00%	12.00%	Target was not achieved due to the impact of the COVID-19 pandemic, which made the municipality to suspend the recruitment process.	Target was not achieved due to the impact of the COVID-19 pandemic, which made the municipality to suspend the recruitment process.
	MT.05	To ensure that the municipality does not experience service delivery interruptions due to ICT challenges	% Developed and Implemented ICT strategic plan	Percentage	new indicator	100.00%	40.00%	The draft ICT strategy has been developed, awaiting to be tabled at the EXCO meeting. The implementation of the strategy did not commence due to delay with the tabling of the Strategy at EXCO.	The draft ICT strategy has been developed, awaiting to be tabled at the EXCO meeting. The implementation of the strategy did not commence due to delay with the tabling of the Strategy at EXCO.
	MT.06		%Availability of developed and implemented Disaster Recovery Plan as part of business continuity framework	Percentage	new indicator	100.00%	0.00%	Due to the Covid-19 Pandemic, CoGTA Gauteng could not assist with the review of the draft DRP in order to ensure that it takes into consideration the COVID-19 measures..	Due to the Covid-19 Pandemic, CoGTA Gauteng could not assist with the review of the draft DRP in order to ensure that it takes into consideration the COVID-19 measures..
	MT.07	Reduce the legal costs by improving the management of litigation and labour cases	% reduction of litigation matters in the current litigation register	Percentage	new indicator	75.00%	55.00%	Target achieved. 7 litigations matters were finalised during the period under review, which contitute 10,9% reduction in cases.	None
	MT.08		% reduction of labour disputes in the current labour disputes register	Percentage	new indicator	50.00%	50.00%	Target Achieved	None

	MT.09	Increased efficiency and accountability due organizational compliance (To improve institutional compliance with applicable legislation and other legal prescripts)	Implemented institutional materiality framework	Percentage	Approved Legal Material Compliance Framework	45.00%	0.00%	The implementation of the institutional materiality framework could not be rolled out due the fact that the COVID-19 pandemic limited the interaction between employees.	The implementation of the institutional materiality framework could not be rolled out due the fact that the COVID-19 pandemic limited the interaction between employees.
	MT.10	To improve accountability and operational efficiency through the development and implementation of a System of Delegations.)	Approved and implemented institutional systems of delegations	Percentage	Consultations and Workshops concluded	95.00%	50.00%	The System of Delegations were devveloped and tabled at EXCO for consideration. However, due to the delays with the drafting process, could not be finalised in time for it to be approved and implemented during the 2019/20 fianncial year.	The System of Delegations were devveloped and tabled at EXCO for consideration. However, due to the delays with the drafting process, could not be finalised in time for it to be approved and implemented during the 2019/20 fianncial year.

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KPA 5 : GOOD GOVERNANCE AND PUBLIC PARTICIPATION									
IDP SO and GDS	Ref No	Outcome Statement	Output Indicators	Unit of Measurement	Baseline	Annual Target	Annual Actual	Explanation of Performance	Corrective Actions
Financial Sustainable	GG.01	Increased public confidence as compliance is verified and publicised by the Executive Mayor	Number of monitoring and Evaluation Reports (Financial Recovery Plan)	Number	new indicator	4.00	4.00	Target Achieved	None
	GG.02		% of Executives (political and administrative) who have timeously signed comprehensive Service Delivery Performance Contracts with the Municipal Manager, their MMCs (in case of admin executives) and with the Exec Mayor in case of MM and MMCs)	Percentage	new indicator	100.00%	50.00%	Target Not Achieved	Target has been moved to the next financial year
	GG.03		%Performance reviewed ratings of incumbents against their Performance Agreements (PAs)	Percentage	New indicator	100.00%	12.5%	Target Not Achieved	Target Not Achieved to Lockdown and Covid circumstances
	GG.04		Number of Executive Mayor's Special Projects fully implemented with positive outcomes per period	Number	4 impactful Implemented Executive Mayor Special Projects in 2018/19	4.00	4.00	Target Not Achieved	Target Not Achieved
	GG.05		Number of executive mayoral consultative meetings held with business, NGOs and the community	Number	8 implemented stakeholder, engagement, partnership consultations undertaken	8.00	8.00	Target Achieved	None
	GG.06	Enhanced accountability, transparency, consultation, participation on municipal affairs due to open communication between municipality and the stakeholders	% compliance by Speakers office to all its public consultation, resolution of public complaints and petitions scheduled programmes	Percentage	New indicator	100.00%	0.00%	Target Not Achieved	Target has been moved to the next financial year
	GG.07		Number of implemented MPAC oversight and programmes	Number	4 Implemented MPAC oversight and programmes	4.00	4.00	Target Achieved	None
	GG.08		Number of implemented pulic participation programmes	Number	180 public participation programmes held	180.00	146.00	Target Not Achieved	Target Not Achieved to Lockdown and Covid circumstances
	GG.09		Number of implemented ward committee programmes	Number	427 implemented ward committee programmes	R420.00	R369.00	Target Not Achieved	Target Not Achieved to Lockdown and Covid circumstances
	GG.10	A cohesive and well informed whippyery	Number of Implemented chief whip caucus lekgotla, 12 monitoring and evaluation programmes (Governance Study Groups)	Number	4 implemented chief whip caucus monitoring and evaluation programmes (Governance Study Groups)	4.00	5.00	Target Achieved	None
	GG.11		Number of Implemented Cluster oversight tours	Number	16 implemented Cluster oversight tours	15.00	10.00	Target Not Achieved	Target Not Achieved to Lockdown and Covid circumstances

	GG.12		Number of Developed caucus annual report Recommendation to be taken out, nothing was done	Number	1 caucus annual report	1.00	1.00	Target Achieved	None
	GG.13	Improved municipal means of communication to its community	Design and implement integrated organizational communication strategy	Percentage	Draft Strategy Executive Committee	100.00%	45.00%	Scheduled meetings were affected by lack of adherence to attend the schedule meetings for input purposes.	New consultation meetings schedule will be reviewed to conduct virtual meetings.
	GG.14	Improved public confidence and accountability ensuring that every municipal employee is held accountable for their actions at work	Cascaded Performance Management to employees on job 1-3 (in 2020/2021)	Percentage	Approved Performance Management Framework	70.00%	0.00%	Process plan to roll out performance management was not presented at Exco due competing priorities (AG-Audit) and instability brought by the legal attachment of municipal assets ceased by Sherrif.	New process plan is drafted to engage Senior Management for buy-in.Change Management Workshops to be conducted.
	GG.15	A more transparent and credible governance culture reported to communities	100% Approved Compliant integrated development plan (IDP)	Percentage	Approved integrated development plan	100.00%	50.00%	Target Achieved	None
	GG.16		Number of Project health reports on implementation of captial projects	Number	4 project health reports on implementation of captial projects	16.00	3.00	Monitoting of project was not done as the projects were kept on hold due to Covid Circumstances	Monitoring will commence once themunicipality has started with the implementation of projects
	GG.17	To ensure that the Municipality's objective is achived, minimises risk and all kinds of risks are identified and mitigated.	Implement Reviewed risk framework	Number	Draft risk appetite framework	100.00%	0.00%	Positon vacant and lack of capacity to carry the job	Plans are underway to fill the vacancy
	GG.19	To ensure that the Municipality's objective is achived, minimises risk and all kinds of risks are identified and minimised, corruption is reduced.	% Reviewed 3 year Strategic Internal Audit rolling plan and 1 year Internal Audit Plan	Percentage	100% Approved 3 year Strategic rolling plan and 1 year Internal Audit Plan by Audit Committee	100% Approved 3 year Strategic rolling plan and 1 year Internal Audit Plan by Audit Committee	100.00%	Target Achieved	None
	GG.20	Assurance Services guided by the philosophy of adding value to and improving ELM's operations	% Reviewed Internal Audit Charter	Percentage	100% Reviewed Internal Audit Charter by Audit Committee	100% Internal Audit Charter Charter by Audit Committee	100.00%	Target Achieved	None
	GG.21	Effective oversight of the municipality's governance, legislative compliance, internal accounting controls, ICT and risk management processes.	% Reviewed Audit Committee Charter by Audit Committee	Percentage	100% Reviewed Audit Committee Charter by Audit Committee	100% Reviewed Audit Committee Charter by Audit Committee	100.00%	Target Achieved	None
	GG.22	Effective oversight in terms of the functionality of the Performance Management System and collectively against the IDP and SDBIP.	% Reviewed Performance Audit Committee Charter by Audit Committee	Percentage	100% Reviewed Performance Audit Committee Charter by Audit Committee	100% Reviewed Performance Audit Committee Charter by Audit Committee	100.00%	Target Achieved	None

	GG.23	Improved and effective risk management, control and governance processes	% of audit reports issued to audit committee Executives (political and administrative) who have timeously signed comprehensive Service Delivery Performance Contracts with the Municipal Manager, their MMCs (in case of admin executives) and with the Exec Mayor in case of MM and MMCs)	Number	100% Implementation of the Annual Internal Audit Plan	Twenty (20) Internal Audit reports issued to the Audit Committee for consideration	20	Target Achieved	None
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Emfuleni Local Municipality
Annual Financial Statements
for the year ended 30 June 2020

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

General Information

Mayoral committee

Executive Mayor	G Moerane
Speaker	ME Tsokolibane
Chief whip	MC Sale
Members of mayoral committee	
MMC - Infrastructure planning and development	K Ntombela
MMC - Human settlement	NE Kele
MMC - Public safety	MJ Mosholuba
MMC - Corporate and governance	B Mncube
MMC - Health and social development	DM Malisa
MMC - Sports, recreation, arts and culture, library information services, parks and cemeteries	S Sengoatsi
MMC - Environmental management and planning	NR Thulo
MMC - Finance and revenue	R Thema
MMC - Public works	TS Ncuba
MMC - Agriculture, local economic development, development planning and tourism	P Maseko

Accounting Officer

L Leseane

Auditors

Auditor-General of South Africa

Bankers

Standard bank of South Africa

Business address

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

+27169505000

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

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

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COID	Compensation for Occupational Injuries and Diseases
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
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Officer's responsibilities and approval

I am responsible for the preparation of these financial statements which are set out on pages 4 to 90, in terms of the Local Government: Municipal Finance Management Act, 2003 (Act no. 56 of 2003) and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of councillors as disclosed in Note 26 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 Bearer's act, 1998 (Act no. 20 of 1998) and the Minister of Cooperative Governance and Traditional Affairs determination in accordance with this Act.

L Leseane
Municipal Manager

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Statement of Financial Position as at 30 June 2020

	Note(s)	2020	2019
Assets			
Current Assets			
Cash and cash equivalents	2	240,337,798	217,508,396
Trade and other receivables from exchange transactions	3	194,540,172	484,178,163
Trade and other receivables from non-exchange transactions	4	262,371,053	350,263,225
Vat receivable	6	521,409,835	298,211,780
Inventories	5	20,986,357	23,147,571
		1,239,645,215	1,373,309,135
Non-Current Assets			
Property, plant and equipment	7	10,086,690,592	10,337,561,928
Investment property	8	973,320,363	934,619,702
Intangible assets	9	20,095,032	21,557,533
Heritage assets	10	57,016	57,016
Sanlam shares		15,914	21,103
		11,080,178,917	11,293,817,282
Total Assets		12,319,824,132	12,667,126,417
Liabilities			
Current Liabilities			
Payables from exchange transactions	11	4,557,345,147	3,554,967,183
Unspent conditional grants and receipts	12	119,727,809	53,990,333
Borrowings	20	2,061,807	3,681,333
Finance lease obligation	15	(1)	2,341,606
Employee benefit obligation	13	19,772,828	23,555,301
		4,698,907,590	3,638,535,756
Non-Current Liabilities			
Employee benefit obligation		180,116,670	205,626,459
Provisions	21	158,378,342	142,081,046
Consumer deposits	14	53,183,996	52,527,882
Borrowings	20	-	2,061,807
		391,679,008	402,297,194
Total Liabilities		5,090,586,598	4,040,832,950
Net Assets		7,229,237,534	8,626,293,467
Accumulated surplus		7,229,237,534	8,626,293,467

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Statement of Financial Performance

	Note(s)	2020	2019
Revenue			
Revenue from exchange transactions			
Service charges	16	4,358,065,080	4,269,507,181
Finance income	22	98,941,965	85,379,215
Fair value adjustments		41,702,229	31,607,681
Actuarial gains		31,018,779	-
Rental of facilities and equipment	19	13,578,289	17,272,307
Trade and other licenses		62,353	173,066
Other income	17	73,005,717	72,966,668
Total revenue from exchange transactions		4,616,374,412	4,476,906,118
Revenue from non-exchange transactions			
Property rates	23	896,096,923	856,165,255
Fines	18	214,912,950	199,530,584
Donations		23,513,666	77,183,376
Government grants & subsidies	24	902,113,208	944,388,921
Total revenue from non-exchange transactions		2,036,636,747	2,077,268,136
Total revenue		6,653,011,159	6,554,174,254
Expenditure			
Employee related costs	25	(1,100,479,502)	(1,052,016,954)
Remuneration of councillors	26	(56,590,383)	(66,193,586)
Bulk purchases	28	(3,022,586,877)	(2,511,793,160)
Debt Impairment		(1,981,788,196)	(1,320,146,942)
Depreciation and amortisation		(351,536,610)	(374,864,548)
Finance costs	27	(232,128,303)	(357,481,574)
Contracted services		(258,892,173)	(254,526,626)
(Loss)/gain on sale of assets		(80,103,319)	(41,756,871)
Actuarial losses		-	(11,129,917)
Imputed interest		7,541,229	4,336,737
General Expenses	29	(973,502,962)	(1,203,848,345)
Total expenditure		(8,050,067,096)	(7,189,421,786)
Deficit for the year		(1,397,055,937)	(635,247,532)

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Statement of Changes in Net Assets

	Accumulated surplus	Total net assets
Balance at 01 July 2018	9,261,540,999	9,261,540,999
Changes in net assets		
Surplus for the year	(635,247,532)	(635,247,532)
Total changes	(635,247,532)	(635,247,532)
Balance at 01 July 2019	8,626,293,471	8,626,293,471
Changes in net assets		
Surplus for the year	(1,397,055,937)	(1,397,055,937)
Total changes	(1,397,055,937)	(1,397,055,937)
Balance at 30 June 2020	7,229,237,534	7,229,237,534
Note(s)		

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Cash Flow Statement

	Note(s)	2020	2019
Cash flows from operating activities			
Receipts			
Sale of goods and services		3,018,769,574	3,087,551,366
Grants		933,280,276	975,410,117
Interest income		31,092,944	69,174,999
Other receipts		808,363,447	787,494,150
		<u>4,791,506,241</u>	<u>4,919,630,632</u>
Payments			
Employee costs		(1,186,362,147)	(1,103,797,419)
Suppliers		(2,276,939,872)	(2,042,723,851)
Finance costs		(213,540,710)	(321,108,027)
Other payments		(975,282,155)	(1,148,400,663)
		<u>(4,652,124,884)</u>	<u>(4,616,029,960)</u>
Net cash flows from operating activities	30	<u>139,381,357</u>	<u>303,600,672</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(114,436,906)	(152,273,140)
Proceeds from sale of property, plant and equipment	7	-	5,336,479
Purchase of other intangible assets	9	(709,356)	(724,215)
		<u>(115,146,262)</u>	<u>(147,660,876)</u>
Net cash flows from investing activities		<u>(115,146,262)</u>	<u>(147,660,876)</u>
Cash flows from financing activities			
Repayment of borrowings		(2,061,807)	(3,681,332)
Movement in consumer deposits		656,114	1,218,809
Finance lease payments		-	(3,421,738)
		<u>(1,405,693)</u>	<u>(5,884,261)</u>
Net cash flows from financing activities		<u>(1,405,693)</u>	<u>(5,884,261)</u>
Net increase/(decrease) in cash and cash equivalents		22,829,402	150,055,535
Cash and cash equivalents at the beginning of the year		217,508,396	67,452,861
Cash and cash equivalents at the end of the year	2	<u>240,337,798</u>	<u>217,508,396</u>

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	3,728,267,695	150,000,000	3,878,267,695	4,358,065,080	479,797,385	39
Rental of facilities and equipment	18,109,299	-	18,109,299	13,578,289	(4,531,010)	39
Trade and other licenses	297,886	-	297,886	62,353	(235,533)	39
Other income	76,349,236	-	76,349,236	73,005,717	(3,343,519)	39
Interest received - investment	83,302,376	-	83,302,376	98,941,965	15,639,589	39
Total revenue from exchange transactions	3,906,326,492	150,000,000	4,056,326,492	4,543,653,404	487,326,912	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	886,129,548	-	886,129,548	896,096,923	9,967,375	39
Surcharges and Taxes	-	-	-	23,513,666	23,513,666	39
Fines	134,962,177	-	134,962,177	214,912,950	79,950,773	39
Transfer revenue						
Government grants & subsidies	1,062,576,267	(64,517,127)	998,059,140	902,113,208	(95,945,932)	39
Total revenue from non-exchange transactions	2,083,667,992	(64,517,127)	2,019,150,865	2,036,636,747	17,485,882	
Total revenue	5,989,994,484	85,482,873	6,075,477,357	6,580,290,151	504,812,794	
Expenditure						
Employee related cost	(1,221,473,967)	66,235,700	(1,155,238,267)	(1,100,479,502)	54,758,765	39
Remuneration of councillors	(55,860,450)	(2,912,522)	(58,772,972)	(56,590,383)	2,182,589	39
Depreciation and amortisation	(433,742,701)	-	(433,742,701)	(351,536,610)	82,206,091	39
Finance costs	(19,011,065)	3,349,698	(15,661,367)	(232,128,303)	(216,466,936)	39
Debt Impairment	(941,419,812)	(285,999,899)	(1,227,419,711)	(1,981,788,196)	(754,368,485)	39
Collection costs	-	-	-	(80,103,319)	(80,103,319)	39
Bulk purchases	(2,301,220,480)	105,000,000	(2,196,220,480)	(3,022,586,877)	(826,366,397)	39
Contracted Services	(179,868,696)	(1,390,957)	(181,259,653)	(258,892,173)	(77,632,520)	39
Imputed interest	-	-	-	7,541,229	7,541,229	39
General Expenses	(384,251,928)	(1,817,417)	(386,069,345)	(973,502,962)	(587,433,617)	39
Total expenditure	(5,536,849,099)	(117,535,397)	(5,654,384,496)	(8,050,067,096)	(2,395,682,600)	
Deficit for the year	453,145,385	(32,052,524)	421,092,861	(1,469,776,945)	(1,890,869,806)	
Fair value adjustments	-	-	-	41,702,229	41,702,229	39
Actuarial gains/losses	-	-	-	31,018,779	31,018,779	39
	-	-	-	72,721,008	72,721,008	
Deficit for the year	453,145,385	(32,052,524)	421,092,861	(1,397,055,937)	(1,818,148,798)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	453,145,385	(32,052,524)	421,092,861	(1,397,055,937)	(1,818,148,798)	

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Cash and cash equivalents	143,049,807	(125,389,927)	17,659,880	240,337,798	222,677,918	39
Trade and other receivables from exchange transactions	228,081,530	632,166,973	860,248,503	194,540,172	(665,708,331)	39
Trade and other receivables from non-exchange transactions	198,269,239	750,387,066	948,656,305	262,371,053	(686,285,252)	39
Vat receivable	334,082,262	95,704,031	429,786,293	521,409,835	91,623,542	39
Inventories	63,037,767	(32,328,719)	30,709,048	20,986,357	(9,722,691)	39
	966,520,605	1,320,539,424	2,287,060,029	1,239,645,215	(1,047,414,814)	
Non-Current Assets						
Property, plant and equipment	11,263,122,061	(183,967,492)	11,079,154,569	10,086,690,592	(992,463,977)	39
Investment property	-	972,604,119	972,604,119	973,320,363	716,244	39
Intangible assets	25,647,380	3,410,367	29,057,747	20,095,032	(8,962,715)	39
Heritage assets	-	57,106	57,106	57,016	(90)	39
Sanlam shares	21,103	-	21,103	15,914	(5,189)	39
	11,288,790,544	792,104,100	12,080,894,644	11,080,178,917	(1,000,715,727)	
Total Assets	12,255,311,149	2,112,643,524	14,367,954,673	12,319,824,132	(2,048,130,541)	
Liabilities						
Current Liabilities						
Payables from exchange transactions	1,179,228,718	2,115,316,363	3,294,545,081	4,557,345,147	1,262,800,066	39
Unspent conditional grants and receipts	-	-	-	119,727,809	119,727,809	39
Borrowings	11,547,179	(7,865,846)	3,681,333	2,061,807	(1,619,526)	39
Finance lease obligation	224,008,690	(221,667,084)	2,341,606	(1)	(2,341,607)	39
Employee benefit obligation	-	-	-	19,772,828	19,772,828	39
	1,414,784,587	1,885,783,433	3,300,568,020	4,698,907,590	1,398,339,570	
Non-Current Liabilities						
Employee benefit obligation	-	83,463,300	83,463,300	180,116,670	96,653,370	39
Provisions	-	128,195,185	128,195,185	158,378,342	30,183,157	39
Borrowings	-	2,061,807	2,061,807	-	(2,061,807)	39
Consumer deposits	33,813,764	13,139,799	46,953,563	53,183,996	6,230,433	39
	33,813,764	226,860,091	260,673,855	391,679,008	131,005,153	
Total Liabilities	1,448,598,351	2,112,643,524	3,561,241,875	5,090,586,598	1,529,344,723	
Net Assets	10,806,712,798	-	10,806,712,798	7,229,237,534	(3,577,475,264)	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	10,806,712,798	-	10,806,712,798	7,229,237,534	(3,577,475,264)	39

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting policies

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

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

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in the accounting policies are explained in the relevant policy.

1.1 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months (refer to 35).

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

1.2 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.3 Significant judgements and sources of estimation

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.

The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period.

Significant judgement include:

Trade receivables and other receivables

The municipality assesses its trade and other receivables for impairment at the end of each quarter. In determining whether an impairment loss should be recorded in surplus or deficit, the 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 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.

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting policies

1.3 Significant judgements and sources of estimation (continued)

Fair value estimation

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.

Impairment testing

The municipality reviews and tests the carrying value of assets when events and changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest value for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Provisions

A provision is recognised when the municipality has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

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.

Assumptions were used in determining the provision for rehabilitation of landfill sites. Landfill areas are rehabilitated over years and assumptions were made that the areas may stay the same in size for a number of years.

Contingent liabilities

Contingencies disclosed in the current year required estimates and judgements. Additional disclosure of these contingent liabilities is included in the relevant note.

Useful lives of assets

The municipality's management determines the estimated useful lives and related depreciation charges for assets. These norms are based on South African Institution of Civil Engineering norms. Management will decrease the depreciation charge where useful lives are more than previously estimated useful lives.

Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

The discount rate was set as the nominal and zero curves as at 30 June 2020 supplied by the JSE and the CPI assumptions at each relevant time period.

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

Effective interest rate

The municipality used the prime interest rate plus 2% to discount future cash flows as at 30 June 2020. This rate is similar to the interest rate levied on arrear consumer accounts.

Impairment of receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments due and an assessment of their ability to make payments based on their credit worthiness. This was performed per service identifiable category across all classes of debtors.

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting policies

1.3 Significant judgements and sources of estimation (continued)

Allowance for doubtful debts

Impairment loss is recognised in surplus and deficit when there is objective evidence that debtors are 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.

Impairment of receivables represent management's best estimate based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments. This is performed on each category of debtors across all debtor classes.

Property Plant and Equipment

The useful life of property plant and equipment are based on management's estimation. Infrastructure assets useful life are based on technical knowledge of the infrastructure types and service requirements. For other assets and buildings, management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation where appropriate.

Other

Fines

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

1.4 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.

Where the classification of an investment property is based on management's judgement, the following criteria have been applied to distinguish investment properties from owner-occupied property or property held for resale

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties.
- Land held for a currently undetermined future use;
- A building owned (or held by under a finance lease) and leased out under one or more operating leases;
- A building that is vacant but is held to be leased out under one or more operating leases.

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note 7).

Initial measurement

Investment property is initially recognised at cost.

Subsequent measurement

Subsequently investment property is recognised at fair value and fair value of investment property reflects market conditions at the reporting date

Where investment property is acquired through a non exchange transaction, it's cost is its fair value as at the date of acquisition. 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.

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.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

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1.4 Investment property (continued)

Derecognition

Investment property is derecognised when it is disposed or when there are no further economic benefits or service potential expected from the use of the investment property. A gain or loss arising from the disposal or retirement of an item of investment property is determined as difference between the proceeds and the carrying value and is recognised in the statement of financial performance.

1.5 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 period.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and if the cost or fair value of the item can be measured reliably

Asset classification

The criteria used for determining significant asset components are:

- Any component with a useful life of longer than 12 months with economic or service potential;
- The value of the component itself can be fairly accurately determined;
- Its useful life can be distinguished from that of the parent asset;
- The value of the component is material in relation to its parent asset;
- It carries a significant risk profile;
- It is a maintenance significant item, and
- For which there may be specific requirements for significant statutory tests or licensing.

Initial measurement

Property, plant and equipment is initially measured at cost.

Assets acquired by grant or donation are newly identified assets.

Property, plant and equipment are measured at fair value at the date of acquisition, where assets have been acquired by donation or grant and for assets that are newly identified through formal assets verification procedures for which cost records are not available or not reliable at the date of acquisition.

The cost of an item of property, plant and equipment 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 through a non-exchange transaction, 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.

Subsequent measurement

After initial recognition property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

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.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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1.5 Property, plant and equipment (continued)

Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Assets under construction are carried at cost.

Enhancement to property, plant and equipment do not qualify as assets unless these extend the useful life of the enhanced property, plant and equipment. Day to day servicing cost of an assets are not recognised in the carrying amount of an item of property, plant and equipment.

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

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:

Item	Depreciation method	Average useful life
Infrastructure		
• Roads and paving		20
• 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
• Specialised vehicle		10
• Other vehicles		5
• Office equipment		3-7
• Furniture and fittings		7-10
• Bins and containers		5
• Specialised plant and equipment		10-15
• Other items of plant and equipment		2-5
• Landfill sites		30-55
• Computer software		3-5
• Art, paintings, sculptures and ornaments		10

An asset only has a residual value when the useful life of the asset (the period the asset is used or available for use) is shorter than the economic life of the asset (the period the asset is used or available for use by all users or owners of the asset). As the municipality plans to use the assets for the entire economic lives, the residual value is considered to be negligible or even zero.

Land is not depreciated as it is deemed to have an indefinite life.

The residual value and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The municipality is utilizing the straight-line depreciation method.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Emfuleni Local Municipality

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Accounting policies

1.5 Property, plant and equipment (continued)

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

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount it is written down immediately to its recoverable amount and an impairment loss is charged to surplus and deficit.

Derecognition

Items of property, 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. 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.

1.6 Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes are classified and recognised as intangible assets.

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 cost or fair value of the asset can be measured reliably.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Initial measurement

Intangible assets are initially recognised at cost.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

Subsequent measurement

After the initial recognition intangible assets with finite useful lives are carried at cost less accumulated amortisation.

Computer software is capitalised to computer equipment where it forms an integral part of computer equipment.

Internally generated intangible assets

Websites

Initial recognition.

Website are internally generated intangible assets that are initially recognised at the value of improvement/development costs in terms of IGRAP16.

The cost of an internally generated intangible asset (website) is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. After initial recognition, and intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss.

Subsequent measurement

Emfuleni Local Municipality

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Accounting policies

1.6 Intangible assets (continued)

After initial measurement, websites will be carried at cost less accumulated amortisation and impairment loss.

Computer software is capitalised to computer equipment where it forms an integral part of computer equipment.

An intangible assets arising from development (or from development phase of an internal project) is recognised when:

- It is technically feasible to complete the assets so that it will be available for use or sale;
- there is an intention to complete and use or sell;
- there is an ability to use or sell it;
- it will generate probable future economic benefits or service potential;
- there is available technical, financial and other resources to complete the development and to use or sell the assets;
- the expenditure attributable to the assets during its development can be measured reliably.

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.

For intangible assets with a finite useful life the residual value is always deemed zero unless:

- A third party has committed to purchase the asset at the end of the useful life;
 - There is an active market for the asset; and
- a) the residual value can be determined by reference to that market; and
- b) it is probable that such market will exist at the end of the asset's 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
Servitude	Indefinite

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 9).

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

By their nature, servitudes confer upon the holder a right in perpetuity over the property and as these rights have an indefinite useful life, they are not amortised

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Accounting policies

1.7 Heritage assets

Heritage assets are defined as any asset that has a cultural, environmental, historical, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if it is probable that economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in a municipality's operations that is shown as a single item for the purpose of disclosure in the financial statements.

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset. Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 10).

Recognition and measurement

Initial recognition

A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

The fair value of a heritage asset can be determined from market-based evidence determined by appraisal. An appraisal of the value of the asset is normally undertaken by a member of the valuation profession, who holds a recognised and relevant professional qualification.

Subsequent measurement

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

Depreciation and Impairment

Heritage assets are not depreciated.

Heritage assets are reviewed at each reporting date for any indication of impairment.

An impairment is reversed only to the extent that the asset's carrying amount that would have been determined had no impairment been recognised.

Derecognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage assets. The gain or loss arising from the disposal or retirement of heritage asset is determined as a difference between the sales proceeds and the carrying value of the heritage assets and is recognised in the statement of financial performance.

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Accounting policies

1.8 Financial Instruments

Classification

In determining whether a financial instrument is a financial asset, financial liability or a residual interest, the municipality considers the substance of the contract and not just the legal form.

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

<u>Class</u>	<u>Category</u>
Cash and cash equivalents	Financial asset at amortised cost
Trade and other receivables from exchange transactions	Financial asset at amortised cost
Consumer debtors	Financial asset at amortised cost
Long term receivables	Financial asset at amortised cost
Investments	Financial asset at amortised cost

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

<u>Class</u>	<u>Category</u>
Borrowings	Financial liability measured at amortised cost
Trade and other payables from exchange transactions	Financial liability measured at amortised cost

Initial recognition and measurement

Financial assets and financial liabilities are initially recognised at fair value. Where the municipality subsequently measures financial assets and financial liabilities at amortised cost or cost, transaction costs are included in the cost of the asset or liability.

Financial assets and financial liabilities are subsequently measured at amortised cost.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or non-collectability.

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Accounting policies

1.8 Financial Instruments (continued)

Impairment of financial assets

The municipality assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence that financial assets are impaired can include:

- default or delinquency by a debtor;
- restructuring of an amount due to the municipality on terms that the municipality would not consider otherwise, indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers in the municipality;
- economic conditions that correlate with defaults, or
- the disappearance of an active market for a security

If there is objective evidence that an impairment loss on financial assets measured 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 future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly or by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

The municipality de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the municipality is recognised as a separate asset or liability.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is de-recognised or impaired, or through the amortisation process.

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1.8 Financial Instruments (continued)

Trade and other receivables

Trade and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent measurements

Loans and receivables are measured at amortised cost using the effective interest method, less any impairment

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.

After the calculations for irrecoverable debt, the movement in the impairment allowance, is recognized in the Statement of Financial Performance impairment gains or losses. If a decrease in the value, a gain is recognised and if there is an increase, a loss is recognised.

Allowance for doubtful debts

Impairment loss is recognised in surplus and deficit when there is objective evidence that debtors are impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows.

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

After the calculations for irrecoverable debt, the movement in the impairment allowance, is recognized in the Statement of Financial Performance impairment gains or losses. If a decrease in the value, a gain is recognised and if there is an increase, a loss is recognised.

Impairment of receivables represent management's best estimate based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments. This is performed on each category of debtors across all debtor classes.

Bad debt written off

Bad debt is written off against the provision for impairment in the Statement of Financial Position,

Trade receivables and other receivables from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Impairment of non-exchange transactions excluding fines

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments due and an assessment of their ability to make payments based on their credit worthiness. This was performed per service identifiable category across all classes of debtors.

Allowance for doubtful debts

Impairment loss is recognised in surplus and deficit when there is objective evidence that debtors are 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

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1.8 Financial Instruments (continued)

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.

After the calculations for irrecoverable debt, the movement in the impairment allowance, is recognized in the Statement of Financial Performance impairment gains or losses. If a decrease in the value, a gain is recognised and if there is an increase, a loss is recognised.

Impairment of receivables represent management's best estimate based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments. This is performed on each category of debtors across all debtor classes

Bad debt written off

Bad debt is written off against the provision for impairment in the Statement of Financial Position.

Fines

Criminal Procedures Act fines:

These fines are issued in terms of the Criminal Procedures Act and are usually issued by way of notice to offenders, and can:

- a) indicate the value of the fine to be paid, and that certain reductions could be made to the value of the fine payable and how, or the circumstances under which, such reductions can be applied, or
- b) indicate that the offender must appear in Court on a specified day (in these instances, the value of the fine may or may not be indicated but this is often only determined after a separate legal process).

Fines constitute both spot fines and summonses

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Where the amount due by a particular offender is specified on the notice, summons or equivalent document and the offender is informed of any reductions following certain processes within the municipality's discretion (i.e. it can decide on the reductions) these are estimated when measuring the asset (receivable) and the amount of revenue to be recognised.

IGRAP1 states that the assessment and recognition of an impairment is an event that takes place subsequent to the initial recognition of revenue charged. An entity assesses the probability of collecting revenue when accounts fall into arrears. Such an assessment should not be made at the time of initial recognition.

Bad debt is written off against the provision for impairment in the Statement of Financial Position,

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 includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with a maturity of three months or less from inception, readily convertible to cash without significant change in 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.

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1.9 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

1.8 Financial Instruments (continued)

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

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Accounting policies

1.10 Taxes

Value added tax

Revenue, expenditure and assets are recognised net of the amounts of value added tax. The net amount of value added tax recoverable from, or payable to the taxation authority is included as part of receivables or payables in the Statement of Financial Position. The Municipality is registered at SARS for VAT on the payment basis.

1.11 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 - 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 - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

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.

1.12 Inventories

Inventories include consumable stores, maintenance materials, spare parts for the plant and equipment, work in progress, water, the ash and land and property held for sale.

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, 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.

1.12 Inventories (continued)

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Accounting policies

1.12 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.

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 Roll that came into effect on 1 July 2014. Direct costs are accumulated for each separately identifiable development. Costs also include a portion of overhead cost, if the cost 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 or current replacement cost 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 or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.13 Impairment of cash generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. Assets that generate a commercial return are those that generate positive cashflows which are expected to be significantly higher than the cost of the assets. 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 (amortisation).

Assets that are subject to impairment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered.

An impairment loss is recognised if the recoverable amount of an asset is less than the carrying amount. The impairment loss is recognised as an expense in the statement of financial performance immediately. The recoverable amount of the asset is the higher of asset fair value less cost of disposal and its value in use.

The fair value represents the amount obtainable from the sale in an arm's length transaction between knowledgeable and willing parties

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the assets belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash flows from other assets or group of assets. An impairment loss is recognised whenever the recoverable amount of a cash-generating unit is less than its carrying amount.

The impairment loss is allocated to reduce the carrying amount of the asset. The carrying amount of individual assets are not reduced below the higher of its value in use, zero or fair value less cost of disposal.

Reversal of impairment loss

A previously recognised impairment loss related to assets is reversed if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognised in prior periods.

After the recognition of an impairment loss, any depreciation charge for the asset is adjusted for future periods to allocate the assets' revised carrying amount on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

Emfuleni Local Municipality

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Accounting policies

1.14 Impairment of non-cash generating assets

Non-cash-generating assets are assets where its objective is not to use the asset to generate a commercial return but to deliver services.

1.15 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.

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 using the projected unit credit method.

Long term employee benefits

The municipality provides long service awards. Awards are accrued over the period of employment. Independent qualified actuaries carry out valuations of these awards.

1.16 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 expenditure expected to be required to settle the obligation.

The discount rate is a 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.

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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 32.

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting policies

1.17 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.18 Revenue from exchange transactions

Measurement

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

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.

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; and
- 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 licenses and permits.

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting policies

1.18 Revenue from exchange transactions (continued)

Interest and dividends

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.

Prepaid electricity estimation

The electricity is made available to the vendor and the vendor only pays over to the municipality once the electricity is sold, resulting in no electricity on hand at year end.

It is not possible to provide any statistics regarding the electricity smart meters as a process of installing the CIU(Communication device) takes a long time. After the installation of the communication device as well as the correcting of the consumer account, it will be possible to measure electricity on hand at year end.

1.19 Revenue from non-exchange transactions

Measurement

Revenue is measured at the fair value of the asset recorded less any liability recognised.

Rates, including collection charges and penalties interest

Property rates are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria of an asset.

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

Fines constitute both spot fines and summonses.

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Where the amount due by a particular offender is specified on the notice, summons or equivalent document and the offender is informed of any reductions following certain processes within the municipality's discretion (i.e. it can decide on the reductions) these are estimated when measuring the asset (receivable) and the amount of revenue to be recognised. Any variations in the amount of reductions estimated are treated as a change in the estimated revenue and are accounted for as a change in accounting estimate.

Emfuleni Local Municipality

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Accounting policies

1.19 Revenue from non-exchange transactions (continued)

Public contributions and donations including goods in-kind donations

Public contributions and donations are voluntary transfers of assets including cash or other monetary assets.

Goods in-kind are tangible assets transferred to an entity in a non-exchange transaction, without charge, but may be subject to stipulations.

Public contributions and donations (other than services in-kind) are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Goods in-kind are recognised as assets when the goods are received, or there is a binding arrangement to receive the goods. 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.

Public contribution and donations including goods in-kind are measured at their fair value as at the date of acquisition.

Government grants

Government grants are recognised to the extent that the asset can be recognised less any liability for conditions imposed in terms of the grant.

Grants without any conditions attached are recognised as revenue in full when the asset is recognised, at an amount equaling the fair value of the asset received.

Other grants and donations

Where there is conditions attached to the grant, transfer or donation that gives rise to a liability at initial recognition, that liability is transferred to revenue as and when conditions attached to the grant are met.

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.

1.20 Gifts and donations, including goods in kind

Public contributions and donations are voluntary transfers of assets including cash or other monetary assets.

Gifts and donations, including goods in kind are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

1.21 Services in kind

Services in kind are recognised where they are significant to the municipality's operations or service delivery objectives.

If the services in-kind are not significant to the operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, only the nature and type of services in-kind received during the reporting period is disclosed..

1.22 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.

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.23 Unauthorised expenditure

Unauthorised expenditure means:

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting policies

1.23 Unauthorised expenditure (continued)

- 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.

Where unauthorised expenditure is not approved, it is recovered from the responsible person and the amount received is accounted for as revenue in the statement of financial performance.

1.24 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.

1.25 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 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.

1.26 Offsetting

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

1.27 Budget information

The 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 statement of comparison of budget and actual amounts.

Municipality is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the municipality provides information on whether resources were obtained and used in accordance with the legally adopted budget. The budget information is based on the same period as the actual amount.

1.28 Related parties and related party transactions

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. Related party relationships where control exists are disclosed regardless of whether any transactions took place between the parties during the reporting period.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Related parties include

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

Emfuleni Local Municipality

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Accounting policies

1.28 Related parties and related party transactions (continued)

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 56 employees has authority and responsibility to plan and control the activities of the municipality, to manage the resources and for the overall achievement of municipal objectives. Therefore, key management personnel will include the Municipal Manager, Deputy Municipal Managers and Chief Financial Officer of the municipality.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Where transactions occurred between the municipality and any one or more related parties, and those transactions were not within:

- normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances; and
- terms and conditions within the normal operating parameters established by the reporting entity's legal mandate; only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

Related party relationships where control exists are disclosed. The municipality discloses the nature of the related party relationship as well as information about those transactions and outstanding balances as a note to the financial statements.

1.29 Events after 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 signs 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).

Emfuleni Local Municipality

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Notes to the Annual Financial Statements

	2020	2019
2. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Call accounts	248,268,993	136,501,159
Bank balances	(7,948,001)	80,991,537
Cash on hand	16,806	15,700
	240,337,798	217,508,396

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
ABSA bank - current account - 530-000-087	2,709,277	23,330,239	(7,264,753)	21,940,708
ABSA bank - salary account - 405-774-9059	528,195	294,964	528,195	294,964
ABSA bank - fines - 407-683-0782	10,000	10,000	10,000	10,000
Standard bank - current account - 420-502-084	9,685,371	62,987,565	(6,763,821)	45,444,583
Standard bank - current account - 021-879-370	5,613,032	10,959,387	5,391,530	10,727,524
Standard bank - current account - 080-488-129	150,848	2,573,758	150,848	2,573,758
Total	18,696,723	100,155,913	(7,948,001)	80,991,537

Invested with	01 July 2019	Invested	Interest capitalised	Withdrawn	Total
ABSA - 9208236189	553,218	-	19,271	-	572,489
ABSA - 4096216150	5,051,672	-	190,400	(2,772,585)	2,469,487
STD Bank - 028606817#75	772,970	-	46,064	-	819,034
STD Bank - 028606817#74	279,107	-	7,274	(286,381)	-
STD Bank - 028606817#72	11,351,485	12,000,000	2,246,718	-	25,598,203
STD Bank - 028606817#78	18,696,879	-	1,640,241	-	20,337,120
STD Bank - 028606817#60#62	1,000,000	83,032,000	-	(76,750)	83,955,250
STD Bank 028606817#70	50,000	-	-	-	50,000
STD Bank - 028606817#76	59,983,000	-	-	(22,938,827)	37,044,173
STD Bank - 028606817#77	4,420,349	1,040,000,000	3,481,972	(1,009,100,000)	38,802,321
Nedbank - 03/7881044284/0036	206,482	-	13,306	-	219,788
Nedbank - 03/7881044284/0038	785,701	-	50,632	-	836,333
Nedbank - 03/7881044284/0039	1,114,319	-	71,809	-	1,186,128
Nedbank - 03/7881044284/0040	4,650,578	-	150,190	(4,400,000)	400,768
Nedbank - 03/7881044284/0042	443,906	-	28,607	-	472,513
Nedbank - 03/7881044284/0043	840,096	3,559,000	58,802	(4,077,909)	379,989
Nedbank - 03/7881044284/0015	-	3,000,000	-	-	3,000,000
Nedbank - 03/7881044284/0044	2,459,496	-	158,495	-	2,617,991
FNB - 62713021252	2,936,657	-	5,133	(2,941,790)	-
FNB - 62825314181	-	2,015,000	93,368	-	2,108,368
FNB - 62791255469	8,108,744	-	475,971	(300)	8,584,415
Investec - 1400192509500	12,796,473	18,864,685	-	(12,846,560)	18,814,598
	136,501,132	1,162,470,685	8,738,253	(1,059,441,102)	248,268,968

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

2020

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2. Cash and cash equivalents (continued)

Unlimited cession dated 25/07/2008 of a ABSA call account no.9208236189, held to partly secure 76% of a R587 094 financial guarantee facility.

An amount of R20 337 120 of Standard Bank account no.028606817#78 was held as guarantee for the DBSA loan.

An amount of R819 033 of Standard Bank account no.028606817#75 was held as guarantee for a finance lease of a motor vehicle.

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

	2020	2019
3. Trade and other receivables from exchange transactions		
Gross balances		
Electricity	1,175,182,627	813,601,665
Water	4,802,645,449	4,070,016,636
Sewerage	1,314,060,081	1,123,550,758
Refuse	789,769,419	688,568,087
	8,081,657,576	6,695,737,146
Less: allowance for impairment		
Electricity	(1,060,443,350)	(611,951,525)
Water	(4,747,563,101)	(3,880,344,674)
Sewerage	(1,295,719,571)	(1,064,372,920)
Refuse	(783,391,382)	(654,889,864)
	(7,887,117,404)	(6,211,558,983)
Net balance		
Electricity	114,739,277	201,650,140
Water	55,082,348	189,671,962
Sewerage	18,340,510	59,177,838
Refuse	6,378,037	33,678,223
	194,540,172	484,178,163
Age analysis		
Current (0-30 days)	360,003,244	384,127,490
31 - 60 days	176,557,344	203,057,247
61 - 90 days	215,115,786	160,587,864
91 days +	7,329,981,202	5,947,964,545
	8,081,657,576	6,695,737,146
Reconciliation of allowance for impairment		
Balance at beginning of the year	(6,211,558,983)	(5,054,185,582)
Contributions to allowance	(1,464,982,876)	(1,015,854,161)
Vat contribution	(210,575,545)	(147,028,486)
Debt impairment written off against allowance	-	5,509,246
	(7,887,117,404)	(6,211,558,983)
Credit quality of consumer debtors		
The credit quality of consumer debtors that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:		
Collectable debt		
Government accounts - Ratio - debt on current, previous,30days, 60days		
Indigent accounts - 0% of outstanding accounts		
Sundry accounts - Ratio - debt on current, previous,30days, 60days		
Business/industrial - Ratio - debt on current, previous,30days, 60days		
All other accounts - Ratio - debt on current, previous,30days, 60days		

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

2020

2019

3. Trade and other receivables from exchange transactions (continued)

Bad debt

Government accounts : 100% from 90days and more plus balance on collectable debt on ratios that are less than 100%

Indigent accounts - 100% of outstanding accounts

Sundry accounts - 100% from 90days and more plus balance on collectable debt on ratios that are less than 100%

Business/industrial - 100% from 90days and more plus balance on collectable debt on ratios that are less than 100%

All other accounts - 100% from 90days and more plus balance on collectable debt on ratios that are less than 100%

4. Trade and other receivables from non-exchange transactions

Property rates	1,091,395,110	901,712,569
Impairment property rates	(1,017,877,656)	(768,768,075)
Other receivables - fines	357,203,600	627,482,307
Impairment fines	(324,346,789)	(552,961,187)
Other debtors	602,994,067	553,131,872
Impairment other debtors	(446,997,279)	(410,334,261)
	262,371,053	350,263,225

Age analysis : property rates

Current(0 to30 days)	62,826,039	60,966,837
31 to 60 days	42,215,910	26,614,658
61 to 90 days	36,412,726	21,806,720
91 days +	949,940,436	792,324,354
	1,091,395,111	901,712,569

Total receivables from non-exchange transactions

262,371,053 350,263,225

Reconciliation of provision for impairment of trade and other receivables from non-exchange transactions

Opening balance	(1,732,063,524)	(1,512,109,857)
Provision for impairment	(516,805,319)	(304,292,780)
Vat contribution	(132,107)	(684,707)
Amounts written off against the allowance	459,712,339	85,023,820
	(1,789,288,611)	(1,732,063,524)

Debtors are payable within 30days . This credit period granted is considered to be consistent with the terms used in public sector, through established prectices and legislation.]

Interest at a rate of prime plus 2% is levied on arrear debtors accounts.t

All debtors accounts are assessed for impairment, where applicable the municipality impairs debtors over 90days.

5. Inventories

Consumable stores	19,905,055	22,342,425
Water for distribution	1,081,302	805,146
	20,986,357	23,147,571

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

	2020	2019
<hr/>		
6. Value added tax receivable		
VAT receivable	<u>521,409,835</u>	<u>298,211,780</u>

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand

7. Property, plant and equipment

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Infrastructure	13,128,476,620	(4,668,083,621)	8,460,392,999	13,026,193,882	(4,399,564,683)	8,626,629,199
Community	1,479,270,116	(265,525,736)	1,213,744,380	1,534,806,489	(230,268,564)	1,304,537,925
Buildings	666,112,199	(348,112,148)	318,000,051	657,947,199	(319,965,137)	337,982,062
Other assets	321,584,416	(227,031,254)	94,553,162	285,772,341	(217,359,599)	68,412,742
Total	15,595,443,351	(5,508,752,759)	10,086,690,592	15,504,719,911	(5,167,157,983)	10,337,561,928

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals/derecognition	Donated	Transfers	Provision adjustment	Depreciation	Impairment	Total
Infrastructure	8,626,629,199	67,337,664	(4,627,273)	46,126,597	(1,999,933)	3,069,006	(272,196,158)	(3,946,103)	8,460,392,999
Community	1,304,537,925	14,842,961	(72,425,019)	2,045,684	-	-	(28,143,305)	(7,113,866)	1,213,744,380
Buildings	337,982,062	-	-	8,165,000	-	-	(28,147,011)	-	318,000,051
Other assets	68,412,742	32,256,281	(35,829)	1,746,793	1,999,933	-	(9,826,758)	-	94,553,162
	10,337,561,928	114,436,906	(77,088,121)	58,084,074	-	3,069,006	(338,313,232)	(11,059,969)	10,086,690,592

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals/derecognition	Donated	Transfers	Provision adjustment	Depreciation	Impairment	Total
Infrastructure	8,783,193,333	125,185,893	(1,736,776)	29,434,771	9,587,677	(5,086,240)	(313,825,571)	(123,888)	8,626,629,199
Community	1,273,960,808	20,839,865	(16,732,079)	45,948,944	746,713	-	(20,226,326)	-	1,304,537,925
Buildings	366,336,272	-	-	-	(245,072)	-	(28,109,138)	-	337,982,062
Other assets	86,984,019	6,247,382	(1,775,754)	1,681,339	(10,175,267)	-	(14,475,826)	(73,151)	68,412,742
	10,510,474,432	152,273,140	(20,244,609)	77,065,054	(85,949)	(5,086,240)	(376,636,861)	(197,039)	10,337,561,928

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

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2020

2019

7. Property, plant and equipment (continued)

Depreciation

Immovables

	Sum of Depreciation FinYTD on old RUL	Sum of Depreciation FinYTD on new RUL	Sum of Depreciation on OLD RUL 2020/21	Sum of Depreciation on new RUL 2020/21
Community facilities	(1,437,397)	(9,045,810)	(661,229)	(9,045,810)
Electrical infrastructure	(4,459,547)	(2,801,441)	(3,944,777)	(2,801,441)
Housing	(10,836)	(3,612)	-	(3,612)
Operational buildings	(47,612)	(15,871)	-	(15,871)
Roads infrastructure	(18,082,522)	(6,641,309)	(6,669,932)	(6,641,309)
Sanitation infrastructure	(840,491)	(315,592)	(502,724)	(315,592)
Solid waste infrastructure	(312,211)	(249,769)	-	(249,769)
Sport and recreation facilities	(450,505)	(150,168)	-	(150,168)
Storm-water infrastructure	(101,151)	(33,717)	-	(33,717)
Water infrastructure	(654,485)	(1,944,147)	(654,485)	(1,944,147)
	(26,396,757)	(21,201,436)	(12,433,147)	(21,201,436)

Description	Sum of Depreciation Fin YTD on old RUL	Sum of Depreciation Fin YTD on new RUL	Change in 2019/20 per asset category	
Community facilities	(1,437,397)	(9,045,810)	(7,608,413)	Increase
Electrical infrastructure	(4,459,547)	(2,801,441)	1,658,106	Decrease
Housing	(10,836)	(3,612)	7,224	Decrease
Operational buildings	(47,612)	(15,871)	31,741	Decrease
Roads infrastructure	(18,082,522)	(6,641,309)	11,441,214	Decrease
Sanitation infrastructure	(840,491)	(315,592)	524,899	Decrease
Solid waste infrastructure	(312,211)	(249,769)	62,442	Decrease
Sport and recreation facilities	(450,505)	(150,168)	300,337	Decrease
Storm-water infrastructure	(101,151)	(33,717)	67,434	Decrease
Water infrastructure	(654,485)	(1,944,147)	(1,289,662)	Increase
	(26,396,757)	(21,201,436)	5,195,322	Net decrease

Description	Sum of Depreciation on OLD RUL 2020/21	Sum of Depreciation on new RUL 2020/21	Change in 2020/21 per asset category	
Community facilities	(661,229)	(9,045,810)	(8,384,581)	Increase
Electrical infrastructure	(3,944,777)	(2,801,441)	1,143,335	Decrease
Housing	-	(3,612)	(3,612)	Increase
Operational buildings	-	(15,871)	(15,871)	Increase
Roads infrastructure	(6,669,932)	(6,641,309)	28,624	Decrease
Sanitation infrastructure	(502,724)	(315,592)	187,132	Decrease
Solid waste infrastructure	-	(249,769)	(249,769)	Increase
Sport and recreation facilities	-	(150,168)	(150,168)	Increase
Storm-water infrastructure	-	(33,717)	(33,717)	Increase
Water infrastructure	(654,485)	(1,944,147)	(1,289,662)	Increase
	(12,433,147)	(21,201,436)	(8,768,289)	Net increase

Moveables

	Sum of Depreciation before review 2019/20	Sum of Depreciation after review 2019/20	Sum of Depreciation before review 2020/21	Sum of Depreciation after review 2020/21
Plant and Equipment	(66,385,806)	(39,525,240)	(44,833,706)	(39,525,240)

Emfuleni Local Municipality

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	2020		2019	
7. Property, plant and equipment (continued)				
Intangible assets	(1,684,696)	(1,683,722)	(1,684,696)	(1,683,722)
	(68,070,502)	(41,208,962)	(46,518,402)	(41,208,962)
Description	Sum of Depreciation before review 2019/20	Sum of Depreciation after review 2019/20	Sum of Depreciation before review 2020/21	Sum of Depreciation after review 2020/21
Plant and Equipment	(66,385,806)	(39,525,240)	26,860,566	Decrease
Intangible assets	(1,684,696)	(1,683,722)	974	Decrease
	(68,070,502)	(41,208,962)	26,861,540	0
Description	Sum of Depreciation before review 2020/21	Sum of Depreciation after review 2020/21	Sum of Depreciation before review 2020/21	Sum of Depreciation after review 2020/21
Plant and Equipment	(44,833,706)	(39,525,240)	(5,308,466)	Decrease
Intangible assets	(1,684,696)	(1,683,722)	974	Decrease
	(46,518,402)	(41,208,962)	(5,307,492)	

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

2020 2019

7. Property, plant and equipment (continued)

Change in Estimate, RUL and RV

The current year(19/20)effect of the change in RULs is as follows:

Community facilities - increase in depreciation expenses	(7,608,413)	
Electrical infrastructure - decrease in depreciation expense	1,658,106	
Housing - decrease in depreciation expense	7,224	
Operational building - decrease in depreciation expense	31,741	
Roads infrastructure - decrease in depreciation expense	11,441,214	
Sanitation infrastructure - decrease in depreciation expense	524,899	
Solid waste infrastructure - decrease in depreciation expense	62,442	
Sports and recreation facilities - decrease in depreciation expense	300,337	
Storm water infrastructure - decrease in depreciation expense	67,434	
Water infrastructure - increase in depreciation expense	(1,289,662)	
Plant and equipment - decrease in depreciation expense	26,860,657	
Intangible assets - decrease in depreciation expense	974	

The effect in future period

Community facilities - increase in depreciation expenses	(8,384,581)	-
Electrical infrastructure - decrease in depreciation expense	1,143,335	-
Housing - increase in depreciation expense	(3,612)	-
Operational building - increase in depreciation expense	15,871	-
Roads infrastructure - decrease in depreciation expense	28,624	-
Sanitation infrastructure - decrease in depreciation expense	187,132	-
Solid waste infrastructure - increase in depreciation expense	249,769	-
Sports and recreation facilities - increase in depreciation expense	(150,168)	-
Storm water infrastructure - increase in depreciation expense	(33,717)	-
Water infrastructure - increase in depreciation expense	(1,289,662)	-
Plant and equipment - decrease in depreciation expense	5,308,466	-
Intangible assets - decrease in depreciation expense	974	-
Nett effect on depreciation	(2,927,569)	-

At the end of the financial year, the estimated useful lives (EUL) of the assets were reviewed as required by GRAP 17.

The assets' condition and performance are the basis for determining whether the estimated EULs/RULs are still reasonable.

For any changes in performance and/or condition, as per the verification results or the information obtained from different departments' management, the RULs/EULs are adjusted accordingly.

It is however the municipality's policy to adjust the RULs of assets with RULs less than 3 years to 3 years if the assets are still being used by the municipality for service delivery.

The National Department of Transport (DoT), as part of the S'hamba Sonke Programme, had provided grant funding for the implementation of the Road Asset Management Systems (RAMS) as set out in the framework for the Rural Road Asset Management System Grant (RRAMS), Division of Revenue Act No.1 of 2015 (DORA). The strategic goal of the Rural Road Asset Management System Grant (RRAMS) grant was to ensure efficient and effective investment in rural roads through the development of Rural Road Asset Management Systems (RRAMS) and the collection of associated road and bridge inventory data, condition assessments and traffic information in line with the Road Infrastructure Strategic Framework for South Africa (RISFSA). Pavement condition grading is a key performance measure used in asset management and the results of the road surface assessment was provided to Emfuleni Local Municipality to compare and adopt as their current road condition per road segment. Once the results of this assessment were spatially overlaid and linked to the current asset register road segment components, the road condition assessments were assigned to all the existing road segments within the asset register and a comparison between the existing and new condition grades was conducted. Once the existing condition vs new condition grades were compared, the resulting influence on the remaining useful life (RUL) of the road surfaces was assessed. The approach in determining the remaining useful life of components was based on a system-based algorithm which determines the median remaining useful life based on the new applied condition grade. The remaining useful however does not go below 3 years for any road surface segment in accordance with Emfuleni Local Municipality's asset management policy.

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

2020

2019

7. Property, plant and equipment (continued)

De-recognition

During the financial year infrastructure assets with a cost of R2 545 826 and related accumulated depreciation amounting to R843 956 were de-recognised. Two land parcels at Duncanville, stand 648 and 647 included in community assets were sold for R1.2 million each and derecognised in the 2018/19 assets register.

Impairments

During the year assets were identified which were impaired due to accelerated deterioration of the assets. The total value of the impairments amounted to R 320 263.

Provision adjustment

Provision has been made for the estimated cost of rehabilitating waste landfill sites, included in solid waste infrastructure on the 2019/2020 Asset Register. An amount of R23,245,023.35 was determined as the provision adjustment for the 2019/2020 financial year, of which R5,086,240 is a decrease in the valuation of the landfill site assets as described in note for the provision for environmental rehabilitation

Land transfers – Community assets

The municipality holds vacant land parcels from the Provincial government which are transferred to the municipality for residential purposes and awaits the conclusion of township registrations to change these details on the valuation roll. The municipality deems ownership of these properties on obtaining the title deeds and recognise these properties at fair value determined from the valuation roll.

During this financial year, land parcel valued R25 278 000 were derecognised on the community asset register due to change in ownership into distribution to the beneficiaries. This land is developed land on the ground.

Reconciliation of assets under construction 2019/20

	Infrastructure	Community	Other	Total
Opening balance	142,581,687	73,942,962	-	216,524,649
Additions	28,282,158	10,332,141	-	38,614,299
Transfer to classes	(1,999,933)	-	1,999,933	-
Transferred to completed assets	(47,106,326)	(67,331,554)	(1,999,933)	(116,437,813)
	121,757,586	16,943,549	-	138,701,135

Reconciliation of assets under construction 2018/19

	Infrastructure	Community	Building	Total
Opening balance	495,520,955	178,303,435	23,334,936	697,159,326
Prior year corrections	(217,543,622)	(48,305,092)	(23,130,748)	(288,979,462)
Additions	86,227,968	20,504,441	-	106,732,409
Transferred to classes	7,560,562	(7,356,374)	(204,188)	-
Transfer to completed assets	(229,184,177)	(69,203,448)	-	(298,387,625)
	142,581,686	73,942,962	-	216,524,648

Assets attached

During the last two weeks of March 2020, just before lockdown level 5, the Sheriff attached many vehicles and furniture in Emfuleni Municipality. Most of the attached moveable assets was returned before Level 5 started.

Due to cashflow problems and non-payment of Service Providers, some motor vehicles and trucks are still at the Service Providers and Sheriff.

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

2020

2019

7. Property, plant and equipment (continued)

Project - EX0333

For the 2019/20 financial year, the Neighbourhood Development Partnership (NDP) Unit converted transfers to Emfuleni from Schedule 5B funds to Schedule 6B funds due to poor municipal grant management. However, the municipality still has control over the implementation of the project funded by this grant, and still facilitates the completion of the project.

Due to the municipality still having control on how it implements or facilitates the project, the project is an asset in the control of the municipality. The project is accounted for under WIP as project EX0333.

The total grant amount received from NDP is R31 702 931.18 which has been recognised under revenue. A total of R12,5 million has been directly incurred by the municipality.

For the 2019/20 financial year, the Gauteng Department of Social Development (GDSD) withdrew the Boipatong and Sharpeville Social Integrated projects as were implemented by Emfuleni Municipality (implementing agent).

The projects were withdrew due to poor performance by the contractor and delays in completion of the projects due to prolonged Municipality procurement process.

The Department has decided to withdraw the projects to facilitate the completion. As the Municipality is no longer an implementing agent and will not receive any funds to continue with the projects, the Municipality therefore has lost control of the asset/s (i.e. WIP).t

The project/s have therefore been derecognised as per GRAP 17, as GRAP 106 "*Transfer of functions between entities not under common control*" is not applicable.

The total amount of WIP derecognised is R72 035 019.29 and the loss on derecognition has also been recognised in surplus/deficit.

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.

Derecognition

During the financial year infrastructure assets with a cost of R2 545 826 and related accumulated depreciation amounting to R843 956 were de-recognised. Two land parcels at Duncanville, stand 648 and 647 included in community assets were sold for R1.2 million each and derecognised in the 2018/19 assets register.

Recognitions

A total amount of R404 795 946 in cost was recognised for assets. This includes an amount of R172 028 495 which were developer created assets accounted for as prior year errors.

During the current year, developer created assets recognised amounted to R14 423 666. The other recognitions were due to WIP projects being completed. The completed WIP projects capitalised relating to prior year amounted to R177 595 914.

Impairment

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

	2020	2019
7. Property, plant and equipment (continued)		
Description		Impairment value
Community facilities		(1,824,462)
Roads infrastructure		(798,781)
Solid waste infrastructure		(27,907)
Water infrastructure		(3,119,414)
		(5,770,564)
Encroachment impairment		Impairment value
COM		(852,484)
Community facilities		(4,436,920)
		(5,289,404)

A total impairment amount of R 11 059 968,92 was recognised in the current financial year.

Impairment is a reduction in value of an asset (or component) as a result of events or circumstances that are not considered normal (i.e. not expected at the time of the asset was designed, acquired, or constructed). This may, or may not, be accompanied by a reduction in remaining useful life, and in all cases of impairment, this should be considered, but it is in fact a separate consideration. The condition of assets is determined through visual inspection during the assessment process or through specific testing equipment, where applicable and viable.

Condition refers to the tangible physical state that the component is in at the time of the inspection. Upon the inspection of photographic evidence (cemeteries, roads and reservoirs) provided by Emfuleni Local Municipality asset custodians there were assets that were triggered for impairment testing due to the significant deterioration in condition and performance grades which adversely impacted the remaining useful life (RUL).

The photographic evidence was analysed against the field guideline for condition grade assessment for particular assets, and the assets condition adjusted accordingly. The approach to determining the remaining useful life of components was based on a system-based algorithm which determines the median remaining useful life based on the new applied condition grade.

A significant drop in condition and performance was observed on ten asset components and impairment testing was conducted on them. Seven components passed the impairment test and were hence impaired by Emfuleni Local Municipality. Emfuleni Local Municipality had to calculate the value-in-use of each component that was a candidate for impairment and apply the impairment when the recoverable amount is less than the value in use (at the time of the impairment). The depreciation charge is reduced accordingly (over the remaining useful life – which as previously indicated, may or may not have changed).t

Land was impaired due to a portion of land parcels being illegally occupied.

Provision adjustment

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

	2020	2019	
7. Property, plant and equipment (continued)			
Landfill sites			
Opening balance	(128,195,186)	(133,276,369)	
Interest @10.50%	(13,460,494)	(18,163,840)	
Adjustment	(2,836,802)	23,245,023	
	(144,492,482)	(128,195,186)	
Provision calculation test			
Waldrift	(46,289,740)	(41,302,085)	
Boitshepi	(90,411,849)	(82,912,921)	
Palm Springs	(7,790,893)	(3,980,179)	
	(144,492,482)	(128,195,185)	
Asset note:	Waldrift	Boitsepi	Palm springs
Useful life as at 1 July 2019	6.38	5.13	22.4
Description	Waldrift	Boitshepi	Palm Springs
Opening cost balance as at 1 July 2019	13,697,793	25,456,826	46,578,205
Opening accumulated depreciation as at 1 July 2019	(13,697,793)	(24,246,089)	(25,390,032)
Opening carrying value as at 1 July 2019	-	1,210,737	21,188,173
Depreciation	-	(236,011)	(945,901)
Adjustment to provision	650,935	(974,726)	3,392,795
Carrying value as at 30 June 2019	650,935	-	23,635,067

Provision has been made for the estimated cost of rehabilitating waste landfill sites. The amount of the provision is included in Solid waste infrastructure.

An amount of R16 297 296,00 was determined as the provision adjustment for the 2019/20 financial year, of which R3 069 005,50 is an increase in the valuation of the landfill site assets as described in note for provision for environmental rehabilitation.

Work in progress - ongoing projects, projects taken significantly longer to complete and halted projects

Project UID	Project name	Asset Class	Comment on status	Closing WIP
EX0050	Expansion of rustte vaal cemetery ptn 4	Community facilities	Design phase. Completion of design phase and construction procurement is planned for 2021/2022 financial year	525,779

Emfuleni Local Municipality

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Notes to the Annual Financial Statements

			2020	2019
7. Property, plant and equipment (continued)				
EX0289	N:investigate &dev general landfill site	Community facilities	This is in the design & EIA (ROD) stages and is the taking over of the old Yakani Brickvelde borrow pits to be used as a Waste Management Site. EIA outcome awaited from GDARD	1,983,132
EX0328	R:vanderbijlpark cemetery	Community facilities	Design phase. Completion of design phase and construction procurement is planned for 2021/2022 financial year	3,082,333
EX0376	R:upgrading of nanescol cemetery	Community facilities	Design complete. Construction procurement is planned for 2022/2023 financial year	1,515,910
EX0377	R:fencing of tshepiso cemetery	Community facilities	Design complete. Construction procurement is planned for 2020/2021 financial year	796,394
EX0702	Cemetery new land	Community facilities	Procurement of land to establish new cemeteries. The procurement of the land is taking place in a two stage payment with the first payment made in 2019/2020 and the final payment planned for 2020/2021.	10,000,000

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

				2020	2019
7. Property, plant and equipment (continued)					
EX0708	Inep grant	Electricity	Procurement of Transformers and Mini substations for installation during 2020/2021 financial year		4,542,629

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

				2020	2019
7. Property, plant and equipment (continued)					
EX0333.1	N:neighbourhood partnership grant phase 2a1	Roads and stormwater	scope. Design phase and scope approval is awaited from National Treasury.		4,878,941
EX0333.3	N:NEIGHBOURHOOD PARTNERSHIP GRANT Phase 3A2	Roads and stormwater	Design complete. Construction procurement is planned for 2020/2021 financial year		905,223
EX0333.4	N:NEIGHBOURHOOD PARTNERSHIP GRANT Phase 3A3	Roads and stormwater	Construction started in May 2019 of Phase 3A1 (X17 Road 168) & 3A3 (X10 Road 31) and completion expected in 2020/2021		10,913,029
EX0333.5	N:NEIGHBOURHOOD PARTNERSHIP GRANT Phase 3B1-3	Roads and stormwater	Design Phase		258,164
EX0348	N:TARRING OF DHLAMINI STREET FROM UMZIMV	Roads and stormwater	Design complete. Construction procurement is planned for 2020/2021 financial year		693,775
EX0349	N:TARRING OF PITSENG AND URANIUM STREETS	Roads and stormwater	Design complete. Construction procurement is planned for 2020/2021 financial year		930,038
EX0352	N:TARRING OF ROAD IN LAKESIDE PROPER BLO	Roads and stormwater	Design complete. Construction procurement is planned for 2020/2021 financial year		751,035
EX0670	N:CONSTRUCTION LINDT RD EVATON MILNER RD	Roads and stormwater	Started with construction in April 2019 and expected construction completion in 2020/2021		23,778,862

Emfuleni Local Municipality

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Notes to the Annual Financial Statements

			2020	2019
7. Property, plant and equipment (continued)				
EX0671	N:CONSTRUCTION LINDT RD	Roads and stormwater	Project has exceeded beyond the duration of the project due to the slow progress of the contractor and construction completion is expected in 2020/2021	13,597,658
EX0528	BLACKTOP ROAD AND SW CHRIS HANI STR	Roads and stormwater	Design complete. Awaiting funding approval and the procurement	1,287,569
EX0529	CONSTRUCTION OF THOMAS NKOBI	Roads and stormwater	Design complete. Awaiting funding approval and the procurement	561,531
EX0534	R:CONCRETIN G-STORMWATER CHANNEL-ZONE 10	Roads and stormwater	Design complete. Awaiting funding approval and the procurement	1,191,721
EX0616	N:TARRING OF BEGONIA STREET	Roads and stormwater	Design phase.Project to continue in 2020/2021 financial year	1,747,697
EX0625	N: R & S PIPE AT DR NKOMO IN BOIPATONG	Roads and stormwater	Design complete. Awaiting funding approval and the procurement	1,550,036
EX0628	N:CONSTR OF V/SCHALKVYK STR EATONSIDE	Roads and stormwater	Design complete. Awaiting funding approval and the procurement	2,867,893
EX0678	N:IRONSIDE ROAD 1 STORMWATER R & SIDEWALKS	Roads and stormwater	Design phase.Project to continue in 2020/2021 financial year	1,060,314

Emfuleni Local Municipality

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Notes to the Annual Financial Statements

2020 2019

8. Investment property

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	973,320,363	-	973,320,363	934,619,702	-	934,619,702

Reconciliation of investment property - 2020

	Opening balance	Disposal/derecognition	Fair value adjustments	Total
Investment property	934,619,702	(3,006,757)	41,707,418	973,320,363

Reconciliation of investment property - 2019

	Opening balance	Disposal/derecognition	Fair value adjustments	Total
Investment property	925,668,380	(22,654,175)	31,605,497	934,619,702

Details of valuation

Fair value adjustments - Investment property.

For the determination of the annual fair value of Investment property, an amount of R 41 707 418 was determined.

This was determined based on the average increase in the value of property in Emfuleni Local Municipality which escalated by 4.61% during the period from 1 July 2019 - 30 June 2020.

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

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Figures in Rand

9. Intangible assets

	2020			2019		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Servitudes	13,849,516	-	13,849,516	13,849,516	-	13,849,516
Computer software	10,885,969	(4,640,453)	6,245,516	10,185,054	(2,477,037)	7,708,017
Total	24,735,485	(4,640,453)	20,095,032	24,034,570	(2,477,037)	21,557,533

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Disposal/derecognition	Amortisation	Total
Computer software, other	7,708,017	709,356	(8,441)	(2,163,416)	6,245,516
Service concession assets [State class]	13,849,516	-	-	-	13,849,516
	21,557,533	709,356	(8,441)	(2,163,416)	20,095,032

Reconciliation of intangible assets - 2019

	Opening balance	Additions	Disposal/derecognition	Transfers	Amortisation	Total
Computer software, other	9,293,184	724,215	(24,837)	(6,138)	(2,278,407)	7,708,017
Service concession assets [State class]	13,849,516	-	-	-	-	13,849,516
	23,142,700	724,215	(24,837)	(6,138)	(2,278,407)	21,557,533

Emfuleni Local Municipality

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Figures in Rand

10. Heritage assets

	2020			2019		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage assets	57,016	-	57,016	57,016	-	57,016

Reconciliation of heritage assets 2020

	Opening balance	Total
Heritage assets	57,016	57,016

Reconciliation of heritage assets 2019

	Opening balance	Total
Heritage assets	57,016	57,016

Age and/or condition of heritage assets

Assets previously recognised as heritage assets were assessed for significance aligned with Section 3 (3) of the National Heritage Resources Act. The chief criteria for classifying an asset as heritage asset are:

- Social and cultural significance.
- Historical significance
- Archaeological significance.
- Architectural significance.
- Aesthetic significance
- Scientific and technological significance
- Group and relationship significance
- Landmark significance

Emfuleni Local Municipality

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	2020	2019
11. Payables from exchange transactions		
Trade payables	3,967,941,008	2,953,217,100
Payments received in advance	223,085,699	231,259,326
Year-end salary creditors	223,962,265	225,005,252
Accrued leave pay	83,900,889	72,456,220
Retentions	32,981,461	45,618,874
Accrued bonus	30,282,734	26,808,910
Unclaimed wages	1,736,652	1,547,847
Accrued interest	80,910	226,333
Imputed interest	(20,447,821)	(12,906,592)
Other payables	13,821,350	11,733,913
	4,557,345,147	3,554,967,183

12. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Municipal infrastructure grant	117,044,819	34,736,753
Social development grant	-	5,371,680
Library grant	-	5,265,850
Neighborhood development grant	-	4,425,016
Water services infrastructure grant (WSIG)	39,308	1,526,778
Projects funded ex Sedibeng district municipality	1,160,599	1,160,599
Sedibeng maintenance grant	1,003,104	1,003,104
Education & training (SETA)	466,367	494,189
Performance management grant	-	6,364
Finance management grant	13,612	-
	119,727,809	53,990,333

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

These amounts are invested in a ring-fenced investment until utilised.

Emfuleni Local Municipality

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	2020	2019
13. Employee benefit obligation		
Post-employment health care benefits		
Opening accrued liability	145,718,460	132,430,455
Current-service cost	896,994	935,159
Interest cost	12,327,300	11,599,293
Contributions (benefit paid)	(11,259,708)	(10,579,973)
Actuarial loss/(gain)	(27,217,576)	11,333,526
	120,465,470	145,718,460

The projected unit credit method has been used in the actuarial valuation of the liabilities. The valuation was performed by One Pangaea Expertise and Solutions

The valuation has been made with reference Actuarial Society of South Africa (ASSA) guidelines, in particular, the Advisory Practice Note 207, and is consistent with the requirements of GRAP25.

The main reasons for the actuarial gain can be attributed to the following factors:

1. Service cost increased the liability by R896,994.
2. Interest cost over the valuation period results in an increase in the liability by R12,327,300
3. Expected benefit payments towards continuation pensioners currently being subsidised for medical contributions for the 2019/20 year amounted to R11,259 708.
4. The net discount rate changes resulted in a reduction in the accrued liability.
5. Changes in the number of participants and constitution of demographics of the active employees and pensioners (including contribution options) resulted in a reduction in the accrued obligation.
6. The increases in the medical contributions, as a result of actual medical inflation, resulted in an increase in the accrued liability.
7. The miscellaneous items in the data resulted in a decrease to the liability by R6 177 226. Factors that make up the miscellaneous items are changes to data from prior year and variations from demographic assumptions (i.e. rates of withdrawal).

Key financial assumptions used

Discount rates used	10.46 %	8.80 %
Health care cost inflation rate	6.70 %	6.40 %
Consumer price inflation	5.20 %	4.90 %
Net discount rate	3.52 %	2.26 %

Key Demographic assumption

Average Retirement Age	62	62
Pre retirement mortality	SA 85-90	SA 85-90
Post retirement mortality	PA(90) -1 with a 1% mortality improvement p.a. form 2010 see valuation report	PA(90) -1 with a 1% mortality improvement p.a. form 2010 See table A4.2
Withdrawal rate		
Proportion with a spouse dependant at retirement	65% assumed married	65%
Continuation of membership at retirement	80%	80%

Emfuleni Local Municipality

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13. Employee benefit obligation (continued)

Withdrawal from service (19/20)

Age	Females	Males
20	9%	9%
30	6%	6%
40	5%	5%
50	3%	3%
55	0%	0%

Discount rate

GRAP25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on GRAP25 defines the determination of the investment return assumption to be used as the government bonds. The currency and term of the government bonds should be with the currency and estimated term of the obligation. The methodology of setting the financial assumptions has been updated to be more duration specific. At the previous valuation date, 30 June 2019 the duration of liabilities was 9.67 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2020 is 10.46% per annum, and the yield on the inflation-linked bonds of a similar term was about 4.52% per annum, implying an underlying expectation of inflation of 5.20% per annum $([1 + 10.46\% - 0.50\%] / [1 + 4.52\%] - 1)$.

Health care inflation rate

A healthcare cost inflation rate of 6.70% was assumed. This is 1.50% in excess of the expected inflation over the expected term of the liability, consistent with the previous actuary. However, it is the relative levels of the discount rate and healthcare inflation to one another that are important, rather than the nominal values. We have thus assumed a net discount factor of 3.52% per annum $([1 + 10.46\%] / [1 + 6.70\%] - 1)$. This year's valuation basis is therefore stronger than previous year's basis from a discount rate perspective..

Average retirement age

The average retirement age for all active employees was assumed as 63 -1 years, therefore 62 years. This assumption implicitly allows for ill-health and early retirements..

Mortality rates

Mortality assumption rate: PA(90)-1 with a 1% mortality improvement p.a. from 2010 Mortality assumption rate: PA(90)-1 with a 1% mortality improvement p.a. from 2010

The table below shows the impact of a change in the mortality assumption from PA(90) to PA(90) with a one year adjustment.

	2020/06/30	PA (90)-1
Employer's accrued liability	120,465,470	124,441,112
Employer's service cost (year following)	824,947	847,980
Employer's interest cost (year following)	11,981,660	12,397,512
	133,272,077	137,686,604

Therefore, the above change in the mortality assumption would result in a 3.30% increase in accrued liability

	2020/06/30	Continuation rate - 10%
Employer's accrued liability	120,465,470	117,780,041
Employer's service cost (year following)	824,947	721,828
Employer's interest cost (year following)	11,981,660	11,700,764
	133,272,077	130,202,633

Therefore the above change of lowering the continuation of medical aid, rate at retirement from 80% to 70% results in a 2.23% reduction in the accrued liability.

Emfuleni Local Municipality

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13. Employee benefit obligation (continued)

Long service awards

The projected unit credit method has been used in the actuarial valuation of the liabilities. The valuation was performed by One Pangaea Expertise and Solutions..

Reconciling and projecting the unfunded accrued liability:

Unfunded Accrued Liability

Opening accrued liability	83,463,300	82,334,584
Current service cost	5,903,187	5,678,886
Interest cost	6,260,293	6,537,860
Benefit vestings	(12,401,549)	(10,884,421)
Actuarial loss/(gain)	(3,801,203)	(203,609)
	79,424,028	83,463,300

Net Liability to reflect on the Statement of Financial Position:

Net Liability	30 June 2020	30 June 2019
Opening balance	83,463,300	82,334,584
Current Service costs	5,903,187	5,678,886
Interest cost	6,260,293	6,537,860
Actuarial (gain)/loss	(3,801,203)	(203,609)
Employer benefit vesting	(12,401,549)	(10,884,421)
	79,424,028	83,463,300

The benefits paid figure above has been estimated based on the data provided by the municipality.

The Current-Service Cost reflects the additional liability that is expected to accrue in respect of in-service members' service over the corresponding year. The Interest Cost represents the accrual of interest on the Accrued Liability, allowing for benefits vesting, over the corresponding year. This arises because all future LSA benefits are one year closer to payment.

Assumptions

The most relevant actuarial assumptions used in this valuation are discussed below:

Key Financial Assumptions

Assumption	Assumed Value Current Valuation	Assumed Value
Discount Rate	8.2%	8.09%
General earnings inflation rate (long term)	4.16%	5.51%
CPI	3.16%	4.51%
Net Effective Discount rate	3.88%	2.45%

Discount rate

GRAP25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

Emfuleni Local Municipality

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2019

13. Employee benefit obligation (continued)

The methodology of setting the financial assumptions has been updated to be more duration specific. At the previous valuation date, 30 June 2019 the duration of liabilities was 9.67 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2020 is 10.46% per annum, and the yield on the inflation-linked bonds of a similar term was about 4.52% per annum, implying an underlying expectation of inflation of 5.20% per annum $([1 + 10.46\% - 0.50\%] / [1 + 4.52\%] - 1)$.

Normal salary inflation rate

The valuation bases assume that the salary inflation rate (which manifests itself as the annual increase in employees' salaries which determine the bonuses payable) will be 3.88% less than the corresponding discount rate, in the long term. The effect of a one percent increase and decrease in the salary inflation and discount rates is as follows

Average retirement age

The average retirement age for all active employees was assumed to be 62 years. This assumption implicitly allows for ill-health and early retirements.

In the table below we highlight the effect of adjusting the average retirement age by 2 years upwards and downwards from 62 years.

	2year decrease	Valuation basis 30 June 2020	2year increase
Employer's accrued liability	69,188,493	79,424,028	90,021,188
Employer's current service cost	4,896,068	5,470,292	6,046,174
Employer's interest cost	5,389,046	6,177,779	6,973,988
	79,473,607	91,072,099	103,041,350

The adjustment would result in a 13.34% increase and 12.89% decrease in the accrued liability respectively

Withdrawal decrement

A table setting out the assumed rates of withdrawal from service is set out below:

The effect is illustrated by assuming that withdrawals are 50% lower than assumed. The adjustment would result in a 10.43% increase in the accrued liability respectively

	30 June 2020 valuation basis	50% decrease
Employer's accrued liability	79,424,028	87,704,529
Employer's current service cost	5,470,292	6,257,648
Employer's interest cost	6,177,779	6,854,512
	91,072,099	100,816,689

Past and future changes in accrued liability

	30 June 2018	30 June 2019	30 June 2020	30 June 2021
Opening accrued liability	84,104,000	82,334,584	83,463,300	79,424,028
Current service cost	6,104,000	5,678,886	5,903,187	5,470,292
Interest cost	7,687,000	6,537,860	6,260,293	6,177,779
Benefits vesting	(5,312,321)	(10,884,421)	(12,401,549)	(7,936,730)
Actuarial loss/(gain)	(10,248,095)	(203,609)	(3,801,203)	-
	82,334,584	83,463,300	79,424,028	83,135,369

Emfuleni Local Municipality

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2020

2019

13. Employee benefit obligation (continued)

Reasons for the movement in liability

1% increase in the salary increase rate results in a 6.40% increase in the accrued liability whilst a 1% decrease in the salary rate will result in a 5.84% decrease in the accrued liability.

Inversely, a 1% increase in the discount rate results in a 5.58% decrease in the accrued liability whilst a 1% decrease in the discount rate will result in a 6.21% increase in the accrued liability

Monetary gifts for levels of past service

Completed years of service	30 June 2020	30 June 2019
20	9,241	9,241
25	9,241	9,241
30	12,949	12,949
35	16,098	16,098
40s and every 5years thereafter	22,391	22,391
	69,920	69,920

Retirement gifts per level of service of retirement

Completed years of service	30 June 2020	30 June 2019
15	3,553	3,553
20	4,480	4,480
25	6,475	6,475
30	12,949	12,949
35 and every 5years thereafter	22,391	22,391
	49,848	49,848

Valuation of assets

At the valuation date the long service leave award liability of the municipality was unfunded.i.e. no dedicated assets have been set aside to meet this liability. We therefore did not value any assets as part of our valuation.

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.

Full details are included in the actuarial valuation report at the municipality.

Analysis of the actuarial (gain)/loss

The actuarial (gain)/loss summarises the effects of the valuation assumptions compared to the actual experience of the participants. The table below shows a reconciliation of the projected liability to the accrued liability as at 30 June 2020.

	Amount
Accrued liability as at 30 June 2019	83,463,300
(1) Service Cost	5,903,187
(2) Interest Cost	6,260,293
(3) Expected benefit payments	(12,401,549)
Projected accrued liability as at 30 June 2020	83,225,231
(4) Discount rate changes	(7,227,192)
(5) Staff changes	(1,228,611)
(6) Salary changes	3,522,882
(7) Miscellaneous	1,131,718
Actual accrued liability as at 30 June 2020	79,424,028

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

2020

2019

13. Employee benefit obligation (continued)

- 1 Service cost increased the liability by R5,903,187.
2. Interest cost over the valuation period results in an increase in the liability by R6,260,293.
3. Some employees attained milestones during the valuation period and this resulted in bonus payment of R12,401,549 which reduced the accrued liability by the same margin.
4. The net discount rate changed increased during the valuation period and this resulted in a decrease in the accrued liability.
5. Movements in the staff employed by Emfuleni during the valuation period resulted in an decrease to the liability.
6. Expected salary increases of 6.25% as at 1 July 2020 resulted in an increase to the accrued liability.
7. The miscellaneous items in the data resulted in an increase to the liability by R1,131,718.

Factors that make up the miscellaneous items are changes to membership composition, data changes from the previous valuation, and variations from demographic assumptions

14. Consumer deposits

Electricity and water	<u>53,183,996</u>	<u>52,527,882</u>
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15. Finance lease obligation

Minimum lease payments due

- within one year	<u>-</u>	<u>2,341,606</u>
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The average lease term is 3years and the average effective borrowing rate or escalation was 10.5% interest rate are fixed at the contract date. All leases have variable or fixed repayments and in certain instances contingent rent is payable as per stipulation in the lease agreement..

The municipality's obligation under finance leases are secured by the lease charge over the lease assets.

16. Service charges

Sale of electricity	2,378,128,046	2,024,613,787
Sale of water	1,242,300,832	1,535,676,353
Sewerage and sanitation charges	489,374,341	455,014,265
Refuse removal	248,261,861	254,202,776
	<u>4,358,065,080</u>	<u>4,269,507,181</u>

Emfuleni Local Municipality

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Notes to the Annual Financial Statements

	2020	2019
17. Other income		
Industrial effluent	31,634,721	32,474,724
Sundries/Unallocated income	11,190,511	15,025,567
Reconnection fees	10,650,870	7,568,867
Cemeteries	8,640,763	9,189,723
General service fees	4,796,856	2,439,969
Capital contribution	2,058,087	491,834
Advertising	825,771	940,458
Entrance fees	768,028	345,111
Building plans	732,463	1,155,796
Sale of tender documents	667,416	914,750
Fire and rescue services	365,605	538,234
Planning fees	376,768	125,757
Warning services	138,374	229,775
Access to information	94,837	65,105
Refuse dumping landfill site	54,605	11,724
Health services	9,841	-
Deed searches	201	1,449,274
	73,005,717	72,966,668
18. Fines		
Traffic fines	214,821,480	199,414,260
Other fines	91,470	116,324
	214,912,950	199,530,584
19. Rental of facilities and equipment		
Premises		
Premises	13,578,289	17,271,139
Facilities and equipment		
Rental of equipment	-	1,168
	13,578,289	17,272,307
20. Borrowings		
At amortised cost		
Borrowings	2,061,807	5,743,140
Terms and conditions		
Non-current liabilities		
At amortised cost	-	2,061,807
Current liabilities		
At amortised cost	2,061,807	3,681,333

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

2020 2019

21. Provisions

Reconciliation of provisions - 2020

	Opening Balance	Change in discount factor	Increase due to remeasurement or settlement without cost to entity	Total
Environmental rehabilitation	128,195,185	13,460,494	2,836,802	144,492,481
Legal proceedings	13,885,861	-	-	13,885,861
	142,081,046	13,460,494	2,836,802	158,378,342

Reconciliation of provisions - 2019

	Opening Balance	Change in discount factor	Reduction due to re-measurement or settlement without cost to entity	Total
Environmental rehabilitation	133,276,369	18,163,840	(23,245,024)	128,195,185
Legal proceedings	13,885,861	-	-	13,885,861
	147,162,230	18,163,840	(23,245,024)	142,081,046

Landfill sites

The discount rate of 10.5% utilised to account for the finance cost is based on the weighted average cost of capital rate to the municipality. Using the methodology of the calculation of first escalating the proposed costs, then discounting the costs by the relevant dates allows for a full life cycle analysis as well as appropriate cost value which takes into consideration the time value of money.

The financial provision calculated represents the expenditure required for rehabilitation of the cell areas currently used (not the entire site), including areas that have been used but not rehabilitated. The expected rehabilitation costs have been determined by escalating the current rehabilitation costs over the remaining useful life up to the expected date of rehabilitation of the respective landfill cell areas by using percentage increase year on year from 30 June 2019 to 30 June 2020, should the design have remained the same, is calculated as 6,2% due to the typical contractor price increases noticed in similar project rates being undertaken in SA.

The difference between the 2019 and 2020 rehabilitation assessment years is due to the change of capping materials from synthetic to a more natural materials selection as per similar projects recently approved for a general waste sites under the Norms & Standards, Gazetted R636 thus the cost has reduced. The Engineering fees were estimated at the following percentage of the construction amount:

Boitshepi : 2%

Waldrift : 3.5%

Palm Springs : 4%

The municipality has three landfill sites:

Boitshepi

The landfill site was licensed in 2011 as a G:L:B+ landfill site and is situated in the outskirts of the Tshepiso residential area near Vanderbijlpark. The extent of the property is 34,4195Ha and the footprint of the current waste disposal area is 26,843Ha. As no progressive rehabilitation has taken place, the entire site will need to be rehabilitated as part of the final closure. The areas to be closed off as at 30th of June 2020 is 24.37Ha. The cost estimated (Rehabilitation provision) to close the entire site, based on value determined at 30th of June 2020 is R137 005 269.86 excluding VAT of 15%.

Emfuleni Local Municipality

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2020

2019

21. Provisions (continued)

Waldrift

The landfill site was licensed in 2011 as a G:L:B- site. The Waldrift landfill site is situated on portion 100 of the Farm Kookfontein 545 IQ. The extent of the property is 29.4237ha and the proposed waste disposal area 15, 2894Ha. The cost estimated (Rehabilitation provision) to close the entire site, based on value determined at 30th of June 2020 is R77 621 323.98 excluding VAT of 15%.

The estimated cost (rehabilitation provision) for the entire site, as at 30th June 2020 is R77 621 323.98 excluding VAT of 15%.

Palm Springs

The landfill site was licensed in 2007 as a G:M:B- landfill site and is situated near Orange Farm. The disposal cells of the site have recently been upgraded to include to formal disposal phases, both of which are still operational. The site will grow to include 6 disposal phases over the life of the site.

The extent of the property is 100 000 Ha and the waste disposal area is 24,9866 Ha

The area to be closed off at 30 June 2020 is 8,50Ha and the cost to undertake this closure should be in the order of R47,839,588-03 excluding 15% VAT.

The proposed values of the properties to be listed on the Valuation role are as followst

Boitshepi Landfill Site – minus (R 1 005 369 425)

Zuurfontein Landfill Site – minus (R 170 200 000)

Palm Springs Landfill Site – minus (R 190 185 000)

Waldrift Landfill Site – minus (R 411 836 000)

On this basis the provisions at 30 June 2020 can be summarised as follows:

i) Waldrift landfill site : R R77 621 323.98

ii) Boitshepi landfill slte : R R137 005 269.86

iii) Palm springs landfill site: R47 839 588.03

Total provision for rehabilitation as at 30 June 2020 for all three sites at the respective closure dates is estimated at R 144 492 481

22. Finance income

Interest revenue

Interest on arrears
Bank

86,111,634

75,211,283

12,830,331

10,167,932

98,941,965

85,379,215

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

	2020	2019
23. Property rates		
Rates received		
Rates levied	<u>896,096,923</u>	<u>856,165,255</u>
The valuations are utilised to levy property rates on a monthly basis.		
Rebates on property rates levied can be defined as any income that the municipality is entitled by law to levy, but which has subsequently been foregone by way of rebate or remission.		
Valuations		
Residential	69,455,018,000	69,062,505,000
Business	11,014,249,000	11,794,125,000
Industrial	5,794,758,000	5,802,069,000
State owned properties	2,758,831,000	2,582,727,000
Municipal	1,197,227,000	1,191,406,000
Agricultural	1,388,075,000	1,403,416,000
Other	1,241,455,078	1,236,959,076
	<u>92,849,613,078</u>	<u>93,073,207,076</u>

Emfuleni Local Municipality

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	2020	2019
24. Government grants and subsidies		
Operating grants		
Equitable share	772,335,016	707,723,392
Sedibeng maintenance grant	-	45,430
Cogta (Pumpstation)	-	2,551,363
Financial management grant	2,001,388	1,550,000
Performance grant	6,364	499,440
Social development grant	5,371,680	13,862,148
EPWP grant	-	2,746,000
Health and environmental subsidies	46,241,923	41,428,098
Cogta grant	-	893,724
Neighbourhood development grant	31,702,931	10,498,984
	857,659,302	781,798,579
Capital grants		
Library grant	20,020,605	12,714,873
Intergrated national eletrification programme	6,000,000	-
Water Services Infrastructure grant	1,487,471	18,473,222
Municipal infrastructure grant(MIG)	4,913,935	130,652,247
Education and training(SETA)	1,876,895	-
Infrastructure assets management grant	1,000,000	750,000
Disaster management relief grant	596,000	-
Expanded public works programme(EPWP)	3,559,000	-
Energy Efficiency Demand Site Management grant	5,000,000	-
	44,453,906	162,590,342
	902,113,208	944,388,921
Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic and administrative services to indigent community members to subsidise income.		
An amount of R722 335 000 was gazetted for the 19/20 financial year. The amount of R4 425 016.22 relating to the unspent NDPG was set off against the gazetted amount.		
Financial management grant		
Balance unspent at beginning of year	-	1,922
Current-year receipts	2,015,000	1,550,000
Conditions met - transferred to revenue	(2,001,388)	(1,550,000)
Repayment of unspent	-	(1,922)
	13,612	-
Conditions still to be met - remain liabilities (see note 12).		
This grant is used to promote and support reforms in financial management by building capacity in municipalities to implement the MFMA..		
Library grant		
Balance unspent at beginning of year	5,265,850	5,850,722
Current-year receipts	11,887,278	12,130,000
Conditions met - transferred to revenue	(17,153,128)	(12,714,872)
	-	5,265,850

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

2020 2019

24. Government grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 12).

The purpose of the grant is to financial support municipal library services in the administration of libraries, in order to render efficient, effective and economic library and information services to communities. .

Infrastructure asset management grant

Current-year receipts	1,000,000	750,000
Conditions met - transferred to revenue	(1,000,000)	(750,000)
	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 12).

The purpose of this grant is to support identified municipalities to update and maintain their infrastructure assets registers and compliance with GRAP 17..

Education and training SETA

Balance unspent at beginning of year	494,189	-
Current-year receipts	1,849,073	1,940,023
Conditions met - transferred to revenue	(1,876,895)	(1,445,834)
	<u>466,367</u>	<u>494,189</u>

Conditions still to be met - remain liabilities (see note 12).

This grant consist of discretionary and mandatory grant. The purpose of the grants are to subsidize municipalities paying the skills development levy for workplace skills training based on the workplace skills plan submitted by the municipality and to provide graduates with work experience. .

Intergrated national eletrification programme grant(INEP)

Current-year receipts	6,000,000	-
Conditions met - transferred to revenue	(6,000,000)	-
	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 12).

The purpose of the grant is to implement the intergrated national electrification programme(INEP) by providing capital subsidies to address the eletrification backlog of permanently occupied residential dwellings, the installation of bulk infrastructure and rehabilitation of electrification infrastructure in order to improve quality of supply.

Project funded ex-Sedibeng District Municipality

Balance unspent at beginning of year	<u>1,160,599</u>	<u>1,160,599</u>
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Conditions still to be met - remain liabilities (see note 12).

The purpose of the grant is to assist the municipality with the upgrading of cemeteries.

Emfuleni Local Municipality

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Notes to the Annual Financial Statements

	2020	2019
24. Government grants and subsidies (continued)		
Municipal infrastructure grant(MIG)		
Balance unspent at beginning of year	34,736,753	165,389,000
Current-year receipts	87,222,000	-
Conditions met - transferred to revenue	(4,913,934)	(130,652,247)
	<u>117,044,819</u>	<u>34,736,753</u>
Conditions still to be met - remain liabilities (see note 12).		
This grant was used to construct roads and sewage infrastructure as part of the upgrading of informal settlement areas. No funds were withheld by the grantor.		
Social development grant		
Balance unspent at beginning of year	5,371,680	-
Current-year receipts	-	19,233,828
Conditions met - transferred to revenue	(5,371,680)	(13,862,148)
	<u>-</u>	<u>5,371,680</u>
Conditions still to be met - remain liabilities (see note 12).		
The purpose of the grant is for the construction of 20(Twenty) township projects(Early childhood development centres)		
Sedibeng maintenance grant		
Balance unspent at beginning of year	1,003,104	1,048,533
Conditions met - transferred to revenue	-	(45,429)
	<u>1,003,104</u>	<u>1,003,104</u>
Conditions still to be met - remain liabilities (see note 12).		
The purpose of this grant is the maintenance of farming equipment and implants donated GDARD to Sedibeng Municipality as part of GDARDs mechanisation programme.		
Neighbourhood development partnership grant(NDPG)		
Balance unspent at beginning of year	4,425,016	1,419,857
Current-year receipts	-	14,924,000
Conditions met - transferred to revenue	-	(10,498,984)
Repayment of unspent	(4,425,016)	(1,419,857)
	<u>-</u>	<u>4,425,016</u>
Conditions still to be met - remain liabilities (see note 12).		
To plan, caterise, and invest in targeted locations in order to attract and sustain third party capital investments aimed at spartial transformation, that will improve the quality of life and access to opportunities for residents in South Africa's under-served neighbourhoods, generally townshipd.		
Performance management grant		
Balance unspent at beginning of year	6,364	505,804
Conditions met - transferred to revenue	(6,364)	(499,440)
	<u>-</u>	<u>6,364</u>

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24. Government grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 12).

Provide explanations of conditions still to be met and other relevant information.

Emfuleni Local Municipality

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	2020	2019
24. Government grants and subsidies (continued)		
Water services infrastructure grant(WSIG)		
Balance unspent at beginning of year	1,526,778	9,536,614
Current-year receipts	-	20,000,000
Conditions met - transferred to revenue	(1,487,470)	(18,473,222)
Repayment of unspent	-	(9,536,614)
	<u>39,308</u>	<u>1,526,778</u>

Conditions still to be met - remain liabilities (see note 12).

Provide explanations of conditions still to be met and other relevant information.

Grants in kind

Current-year deemed receipts	34,570,408	-
Neighbourhood partnership development grant(NDPG)	(31,702,931)	-
Provincial libraries (Furniture & Books)	(2,867,477)	-
	<u>-</u>	<u>-</u>

These amounts refer not to monetary value but were received in kind.

Health and environmental subsidies

Current-year receipts	46,241,923	41,428,098
Conditions met - transferred to revenue	(46,241,923)	(41,428,098)
	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 12).

These amounts are reimbursements to the municipality for the public health services which are delivered by the municipality on behalf of the Gauteng Department of Health and Sedibeng district Municipality.

Extended public works programme(EPWP)

Current-year receipts	3,559,000	2,746,000
Conditions met - transferred to revenue	(3,559,000)	(2,746,000)
	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 12).

To provide expanded public works programme(EPWP) incentive funding to expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximised.

Energy efficiency and demand site management grant

Current-year receipts	5,000,000	-
Conditions met - transferred to revenue	(5,000,000)	-
	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 12).

Provide explanations of conditions still to be met and other relevant information.

Emfuleni Local Municipality

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	2020	2019
24. Government grants and subsidies (continued)		
Disaster management relief grant		
Current-year receipts	596,000	-
Conditions met - transferred to revenue	(596,000)	-
	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 12).

The purpose of this grant is to assist the municipality with the impact of Covid 19 pandemic with the following activities: decontamination of specific selected municipal spaces i.e municipal offices, municipal buildings used by communities, ablution facilities in public spaces, ppe, hygiene packs and waste management..

Cogta grant(Pumpstation)

Balance unspent at beginning of year	-	2,551,363
Conditions met - transferred to revenue	-	(2,551,363)
	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 12).

The purpose of this grant is to provide financial assistance to ELM for tyhe construction of a new waste water traetment plant to bypass the existing one that is declared not financially viable to repair.

Cogta grant

Balance unspent at beginning of year	-	893,724
Conditions met - transferred to revenue	-	(893,724)
	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 12).

To assist emfuleni to finance the 90days service delivery plan.

Donation in- kind

During the 2019/20 financial year the municipality received the following donations in kind:.

1. Church of Scientology : Sanitazation of municipal offices for Covid 19.
2. ACG Church, Pick n Pay, Sedgars, Blue Ribbon, SA Muslim Council, BK Lifestyle Cafe, Roshnee Aid, Mr & Mrs Radebe, Vesco Thusong Project : Food parcels and lunch packs.
3. General Smuts Secondary School : Accomodation
4. Department of water and sanitation : Water tanks and personal protective equipment

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	2020	2019
25. Employee related costs		
Basic	616,630,562	608,693,529
Defined contribution plans	119,637,600	115,863,813
Overtime payments	100,998,799	89,562,266
Bonus	50,183,019	46,810,345
Medical aid - company contributions	57,609,546	55,955,085
Group insurance	35,331,651	36,644,697
Car allowance	34,085,726	33,519,307
Acting allowances	24,364,507	21,343,879
Long service awards and medical aid	16,040,634	5,906,593
Leave pay provision charge	15,446,061	6,530,794
Skills development and casualty contributions	7,851,457	8,986,454
Housing benefits and allowances	4,202,537	4,061,164
UIF	4,127,992	4,247,826
Other allowances	13,969,411	13,891,202
	1,100,479,502	1,052,016,954
Remuneration of executive directors		
Municipal manager		
Annual remuneration	1,369,495	434,946
Travel, motor car, accommodation, subsistence and other allowances	23,000	42,000
Annual lease	316,155	-
	1,708,650	476,946
<p>The contract for the then seconded municipal manager was terminated on the 31st of January 2020 upon the appointment of the current municipal manager.</p>		
Chief financial officer		
Annual remuneration	1,546,057	599,413
Travel, motor car, accommodation, subsistence and other allowances	18,000	-
	1,564,057	599,413
<p>The position was vacant in the previous financial year with an incumbent seconded from Provincial Treasury. The position was only filled in the current financial year.</p>		
Executive director: shared services		
Annual remuneration	1,269,283	-
Travel, motor car, accommodation, subsistence and other allowances	282,523	-
Acting allowance	15,967	-
	1,567,773	-
<p>The position was vacant in the previous financial year and it was only filled in the current financial year</p>		
Executive director: public works		
Annual remuneration	1,121,722	-
Travel, motor car, accommodation, subsistence and other allowances	148,500	-
	1,270,222	-
<p>The position was vacant in the previous financial year and it was only filled in the current financial year</p>		
Executive director: economic development and planning		
Annual remuneration	1,247,995	-
Travel, motor car, accommodation, subsistence and other allowances	264,474	-

Emfuleni Local Municipality

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	2020	2019
25. Employee related costs (continued)		
	1,512,469	-
The position was vacant in the previous financial year and it was only filled in the current financial year		
Executive director: public safety and community development		
Annual remuneration	1,302,346	-
Travel, motor car, accommodation, subsistence and other allowances	13,500	-
	1,315,846	-
The position was vacant in the previous financial year and it was only filled in the current financial year		
Chief risk officer		
Annual remuneration	576,548	1,090,338
Travel, motor car, accommodation, subsistence and other allowances	69,000	138,000
Annual leave	254,153	-
	899,701	1,228,338
The incumbent resigned on the 31st of December 2019 and the position was phased out.		
Chief audit executive		
The position was vacant for the two financial years.		
Head of revenue		
The position was vacant for the two financial years.		
26. Remuneration of councillors		
Executive Mayor	1,394,650	1,394,650
Speaker	1,134,888	1,134,407
Mayoral Committee Members	11,165,819	10,655,546
Councillors	42,895,026	53,008,983
	56,590,383	66,193,586
In-kind benefits		
The Office of the Executive Mayor, Speaker and Mayoral committee members are full time positions. Each is provided with an office and secretariat support at the cost of the municipality.		
The Mayor and Speaker make use of municipal owned vehicles for official duties.		
27. Finance costs		
Bank	-	59,322
Interest: external borrowings and creditors	232,128,303	350,884,392
Interest: long service awards	-	6,537,860
	232,128,303	357,481,574
28. Bulk purchases		
Electricity - Eskom	1,955,056,936	1,571,335,960
Water	1,067,529,941	940,457,200
	3,022,586,877	2,511,793,160

Emfuleni Local Municipality

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	2020	2019
29. General expenses		
Indigent support	462,433,053	671,637,810
Repairs and maintenance	104,259,449	109,070,178
Hire	66,204,898	61,087,609
Insurance	53,470,171	57,837,430
Postage and courier	23,086,061	25,393,160
Auditors remuneration	9,181,673	6,760,672
Advertising	6,222,241	4,856,389
Commission paid	6,107,144	12,583,849
Software expenses	5,838,637	3,974,552
Venue expenses	25,856,467	45,004,787
Uniforms	4,530,123	5,691,199
Printing and stationery	3,663,412	601,580
Telephone and fax	4,234,944	5,473,412
Bank charges	1,387,924	1,381,636
Departmental charges	1	4
Other expenses	197,026,764	192,494,078
	973,502,962	1,203,848,345
30. Cash generated from operations		
Deficit	(1,397,055,937)	(635,247,532)
Adjustments for:		
Depreciation and amortisation	351,536,610	374,864,548
Fair value adjustments	(41,702,230)	(31,607,681)
Grant in kind	(34,570,408)	-
Debt impairment	1,981,788,196	1,320,146,942
Loss on sale of assets	80,103,319	41,756,871
Movements in provisions	(16,063,968)	(5,081,186)
Donations	(23,513,666)	(77,183,376)
Changes in working capital:		
Inventories	2,161,214	426,918
Trade and other receivable from exchange transactions	(1,175,344,887)	(1,191,860,727)
Other receivables from non-exchange transactions	(428,913,138)	(379,732,059)
Vat receivable	(223,198,055)	7,394,962
Payables from exchange transactions	1,002,377,964	834,044,919
Unspent conditional grants and receipts	65,737,476	31,021,196
(Decrease)/increase in current borrowings	(1,619,526)	518,702
Finance lease	(2,341,607)	(5,483,075)
Prior year corrections	-	19,621,250
	139,381,357	303,600,672

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	2020	2019
31. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Approved and contracted for Property, Plant & Equipment	<u>214,755,843</u>	<u>119,385,293</u>
Total capital commitments		
Already contracted for but not provided for	<u>214,755,843</u>	<u>119,385,293</u>
Authorised operational expenditure		
Already contracted for but not provided for		
• Approved and contracted	<u>171,907,668</u>	<u>234,078,545</u>
Total operational commitments		
Already contracted for but not provided for	<u>171,907,668</u>	<u>234,078,545</u>

Emfuleni Local Municipality

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	2020	2019
32. Contingencies		
Contingent liabilities		
Civil matters:		
	2020	2019
Description		
Beijing Fuxing Xiao	470,000,000	-
Megazone	154,000,000	154,000,000
Vaal Show Society	80,000,000	80,000,000
MDB(Transaction Capital)	33,886,984	-
AL Mphago Civil Construction	17,111,888	17,111,888
Sungu Sungu Projects	7,274,555	-
SALA Pension Fund	5,000,000	5,000,000
Aphane Consulting	3,615,910	-
Teljulene	3,070,895	-
Lebohang Mnyadeni	3,500,000	2,000,000
Ndaramawe Building Construction	2,725,594	2,725,594
Seriti Maluleke Attorneys	1,787,495	1,787,495
Du Preez	807,433	807,433
Radius Industrial - Compensation	670,750	670,750
Erwat	608,819	-
Bownam Gilfian	517,082	-
SANBRO	221,915	-
MT Teleko	230,000	230,000
M Mclean	200,000	200,000
Continental Outdoor Media (Pty) Ltd	100,000	100,000
Bernard Fred Petersen	60,000	60,000
I McLeod	50,186	50,186
J Mafale	50,000	50,000
MP Skosana - delictual claim	40,000	40,000
AU Kingdom	34,097	34,097
FR Kruger	33,016	-
C Viljoen	31,414	31,414
Dark Fibre Africa	31,414	31,414
C Parsons	30,000	30,000
E Kotze	28,923	28,924
E Potgiter	26,997	26,997
CP Oosthuizen	26,352	26,352
M Moeti	22,157	22,157
WH Lambrecht	16,796	-
G Ross	16,510	16,510
I Steffen	16,240	16,240
Q Jones	16,128	16,128
V Du Preez	14,112	-
Eben Schoenman	13,967	13,967
SJ Botha	11,906	11,906
I Beukes	10,097	10,097
HM Bezuihout	9,311	-
Old Apostolic Church	-	5,500,651
NURCHA Development Finance	-	3,187,346
Inhlavuka Consultation CC	-	2,419,156
Primat Joint Venture	-	1,264,143
Phale	-	1,000,000
Ramatshila Mugeru	-	512,508
Potwig Property Investment	-	390,000
Makankgodumo	-	355,000

Emfuleni Local Municipality

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	2020	2019
32. Contingencies (continued)		
K Rampororo	-	100,000
Darren Pather	-	38,475
	785,918,943	279,916,828

Contingent liabilities(Labour)

There are a number of labour related cases that are still under conciliation, arbitration and review at labour court amounting to R129 883 106(2018/19: R169,502,688).

Contingent liabilities (Insurance)

During the 2019/20 financial year, the municipality encountered insurance claims amounting to R11 090 065 (2018/19: R1 764 592)

33. Related parties

Key management information

Section 56 Managers

Councillors

Section 56 managers received compensation as set out in note 25

No remuneration was paid to families of Section 56 managers.

Members of council received compensation as set out in note 26

No remuneration was paid to family members of council.

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34. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks, credit risk and liquidity risk.

Risk management is carried out under policies approved by the accounting officer. The accounting officer provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

Liquidity risk

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. There is also a risk that the municipality will not deliver upon its mandate.

The liquidity risk is managed on a daily basis. The overall liquidity is reported..

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the municipality maintains flexibility in funding by maintaining availability under committed credit lines.

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

Management plans to maintain adequate cash flows by alternative means such

i) disposal of assets

ii) Investigating other revenue enhancement possibilities and

iii) improving debt collection o ensure that funds will be available to finance future operations and that realisation of assets and settlements of liabilities, contingents and commitments will occur in the ordinary course of business.

Management plans to maintain adequate cash flows by alternative means such

Credit risk

The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Consumer debtors comprise of a large rate of payers, dispersed across different industries and geographical areas. Consumer debtors are presented net of provision impairment. In the case of debtors whose accounts become in arrears, it is endeavored to collect such accounts by levying of penalty charges, demand for payment and as a last resort handed over for collection, whichever procedure is applicable in terms of Council's credit control and debt collection policy.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2020	2019
Trade and other receivables from non exchange transactions	262,372,253	347,322,862
Trade and trade receivables from exchange transactions	194,540,172	422,847,834
Short term investment deposits	248,268,993	136,501,159
Cash and cash equivalents	(7,948,001)	80,991,537

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Emfuleni Local Municipality

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34. Risk management (continued)

Market risk

The municipality is not exposed to interest rate risk, currency risk, and ultimately market risk due to:

The municipality does not have adequate revenue to support borrowing, mainly due to debt outstanding, and revenue collection problems. The municipality also does not have any bonds where interest rate might have an influence. Furthermore, the municipality does not have investments other than from time-to-time grant money that is temporary invested until the conditions of the grants are met. The municipality also have no biological assets. Assets are recognised at cost.

The municipality does not utilise foreign currency as all purchases are locally based.

35. Going concern

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

Assessment of going concern.

In assessing whether the going concern basis is appropriate, management considered a wide range of factors surrounding current and expected performance, expected short- and medium-term economic environment in which the municipality operates, potential estimates of revenue, the power to levy rates and taxes and the impact of the Covid-19 pandemic..

The Gauteng Provincial Executive has intervened at the Emfuleni Local Municipality in terms of Section 139 (1) (b) and Section 139 (5) (a) of the Constitution read with Section 139 on the Municipal Finance Management Act (MFMA) (Act No. 56 of 2003) and a Financial Viability Plan was developed..

The municipality has adopted the four (4) pillars turnaround strategy in the Financial Viability Plan in addressing going concern issues experienced by the municipality. These pillars are Improve collection, reduce distribution losses, saving on expenditure and credible indigent register. Weekly meetings are held, and progress reports are submitted to ascertain whether adequate improvement is done..

Factors that formed part of the assessment:

1. Financial

Huge challenges with respect to cash flow status, largely due to the poor revenue collections, which were aggravated by the Covid 19 Pandemic's impact on the community attributable to the high unemployment (61%) and poverty levels in the region were experienced during the past financial years. More worrying is that 61% of Emfuleni's population earns less than R3, 300 per month.

The municipality's average monthly revenue was intended to be used to settle average monthly current bills for Rand Water and for Eskom however the huge decline in the revenue is falling short and the municipality is struggling to adhere to the commitments..

2. Impact of Covid-19 pandemic

Covid 19 impacted heavily on the revenue collections during the pandemic.

In terms of the Disaster Act credit control was not allowed during some levels of the lockdown. This resulted in a huge decrease in revenue received.

Covid 19 also had a negative influence on the unemployment rate as it is common knowledge that various businesses had to close and subsequent job losses that then occurred. These job losses then also contributed to a loss in income. It is estimated that approximately 61% of the resident of Emfuleni earns less than R3 300 per month. Due to the huge decline in the revenue the municipality could not settle the large accounts for Eskom and Rand Water. This resulted in an accumulation in the commitments as the other clients and service providers could also not be paid.

Emfuleni Local Municipality

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35. Going concern (continued)

3. Institutional

Together with the outbreak of the Covid 19 pandemic, employees were obliged to stay home and then with level 4 only the most essential employees were called back to duty. Because the business of the day could not continue as would have been in Covid-19's absence, no vacancies resulting from deaths, termination of contracts, retirements etc. could be addressed and no vacant posts were filled.

4. Infrastructure and service delivery

The infrastructure of Emfuleni is in an extreme dilapidated condition due to age and lack of maintenance. The lack of finances prevented the municipality to properly maintain the infrastructure, with the result that many areas were bombarded with water and electricity breakdowns. The already panic-struck communities had to deal with that too. Waste removals were not done regularly also due to the poor maintenance of the relevant trucks. Most of the breakdowns could not be properly attended to and therefore also impacted on the service delivery to residents.

The abovementioned lack of finances, institutional capacity, condition of infrastructure and Covid-19 pandemic impacted heavily on the service delivery. Accounts were billed and sent out, but no credit control could be implemented as regulated by the Covid-19 disaster regulations and circulars. This also resulted in a tremendous decline in revenue.

Only Property Rates could be levied, but again, no credit control could be implemented

Mitigating factors

For all intents and purposes, the Emfuleni Local Municipality has structural economic challenges and resultant financial distress, but it is not a dysfunctional municipality and to management's opinion the following mitigating factors have been implemented and are present to reduce the risk of the going concern assumption not being valid:

1. Intervention

The municipality was placed under Section 139(b) and a Lead Administrator was appointed together with an administrator for finance and one for SCM to assist the municipality in the implementation of the Financial Viability Plan in an effort to rescue the municipality and place it back on a fully financially viable level. Currently weekly progress on the three pillars identified is monitored and followed-up.

2. Levying of fixed revenue base

Emfuleni Municipality continued to levy Property Rates monthly. It should be noted that Property Rates is a fixed revenue base. The revenue from Property Rates levied was R896 096 823 for the 2019/2020 financial year

3. Other

The accumulated surplus of the municipality was R7 308 136 822 at yearend. The total assets amounted to R12 317 412 451. The total assets exceed the liabilities with R7 308 146 822

4. Budgetary control

Monthly budget vs actual reports are forwarded to each section and explanations of overspending are requested. Expenditure control is enforced. Various financial reports are submitted monthly to Council. Included in these reports is the Cost Containment, Section 71 and Cashflow to mention only a few

5. Revenue War Room and credit control

The Revenue War Room meetings are held regularly. During these meetings the main matters discussed is revenue enhancement.

Credit control were instituted again and enforced.

6. Institutional

Emfuleni Local Municipality

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35. Going concern (continued)

The staff component is improving. Staff is returning to their workplaces as and when the workplace conditions are becoming Covid-19 compliant.

Conclusion and warranty

Management has therefore determined that the use of the going concern assumption is warranted, notwithstanding the availability of cash. With proper budgetary controls, improved revenue credit control and the full utilisation of the current employees and the implementation of the Finance Viability Plan the municipality can operate as a going concern

36. Unauthorised expenditure

Opening balance as previously reported	1,999,033,668	997,138,981
Opening balance as restated	1,999,033,668	997,138,981
Add: Expenditure identified - current	1,653,150,951	1,001,894,687
Less: Approved/condoned/authorised by council	(997,138,981)	-
Closing balance	2,655,045,638	1,999,033,668

Details of unauthorised expenditure

Political offices	22,102,956	1,422,249
Financial services	431,406,351	366,494,697
Public works	1,023,143,118	469,822,009
Public safety and community development	165,902,824	-
Economic development and planning	10,595,701	164,155,732
	1,653,150,950	1,001,894,687

37. Additional disclosure in terms of Municipal Finance Management Act

PAYE and UIF

Opening balance	16,100,626	14,549,505
Current year subscription / fee	213,554,682	186,879,321
Amount paid - current year	(197,558,705)	(170,778,695)
Amount paid - previous years	(16,100,626)	(14,549,505)
	15,995,977	16,100,626

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

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2020:

30 June 2020	Outstanding more than 90 days
Ndlovu MP	87,755
Mzongwane SL	86,386
Mkhwanazi OA	85,191
Moerane MP	72,036
Mokoena ER	70,675
Nxongo NPG	52,041
Mcasa AT	44,553
Msolo NJ	35,995
Maseko BP	23,527
Mashabela MS	19,488
Sinyanya SS	15,927
Mollo DS	14,151
Shabalala HH	10,850
Motsei LA	9,829
Nthebe MM	6,058
Tlhokwe TG	4,267
	638,729
30 June 2019	Outstanding more than 90 days
Ndlovu MP	87,082
Mokoena ER	71,836
Mzongwane SL	67,680
Mkhwanazi OA	65,946
Nxongo NPG	51,696
Moerane MP	44,249
Msolo NJ	24,951
Mcasa AT	24,050
Maseko BP	21,453
Shabalala HH	16,390
Sinyanya SS	15,088
Motsei LA	14,817
Mollo DS	8,511
Nthebe MM	1,834
	515,583

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

Electricity and water distribution losses

Distribution losses relate to unaccounted for electricity and water losses. These losses arise mainly from illegal connections from both electricity and water networks, physical losses due to network operations and economical losses due to faulty meters. The total distribution losses are as follows:

Electricity

Kilowatt	444,405,812	409,528,598
Rand value	376,989,451	368,332,737
Percentage(%)	21.19%	21.48%
Water	-	-
Kilolitres	59,649,109	41,176,640
Rand value	601,859,513	385,076,940
Percentage(%)	56.9%	41.20%

38. Deviation from supply chain management regulations

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

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

The above 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.

Description

Deviations	19,434,067	76,948,772
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39. Budget differences

Material differences between budget and actual amounts

Service charges - The revenue amount is disclosed in total and does not net-off the indigent support expense of R 462 433 053 which is now disclosed as part of expenditure. The budget amount is disclosed net-off indigent support.

Rental of Facilities and Equipment - Less bookings than anticipated were made. The latter part of the financial year was affected by restrictions due to the COVID pandemic and public facilities were not open for use.

Trade and Other Licences - Less bookings than anticipated were made.

Interest Received - investment - This amount is made up of interest from investment and arrears on accounts. The debtors book is high and thus the high interest.

Fines - More fines were written out than anticipated.

Depreciation and Amortisation - Depreciation was lower due to the lower value of assets due to insufficient repairs and maintenance.

Finance Costs - This is due to interest which was incurred on creditors, particularly Rand Water and Eskom, which interest is not provided for in the budget.

Debt Impairment - Collections were much lower than the 74% provided for. The latter part of the financial year was also impacted by COVID.

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39. Budget differences (continued)

Collection Costs - This amount is usually part of the other expenditure and is not provided for as a separate line item in the budget.

Bulk Purchases - The high amount of distribution losses reflects in the bulk costs amount. Provision for the bulk costs were made taking into account measures to be put in place to reduce distribution losses.

Contracted Services - More than budgeted was incurred due to the necessity to provide services.

Imputed Interest - This amount cannot be determined during budgeting and as such not provided for.

General Expenses - This is due to the disclosure of indigent support as part of other expenditure. This amount in previous periods was set-off against relevant revenues.

Fair value adjustments - This amount cannot be determined during budgeting and as such not provided for.

Actuarial Gains / (Losses) - This amount cannot be determined during budgeting and as such not provided for.

Cash and Cash Equivalents - The closing amounts in the statement of financial position are as a result of transactions during the year. The explanation for the variances in the transactions are given in the Statement of Financial Performance above.

Trade and Other Receivables from exchange transactions - The closing amounts in the statement of financial position are as a result of transactions during the year. The explanation for the variances in the transactions are given in the Statement of Financial Performance above.

Trade and Receivables from non-exchange transactions - The closing amounts in the statement of financial position are as a result of transactions during the year. The explanation for the variances in the transactions are given in the Statement of Financial Performance above.

VAT Receivable - The closing amounts in the statement of financial position are as a result of transactions during the year. The explanation for the variances in the transactions are given in the Statement of Financial Performance above.

Inventories - The closing amounts in the statement of financial position are as a result of transactions during the year. The explanation for the variances in the transactions are given in the Statement of Financial Performance above.

Property, Plant and Equipment - The closing amounts in the statement of financial position are as a result of transactions during the year. The explanation for the variances in the transactions are given in the Statement of Financial Performance above.

Investment Property - The closing amounts in the statement of financial position are as a result of transactions during the year. The explanation for the variances in the transactions are given in the Statement of Financial Performance above.

Intangible Assets - The closing amounts in the statement of financial position are as a result of transactions during the year. The explanation for the variances in the transactions are given in the Statement of Financial Performance above.

Heritage Assets - The closing amounts in the statement of financial position are as a result of transactions during the year. The explanation for the variances in the transactions are given in the Statement of Financial Performance above.

Sanlam Shares - The closing amounts in the statement of financial position are as a result of transactions during the year. The explanation for the variances in the transactions are given in the Statement of Financial Performance above.

Payables from Exchange Transactions - The closing amounts in the statement of financial position are as a result of transactions during the year. The explanation for the variances in the transactions are given in the Statement of Financial Performance above.

Unspent Conditional Grants and Receipts - The closing amounts in the statement of financial position are as a result of transactions during the year. The explanation for the variances in the transactions are given in the Statement of Financial Performance above.

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39. Budget differences (continued)

Borrowings - The closing amounts in the statement of financial position are as a result of transactions during the year. The explanation for the variances in the transactions are given in the Statement of Financial Performance above.

Finance Lease Obligation - The closing amounts in the statement of financial position are as a result of transactions during the year. The explanation for the variances in the transactions are given in the Statement of Financial Performance above.

Employee Benefit Obligation - The closing amounts in the statement of financial position are as a result of transactions during the year. The explanation for the variances in the transactions are given in the Statement of Financial Performance above.

Provisions - The closing amounts in the statement of financial position are as a result of transactions during the year. The explanation for the variances in the transactions are given in the Statement of Financial Performance above.

Consumer Deposits - The closing amounts in the statement of financial position are as a result of transactions during the year. The explanation for the variances in the transactions are given in the Statement of Financial Performance above.

40. Fruitless and wasteful expenditure

Opening balance as previously reported	486,097,380	208,208,713
Opening balance as restated	486,097,380	208,208,713
Add: Expenditure identified - current	225,183,362	357,567,696
Less: Amount written off - current	(208,208,713)	(79,679,029)
Closing balance	503,072,029	486,097,380

41. Irregular expenditure

Opening balance as previously reported	1,133,901,099	1,077,767,146
Correction of prior period error	104,271,369	-
Opening balance as restated	1,238,172,468	1,077,767,146
Add: Irregular Expenditure - current	205,338,574	358,499,209
Add: Irregular Expenditure - prior period	-	7,226,888
Less: Amount written off - (2015/2016)	-	(148,503,808)
Less: Amount written off - (2016/2017)	-	(161,088,336)
Less: Amount written off - (2017/2018)	(872,446,370)	-
Closing balance	571,064,672	1,133,901,099

42. Correction of error

During the 2019/20 financial year the following adjustments were made to transactions whereby amounts were erroneously stated in the previous financial periods. The comparative amounts have been restated as follows:

Balance previously reported 2017/18	Total
Adjustments for 2017/18 and prior	9,230,940,747
	30,600,255
Restated balance for 2017/18	9,261,541,002
Surplus/(deficit) for the period 2018/19 reported	(585,748,938)
Adjustments 2018/19	(49,498,595)
Restated balance for 2018/19	8,626,293,469

Emfuleni Local Municipality

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2019

42. Correction of error (continued)

Statement of financial position

Trade and other receivables from exchange transactions	(865,875)
Trade and other receivables from non exchange transactions	(2,430)
VAT receivable	(5,428,453)
Property plant and equipment	131,633,072
Accumulated depreciation	(9,033,091)
Work in progress	(91,408,393)
Investment property	(36,699,920)
Trade and other payables	42,406,113
VAT payable	(767)
	30,600,256

2018/19

Statement of financial position

Trade and other receivables from exchange transactions	(10,435,862)
Trade and other receivables from non exchange transactions	(346,349)
VAT receivable	1,491,826
Property, plant and equipment	64,352,855
Accumulated depreciation	(3,834,637)
Work in progress	(87,496,345)
Investment property	(1,284,497)
Trade and other payables	(7,436,436)
Salaries	3,600
VAT payable	(1,557,582)
Advance payments	(2,955,168)
	(49,498,595)

2017/18 and prior

Statement of financial performance

Other income	1,094,042
Donations	(90,864,366)
Bulk purchases	133,899
Contracted services	(4,916,400)
Depreciation and amortisation	12,421,593
(Loss)/gain on sale of assets	86,423,434
Finance costs	11,840
General expenses	(34,904,298)
	(30,600,256)

Statement of financial performance 2018/19

Other income	18,153,708
Bulk purchases	59,160
Employee related cost	1,422
Contracted services	2,704,754
Finance cost	72,554
(Loss)/gain on sale of assets	19,568,384
Depreciation and amortisation	6,057,179
General expenses	7,686,946
Fair value adjustment	1,284,497
Remuneration of councillors	(5,022)
Imputed interest	(6,084,989)
	49,498,593

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42. Correction of error (continued)

	Balance 2018/19	Adjustment 2017/18	Adjustment 2018/19	Restated balance 2018/19
Cash and cash equivalents	217,508,396	-	-	217,508,396
Trade and other receivables from non-exchange	350,612,005	(2,430)	(346,349)	350,263,226
Trade and other receivables from exchange transactions	495,479,900	(865,875)	(10,435,862)	484,178,163
Inventory	23,147,571	-	-	23,147,571
VAT receivable	303,706,756	(5,429,220)	(65,756)	298,211,780
Property, plant and equipment	10,333,348,467	31,191,588	(26,978,126)	10,337,561,929
Investment property	972,604,119	(36,699,920)	(1,284,497)	934,619,702
Intangible assets	21,557,533	-	-	21,557,533
Herigate assets	57,016	-	-	57,016
Sanlam shares	21,103	-	-	21,103
Trade and other payables	(3,586,985,292)	42,406,113	(10,388,005)	(3,554,967,184)
Unspent conditional grants	(53,990,333)	-	-	(53,990,333)
Finance lease	(2,341,606)	-	-	(2,341,606)
Borrowings	(3,681,333)	-	-	(3,681,333)
Employee benefits	(23,555,301)	-	-	(23,555,301)
Consumer deposits	(52,527,882)	-	-	(52,527,882)
Employee benefir obligation	(205,626,459)	-	-	(205,626,459)
Provisions	(142,081,046)	-	-	(142,081,046)
Borrowings	(2,061,807)	-	-	(2,061,807)
	8,645,191,807	30,600,256	(49,498,595)	8,626,293,468

Details of adjustments

Statement of financial performance

Revenue from exchange transactions

Incidental cash surpluses

Public transferred funds to the municipality without adequate information.

These funds are receipted under incidental cash surpluses until the persons queries his payments

Revenue from non-exchange transactions

Donations

Developer created assets were recognised: for Rods, sanitation, stormwater and electricity

Expenditure

Outsourced, professional services, Contractors

Professional services

Legal costs and litigation

Legal advice that was not accounted for previously

Collection chargest

Transactional Capital Recoveries - outstanding invoices treated as contingent liabilities due to the fact that the financial system was closed

Emfuleni Local Municipality

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42. Correction of error (continued)

Contracted services

Accrual of various payments to service providers

Loss/Gain on sale of asset

Certain infrastructure assets that were capitalised in previous years were de-recognised

Finance cost

Interest paid on overdue accounts due to late payments previous years now accounted for

Various judgements against Emfuleni and the payables included interest

Depreciation and amortisation and impairment

Changes in depreciation due to changes in remaining useful life of assets and due to derecognition and recognition of assets

Hire charges

Catego Trading Enterprises: renting of equipment

Bulk services - ESCOM

Correction of statement of ESCOM account

Operating leases transport assets

Correction of leases not accounted for

Adjustments to accruals of 1819 fin year invoices

Various adjustments done to various invoices in terms of accruals done/not done in 2017/2018, these includes : Contr. Maintenance unspecified assets, Contractors maintenance electrical and waste water, Vehicle licences and fleet, Postage/stamp/franking, Hire charges Hire of vehicles, Vehicle licences and fleet and Bulk water purchases

Contractors maintenance electrical and waste water

Hire charges Hire of vehicles

Non-current assets

PPE

Various projects that were under W.I.P , are now transferred and accounted for as PPE.

Certain infrastructure assets that were capitalised in previous years were de-recognised

WIP

Various transfers from WIP expenses to opex (previous years) accounted for.

Projects that were under WIP were transferred from WIP to PPE.

Investment Properties

Correction of erven dedicated for Housing development use were derecognized from Investment Property.

Emfuleni Local Municipality

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42. Correction of error (continued)

Current liabilities

Trade and other payables

Creditors that were not accrued, now accrued

43. Events after the reporting date

1. The Beijing Fuxing Xiao Cheng Electronic Technology Stock Co Limited JV Ole Power Systems (BFX-OLE)

The above joint venture is a supplier of smart electricity and water meters, had entered into a public-private partnership (PPP) with Emfuleni Local Municipality (ELM). BFX's local partner is Gauteng Company Ole Power Systems.

On September 2020, BXC South Africa had been awarded a default judgement on which subsequently led to the attachment of municipal bank accounts during 2021

On Monday (07 December 2020) the Gauteng High Court handed down judgement in the matter between Emfuleni Local Municipality (ELM) and Beijing Fuxing Xioa-Cheng Electronic Technology Stock Company LTD JVOLE Power Systems (BXC South Africa), and Sherriff of Court, Johannesburg Central. BFX-OLE was ordered to pay back a portion of the money that was taken during the attachment of the bank account in 2021

At the date of publishing these financial statements an amount of R411 425 226 was still held by BXC and not yet paid back to the municipality, furthermore the Standard Bank accounts were still attached. This had an impact on the cashflow of the municipality which resulted in non payment of suppliers and some of the statutory obligations.

2. Transaction Capital Recoveries Pty (Ltd)

The above company entered into a debt recovery services with the municipality which has since expired, the company lodged a claim that the municipality has not settled the related commission in full and the municipality lodged a counter claim refuting the said claim and further stating that MBD actually over claimed on commission.

On 01 February 2021 the Arbitrator ruled in favour of the municipality and ordered MBD to repay an amount of R55 244 695 together with interest at prime interest rate calculated from 1 October 2019 until payment date.

3. Investigations

The municipality has reported the outcome of the investigation done by Comperio Forensic Services to the Directorate For Priority Crimes (HAWKS) with case number MAS327/8/2019. The magnitude of the over charge on vehicles and duplicate payments made to Mafoko Security amounting to R 60 589 396.00 will be further assessed by the law enforcement agencies to ensure recoverability..

The municipality has reported the outcome of the investigation done by Comperio Forensic Services to the Directorate For Priority Crimes (HAWKS) with case number MAS327/8/2019. The magnitude of the duplicate payments made to Red Ants and irregular VAT claims amounting to R 10 065 522.00 will be further assessed by the law enforcement agencies to ensure recoverability..