



2020/21

Annual Report

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LIST OF ABBREVIATIONS

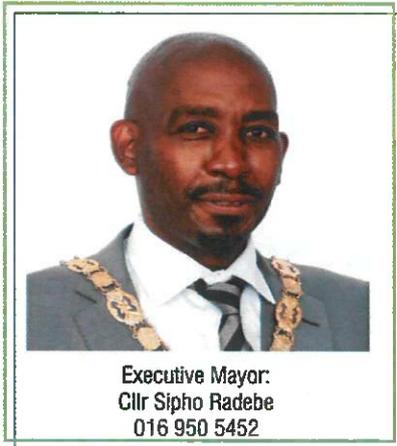
AG:	Auditor-General
CAPEX:	Capital Expenditure
CBP:	Community Based Planning
COSO:	Committee of Sponsoring Organizations of the Treadway Commission Framework
DPLG:	Department of Provincial and Local Government
DORA	Division of Revenue Act
CPMD:	Certificate Programme of Leadership, Management, and Development
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 Labour Forum
MAYCO:	Executive Mayoral Committee
MFMA:	Municipal Finance Management Act (Act No. 56 of 2003)
MIG:	Municipal Infrastructure Grant
MM:	Municipal Manager
MMC	Member of Mayoral Committee
MOU:	Memorandum of Understanding
MPAC:	Municipal Public Accounts Committee

MSA:	Municipal Systems Act No. 32 of 2000
MTEC:	Medium Term Expenditure Committee
NGO:	Non -Governmental Organization
NT:	National Treasury
OPCA:	Operation Clean Audit
OPEX:	Operating Expenditure
PIER:	Public Information Education Relation Relations
PMS:	Performance Management System
PMT:	Political Management Team
PT:	Provincial Treasury
SALGA:	South African Local Government Association
SAICE:	South African Institute of Certified Engineers
SCM:	Supply Chain Management
SDBIP:	Service Delivery and Budget Implementation Plan
SMME:	Small Medium Micro Enterprise
SMT:	Senior Management Team
SDF:	Spatial Development Framework
VEM:	Vehicles, Equipment and Machinery



2020/21

Annual Report



FOREWORD BY THE EXECUTIVE MAYOR

The development of the 2020/2021 annual report took place during unprecedented and challenging time. During the compilation of this report, the entire world, South Africa and the Emfuleni Local Municipality witnessed one of the most severe pandemic crises (COVID-19) which was never seen in decades. The severe impact of the pandemic resulted in increase of unemployment as business and community struggle to cope with changed environment.

It also takes place at the time that the municipality continues to be subjected to the intervention of the Provincial Government in terms

of the provisions of Section 139 (5) (a and c) of the Constitution of the Republic of South Africa. However, despite the challenges the municipality has developed this report in line with the provisions of Chapter 6, Section 46 of the Local Government Municipal Systems (Act 32 of 2000).

As we leap forward into the local government elections and also the final year of this current political administration, 2020/2021, we are filled with a deep sense of appreciation of the challenges that lie ahead of us as a collective during this difficult time impacting on our economic and social life. These include overhauling a municipality that has at best produced mixed outcomes, reactions and seeking to gear it into machinery that meets the service delivery needs and expectations of our community who depend on it.

Critical and scarce skills in municipality continues affect the provision of effective and efficient services, for instance, electricity, water and sanitation functions requires more technical skills and in this case there is a shortage of skilled personnel who can assist the municipality in rendering quality services to the people. However, the municipality has rolled out its recruitment drive in order to address this challenge.

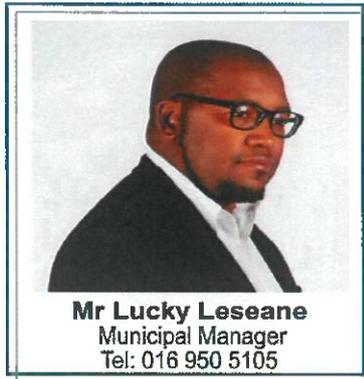
Poor performance culture and lack of accountability are among key issues identified affecting poor service deliver in the municipality. For example, the revenue collection continues to be a challenge as only 74, 24% was collected below the National Treasury standard of 95%.

However, in effort to address of these challenges, the municipality is in the process of aligning performance management to all employees on middle management level. The performance management objective of Emfuleni Local Municipality is to meet all service delivery targets, which would retain a performance rating of at least 3.00. The service delivery performance rating achieved in 2020/2021 is 1.62 indicating that the municipality has partially met its annual performance indicators. The under-performance was largely due to inappropriate planning and limited resources that impacted negatively on service delivery performance. The Executive Mayor will hold the quarterly performance reviews with all the Executive Committee and all Middle Management with the intention to unlock bottlenecks and expedite service delivery.

I trust that our communities will find this Annual Report as an adequate, reliable and honest account on the work we have undertaken during this reporting period. I also wish to further thank support and resilience of our communities, business, Councillors and employees in remaining steadfast in our resolve to work harder in the resolution of the challenges that still remain. My gratitude also goes to the National and Provincial government who continue to assist the municipalities as it navigates out of its challenges.

CLLR S. RADEBE

EXECUTIVE MAYOR



Municipality Manager 's Executive Summary

When we were developing our 2020/2021 Integrated Development Plan, we were aware that the municipality was struggling due to the high unemployment rate. This required us to reduce our revenue base from 74% to 70% of billed households. Another reason for the decrease in revenue was the COVID 19 pandemic, which became a national disaster.

In spite of our difficulties, we as a municipality maintained our optimism and persevered in our efforts to provide basic services to our customers, who are residents of Emfuleni Local Municipality, both households and the business community. Even though we recognise the difficulty of our situation as a municipality, we have not given up hope because we have made a commitment to provide a basic needs for our people, and we have derived our optimism from the contract we have signed with our citizens, particularly with the business community.

Additionally, we wish to express our appreciation for the assistance provided by the national and provincial governments, which has enabled us to continue serving our constituents. We were able to maintain a consistent biweekly household waste collection in all formal settlements in and around municipal area during the previous financial year, despite the difficult economic climate and lack of vehicles. We are aware that this is what we should be doing on a weekly basis, but we are working diligently to accomplish this goal and are optimistic that we will succeed. Similarly, we are capable of cleaning up all illegal dumps. We collect waste on a daily basis in our central business districts to keep Emfuleni Local Municipality environment clean.

Water is available to more than 224 000 households in Emfuleni, according to our vision 2030, through standpipes or communal taps, in accordance with our goal.

We would also like to emphasise to all of our residents the importance of conserving water and using it wisely. Let us water our gardens in the morning and afternoon, let us wash our cars with buckets and use only enough water to bath in, and let us ensure that broken pipes in our homes are repaired, because every drop counts. Keep in mind that water is a scarce resource in South Africa, and it is critical to conserve and protect this valuable resource.

We've discovered that pre-paid electricity is more efficient than traditional metres because our customers are more circumspect than they would be with conventional metres. To combat the latter, the municipality will be launching a campaign to install pre-paid metres throughout the municipal areas. Additionally, it is anticipated that the installation of metres will yield positive results in accordance with the Council's revenue enhancement measures, bearing in mind that the upgrading our electrical infrastructure will cost more than R600 million, as the current system appears to be repealed, resulting in power outages. Additionally, we want to reduce the likelihood of such outages, which is why pre-paid metres are required.

Likewise, the municipality has been revising its service delivery model to ensure that we are able to adequately respond to the service delivery challenges. We want our clients to feel at ease whenever they visit our offices for a variety of reasons related to service delivery, which is why we have developed an organisational structure that ensures we have a well-equipped and competent staff complement that adheres to the Back-to-Basics and Batho Pele principles.

Our human resource development programmes are also well-established within the municipality. This includes a variety of activities such as skill development and wellness programmes for our employees. We note that COVID-19 has been difficult for our colleagues, as they have lost work colleagues as a result of this pandemic, which has instilled fear in many of them. Against this backdrop, we as management want to express our gratitude to all our employees who braved the pandemic and chose service over self-preservation. This is significant, as it is consistent with the narration that municipal employees are on the front lines of service delivery.

Correspondingly, we are making a concerted effort to re-establish public confidence in the municipality's management of its organisation among its constituents. Since then, we've been implementing the

In regard to the Auditor General's recommendations, including how to combat corruption in the municipality. We have tightened the systems to ensure that fraud and corruption are completely

eradicated from the municipality's day-to-day operations. We are making a concerted effort to eliminate wasteful spending.

We have been successful in developing and approving a fraud prevention plan that is multi-disciplinary and cross-functional, thanks to risk management, anti-fraud, and anti-corruption initiatives. As a result, the following investigations have been launched, and are still ongoing:

- Allegation of irregularities within the Revenue department (Draft report issued)
- Transactional data analysis in terms of bulk meter readings (Final report issued)
- Irregularities in terms of unfair labor practices and Supply Chain Management discrepancies (Draft report issued)
- Irregularities into the pricing of goods and services (Final report issued)
- Allegations of irregularities in the Municipal Building Control department (Draft report issued)
- Allegations of irregularities in the Municipal Housing department (Draft report issued)

Efforts are being made to ensure that Emfuleni is recognised as a municipality of choice by addressing critical infrastructure issues such as water and electricity distribution, roads, and internet access. Regarding this, we hope to attract investors to Emfuleni in order to create job opportunities for our people in general and for young people in particular. This is especially important given the troubling unemployment statistics for young people in the country.

As part of this process, we are reviewing our local economic development strategy, which will be followed by a plan to ensure that young people are integrated into the mainstream of municipal's economy. Currently, we are investigating ways to ensure that small businesses benefit from the municipality's daily operations. As a result, we have revised our Supply Chain policy to ensure that with us business benefits the people of Emfuleni, particularly the young, the female, and the disabled.

There are plans in the works to bolster assertions about job creation. With the S63 National Intervention on Water and Sanitation (NIWS), the people of Emfuleni will eventually be able to participate as economic drivers in such a development. Since Rand Water has been appointed as the implementing agency on behalf of the Department of Water and Sanitation, processes have advanced to a more advanced stage, and issues of local contractor beneficiation are now at the forefront of consideration. We also have the Special Economic Zone Initiative, which is a provincial government initiative to develop an economic development corridor along the Vaal River in South Africa. This is a development that includes the following features:

Aerotropolis Smart City Development, Project for Defense Manufacturing, Agro-processing and farming, and a Digital Training Facility are some of the initiatives being pursued. This will have a significant impact on the people of Emfuleni, as it not only speaks to job opportunities, but also to the development of the local economy in terms of small and medium-sized enterprises. The municipality has already leased land in the southern part of the city in order to carry out such a massive development.

In conclusion, we take this opportunity encourage all residents who are unemployed and who meet the criteria for the indigent policy established by the Municipal Council to register with the municipality and have their applications approved. We also encourage all residents to contribute to the cost of services provided by the municipality in order for us to continue to improve. The income generated by this tax will assist the municipality in providing excellent service to the community and establishing Emfuleni as a desirable location for both residential and commercial purposes. We maintain a positive outlook for the future and are committed to taking action to bring our hopes and ambitions to fruition.



L. LESEANE
MUNICIPALL MANAGER

CHAPTER 1: MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

1.1 INTRODUCTION

The annual report of the Emfuleni Local Municipality for the period 1 July 2020 to 30 June 2021 is provided in accordance with Treasury Regulations and section 121 of the Municipal Finance Management Act 56 of 2003, read in conjunction with section 46 of the Municipal Systems Act of 2000.

The 2020/2021 Audited Annual Report includes, 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 audited financial statements; and Chapter 6 addresses the Auditor's general findings of the previous year, and finally appendices related to the Annual Report.

1.2 MUNICIPAL OVERVIEW

Emfuleni Local Municipality is one of three municipalities that make up the Sedibeng District in Gauteng, South Africa. It is bordered to the north by the City of Johannesburg, on the south by Metsimaholo Local Municipality, on the east by Midvaal Local Municipality, and on the west by Westonaria and Tlokwe (Potchefstroom municipality). Strategically located along a well-maintained national highway such as the N1, this municipality provides good transport access. The river that defines the municipality's southern boundary provides opportunities for economic growth and tourism.

ELM is located in the center of what was formerly known as the Vaal Triangle, which was recognized for its contribution to South Africa's iron and steel industry. ELM's southern boundary is formed by the Vaal River, and its strategic location gives several prospects for tourism and other sorts of economic growth. The ELM is steeped in history, as it marks the conclusion of the South African War with the signing of the Vereeniging peace accord on 31 May 1902. It is home to historical sites such as the Sharpeville Memorial and Exhibition Centre, also known as the Sharpeville Human Rights Precinct, which commemorates the events of 21 March 1960, pays tribute to those who died on that tragic day, and commemorates a significant event, the signing of the Constitution of the Republic of South Africa on 10 December 1996 in Sharpeville.

1.2.1 Households

Households Details	
Number of Households	253 488
Average Household size	2.9
Household in Formal Dwellings	220630
Households in informal dwellings	31091
Households with heads under 18 years old	774
Households headed by Females	37.08%

(Source: Stats SA 2011 and Community Survey 2016)

1.2.2 Population size (Source: Community Survey 2016)

Land Size Total	967.6 square kilometers		
Density	750/km ² (1,900/sq. mi)		
Wards	45		
Population Details			
Population Number	733 444		
Growth Rate			
Females	371 752	Males	361 692
Population Group			
Population less than 18 years old by orphan hood status, Dependency Ration			
	Paternal Orphans	Maternal orphans	Double Orphan
	13 114	6 350	3 532

1.2.3 Education Levels

According to the survey conducted by Statistics South Africa census 2011 the education levels within the municipal areas are as follows:

- Higher Education – 12.9%
- Completed Grade 32%
- No Schooling 4%
- Poverty Intensity 42.3%
- Youth Unemployment rate 45%
- Unemployment rate 34,7%

1.2.4 Overview of Neighborhoods within Emfuleni Municipality

Overview of Neighborhoods Within Emfuleni Local Municipality		
SETTLEMENT TYPE	FORMAL DWELLING UNITS	
TOWNS		
Vanderbijlpark	29 998	
Vereeniging	31 113	
Sebokeng	51 546	
Boitumelo	4 809	
Sharpeville	10 497	
Evaton	28 614	
Subtotal	156 577	
TOWNSHIPS		
Vanderbijlpark	23 070	
Arconpark, Sonlandpark, Three Rivers and extensions	7 677	
Three Rivers East and Extensions, Sebokeng and units	52 323	
Evaton and Extensions, Evaton West	28 614	
Extensions, Sharpeville and Extensions	10 497	
Bophelong and Extensions, Boipatong and Extensions	18 216	
Subtotal	140 199	
RURAL RESETTLEMENTS		
Lasiandra, Mantervrede, Van Waartshof	303	
Stephano Park, Staalrus, Houtkop	348	
Subtotal	651	
INFORMAL SETTLEMENTS		
Loch vaal/Barrage, Boiketlong, Lybya	3 546	
Vaalower, New Village, Sebokeng Zone 7	150	
Sonderwater, Sebokeng zone 24	No official stats figures available	No official stats figures available

1.2.5 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 Northwest 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.

1.3 SERVICE DELIVERY

1.3.1 Electricity

Emfuleni Local Municipality is authorized to supply power to the communities of Vanderbijlpark, Bophelong, Boipatong, Ironsye, Eatonside, Roshnee, and Rust-ter-Vaal. ELM cover its areas 100% in terms of electricity provision. Combined, residential and agricultural consumers account for approximately 20% of the municipality's overall energy distribution. The remaining 80% of energy is consumed by industrial and commercial users.

The bulk purchase of electricity procured from Eskom for 2020/21 amounted to R 2,166,319,522. The material electricity losses of R527 403 154 were incurred, which represents 21.87 of total electricity purchased. These losses occur mostly from illegal connections to electricity networks, physical losses related to network activities and economic losses due to faulty meters.

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

Item	Quantity
Primary substations	38
Secondary substations	636
Miniature substations	505
High voltage cables (m)	80,488
High voltage overhead lines (m)	88,782
Low voltage cables (m)	1210,445
Low voltage overhead lines (m)	635,782
Streetlights	24 151
High mast lights	630
Traffic lights	131
Prepaid electricity meters	69333
Smart meters	0
Conventional electricity meters	16463

Achievements

ELM completed 80 percent of its maintenance programs for street lights, high masts, substations, and outages in order to increase the efficiency of the electrical network's operations and maintenance. Additionally, to enhance residents' quality of life, the municipality continued to provide access to power throughout the reporting year by connecting 537 new electricity meters to its electrical network.

Energy Efficiency and Green Energy Initiatives

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

Ninety-five percent (95%) of the street lighting has been replaced with more energy efficient. In 2020/2021 financial year, lamps were replaced with LED lighting. The replacement to date has already led to a saving of 60% of the streetlight energy consumption of the previous year. Furthermore, with the change in technology the municipality is piloting LED lights as an initiative to save energy. The municipality also encourages the developers of new areas to make use of energy efficient building methods as well as solar power systems.

Illegal connections

In dealing with illegal connections, the municipality has installed special locking mechanisms in most of the meter boxes in the area. 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 embarked on installation of robust doors in the substations to curb the theft and vandalism.

The replacement of faulty prepaid meters and bypassed meters with split meters were carried out in all Vereeniging and Vanderbijlpark including the Municipal flats. The municipality will continue rolling out of split pre-paid meters.

The load control system was installed in almost all the houses that are supplied with electricity by the municipality. This system is used for the management of energy consumption at peak times of electricity usage. The system also reduces the cost of electricity by shifting the consumption of energy from the very expensive peak times to the relatively lower cost in standard or off-peak times. The system is currently offline due to expired tender; however, the municipality is currently in a tender process to appoint new service provider.

Free Basic Electricity

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

1.2.2 Waste

The municipality classifies waste management into the following categories: household waste, illegal dumping, business and industrial refuse collection, clean-up of the informal settlements, clean-up of the central business district, and landfill site operations and management. The ELM regions have a total of 221428 households, with 190200 households receiving weekly waste collection. The remaining households are informal settlements that benefit from the removal of illegal dumping from their surroundings. Daily waste collection from businesses takes place in the Vanderbijlpark-Vereeniging area, as well as in the region of Sebokeng and Evaton.

There are three landfills in the municipality: (Boitshepi, Palm Springs and Waldrift). During the 2020/2021 fiscal year, operational landfills sites were audited. The audits' goal is to determine the extent and amount of waste disposed of, as well as the remaining usable airspace. The following results are estimates based on the results obtained from the respective operational landfill sites:

- Boitshepi Landfill site calculated lifespan for final closure: 3.97 years.
- Estimated lifetime of the Palm Springs landfill to full closure: 21.57 years.
- Waldrift Landfill site calculated lifespan for final closure: 8.79 years.

1.2.3 Water and Sanitation

According to the National Water Act, 1998, the Emfuleni Local Municipality provides potable water to all informal and formal communities (Act No. 36 of 1998). The National Water Act's purpose is to ensure that South Africa's water resources are protected, developed, conserved, managed, and controlled in ways that take into account factors such as: meeting present and future generations' basic human needs; o Promoting equitable access to water; and o Promoting the efficient, sustainable, and beneficial use of water for public purposes. ELM's potable water infrastructure consists of 2882 kilometers of reticulation, 14 528 water network valves, 1482 fire hydrants, 99 pressure reduction valves, and fifteen reservoirs.

Bulk Water Purchases

The total cost of bulk water purchases for the municipality in 2020/2021 was R1,056,345,628. Indicating that the 57 % of total water purchased is unaccounted. Water losses are primarily caused by illegal network connections, poor infrastructure and faulty meters.

As part of the interventions to reduce losses and conserving water, ELM and Rand Water have entered into a collaborative process on water conservation and demand management project. This project seeks to reduce water losses in the network by using technologies such as active pressure control and internal network retrofitting. Installation of bulk water meters in the townships to track water consumption patterns and also to ensure the accuracy of Rand Water's bulk water bills has begun.

As part of complying with the legislative frameworks, the National Department of Water and Sanitation (DWS) has created an Integrated Regulatory Information System (IRIS) for water systems in order to monitor compliance with the water service authorities. The Blue Drop System evaluates the whole process of potable water management, from budgeting to planning to operations, water demand, reductions, water quality, monitoring, and assessment. The municipality continues to address issues affecting service delivery, such as theft of brass water meters, vandalism of pressure reduction valves, resulting in increased water pressure and pipe bursts, and aging infrastructure. There is 100% sanitation coverage in all formal settlements. The Sanitation gravity network provides waterborne sewer connections to 181516 stands in the Emfuleni Local Municipal area.

1.2.4 Roads and Stormwater

The Roads and Storm Water function is responsible for the planning, providing maintenance of roads and storm water infrastructure network. The functions are categorized 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.

1.3 ORGANIZATIONAL DEVELOPMENT

The organization development function is a quality driven intervention and support to Emfuleni Local Municipality on matters related to change management, employee assistance programme, referral of employees, training and development, and human resources. The municipality is currently reviewing its Organizational Structure to align it with aligned to the Service Delivery Model, IDP and FRP.

During the year under review employees benefitted from the following Employee Assistance Programme (EAP) interventions.

- Individual Therapy
- Financial Management Workshops
- Trauma debriefings at Fire & Rescue departments and 2 Critical Incident Stress Debriefing (related to bereavement)
- HCT conducted at various depots
- Medical Surveillances
- World Aids Day
- Referrals for Counseling and Psychological interventions

1.3.1 Human Resources

The responsibility of the Human Resources function is to render effective as well as innovative HR service that addresses both skills development and administrative function. Only 30% of planned HR policies drafted approved by Council due to non-sitting of the LLF and Basic Conditions subcommittee. The Workplace Skills Plan (WPSP) for 2020/2021 financial year together with the Training Plan were submitted to the Sector Education and Training Authority for Local Government (LGSETA) by end April 2020 as required by the Skills Development Act, 1998.

1.4 FINANCIAL OVERVIEW

The municipality had budgeted for a surplus of R327m for this financial year, however only realized a surplus of R108m. The surplus was mainly due to service charges and other income (unallocated receipts) which performed above projections.

The operating revenue was 21% over the annual budget, this can be attributed to fines income as well as grants in kind income which did not perform as per projection. Budget provision for fines was based on previous trends, however the Corona virus and Disaster Management Regulations resulted focus being based on other priorities and less fines being written out. The below table depicts a snapshot of the audited statement of financial performance for the financial year under review.

2020/21			
	Adjusted Budget R'000	Actual R'000	Actual to budget %
Operating revenue	6,572,607	7,963,188	121%
Operating expenditure	6,245,735	7,854,603	126%
Surplus/(deficit)	326,873	108,585	

*See detailed Statement of Financial Performance in Chapter 5

Analysis of operational income

Services	2020/21	2019/20	Year on Year increase (%)	Approved tariff increase (%)
	R'000	R'000 (Restated)		
Assessment rates	936,972	884,384	6	5.2
Electricity	2,568,479	2,377,868	8	1.8
Water	863,245	1,208,840	-29	7.9
Refuse	277,264	245,559	13	9
Sewer	412,565	483,167	-15	5.2

Assessment rates – the tariff increase was 5.2% in 2020/21. Actual increase in revenue was 6%, which can be attributable mainly to the increase in valuation of properties and new developments around Emfuleni Municipality.

Electricity – the tariff increase for 2020/21 was 1.8% and actual increase in revenue was 8%. The difference is attributable to increase in electricity consumption by consumers. Water – the tariff increase was 7.9% in 2020/21, and revenue for the current year reduced by 29% which 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 9%. The actual increase in revenue was 13%, which is in line with the tariff increase. Sewer – the approved tariff increase for 2020/21 was 5.2%. Sewer revenue for the current year reduced 15%. This can be attributed to the Nationwide campaign by the Department of water and Sanitation and Local Government to utilize water sparingly.

Analysis of operational expenditure:

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

	2020/21 (Adjusted budget)	2020/21 (Actual)	2019/20 (Actual) Restated	2019/20 Actual to budget
	R'000	R'000	R'000	
Cash items				
❖ Employees cost	1,340,715	1,137,542	1,100,479	85%
❖ Repairs and maintenance	265,708	395,918	103,531	149%
❖ Bulk purchases – Electricity	1,511,705	2,166,320	1,955,057	143%
❖ Bulk purchases – Water	901,541	1,056,346	1,061,899	117%
❖ Contracted services	179,869	359,102	335,599	200%
Non-Cash items				
❖ Depreciation	387,831	585,837	352,995	151%
❖ Debt impairment	941,420	1,080,096	1,925,122	115%

- Employee remuneration was 15% underspent due to savings from funded but unfilled positions.
- Repairs and maintenance was over spent by 149% due to insufficient provision being made in the budget.
- The high expenditure on bulk water and electricity is due to electricity and water theft, unmetered households and water leakages due to old infrastructure.
- An amount of +-R76 million which relates to security was re-classified from general expenditure to contracted services due to the quantum and the fact that we are using contractors for security. The security cost increased because the municipality took over the security for sewer treatments plants when ERWAT left.
- Depreciation was above the budgeted amount due to insufficient provision made in the budget.
- Debt impairment provision was above the budgeted amount due to insufficient provision made in the budget.

Cash flow and liquidity ratios

	NORM	2017/18	2018/19	2019/20	2020/21
Liquidity Ratio	2.1	0.36	0.26	0.26	0.36
Cost coverage ratio	1.1	0.40	0.36	0.36	0.40
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 0.36:1(2019/2020 - 0.26:1) 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 131 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

Certain sections of the Municipality (Finance, Fleet, & IP&D) were under administration in the current financial year, as a result a team of administrators with a Lead Administrator were seconded to the Municipality to assist turn around the above-mentioned departments. Cashflow is directly managed by the team of administrators in consultation with the municipality's executive team.

1.5 STATUTORY ANNAUL PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalize the 4th quarter Report for previous financial year	August
4	Submit draft year 2020/21 Annual Report to Internal Audit	
5	Audit/Performance committee considers draft Annual Report of municipality and entities	
6	Executive Mayor tables the unaudited Annual Report at the council	September /October November
7	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
8	Auditor General audits Annual Report including Annual Financial Statements and Performance data	
9	Municipalities receive and start to address the Auditor General's queries	January
10	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report	
11	Audited Annual Report is made public and representation is invited	
12	Oversight Committee assesses Annual Report	
13	Council adopts Oversight report	December
14	Oversight report is made public	
15	Oversight report is submitted to relevant provincial councils	
16	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	January

1.6 REPORT OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-general to the Gauteng Provincial Legislature and the council on Emfuleni Local Municipality

Report on the audit of the financial statements

1 Opinion

I have audited the financial statements of the Emfuleni Local Municipality set out on pages 01 to 102, which comprise the statement of financial position as at 30 June 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Emfuleni Local Municipality as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and

the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 4 of 2020 (Dora).

2 Basis for opinion

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

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.

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

3 Material uncertainty relating to going concern

I draw attention to note 34 to the financial statements, which indicates how the structural economic challenges and resultant financial distress have affected the municipality to date, resulting 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.

My opinion is not modified in respect of this matter.

4 Emphasis of matters

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

5 Restatement of corresponding figures

As disclosed in note 43 to the financial statements, the corresponding figures for 30 June 2020 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2021.

6 Material uncertainties

With reference to note 31 to the financial statements, the municipality is the defendant in various lawsuits. The outcome of these matters could not be determined and/or reliably measured; therefore, no provision for any liabilities that may result was made in the financial statements.

7 Material impairments

As disclosed in note 3 to the financial statements, the trade and other receivables from exchange transactions balance has been significantly impaired.

The allowance for impairment amounts to R8 671 786 694 (2019-20: R7 771 812 575), which represents 95% (2019-20: 97.6%) of total trade and other receivables from exchange transactions. The contribution to the allowance for impairment was R900 708 603 (2019-20: R1 624 695 853).

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 801 935 154 (2019-20: R1 727 969 580), which represents 72.3% (2019-20: 86,8%) of total trade and other receivables from non-exchange transactions. The contribution to the allowance for impairment was R298 663 648 (2019-20: R504 740 438).

8 Distribution losses

As disclosed in note 36 to the financial statements, material electricity losses of R527 403 154 (2019-20: R376 989 451) were incurred, which represents 21.87% (2019-20: 21.19%) of total electricity purchased.

As disclosed in note 36 to the financial statements, material water losses of R592 530 225 (2019-20: R601 859 513) were incurred, which represents 57% (2019-20: 56.9%) of total water purchased.

9 Disclosure on the impact of Covid-19

I draw attention to note 46 in the financial statements, which deals with the impact and possible effects of Covid-19 on the municipality's current, future performance and cash flows.

10 Other matter

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

11 Unaudited disclosure notes

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.

12 Responsibilities of the accounting officer for the financial statements

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

In preparing the financial statements, the accounting officer is responsible for assessing the 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.

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

15 Introduction and scope

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 the selected key performance area presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

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 do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information.

Accordingly, my findings do not extend to these matters.

I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected key performance area presented in the municipality’s annual performance report for the year ended 30 June 2021:

Key performance area	Pages in the annual performance report
KPA 2: Basic services and infrastructure	5 – 16

I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents.

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

The material findings on the usefulness and reliability of the performance information of the selected key performance area are as follows:

16 Key performance area 2: Basic service and infrastructure

The planned key performance area of basic service and infrastructure as per the approved integrated development plan (IDP) was not consistent with the reported key performance area public works, utilities and special projects and community services as per the annual performance report.

(Percentage achievement to a turnaround time to restore all potable water service interruptions (current norm to comply with is 48 hours)

The achievement of 56% was reported against the target of 50% in the annual performance report. However, the supporting evidence provided materially differed from the reported achievement.

(Reduced bulk water purchases to R95 million by quarter 4)

The source information for measuring the planned indicator was not clearly defined and related systems and processes were not adequate to enable consistent measurement and reliable reporting of performance against the predetermined indicator definitions.

As a result, limitations were placed on the scope of my work, and I was unable to audit the reliability of the achievement of R100 739 664,87 reported against the target of R95 000 000 in the annual performance report.

17 Other matter

I draw attention to the matter below.

18 Achievement of planned targets

Refer to the annual performance report on pages 05 to 16 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 25 to 27 of this report.

19 Report on the audit of compliance with legislation

20 Introduction and scope

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

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

21 Annual financial statements

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 and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified opinion.

22 Strategic and performance management

A performance management system was not adopted, as required by municipal planning and performance management regulation 8.

23 Expenditure management

Reasonable steps were not taken to prevent unauthorised expenditure amounting to R1 152 484 854 as disclosed in note 35 to the financial statements, in contravention of by section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending on the public works budget vote.

Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R191 417 664, as disclosed in note 39 to the annual financial statements, in contravention of 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.

Reasonable steps were not taken to prevent irregular expenditure of R80 089 622 as disclosed in note 40 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with supply chain management (SCM) regulation 36.

24 Procurement and contract management

Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a).

Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was also reported in the prior year.

The performance of some of the 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. 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.

25 Consequence management

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

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

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

26 Other information

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

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

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.

When I do receive and read the other information, if I conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I have to retract the auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

27 Internal control deficiencies

I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

The matters reported below are limited to the significant internal control deficiencies that resulted in findings on the annual performance report and the findings on compliance with legislation included in this report.

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

Action plans were not adequately reviewed by management to ensure that control deficiencies relating to the prior year were adequately addressed, resulting in material misstatements in the financial statements and instances of non-compliance with legislation being identified. Senior management did not adequately monitor and review internal controls over financial, supply chain and consequence management, which resulted in various instances of unauthorised, irregular and fruitless and wasteful expenditure being incurred.

28 Material irregularities

In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit.

29 Material irregularity in progress

I identified a material irregularity during the audit and notified the accounting officer of this, as required by material irregularity regulation 3(2). By the date of this auditor's report, I had not yet completed the process of evaluating the response from the accounting officer. This material irregularity will be included in the next year's auditor's report.

30 Other reports

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. A total of two investigations into allegations relating to procurement irregularities were ongoing at year-end. These investigations have been ongoing since the prior year.

Auditor-General

Johannesburg

28 February 2022



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

CHAPTER 2: GOVERNANCE

Chapter 2 of this Annual Report expresses the components governance in the municipality, and these are, Political and Administrative Leadership. The the political governance, encompasses Council, the Mayoral Committee, Section 79 and 80 Committees of Council. Whilst Administration governance in the municipality focuses on seven (7) areas, namely Risk Management, ICT Governance, Integrated Development Plan, Performance Management, Monitoring and Evaluation, Inter-governmental Relations.

2.1 POLITICAL GOVERNANCE

2.1.1 *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 S Radeba is the Executive Mayor of Emfuleni Local Municipality and the public face of the municipality. He is the chair of the Mayoral Committee comprising of ten (10) Councilors accountable him. The Mayoral Committee meets regularly to co-ordinate the work of municipality and make recommendations to Council. The Executive Mayor steers the development and implementation of Integrated Development which encapsulates service delivery and performance.

2.1.2 *Speaker of Council*

Cllr S.D Soxuza is the council Speaker of Emfuleni Local Municipality. The Speaker carries out her duties of Chairperson of the Municipal Council under Section 37 of the Government: Municipal structures Act 117 of 1998. She implements the Code of Conduct and exercises delegated authority in terms of the Municipal Systems Act. She safeguards 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 a driving force of the public participations, petitions, ward committees and capacitation of Councilors with specific reference to their portfolios. During the year under review, the Office of the Speaker has conducted 464 ward committee meetings, implemented 111 public participation meetings.

2.1.3 *Chief Whip of Council*

Cllr B Jantjie is the council 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 that portfolio committees are functional and that councilors are allocated appropriately. The duties of the Chief Whip of Council include facilitation and implementation of whispery, 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 oversights

2.1.4 *Municipal Council*

The Municipal 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. Council is composed of ninety (90) distinguished as Proportional Representative (45) and Ward Councilors (45).

Out of the ninety (90) Councilors, 56 are males while 34 are female Councilors. This means that women Councilors comprise forty (40%) of the total number of all 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 meetings, ward committee meetings to consider the diversity of interest of the local communities.

2.1.5 *Section 79 Committees*

Ethics Committee: Cllr M. Sikukula is the chairperson of the Ethics committee. 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 councilors and make appropriate recommendations to the Municipal Council. For the period under review the municipality has conducted 3 meetings with 15 active members.

Petitions and Public Participation Committees: The Petitions and Public Participation Management Committee. 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 councilors and 3 officials from Speaker's office. For the period under review, it has conducted 2 meetings. There is slow progress on resolution of petitions due to municipal budget constraints.

The Audit Committee: The Audit Committee is a committee of the Council and performs the statutory responsibilities assigned to it by the Local Government: Municipal Finance MFMA (sections 165 and 166), and other relevant responsibilities delegated to it under its charter by the Council. The committee is chaired by DS Nage. It is an independent advisory body that advise Council, the political office-bearers, the accounting officer and the management of the municipality on matters relating to internal financial control and internal audits; risk management; accounting policies; the adequacy, reliability and accuracy of financial reporting and information and performance management. During the 2020/2021 Financial Year, 10 Performance Audit Committee and 6 Audit Committees meetings were held.

Municipal Public Accounts Committee: Cllr S.G. Mokhele is the Chairperson of the MPAC committee. 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 6 meetings to give an expression on the quarterly performance reports and the annual report.

The Committee has partially considered the 2020/2021 Annual Report and its contents through an annual 3 day- strategic retreat to analyze the contents of the Annual Report, the assessment of Provincial Departments on the Annual Report, the Auditor Generals' audit report and in-year reports of the Internal Audit.

The Oversight Report 2020/2021 has not been submitted to the Municipal Council as yet, and this is due to the delayed submission of the Audit report by the Auditor General of South Africa to Council and Covid19 extension of submission dates. The Municipal Public Accounts Committee is finalizing the Oversight Report and will be submit to Council for consideration and approval in due course after completion of the annual report.

2.1.6 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.

2.1.7 Political Decision-Making Process

Council meetings are running 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 and 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 Mayor 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 Mayor. 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. The following depicts the meeting statistics for both Mayoral Committee and Council

	Meetings	Resolutions Passed
Mayoral Committee	27	27
Council	16	260
Total	43	287

2.1.8 Political Structure of Emfuleni Local Municipality

The following structure is the Political Management of Emfuleni Local Municipality.

POLITICAL MANAGEMENT TEAM (PMT)



MAYORAL COMMITTEE (MAYCO) MEMBERS



2.2 ADMINISTRATIVE GOVERNANCE

In terms of section 54 of the Municipal Systems Amendment Act, the Municipal Manager is appointed as the Accounting Officer. Apart from being head of administration, serves as a link between administration and the political office bearer. The Municipal Manager through management implements decisions of Council and where so delegated, the decisions of the Executive Mayor or the Mayoral Committee.

The Executive Committee includes the Municipal Manager and a total of 8 professionals who are in charge of day-to-day operations and crafting strategic direction of the municipality as well as providing guidance to the political structures, political office bearers and officials of Emfuleni Local Municipality. Three of these positions are vacant and the municipality is in the process of filling them.

Sittings of meetings are conducted every week and bi-weekly, an extended senior management team meeting is held to discuss reports that are recommended to Mayoral Committee and Municipal Council for approval. The extended senior management team is made up of senior management members from different departments in order to make informed decisions based on a collective input by various structures of the institution. For the year under review a total of 29 meetings were held.

The following structure is the Executive Management of Emfuleni Local Municipality:

EXECUTIVE COMMITTEE



Mr Andile Dyakala
Chief Financial Officer
Tel: 016 950 5340



Mr Lucky Leseane
Municipal Manager
Tel: 016 950 5105



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



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



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



Mr. April Ntuli
Executive Director: Infrastructure
Planning & Development
Tel: 016 950 5041



Mr Benjamin Manzi
Acting Executive Director:
Community Services
Tel: 016 950 5415



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



Ms Felicity Human
Acting Executive Director:
Economic Planning and
Human Settlement
Tel: 016 950 5680

2.3 INTERGOVERNMENTAL RELATIONS

Chapter 3 of the Constitution Act of 1996, Section 40 (1) establishes three distinctive yet interdependent and interrelated spheres of government at national, provincial and local government. It provides for co-operative government and intergovernmental relation (hereinafter referred to as IGR). The three spheres of government should co-operate with one another in mutual trust and good faith by fostering friendly relations; assisting and supporting one another; informing one another and consulting one another on matters of mutual/common interest; coordinating their actions and legislation with one another; adhering to agreed procedures and avoiding legal proceedings against one another. The main objective of intergovernmental relations and co-operative government is to ensure coherent and seamless performance and service delivery between the spheres of government where there are cross cutting matters.

2.4 PUBLIC ACCOUNTABILITY AND PARTICIPATION

Participation by the local community in the affairs of the municipality takes place through political structures for participation in terms of the Municipal Structures Act 117 of 1998 (such as ward committees). Furthermore, there are mechanisms, processes and procedures for participation in municipal governance established both in terms of legislation and policy. The Speaker of the Municipal Council plays an important role in coordinating public participation through ward committees, petitions committee, and public hearings. Again public participation is coordinated through the IDP and Budget public participation meetings, Mayoral Izimbizo and People's Assembly and a Revenue Summit. These forums are also utilized as report back platforms on service delivery matters.

2.4.1 Ward Committees Effectiveness Public Meetings

There are 45 functional Ward Committees in the municipality comprising of 10 members per ward with total of 450 ward committee members. Ward committees serve as a vehicle for the Municipality to engage its local communities on their needs in deepening and broadening the participative governance. The establishment of ward committees creates an opportunity for each and every ward committee member to meet with the community with regard to the services expected from the municipality and also inform the municipality with the feedback thereof.

For the year under review a total of 464 ward committee meetings were held and the community attended in numbers. Feedback was given to communities, as well. Comments and inputs received from communities were taken into consideration.

2.4.2 War Room Ward Based

It is crucial to note that due to the nation being hit by Covid-19 late February 2020 which resulted in the country being placed under lockdown level 5 where there were no gatherings anymore, the COGTA Provincial Government introduced War Room Ward Based System. This is a paperless and no gathering programmes mechanism of assisting Public Participation with communities and information sharing in the midst of the pandemic. The communities are given food parcels, education on Covid-19 and testing sites and service delivery issues were also addressed. 45 War Room Ward Based were established and are chaired by Ward councillors in each ward assisted by PR Councillor and ward committee members and 160 programmes have been conducted to date.

2.4.3 IDP/Budget Public Participation

The Municipality moved further to conduct Budget/IDP public meetings which is a programme where communities are in a dialogue with the municipality and its political leadership. The drafting of the Integrated Development Plan, including its consideration and adoption of the budget is done in consultation with the local communities on its development needs and priorities.

For the year under review, the following consultative public participation meetings were held according to the table below:

WARD	REGION	DATE	TIME	VENUE
1, 15, 16 & 45	Vereeniging Region 3B	26 November	15h00	Vereeniging Hall
16 & 21			18h00	Rustervaal Hall
12, 13, 14 & 22	Sharpeville Region 3	27 November	15h00	Sharpeville Hall
3, 8 & 11			18h00	Boipatong Hall
6, 7, 23 & 25	Region 2B	30 November	15h00	Bophelong Hall
4, 5, 9 & 10	Region 2C		18h00	Mayor's Parlour
30, 31, 32, 33, 34, 35, 36, 2 & 17	Sebokeng Region 1	01 December	15h00	Mpho Siphwe Community Hall
42, 44, 18, 29, 37 & 38	Evaton Region 1	01 December	18h00	Mafatsane
24, 26, 43, 39 & 21	Evaton Region 1	02 December	15h00	Maxeke High School
19, 20, 40, 41 & 43	Evaton Region 1	04 December	15h00	Wilberforce College
27, 28, 33 & 18			18h00	Beverly Hills HSchool

2.4.4 Communication, Participation and Forums

Guided by the Municipal Systems Act 32 of 2000 the communication strategy seeks to address needs of the municipality by ensuring that the information dissemination is encouraged and promoted through the media. Invitations to the meetings and updates on any information affecting the communities are done through flyers, radio, and websites. Public communication is also done through public participation which forms part of the Mayoral outreach progress looking at goals set in the IDP of that financial year.

2.5 IDP PARTICIPATION 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
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
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 deals with identification, evaluation and addressing risks on a continuous basis before such risks can impact negatively on the service delivery. It forms a critical part of any municipality's strategic management and operations. It is the process whereby the municipality both methodologically and intuitively addresses the risk attached to their activities with the goal of achieving sustained benefit within each activity and across the portfolio of activities.

The municipality has in terms of the implementation of risk management achieved the following successes in the 2020/2021 reporting period:

- The position of the Chief Risk Management was vacant during the financial year. However, there was an Acting Chief Risk Officer.

- The functions of risk management were being performed under the internal audit unit, due to limited capacity and resources within the municipality
- Council appointed the independent Chairperson of Risk Management and Anti-Fraud and Anti-corruption Committee with effect for 01 December 2021
- A functional Risk Management, Anti-fraud and Anti-Corruption Committee chaired by an external member (RMAAC). The RMAAC had 7 meetings for the period.
- The Risk Management Committee held meetings on the following dates:
 - ✓ 10 August 2020 – Ordinary RMAAC Committee
 - ✓ 10 February 2021 – Ordinary RMAAC Meeting Q2;
 - ✓ 24 March 2021 – Mayoral Committee Meeting: Presentation on the status of Risk Management within ELM;
 - ✓ 19 May 2021 - In-Committee Meeting with Gauteng Provincial Treasury to discuss their assistance and the status of risk assessments;
 - ✓ 19 June 2021 – In-Committee Meeting with Audit and Performance Audit Committee;
 - ✓ 25 June 2021 – In Committee with SALGA to discuss resource requirements;
 - ✓ 28 July 2021 – In-Committee Meeting with SALGA and GPT to discuss plan;
- ✓ The following Strategic Risk Management Strategic Documentation were reviewed and approved by Council
 - Risk Management framework
 - Risk Management Policy
 - Risk Management, Anti-fraud and Anti-Corruption Committee Charter
 - Risk management Anti-Fraud and Anti-Corruption strategy
 - Risk management Implementation plan

Gauteng Provincial Treasury assisted with the review of the strategic and operational risk assessments, were lacking, however could not be completed during the financial year and there was the slow progress made on risk management within the Municipality Due to lack of resources and appropriate structure .

- ✓ Reporting on Departmental risk management was lacking due to operational risk assessments not being performed in all departments
- ✓ Service Level Agreement between Emfuleni, SALGA, and Gauteng Provincial Treasury in an attempt to improve the effectiveness of t The functions of risk management are being performed under the internal audit unit, due to limited capacity and resources within the municipality he risk management level outcome of the Municipality

2.7 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 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 which was 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 to strengthening of the governance mechanisms within ELM by supporting the

Audit Committee and Performance Audit Committee presenting audit reports of value adding and system enhancing nature at meetings and in so doing assisting them in exercising their legislative mandates:

The Aggregate Rating of the Audit and Performance Audit Committees' performances on a 1-5 scale during 2020/2021 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		
2020/21	Performance Audit Committee	Audit Committee
Expertise and know-how	3.8	3.7
Inquiry attitude, objectivity and independence	3.6	3.8
Judgment	3.5	3.5
Knowledge of Local Government and its objectives	3.2	3.0
Understanding of and commitment to the Committee's duties and responsibilities	3.7	3.7
Devotion of time in order to participate effectively in the Committee	3.8	3.7
Timely responses	3.7	3.5
Attendance of meetings	3.6	3.5
Overall Percentage 2020/21	72.7%	71.1%
Overall Percentage 2019/20	82%	81.1%

MPAC- 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 the compliance with key controls. This approach assists to identify the internal control gaps or deficiencies and send the warning signs to management timeously. The full benefits of this process materialized during the 2014/15 financial year as the continuous audit solution starts to mature.

Internal Audit Outcomes for 2020/21

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 (Acquisition), cost containment measures, waste management review, programme change management, revenue management review, review of performance information and Internal and External OPCA follow-up which resulted in a **92%** audit coverage.

AG (SA) Dashboard: Internal Audit has facilitated the AGSA 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.

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 2020/21 reporting period. For seamless approach on the achievement of clean administration at ELM this process was aligned to the Auditor-General Dash Board 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.

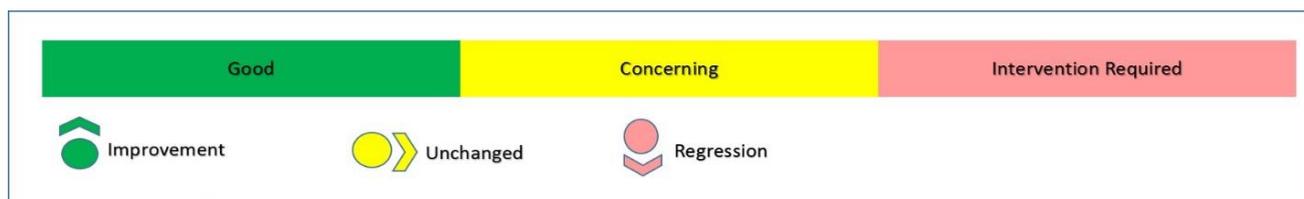
The Auditor-General requested Internal Audit to assist Management with the completion of the Dashboard by facilitating the Key Internal Control of ELM.

Summary of the status on driver of internal controls for Annual AG Dashboard 2020/21

Movement from the previous year is depicted as follows:

-  Improved
-    /  Unchanged / slight improvement / slight regression
-  /  Regressed

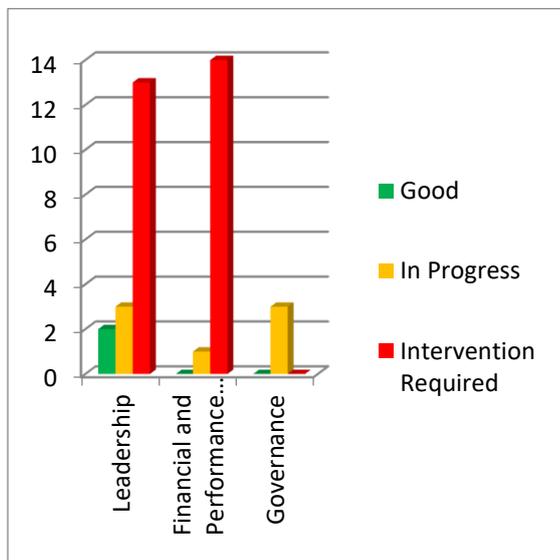
Status of drivers of key controls					
Leadership		Financial and performance management		Governance	
Effective leadership		Proper record keeping		Risk management	
Oversight responsibility		Processing and reconciliation controls		Internal audit	
HR management		Reporting		Audit Committee	
Policies and procedures		Compliance			
Action plans		IT system controls			
IT Governance					



Management has implemented some Management comments and corrective actions furnished into Key Internal Controls in order to improve the progress on the dashboard report. The report was presented for signed-off by the Executive

Mayor, submitted to Mayco and Council for adoption and was to the Executive Mayor and the Auditor-General for consideration.

**Annual Dashboard 2020-2021
Internal Audit Assessment**



Key Commitments: Internal audit facilitated and followed up on key commitments and initiatives for 2020/21 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.

The assessment as performed on the Assurance Providers is outlined below and progress as assessed by Internal Audit for the 2020/21 financial year Annual report. (Assessment reflect results as at the end of 2020/2021 financial year)

Key role player	Assurance levels
Senior Management	Provide Some Assurance
Accounting Officer	Provide Some Assurance
Executive Mayor	Provide Some Assurance
Internal Audit	Provide Some Assurance
Audit Committee	Provide Some Assurance
Speaker & Council	Provide Some Assurance
Coordinating institutions	Provide Some Assurance

Good **Concerning** **Intervention required**

** Intervention is required as there are still critical vacant positions at executive committee level.

Out of seven (7) key role players in the municipality, two (2) are independent assurance providers and their assessment is dependent assessment of the AGSA and five (5) have provided some assurance which is a reasonable effort.

Internal and External OPCA Follow-up, Management is committed to the OPCA process by continuously implementing the internal and external audit recommendations so as to retain an unqualified audit opinion and move towards the clean audit opinion, demonstrating a clean administration.

OPCA External Audit follow-up

Internal Audit followed up on the progress made to date in terms of the implementation of recommendations and action plans to address internal control deficiencies and resolving External Audit findings.

Internal Audit therefore advised management to consider implementing actions as set to address the Auditor-General's observations.

The table below provides a high-level summary of the audit findings dated August 2021:

CLUSTER/DEPARTMENT	NO OF FINDINGS	RESOLVED	NOT RESOLVED	PARTIALLY RESOLVED
Municipal Manger	18	0	15	3
Finance	32	13	18	1
Shared Services	14	4	6	4
Community Services	1		1	
Public Works	5		3	2
Community Development and Planning	3		3	
TOTAL	73	17	46	10

OPCA - Internal Audit

Internal Audit followed up on the progress made to date in terms of the implementation of recommendations and action plans to address internal control deficiencies and resolving Internal Audit findings. Progress in Implementing Internal Audit findings has been slow in the year 2020/2021. The table below provides a high-level summary of the audit findings dated December 2021.

Audits	Total Audit Findings	Less Audit finding not due for Follow up	Total Audit Finding due for follow up	Resolved	PoE to be verified by Internal Audit	Partially Resolved	Not Resolved
Electricity	18	0	18	5	5	1	12
Health and Safety	6	0	6	0	0	0	6
Supply Chain	21	0	21	0	0	0	21
Mscosa Compliance	17	0	17	0	0	0	17
Expenditure Process	11	0	11	0	0	0	11
Project management Unit	12	0	12	2	6	5	5
Fleet	26	0	26	0	0	0	26
ICT-Data Security	14	0	14	6	6	0	8
ICT Governance	18	0	18	3	4	1	14
ICT DRP	9	0	9	5	6	3	1
Cemmen Application System	11	3	8	3	3	0	8
	163	3	160	24	30	10	129
				15%	19%	6%	81%

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 2020/2021 reporting period. The following results indicate that internal audit was continuously adding value to the ELM control, risk management and governance process during the 2020/21 reporting period:

Performance Evaluation of Internal Audit Activity Self-Evaluation and Audit Committee 2020/2021		
CRITERIA	Audit Committee Rating	Self-evaluation Rating
Managing the Internal Audit Activity	4.0	3.9
Status of the Internal Audit Activity	3.4	4.1
Nature of Work	4.0	3.8
Continuing Professional Development	3.2	3.2
Risk-based Auditing	4.0	3.5
Technology	2.0	2.2
Resources	3.4	3.4
Quality Assurance and Development	3.2	3.0
Communications	3.8	3.7
Relationship with Stakeholders	3.5	3.4
Operational Requirements	4.0	3.5
Overall Percentage 2019/20	70.8%	69.0%
Overall Percentage 2020/21	70%	

Internal Audit Highlights and Successes for 2020/2021

- Executed a 100% performance audit methodology which is aligned to National Treasury Framework on performance management adding value to the service delivery quality.
- Followed a communication strategy to build good communication and client relations with management and all related stakeholders; and
- Successfully performed a cluster-audit approach.
- Followed up on internal audit and External Audit findings.

2.8 AUDIT COMMITTEE REPORT

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 2021.

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 any other issues referred to it by the municipality.

In addition sections 166(2)(b), (c), (d) and © 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.

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.

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.

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 Chief Audit Executive reports operationally to the Municipal Manager and functionally to the Audit Committee.
- (b) The 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).

The members of the Audit Committee and Sub-committees during the period under review were:

Name	Audit Committee	Sub-Committees			
		Performance Committee	Audit	Risk Management and Anti-Fraud and Corruption Committee	Information and Technology Governance Committee
Former APAC Committee (contract ended November 2020)					
Mr. LS Mofokeng	Chairperson	Member	-	-	
Ms. MAF Moja	Member	Chairperson	-	-	
Mr. PS Fourie	Member	Member	Chairperson	-	
Adv. HW Cory	Member	Member	-	-	
New APAC Committee (Commenced 01 December 21)					
D Nage	Chairperson	Member	-	-	
R Mnisi	Member	Chairperson	-	-	
M Mkaza	Member	Member	-	-	
MD Mnisi	Member	Member	-	-	
NT Baloyi	Member	Member	-	-	
H Maritz	-	-	Chairperson	-	

The membership of the Audit Committee as at 30 June 2020 comprised of 9 (four) independent external members and their attendance is reflected in the table below.

Name	Audit Committee	01/09/2020	10/10/2020	26/10/2020	14/01/2021	21/01/2021	17/02/2021	19/04/2021	19/05/2021	21/05/2021	18/06/2021
Mr. LS Mofokeng	Chairperson	√	√	√	√	√	√	√	√	√	√
Ms. MAF Moja	Member	√	√	√	√	√	√	√	√	√	√
Mr. PS Fourie	Member	√	√	√	√	√	√	√	√	√	√
Adv. HW Cory	Member	√	√	√	√	√	√	√	√	√	√
D Nage	Chairperson	√	√	√	√	√	√	√	√	√	√
R Mnisi	Chairperson	√	√	√	√	√	√	√	-	√	√
M Mkaza	Member	√	√	√	√	√	-	√	√	√	√
MD Mnisi	Member	√	√	√	√	√	√	√	√	√	√
NT Baloyi	Member	√	√	√	√	√	√	√	-	√	√
H Maritz	Chairperson	√	√	√	√	√	√	√	√	√	√

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.

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 2020/21 of which they managed to achieve **92%** implementation. 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 17 % in 2020/21 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.

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.

MATTERS OF CONCERN

The committee considered the following issues during its in-committee session:

- Appointment of S6 Managers
- Delays in process plan implementation – Performance Management System
- Insurance Risks
- Bulk losses (Water and Electricity)
- Court cases within the Municipality
- Attachment of the Bank Account

PERFORMANCE MANAGEMENT

- (a) The 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.
- (b) The monitoring of the Council's performance is a key function of management, executive management and the Council.
- (c) 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.
- (d) 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

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

- (a) The Council approved a materiality framework which provide for zero tolerance for non-compliance with laws and regulations.

ANY OTHER ISSUES REFERRED TO THE AUDIT COMMITTEE BY THE MUNICIPALITY

- (a) The Committee was requested to assist in the process of appointing the Chief Audit Executive / Chief Risk Officer. The Committee made recommendations to enhance the processes and documentation.

REVIEW AND EVALUATION OF QUARTERLY AND ANNUAL FINANCIAL STATEMENTS

The committee has not exercised its legislative mandate in terms of section 166 of the MFMA:

- (a) The Annual Financial Statements was discussed with management, and reviewed and analyzed by the AC and AGSA, to be included in the Annual Report;
- (b) the AGSA's management report and management's responses reviewed as the audit was suspended by the AGSA.
- (c) Reviewed the changes in the Accounting Policies and Practices.
- (e) Reviewed significant adjustments resulting from the audit.

AUDITOR-GENERAL (SA) AUDIT OPINION

- (a) The committee is pleased that the municipality has obtained an unqualified audit opinion which is a huge improvement considering that for the past two financial years the Municipality has been obtaining a qualified audit opinion. However, committee is still concerned that the AGSA was unable to complete the audit within three months of receiving the financial statement from the accounting officer. The letter for non-compliance letter in terms of MFMA and the AGSA signed off the document on 28 February 2022.

INTERACTION WITH THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

Matters raised by internal audit are periodically referred to MPAC information purposes.

ONE-ON-ONE DISCUSSION WITH THE EXECUTIVE MAYOR

One-on-one discussions with the honorable Executive Mayor on the Audit Outcome.

APPRECIATION

In conclusion the Audit Committee expresses its appreciation towards the Accounting Officer and all other role players for the effective meetings the Audit and Performance Audit Committee.

2.9 SUPPLY CHAIN

The Supply Chain Management of Emfuleni Local Municipality has been implemented in terms of Chapter 11 of Municipal Finance Management Act No.56 of 2003; SCM Regulations of 2005. Relevant MFMA circulars clearly set out the required processes and guidance manuals to help ensure that SCM processes provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption. These pieces of legislation and guidelines referred to were the bases for the formulation of ELM's Supply Chain Management (SCM) policy.

SCM is an integrated function, which deals with the following functions:

- Demand Management
- Acquisition Management
- Logistic and Disposal Management
- Risk and Performance Management

The SCM Policy and Procedure Manual were reviewed during the financial year, as to cater experienced challenges, intensify controls, streamline processes and promote fairness, cost- effectiveness, efficiency and local economic development. Furthermore, the review was also intended to accommodate National Treasury's circular 62.

2.10 BY-LAWS

The following draft By –Laws were drafted during the year under review:

- ✓ Hire and Use of Community Arts and Culture, Sports and Recreation Facilities By-Laws
- ✓ Fences and Walls draft By-Laws
- ✓ Public Road and miscellaneous
- ✓ By-laws for the management and control of flats owned or administered by Municipality

These draft By-Laws will be promulgated once they have been approved by Executive Committee, Section 80, the Mayoral Committee and Council.

2.11 WEBSITE

The following information was published on the website during the year under review:

Information to be placed on the website	Done
1. Annual and adjustment budget and all budget related documents	Yes
2. All budget related policies	Yes
3. Annual Report	Yes
4. Performance Agreements as per s57 (1) (b) of MSA 2020/2021	Yes
5. All service delivery agreements	No
6. All long-term borrowing contracts	Yes
7. All SCM contract above R100 000 per quarter	Yes
8. Information statements containing list of assets over prescribed value that have been disposed of in terms of s14 (2) or (4) during the previous quarter	Yes,
9. Public-private partnership agreements	Yes
10. All quarterly reports tabled in the Council in terms of s52 (d)	Yes

2.12 PUBLIC SATISFACTION SURVEY

For the year under review, the municipality did not conduct the public satisfaction survey. However, the electricity and water service department have their customer services units respectively to attend to daily queries. The petitions committee also assists in addressing all the community complaints.

3.1 WATER

The municipality's mandate is to provide all households with adequate access to basic services. The supply of basic services to the community of Emfuleni is currently at a good level, with a large percentage of formal households having 100% access to both water and sanitation services. Although there is still a gap in the delivery of basic services to informal settlements, with just 98.8 percent of informal households having access to basic water and pit latrine systems within a 200-meter walking distance. From 2020 to 2021, the number of households in the Emfuleni region heightened at an average annual rate of 1.6 percent, according to the United Nations Development Programme.

The total cost of bulk water purchases for the municipality in 2020/2021 is R1,056,345,628, of which R592 530 225 is the total material water losses incurred by June 2021. This means 57 % the water purchased is unaccounted. Water losses were primarily caused by illegal network connections, poor infrastructure and faulty metres.

Achievements and Challenges

The Sharpeville Household Leak Repair Program was initiated during the financial year 2020/21 to address erroneous flows in the sanitation system as well as unaccounted-for water in the area. The project took four months to complete. The program retrofitted a total of 1494 homes. The project, which was finished in March 2021, used 13 locally certified plumbers. The intervention resulted in a daily decrease of 2 million litres in night-time flows to the Leeuwkuil WWTW.

A program of water conservation and demand control has been implemented (Bantsho retrofitting Project). Out of a goal of 1,422, a total of 17 248 homes were audited and 1 506 stands were retrofitted, accounting for 106 % of the project's scope. In March 2021, a further door-to-door awareness campaign was conducted in Bophelong.

The DBSA undertook a high-level assessment of schools and identified ten priority schools for retrofitting. Eight identified schools have been assigned service providers, and internal work has begun. Bulk Check meters have been placed at each of Rand Water's 22 bulk connection sites. Two new bulk water projects have been registered under the Covid-19 program, including the rehabilitation of the Waterdal Pressure Station and the refurbishment of control valves and equipment at the Vanderbijlpark Reservoirs. These initiatives will work to reduce night-time flows and water losses in water systems.

The audit of industrial water meters began on 15 February 2021 and concluded on 15 March 2021. A total of 176 stands in Vereeniging and 52 stands in Vanderbijlpark were audited.

For the period beginning 1 July 2020 and concluding 21 June 2021, a total of 4 790 water complaints and 3 140 water meter complaints were received, of which 3 513 and 1 918 were resolved. This translates to a completion percentage of 73% and 61%, respectively, despite significant limitations on staff, tools of the trade, and vehicles (approximately 45 percent availability).

The Department of Human Settlements, Water and Sanitation provided Emfuleni Local Municipality with a total of 171 Jojo tanks to be put in informal settlements to provide water supply to the communities as part of the Covid-19 program. These tanks were replenished daily, providing water to villages during the COVID period.

3.1.1 Total Use of water by sector

<i>Total Use Of Water By Sector (Cubic Meters)</i>					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable
					Overall Water Losses
2019/20	577	0	17,255	36,866	59,649,109kl
2020/21	272	0	6,003	26,927	58,724,502kl

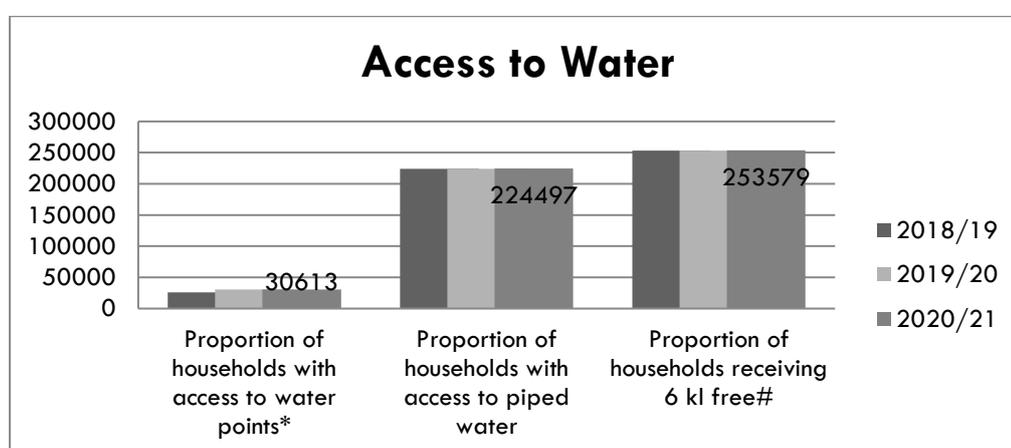
3.1.2 Water Service Delivery Levels

Water Service Delivery Levels				
	2017/18	2018/19	2019/20	2020/21
<i>Water: (above min level)</i>				
Piped water inside dwelling	186	189	192	195
Piped water inside yard (but not in dwelling)	60	58	55	51
Using public tap (within 200m from dwelling)	7	6	7	8
Other water supply (within 200m)	0	–	–	–
<i>Minimum Service Level and Above sub-total</i>	252	253	253	254
<i>Minimum Service Level and Above Percentage</i>	99%	99%	100%	100%
<i>Water: (below min level)</i>				
Using public tap (more than 200m from dwelling)	1	1	0	0
Other water supply (more than 200m from dwelling)	1	1	0	0
No water supply	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	2	1	1	0

3.1.3 Households-Water Service Delivery levels below minimum

Water Service Delivery Levels				
	2017/18	2018/19	2019/20	2020/21
<i>Water: (above min level)</i>				
Piped water inside dwelling	186	189	192	195
Piped water inside yard (but not in dwelling)	60	58	55	51
Using public tap (within 200m from dwelling)	7	6	7	8
Other water supply (within 200m)	0	–	–	–
<i>Minimum Service Level and Above sub-total</i>	252	253	253	254
<i>Minimum Service Level and Above Percentage</i>	99%	99%	100%	100%
<i>Water: (below min level)</i>				
Using public tap (more than 200m from dwelling)	1	1	0	0
Other water supply (more than 200m from dwelling)	1	1	0	0
No water supply	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	2	1	1	0

3.1.4 Access to Water



The portion of families getting 6kl of free basic water is only applicable to customers registered in the indigent register of 25 3579 families in 2020/2021. The water users have access to piped water within their properties and dwellings amount to and access to water points is 30 613.

3.1. 5 Water Service Policy Objectives Taken from IDP

		2019/20		2020/21		2021/22
		TARGET	ACTUAL	TARGET	ACTUAL	TARGET
SERVICE OBJECTIVES	OUTLINE SERVICE TARGETS	PREVIOUS YEAR	PREVIOUS YEAR	CURRENT YEAR	CURRENT YEAR	FOLLOWING YEAR
Renewing our communities and reviving a sustainable environment	Number of all formalised stands that have access to clean reticulated water	183387	183408	0	0	Focus is now on additional not the current that are formalised.
	Number of new / additional water meters installed on previously un-metered areas of the municipality.	48934	4000	2500	0	500
	Reduced bulk water purchases to R70 million	R75 000 000.00	- R100 730 311.40	Reduced bulk water purchases to R95 million	R100, 739 664.87	Reduced bulk water purchases to R75 million

3.1.6 Employees: Water

EMPLOYEES: WATER SERVICES (WATER, WATER CARE WORKS & MAINTAINANCE)					
Job Level	Total Posts	Employees 2019/20	Employees 2020/21	Vacancies Fulltime	Vacancies as %
0 - 3	4	1	1	3	75%
4 - 6	20	11	9	11	55%
7 - 9	98	32	31	67	68%
10 - 12	52	25	22	30	58%
13 - 15	41	9	9	32	78%
16 -	200	109	106	94	47%
	415	187	178	237	57%

3.1.7 Water Services

Water Services					
Financial Performance 2020/21: Water Services					
Details	2019/20	2020/21			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue (excluding tariffs)	1,102,372	956,127	956,127	398,397	-140%
Expenditure:					
Employees	22,677	27,048	27,048	9,621	-181%
Repairs and Maintenance	29,972				
Other	1,145,469	879,177	879,177	3,360,078	74%
Total Operational Expenditure	1,198,117	906,225	906,225	3,369,700	73%
Net Operational (Service) Expenditure	-95,745	49,901	49,901	-2,971,303	102%

3.2 SANITATION

The sanitation system is made up of 3000 kilometers of gravity sewage pipes, 33,328 kilometers of sewer manholes, 44 kilometers of pumping stations, and 34 kilometers of pumping mains.

Leeuwkuil, Sebokeng, and Rietspruit are the three Wastewater Treatment Works operated by Emfuleni Local Municipality. All works are categorized in accordance with the provisions of the National Water Act. According to the National Water Act, All Care Works is classified as class A. These Water Care Works are able to collect and treat wastewater from all locations within the Emfuleni Local Municipality and discharge it into the Rietspruit and Vaal River receiving water resources in an appropriate manner in accordance with Water Use License and Green Drop standards.

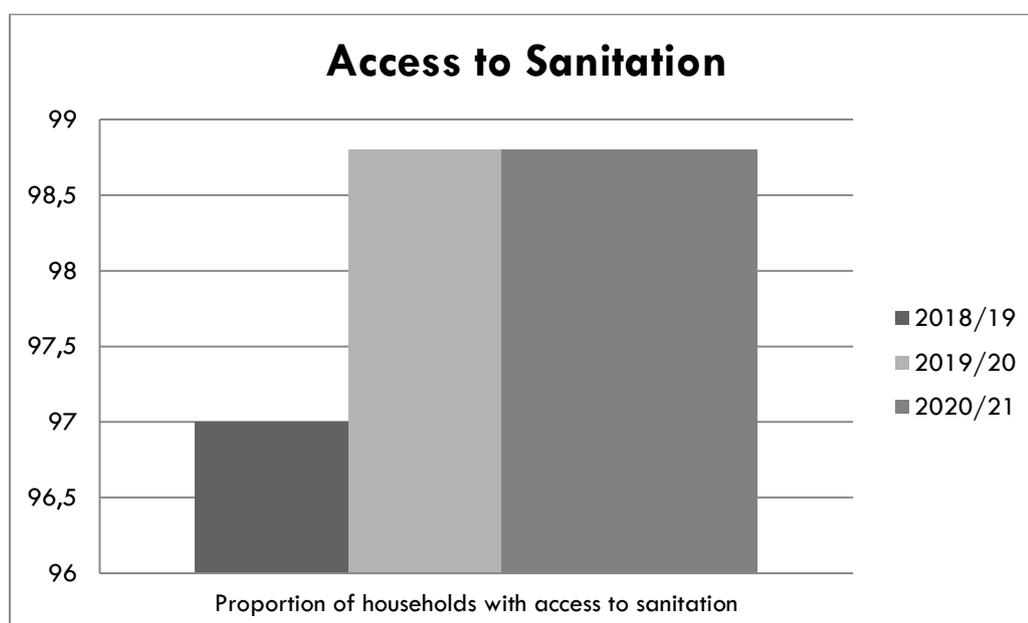
3.2.1 Sanitation Service Delivery Level

Sanitation Service Delivery Levels				
*Households				
Description	2017/18	2018/19	2019/20	2020/21
	Outcome	Outcome	Outcome	Actual
<u>Sanitation/sewerage:</u> (above minimum level)				
Flush toilet (connected to sewerage)	200	203	203	203
Flush toilet (with septic tank)	6	6	6	6
Chemical toilet	1	1	1	1
Pit toilet (ventilated)	1	1	1	1
Other toilet provisions (above in-service level)	–	–	–	–
Minimum Service Level and Above sub-total	208	210	211	211
Minimum Service Level and Above Percentage	99.7%	99.7%	99.7%	99.7%
<u>Sanitation/sewerage:</u> (below minimum level)				
Bucket toilet	0	0	0	0
Other toilet provisions (below in-service level)	0	0	0	0
No toilet provisions	0	0	0	0
Below Minimum Service Level sub-total	1	1	1	1
Below Minimum Service Level Percentage	0.3%	0.3%	0.3%	0.3%
Total households	208	211	211	211

3.2.2 Households - Sanitation Service Delivery Levels below the minimum

Households - Sanitation Service Delivery Levels below the minimum						
Households						
Description	2017/18	2018/19	2019/20	2020/21		
Formal Settlements	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
Total households	208	210	211	211	211	211
Households below minimum service level	–	–	–	–	–	–
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
Informal Settlements						
Total households	1	1	1	1	1	1
Households ts below minimum service level	0	0	0	0	0	0
Proportion of households ts below minimum service level	29%	29%	29%	29%	29%	29%

3.2.3 Access to Waterborne Sanitation



3.2.4 Sanitation Service Policy Objectives Taken From IDP

Service Objectives	Outline Service Targets	2019/2020		2020/21		2021/22
		Target	Actual	Target	Actual	Target
Renewing our communities and reviving a sustainable environment	Formalized stands with access to Basic Level of Sanitation	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%	51.60%	50%
	90% compliance with discharge license requirement on effluent quality at Rietspruit, Sebokeng and Leuwkuil waste water treatment works in 2018/2019	90%	27.50%	90%	0.0%	95%

3.2.5 Employees: Sanitation Services

EMPLOYEES: SANITATION SERVICES					
Job Level	Total Posts	Employees 2019/20	Employees 2020/21	Vacancies Fulltime	Vacancies as %
0 - 3	1	1	0	1	100%
4 - 6	5	3	3	2	40%
7 - 9	16	6	6	10	63%
10 - 12	26	14	14	12	46%
13 -15	12	2	2	10	83%
16 -	142	59	59	83	58%
	202	85	84	118	58%

3.2.6 Capital Expenditure: Water and Sanitation

Capital Expenditure: Water and Sanitation 2020/2021					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
WATER & SANITATION	97,831,194.00	122,259,152.00	21,143,281.49		
BULK WATER SUPPLY - TSHEPISO TO SHARPE	14371794	3341457	0	0	0
COVID-19 REFURBISHMENT OF VDB RESERVOIRS	0	5092540	0	0	0
BULK WATER EVATN RESERVIOR TO DADEVILE	13349860	3641457	0	0	0
COVID-19 WATERDAL PRESSU STATION EVA/SBK	0	2500000	0	0	0
SEWER LINE-3 RIVERS; 3 R-EAST & SOLPARK	7500000	6734756	1153006	-484%	-550%

Capital Expenditure: Water and Sanitation 2020/2021					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
UPGR UNION STR BULK SEWER IN VEREENIGIN	12000000	17398685	1598960	-988%	-650%
SEWER LINE HOTKOP&UNISPARK NORTH LEWKUIL	7640384	18374065	11339037	-62%	33%
UPGRADING OUTFALL SEWER ON NORTHERN AREA	12000000	14282517	1302700	-996%	-821%
UPGRADING SEWER PIPELINE PS8: STILLBOX	12000000	17062949	1100004	-1451%	-991%
SEWERLINE FROM INDUS; BOIP /TSHEP TO PS4	6969156	11470010	1888600	-507%	-269%
REHABILITATION OF PUMP STATION 8;9 & 10	12000000	14088971	2760975	-410%	-335%
COVID-19 CHLORINE DOSING RIETSPRUITWWT	0	8271745	0	0	0

3.2.7 Financial Performance 2020/21: Sanitation Services

Sanitation Services					
Financial Performance 2020/21: Sanitation Services					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	348,908	340,202	340,202	144,949	-135%
Expenditure:					
Employees	26,418	31,411	31,411	10,955	-187%
Repairs and Maintenance	29,654	0	0	0	
Other	57,938	43,890	57,190	819,855	95%
Total Operational Expenditure	114,010	75,301	88,601	830,810	91%
Net Operational (Service) Expenditure	234,898	264,901	251,601	-685,861	139%

3.2.8 Overall Performance

Additional projects for the rehabilitation of pump stations, unblocking and repairs to the Bulk Sewer System and sewer pipes were identified and registered under the MIG for the 2020/21 financial year. The project's first phase is currently underway.

The upgrade of Sebokeng Waste Water Treatment Works Module 6 was completed during the reporting financial year, and work on Module 7 (an extra 50 Ml) will resume. Additional steps are being put in place by the municipality to ensure the appropriate functioning and maintenance of module 6 as well as numerous pump stations. Along with the 2020/2021

accomplishments, 56.25 percent of waste water service disruptions were restored within the required turnaround time (24 hours).

The municipality's water and sanitation issues have been accumulating for some years. This was largely due to the accumulation of backlogs in water and sanitation infrastructure repair. Given the lack of periodic maintenance and the growing demand for services, the aging infrastructure has progressively collapsed. Due to the municipality's size, the difficulties occurred on a proportionate scale, resulting in a significant impact on the municipal budget, which was unable to sustain all the programs. As a result of all the mentioned challenges, the Human Settlements, Water, and Sanitation Department intervened

3.3 ELECTRICITY

Emfuleni Local Municipality (ELM) licensed 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) and adopted by Council every year.

Bulk Purchases of Electricity in the area covered by the municipality's distribution licence consumed 1 551 686 042kWh in the financial year of 2020/2021. In accordance with the latest statistics as per municipal financial system there are approximately 85726 consumers of which approximately 75500 are residential and agricultural. In accordance to NERSA reporting the Municipality has 15768 post-paid meters, 3500 unmetered stands and 62415 total consumers while 42976 are prepaid meters.

According to the vending system there are 69333 active meters. The residential consumers consume approximately 40% of the total energy distributed by the municipality. The other 60% of energy sold is consumed by the industrial and business consumers. Overall distribution losses total is 488 336 253. The bulk purchase of electricity procured from Eskom for 2020/21 amounted to R 2,166,319,522 .The material electricity losses of R527 403 154 were incurred, which represents 21.87 % of total electricity purchased. 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

Households Electricity Service Delivery Levels				
Description	2017/2018	2018/2019	2019/2020	2020/2021
	Actual	Actual	Actual	Actual
<u>Energy:</u> (above minimum level)				
Electricity (at least min.service level)	10500	10000	19373	16463
Electricity - prepaid (min.service level)	53005	63505	42947	69333
<i>Minimum Service Level and Above sub-total</i>	63505	73505	62320	85796
<i>Minimum Service Level and Above Percentage</i>	100,0%	100,0%	100,0%	100,0%
<u>Energy:</u> (below minimum level)				
Electricity (< min.service level)	N/A	N/A	N/A	N/A
Electricity - prepaid (< min. service level)	N/A	N/A	N/A	N/A
Other energy sources	N/A	N/A	N/A	N/A

<i>Below Minimum Service Level sub-total</i>	–	–	–	–
<i>Below Minimum Service Level Percentage</i>	0,0%	0,0%	0,0%	0,0%
Total number of households	63505	73505	62320	85699

3.3.2 Households - Electricity Service Delivery Levels below the minimum

Households - Electricity Service Delivery Levels below the minimum						
Households						
Description		2018/2019	2019/2020	2020/2021		
	Actual No.	Actual No.	Actual No.	Original Budget	Adjusted Budget	Actual No.
Formal Settlements						
Total households	69237	69300	62415	69236	N/a	85796
Households below minimum service level	n/a	n/a	n/a	n/a	n/a	n/a
Proportion of households below minimum service level	n/a	n/a	n/a	n/a	n/a	n/a
Informal Settlements						
Total households	n/a	n/a	n/a	n/a	n/a	n/a
Households its below minimum service level	n/a	n/a	n/a	n/a	n/a	n/a
Proportion of households its below minimum service level	n/a	n/a	n/a	n/a	n/a	n/a

3.3.3 Capital Expenditure: Electricity

Capital Expenditure: Electricity					
2020/21					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
ELECTRICITY	77,025,125.00	101,225,125.00	28,015,504.37		
UPGRADING OF NE3 SUBSTATION	0	5000000	2403409	-108%	100%
UPGRADING OF SONLANDPARK SUBSTATION	0	5000000	0	0	0
UPGRADING OF TOWN SUBSTATION - PHASE 1	0	20000000	1210824	-1552%	100%
UPGRADING OF POWERVILLE SUB-PHASE 1	0	4000000	332791	-1102%	100%
UPGRADING OF DUNCANVILLE SUB - PHASE 1	0	8000000	6972570	-15%	100%
N:NEW CONNECTION & NETWORK REINFORCEMENT	9000000	1954125	82120	-2280%	-10860%
TSHEPONG PHASE 3 ELECTRIFICATION	5189125	19200000	2353670	-716%	-120%
TOOLS AND TEST EQUIPMENT	2000000	900000	0	0	0
SEBOKENG EXT 30 ELECTRIFICATION	986000	5000000	1204811	-315%	18%
TRANSFORMERS LV	0	0	2261679	100%	100%
REPLACE TRANSFORMERS IN VARIOUS AREAS	2000000	7000000	6973186	0%	71%
REPLACE ELECTRICITY PREPAID METERS	40000000	16000000	1352000	-1083%	-2859%
INEP GRANT	0	5571000	607632	-817%	100%
MOBILE 500KVA STANDBY GENERATOR	0	0	0	0	0
EEDSM	0	3600000	2260811	-59%	100%
REPLACE 88KV SWITCHGEAR IN VARIOUS SUBS	2500000	0	0	0	0
UPGRADING MCKINNON CHAIN 88/6.6KV SUBS	1000000	0	0	0	0
INSTALLATION OF MINK CONDUCTORS	3000000	0	0	0	0
LETHABONG PHASE 1 ELECTRIFICATION	1700000	0	0	0	0
LETHABONG BULK	5650000	0	0	0	0
REPLACEMENT OF 11KV RMI(RING MAIN UNITS)	3000000	0	0	0	0
REPLACE BATTERY SYSTEM ON 11KV SYSTEM	1000000	0	0	0	0

3.3.4 Electricity Service Policy Objectives Taken from IDP

Electricity Service Policy Objectives Taken from IDP							
			2019/20		2020/21		2021/22
			TARGET	ACTUAL	TARGET	ACTUAL	TARGET
SERVICE OBJECTIVES	OUTLINE SERVICE TARGETS	PREVIOUS YEAR	PREVIOUS YEAR	CURRENT YEAR	CURRENT YEAR	FOLLOWING YEAR	
Renewing our communities and reviving a sustainable environment	% in electricity distribution losses reduced	27.00%	21.19%	24.00%	21.78%	20.00%	
	Number of new electricity meters installed.	150	10	8000.00	537.00	2200	

3.3.5 Employees: Electricity

Employees: Electricity Services					
Job Level	Total Posts	Employees 2019/20	Employees 2020/21	Vacancies Fulltime	Vacancies as %
0 - 3	4	1	1	3	75%
4 - 6	26	15	15	11	42%
7 - 9	63	44	41	22	35%
10 - 12	79	28	28	51	65%
13 -15	10	0	0	10	100%
16 -	57	50	49	8	14%
	239	138	134	105	44%

3.3.6 Financial Performance 2020/21: Electricity Services

Electricity Services					
Financial Performance 2020/21: Electricity Services					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	2,406,212	3,051,183	3,051,183	1,386,843	-120%
Expenditure:					
Employees	38,821	46,861	46,861	17,701	-165%
Repairs and Maintenance					
Other	2,139,560	2,198,887	2,185,587	1,328,721	-65%
Total Operational Expenditure	2,178,381	2,245,748	2,232,448	1,346,423	-67%
Net Operational (Service) Expenditure	227,831	805,435	818,735	40,421	-1893%

3.3.7 Overall Performance

Electricity department managed to connect a total of 7 individual single-phase connections in 2020/21 financial year. 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.

The department of Mineral Resource and Energy (DMRE) the INEP division in the financial year 2019/20 amount of R 6 000 000.00 was granted from to electrify a total of 308 houses or units in Tshepong Phase 3 and Sebokeng Zone 30. All the design for both projects are completed. In the financial year 2020/2021 an amount of R3 600 000 was granted for EEDSM related project (the upgrade of Public lighting) in the municipality. An amount of R5 571 000.00 was granted for upgrade of Tshepong Switching Station.

The Department has embarked on replacing smart meters and faulty meters in the financial year 2020/21 and will continue in the next financial year. 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. In the financial year 2020/21 the municipality have allocated 6% of electricity revenue for repairs and maintenance of the electricity infrastructure. The municipality

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 sites, litter picking, street sweeping, management of mini dumps / transfer stations, prepaid collection service, cleaning of illegal dumps and environmental management, and education and awareness. A total of 190 207 households receives the waste collection services once a week.

The remainder of the households represents a total of 31091 households living in informal settlements that are serviced through the removal of illegal dumps. During the year under review, the Municipality removed 173 544m³ of waste of reported illegal dump sites and waste transfer stations.

3.4.1 Solid Waste Service Delivery Levels –A

Solid Waste Service Delivery Levels				
Description	Households			
	2018/19	2019/20	2020/21	2021/22
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
<i>Solid Waste Removal:</i> (Minimum level)				
Removed at least once a week	189870.00	190162.00	190207.00	190277.00
<i>Minimum Service Level and Above sub-total</i>	189870.00	190162.00	190207.00	190277.00
<i>Minimum Service Level and Above percentage</i>	85.9%	85.9%	86.0%	85.9%
<i>Solid Waste Removal:</i> (Below minimum level)				
Removed less frequently than once a week	31 228.00	31 228.00	31 091.00	31 228.00
<i>Below Minimum Service Level sub-total</i>	31 228.00	31 228.00	31 091.00	31 228.00
<i>Below Minimum Service Level percentage</i>	14.1%	14.1%	14.0%	14.1%
Total number of households	221 098.00	221 390.00	221 298.00	221 505.00

3.4.2 Solid Waste Service Delivery Levels –B

Households - Solid Waste Service Delivery Levels below the minimum						
Description	2017/18	2018/19	2019/20	2020/21		
Formal Settlements	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
Total households	189 870.00	190 162.00	190 207.00	2 283 120 465.00	152 355 218.00	152 355 218.00
Households below minimum service level	31 228.00	31 228.00	31 228.00	31 228.00	31 228.00	31 228.00
Proportion of households below minimum service level	16%	16%	16%	0%	0%	0%
Informal Settlements						
Total households	221 098.00	221 390.00	221 435.00	30 254 714.00	27 093 888.00	152 386 446.00
Households its below minimum service level	31 228.00	31 228.00	31 228.00	31 228.00	31 228.00	31 228.00
Proportion of households its below minimum service level	14%	14%	14%	0%	0%	0%

3.4.3 Solid Waste Service Policy Objectives Taken from IDP

Solid Waste Service Policy Objectives Taken from IDP						
		2019/20		2020/21		2021/22
		TARGET	ACTUAL	TARGET	ACTUAL	TARGET
SERVICE OBJECTIVES	OUTLINE SERVICE TARGETS	PREVIOUS YEAR	PREVIOUS YEAR	CURRENT YEAR	CURRENT YEAR	FOLLOWING YEAR
Renewing our communities and reviving a sustainable environment	% of weekly household waste collection services completed as per schedule including formal and informal settlements	85.00%	49.52%	40.00%	215.43%	60%
	M ³ of Illegal dumps removed as per the maintenance plan.	-	-	120 000m ³	130 709.88m ³	120 000m ³
	% level of legal compliance with all landfill average standard) requirements	95.00%	14.00%	40.00%	139.75%	80%

3.4.4 Employees: Solid Waste Management

EMPLOYEES: SOLID WASTE MANAGEMENT & WASTE DISPOSAL SERVICES (WASTE MANAGEMENT)					
Job Level	Total Posts	Employees 2019/20	Employees 2020/21	Vacancies Fulltime	Vacancies as %
0 - 3	4	1	1	3	75%
4 - 6	10	6	6	4	40%
7 - 9	20	13	13	7	35%
10 - 12	72	27	24	48	67%
13 -15	19	10	8	11	58%
16 -	371	262	257	114	31%
	496	319	309	187	38%

3.4.5 Financial Performance 2020/19: Solid Waste Management Services

Employees: Solid Waste Management Services					
Financial Performance 2020/19: Solid Waste Management Services					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	166,820	180,515	180,515	77,325	-133%
Expenditure:					
Employees	46,094	56,624	56,624	19,127	-196%
Repairs and Maintenance	20	4,500	4,500	0	
Other	84,608	64,422	68,422	528,846	88%
Total Operational Expenditure	130,722	125,546	129,546	547,972	77%
Net Operational (Service) Expenditure	36,099	54,969	50,969	-470,647	112%

3.4.6 Financial Performance 2020/21 Solid Waste Management Services

Employees: Solid Waste Management Services					
Financial Performance 2020/21: Solid Waste Management Services					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	166,820	180,515	180,515	77,325	-133%
Expenditure:					
Employees	46,094	56,624	56,624	19,127	-196%
Repairs and Maintenance	20	4,500	4,500	0	
Other	84,608	64,422	68,422	528,846	88%
Total Operational Expenditure	130,722	125,546	129,546	547,972	77%
Net Operational (Service) Expenditure	36,099	54,969	50,969	-470,647	112%

3.4.7 Overall Performance

Household waste is collected weekly to a total of 190 207 households as recorded at 01 July 2020. A total of 177 newly completed households were provided with a weekly sustainable kerbside waste collection service in 2020/21 financial year.

Street Cleaning – CBD's: a total of 81 staff members (59 permanent staff members and 22 Thuma Mina project participants) kept the CBD's of Vanderbijlpark and Vereeniging clean. This programme was achieved through the implementation of a rotational programme due to the Covid-19 Lockdown restrictions as part of improving street cleaning services.

Estimated life span of three operational landfill sites: Based on the Minimum Requirement of the Waste disposal by Landfilling the municipality operates the three landfill sites with the assistance of service providers who provide their own specialised machinery and staff. During the year under review the Municipality appointed consultants to assist the municipality with the renewal of licenses for the landfill sites owned by the Municipality and conduct one external audit per site per annum. The audits are performed to assess the extent and volume of waste disposed and the remaining available airspace determined by a topographical survey based on the approved permit for the individual landfill sites and the estimated calculation conclusion for the respective operational landfill sites valuation process.

Life Span of the Landfill sites

There are three landfills in the municipality: (Boitshepi, Palm Springs and Waldrift). During the 2020/2021 fiscal year, operational landfills sites were audited. The audits' goal is to determine the extent and amount of waste disposed of, as

well as the remaining usable airspace. The Municipality also initiated internal landfill site audits for all operational landfill sites to ensure compliance with minimum requirements and environmental legislation. Boitshepi Landfill (operational): 53%; Palm Springs Landfill (operational): 64%. And 64% at the Waldrift Landfill site (operational).

The following results are estimates based on the results obtained from the respective operational landfill sites:

Boitshepi

The landfill site, which is located on the outskirts of the Tshepiso residential area near Vanderbijlpark, was licenced as a landfill site in 2011. The property is 34,495Ha in size, with a footprint of 26,843Ha for the current waste disposal area. Because there has been no progressive rehabilitation, the entire site will need to be rehabilitated as part of the final closure. The area that will be closed off by June 2021 is 24.37 ha. The calculated lifespan for the Boitshepi Landfill site's final closure is 3.97 years.

Waldrift

In 2011, the landfill site was granted a licence. The Waldrift landfill is located on FarmKookfontein 545 IQ portion 100. The property has a total area of 29.4237ha, with a proposed waste disposal area of 15.2894Ha. The estimated lifespan for the final closure of the Waldrift Landfill site is 8.97 years.

Palm Springs

The landfill site, which is located near Orange Farm, was licenced as a landfill site in 2007. The site's disposal cells were recently upgraded to include formal disposal phases, both of which are still operational. Over the life of the site, the site will expand to include six disposal phases. The property stretches 100 000 Ha, with a waste disposal area of 24.986 Ha. Palm Springs Landfill estimated the final closure lifespan to be 21.57 years.

Application for a new landfill site in Yakani brickfield are in progress.

Waste Management and Air Quality By-Laws: The By-Laws of this Department were successfully updated, aligned with the NEM: Waste Act (Act 59 of 2008) and they have also been approved by Council. The draft by-laws were gazette for implementation. Some of the major challenges faced by the municipality are discussed below.

Challenges

The department experienced a drastic decline in the provision of household collection services due to the shortage or non-availability of fleet. The SDBIP target for household waste collection was reduced to 40% due to these challenges. Furthermore, the department was forced to introduce an intervention plan to temporarily change the weekly waste collection frequency to bi-weekly basis.

Removal of illegal dumps was done with reduced fleet. As a result, the department relied on hired fleet to remove 173 544m³ waste from illegal dumps hotspots. This came with added costs for the municipality.

The waste management facilities including Mini dump transfer stations and landfill sites were faced with a huge challenge of illegal open fires. The infrastructure of these facilities was constantly being vandalised. As a result, more security personnel for these facilities are required.

The Boitshepi and Waldrift landfill sites received notices to initiate NEMA Section 24G licenses rectification for the delays in the renewal of their licenses. The NEMA S24G process comes with an administrative fine of not more than R5m per site. This process has a financial implication for the department for landfill sites operations budget.

The department is understaffed with a vacancy rate of about 40%. The shortage of management and supervisory teams made it difficult for the department attend to strategic and supervisory issues of the department. In the same way the shortage of drivers and general workers made it difficult for the department to achieve its operational targets and the impact in the community could not be felt.

Illegal dump removal

In November & December 2020 we managed to remove illegal dumps in Tshepong, Debonairpark park, Roshnee, Waldrift, Springcol, Sharpville Vuka and Phelendaba cemetery, Mohlodi secondary school illegal dump and the 3 transfer stations in Vereeniging. The department managed to cover the 45 wards with different cleaning campaigns initiated by the Municipality and by the Community.

Litter picking

Department of Environmental Affairs appointed 22 Thuma Mina EPWP members for a period of 2 years to support the ELM with litter picking and street cleaning. The GDARD appointed 40 wetlands participants and they are placed along the Rietspruit stream across different wards. The teams remove litter and clean illegal dumps.

In addition, the GDARD appointed 120 participants for a period of 15 days to clear the illegal dumps in the different wards and illegal dumps hotspots. 9 tippers and 6 tlbs were hired by the GDARD for this project to clear the illegal dumping.

Recycling

26 recycling cooperatives were registered by the GDARD and DTI through the support of the Municipality. The Petco sponsored Majakathatha corporative with recycling bags and a cash prize of R9000 to acquire equipment for their project. During the pandemic the Department of Environmental Affairs donated 500 food parcels to the waste Reclaimers in the ELM across the different recycling points including landfill sites and transfer stations.

3.5 ROADS AND STORM WATER

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

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

3.5.1 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.

Year	Total gravel roads	Gravel roads graded/maintained
2016/2017	442	438
2017/2018	114.2	111.2
2018/2019	206.2	199
2019/2020	121.85	121.85
2020/2021	177.22	177.22

During the two-year period 2020/2021, a total of 177.22 kilometers of gravel roads were maintained. A total of 121.85 kilometers of gravel roads were maintained during the 2020/2021 financial year period.

The roads department was able to maintain an equivalent of 10 117.67 square meters of tarred roads in excellent condition during the course of the 2020/2021 financial year by implementing a pothole repair program. Considering the

existing state and increasing amount of deterioration of the municipal tarred road network, this represents a substantial underperformance when compared to other municipal projects. Only 9.1 kilometers of resealing of existing tarred roads was completed in 2020/21 as a result of funding supply problems that hindered the budget from being completely executed.

3.5.2 Tarred Road Infrastructure

	Total tarred roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar Roads maintained
2016/2017	45.83	35.66	0	6.62
2017/2018	8.46	2.96	0	2.5
2018/2019	28.42	14.12	0	7.2
2019/2020	9.80	3.68	0	6.12
2020/2021	19.21	9.1	0	10.11

3.5.3 Roads and Stormwater Service Policy Objectives Taken from IDP

Roads and Storm water Service Policy Objectives Taken from IDP							
		2019/20		2020/21		2021/22	
		TARGET	ACTUAL	TARGET	ACTUAL	TARGET	
SERVICE OBJECTIVES	OUTLINE SERVICE TARGETS	PREVIOUS YEAR	PREVIOUS YEAR	CURRENT YEAR	CURRENT YEAR	FOLLOWING YEAR	
Renewing our communities and reviving a sustainable environment	Number of kilometers tarred on municipal roads	20 kms	10kms	7km	9.1km	10km	
	Number of kilometers of municipal gravel roads gravelled	95 kms	110kms	30 km	177.22km	110km	
	Meters of stormwater maintained in line with maintenance plan	-	-	1000.00m	7786m	-	

3.5.3 Employees: Roads And Stormwater Services

EMPLOYEES: ROADS AND STORMWATER SERVICES					
Job Level	Total Posts	Employees 2017/18	Employees 2020/21	Vacancies Fulltime	Vacancies as %
0 - 3	3	2	2	1	33%
4 - 6	10	5	4	6	60%
7 - 9	18	8	8	10	56%
10 - 12	167	27	25	142	85%
13 -15	77	5	2	75	97%
16 -	1115	149	142	971	87%
	1390	196	183	1205	87%

3.5.4 Capital Project: Roads & Storm water

Capital Projects: Roads & Storm water 2020/2021					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
ROADS & STORMWATER	43,469,907.00	22,476,331.00	19,909,901.91		
N:CONSTR OF V/SCHALKVYK STR EATONside	14753255	6151350	678652	-806%	-2074%
UPGRADE GLASCO & DONA ROAD EVATON	700000	700000	0	0	0
UPGRADE GLASCO & DONA ROAD EVATON	700000	700000	0	0	0
N:CONSTRUCTION OF LAKESIDE BLOCK A ROAD	10106325	3188861	0	0	0
CONST MULTIPLE R& S UPGRD PROJECT EVATN	0	2867948	754737	-280%	100%
N:TARRING OF BIKITSHA STREET ZONE 12	0	3500000	0	0	0
TARRING DHLAMINI STR UMZIM TO MOSHOESHOE	5148937	3737500	0	0	0
N:TARRING OF PITSENG AND URANIUM STREET	12761390	2330672	0	0	0
ROADS RESEAL	0	0	18476513	100%	100%

3.5.5 Financial Performance 2020/21: Roads Services

Roads Services					
Financial Performance 2020/21: Roads Services					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	-37,280	0	0	38	100%
Expenditure:					
Employees	18,155	21,852	21,852	7,093	-208%
Repairs and Maintenance	9,153	62,000	44,000	22,108	-180%
Other	104,932	168,400	177,400	17,349	-871%
Total Operational Expenditure	132,240	252,252	243,252	46,549	-442%
Net Operational (Service) Expenditure	-169,520	-252,252	-243,252	-46,511	-442%

3.6 HOUSING

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

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

- Rental Accommodation.
 - 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 service stands and houses.
- Identifying suitable land for the establishment of new housing projects to reduce the housing backlog on the Gauteng Waiting list.
- Rental Housing Information Offices Where Rental Tribunal Administration is performed
- Issuing of Title Deeds; 248 Title Deeds were handed out to the lawfull beneficiaries of R.D.P. houses:
 - Leeuhof
 - Savanah City
- The following housing units will be transferred to the tenants/purchasers through the Retro Programme:
Leeuhof Extension 1; Sonhof Flats; CW5 Low-Cost Housing units in Vanderbijlpark; and Housing units in Rust-ter-Vaal.

Furthermore, it must be stipulated that the provision of houses is the competency of Gauteng Department of Human Settlements. The land availability is the function of Emfuleni Local Municipality with the view to facilitate building of houses and ultimately delivery to the deserving community members. After the land transfer to Emfuleni Local Municipality, Gauteng Department of Human Settlements interact with the relevant departments before beginning with a project. (E.g., Water and Sanitation, Electricity, Roads and Stormwater and Land Use Management).

3.6.1 Housing

Year end	Total Households including in formal and informal settlements	Households in formal settlements	Percentage of households in formal settlements
2015/14	178058	15915	8.9%
2015/16	178058	15915	8.9%
2016/17	178058	9307	5.23%
2017/18	178741	8624	4,82%
2018/19	180761	6584	3.64%
2019/20	184267	3076	1.66%
2020/21	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 3576, whereby a growth increase of only 1.66 % is recorded.

3.6.2 Housing Service Policy Objectives Taken from IDP

Housing Service Policy Objectives Taken from IDP						
		2019/20		2020/21		2021/22
		TARGET	ACTUAL	TARGET	ACTUAL	TARGET
SERVICE OBJECTIVES	OUTLINE SERVICE TARGETS	PREVIOUS YEAR	PREVIOUS YEAR	CURRENT YEAR	CURRENT YEAR	FOLLOWING YEAR
Renewing our communities and reviving a sustainable environment	Number of title deeds issued	-	-	40	80	50

3.6.3 Employees: Housing Services

EMPLOYEES: HOUSING SERVICES					
Job Level	Total Posts	Employees 2019/20	Employees 2020/21	Vacancies Fulltime	Vacancies as %
0 - 3	2	1	1	1	50%
4 - 6	16	9	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	13	13	39	75%

3.6.4 Financial Performance 2020/21: Housing Services

Financial Performance 2020/21: Housing Services					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	19,219	15,870	15,870	-777	2144%
Expenditure:					
Employees	21,660	29,633	29,633	10,688	-177%
Repairs and Maintenance					
Other	37,267	45,729	45,737	23,723	-93%
Total Operational Expenditure	58,928	75,362	75,370	34,412	-119%
Net Operational (Service) Expenditure	-39,708	-59,492	-59,500	-35,188	-69%

3.6.5 Overall Performance: Housing

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

1. 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
2. Rental Housing Information Offices where Rental Tribunal Administration is performed (0 cases were attended to due to Covid 19 Disaster); and
3. 248 Title Deeds was delivered by the Human Settlements Department to rightful beneficiaries
 - a. Leeuhof
 - b. Savannah City

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

- Leeuhof Extension 1(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, who 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. Thshepiso Informal Backyard dwellers.
- iv. HlalaKwabafileyo Informal Settlement; and
- v. Cape Gate Informal Settlement.

Due to circumstances beyond control the Human Settlements Department relocated two of the Informal Settlements to Tshepiso North Extension 3 and they are:

- i. Snake Park Informal Settlement; and
- ii. Tshepiso Informal Backyard dwellers.

The following will be addressed on these Informal Settlements:

- Chris Hani (Bophelong) Informal Settlement currently has over 2000 shacks and will be relocated to an area identified as a park; therefore, we need to grade roads, supply chemical toilets and relocate shack dwellers.
- HlalaKwabafileyo Informal Settlement currently has over 260 shacks to be relocated, with graded roads and chemical toilets to be supplied.
- Cape Gate Informal Settlement currently have over 500 shacks to be relocated, roads to be graded and chemical toilets to be supplied, also the shacks need to be re-aligned.
- Snake Park Informal Settlement and Tshepiso Informal Backyard dwellers: a total of 185 were relocated to Tshepiso North extension 4 are already re-aligned; roads graded and were provided with chemical toilets.

Housing backlog for the municipality is 100 000 units.

A National Disaster was declared by the President of South Africa on 15 March 2020 for the Covid-19 virus. There are two important Acts that become a management frame of reference during any declared disaster and these are applicable across all three spheres of government:

- The Disaster Management Act 57 of 2002 (DMA)
- The Occupational Health and Safety Act 85 of 1993 (OHSA)

It is common cause that the Disaster Management Act 57 of 2002 is the mother of all laws, regulations and charters that are aimed at prescribing any official response to any disaster be it national, provincial, district or municipal level. Emfuleni Local Municipality had to provide the above services to communities that did not have sanitation and water as guided by the Disaster Management Acts mentioned above.

Due to Informal Settlements that have no sanitation Emfuleni Local Municipality has to provide the Community in Informal Settlements with sanitation services. Chemical Toilets was obtained from the service provider whom serviced the Chemical Toilets twice a week.

These Chemical Toilets are at the following Informal Settlements:

- | | | |
|-------------------------|---|----------------------|
| 1. Westside Park | - | 80 Chemical Toilets |
| 2. Bookselling | - | 30 Chemical Toilets |
| 3. Rust-ter-vaal | - | 200 Chemical Toilets |
| 4. Tshepiso North | - | 160 Chemical Toilets |
| 5. Bophelong Chris Hani | - | 261 Chemical Toilets |

The Human Settlements Department did not have enough budget but was guided to provide the above through the acts mentioned and currently it is a huge challenge to pay for services rendered by the Service Provider.

3.7 PLANNING

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

The Applications for land development entail 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 2020-2021 financial year, the municipality received 170 development applications, of which 0 determination were made and 0 withdrawn. A total of 170 applications is outstanding.

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	72	53	130
Township Establishment	0	0	0	0
Subdivisions & Consolidations	3	14	2	19
Consent uses	4	9	1	14
Removal of Restrictions	1	1	5	7
Total outstanding applications – Applications in Progress	13	96	61	170

The municipality has received a total of 130 applications for Amendment of Town Planning Schemes and approved 0; received 0 Township Establishments which are still under consideration, received 19 Subdivision and consolidations applications and approved 0; received 19 Consent Use applications and approved 0; received 7 Removal of Restrictions and approved 0. The total outstanding applications (applications still in progress) at the end of the current financial year were 170. 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.

3.7.2 Township Establishments

Township Name	Nature of Project
Vanderbijlpark SW 7 Extension 11	1100 currently undeveloped erven
<u>Flora Gardens</u> Extension 2	500 – Residential units
Vanderbijlpark SW 7 Extension 10	13 – Residential units
<u>Eaglest Nest</u>	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
Vaaloewer Ext 1	450 - Residential units
SW 7 Ext 10	39 - Residential units
Lethabong	3200 - Residential
SE 5	1 751 - Residential

SW 7 Extension 5	2 – Business
Driefontein Estate	40 Residential
Sylviavale 4	Residential 2 – 5 Units Business 4 – 1
Lochvaal Extension 1	Residential 1 – 30
Sebokeng Extension 33	Business 1 – 2 Public Garage – 1
Northdene	Residential 1 – 4
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 2020/21 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.

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 2020 – 2021, 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 87 Land use inspections, 85 transgressions (non-compliance to land use legislations) and 3 Court Cases were submitted.

3.7.3 Planning Service Policy Objectives Taken from IDP

Planning Service Policy Objectives Taken from IDP						
		2019/20		2020/21		2021/22
		TARGET	ACTUAL	TARGET	ACTUAL	TARGET
SERVICE OBJECTIVES	OUTLINE SERVICE TARGETS	PREVIOUS YEAR	PREVIOUS YEAR	CURRENT YEAR	CURRENT YEAR	FOLLOWING YEAR
Re-inventing our economy and renew our communities	% Key milestones implemented of the ELM Spatial Development Framework (SDF) reviewal and updating Project completed in line with ELM, District and Prnovincial for targeted period	75%	96%	100%	100%	100%

3.7.4 Employees: Planning Land Use Management and Building Control

EMPLOYEES: PLANNING (LAND UUSE MANAGEMENT AND BUILDING CONTROL)					
Job Level	Total Posts	Employees 2019/20	Employees 2020/21	Vacancies Fulltime	Vacancies as %
0 - 3	7	2	5	2	29%
4 - 6	33	19	17	16	48%
7 - 9	43	19	16	27	63%
10 - 12	6	2	1	5	83%
13 -15	0	0	0	0	0%
16 -	1	1	1	0	0%
	90	43	40	50	56%

3.7.5 Financial Performance 2020/21: Planning

Financial Performance 2020/21:Planning					
Details	2019/20	2020/21			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue (excluding tariffs)					
Expenditure:					
Employees	1,866	2,377	2,377	828	-187%
Repairs and Maintenance					
Other	1,606	1,847	1,847	649	-185%
Total Operational Expenditure	3,813	4,224	4,224	1,476	-186%
Net Operational (Service) Expenditure	-3,813	-4,224	4,224	-1,476	-186%

3.7.6 Overall Performance

The review of the Spatial Development Framework, 2020 -2021 was approved in May 2021, 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.

Spatial Planning/Forward Planning responsibilities include the use of methods to influence the distribution of people and activities in spaces on various scales. 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-industrialization 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.

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. The office of the Premier is currently providing support on the full implementation of the corporate GIS in the Emfuleni area. The municipality purchased a 2018 Microsoft server software to enable the deployment of the corporate GIS portal. The supply chain process started in October 2020, and the final procurement process took place between January and March 2021.

Significant progress has been made regarding the GIS capturing of electronic town planning information. In January 2021, several interns were assigned to the Land Use Management (LUS) Section of the municipality to provide assistance towards the completion of the Land Use Scheme task. To date, 95% of the Land Use Scheme formulation has been completed, whereby approximately 50% of the information capturing over the entire project area, including PDAs has been completed. The inclusion of the interns in the LUS task has significantly reduced the estimated completion timeline of the task from an initial 26 months to 12 months. The success of the project within a stipulated timeframe is highly dependent on the pending renewal of contracts of the interns (with another six months), which expired at the end of July 2021.

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.

There were six (6) Municipal Planning Tribunal (MPT) sittings and three (3) Appeal Authority (AA) sittings before July 2020 and June 2021. The satisfactory performance of the MPT and AA respectively was only interrupted by the COVID 19 lockdown period and compliance to associated regulations. The COVID-19 lockdown interruption has resulted in increased un-finalized land use applications backlog; prompting this municipality to increase both the frequency of scheduled MPT meetings and the number of land use applications to be adjudicated per meeting. The need to reduce the existing backlog as expeditiously as possible is informed by the standing commitment to create an environment attractive to investment in the built environment, incentivizing economic growth opportunities. The MPT and AA term of office lapsed on 17 April 2021. There is currently a pending request to grant MPT and AA members additional twelve (12) months of tenure of office from the date of publication of the Notice (being 18th April 2018). The request is legislatively supported by the Government Gazette Notice Number 431 of 2020, Gazette Number 43598 published on the 7th of August 2020.

During the period under review there were about 87 Land use inspections and 85 transgressions (non-compliance to land use legislations). 3 Court Cases were submitted.

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. 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.

3.8 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 includes property leasing, sales, Land audit, servitudes and advisory service.

3.8.1 Achievements

Under the Land Regularization programme, the municipality transferred properties to beneficiaries through the Conversions Act facilitated by the Gauteng Department of Human Settlements and 16 title deeds were issued to the people who occupied the old municipal shops in the township without owning them. This initiative will unlock business opportunities in the township as owners with title deeds will be able to access funds.

3.8.2 Statistics

Leases Signed	Number of properties auctioned	Number of properties sold	Number of Properties transferred (Conv Act)
49 leases	0 properties	0	16

The Property department's objective is to maximize the Municipal property portfolio. This includes leasing and alienation of municipal-owned property, while generating financial returns. During financial year 2020/21 various categories of properties were leased, such as agricultural, vacant land for business purposes, community facilities etc., these are properties that stimulate the social and economic development that required to create job especially for previously disadvantaged community. During this financial year the 49-lease agreement were enter upon. The impact of renewed leases will ensure income generation for the municipality, which will ensure financial stability.

Municipal did not auction any property during 2020/21 financial year.

3.8.3 Properties Service Policy Objectives Taken from IDP

Properties Service Policy Objectives Taken from IDP							
		2019/20		2020/21		2021/22	
		TARGET	ACTUAL	TARGET	ACTUAL	TARGET	
SERVICE OBJECTIVES	OUTLINE SERVICE TARGETS	PREVIOUS YEAR	PREVIOUS YEAR	CURRENT YEAR	CURRENT YEAR	FOLLOWING YEAR	
Re-inventing our economy and renew our communities	number of key municipals properties commercialised	2	1	2	1	1	

3.8.4 Employees: Property Services

EMPLOYEES: PROPERTY SERVICES					
Job Level	Total Posts	Employees 2019/20	Employees 2020/21	Vacancies Fulltime	Vacancies as %
0 - 3	1	0	1	0	0%
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	7	6	46%

3.8.5 Overall performance

The department is responsible for maximizing social and economic value of Emfuleni Local Municipality. Properties department in its effort to reverse the past, through the conversion Act, transfer 16 properties to the beneficiaries of Emfuleni Local municipality.

Properties department provide leases to community for different use ranging from agricultural and business operations, in this financial year department enter in 49 leases which will have a positive impact to the community and municipal revenue.

The department is in the final stage of Commercializing Erf 1842 Bophelong; this development is in support of leveraging investment in the municipality.

Emfuleni Local Municipality in the process of introducing Rapid Land Release Program to increase the distribution on mixed land uses for various income groups. The initiative will promote the redistribution of land in line with the demographics and address housing needs of the people of Emfuleni through Rapid Land Release program council non-strategic land parcel, including farms will be released in order to unlock economic growth.

The target of 4 million from leasing municipality owned property were achieved during 2020/21 financial year. This comprised new and renewed leases of various categories, community facilities, and Agricultural and Commercial properties.

The process of Commercializing Erf 1842 Bophelong is in its final stage. Market value will be determined and after lease is advertised and signed, development will start and improve the township economy in terms of sustainable job creation during the operation of the retail center.

3.9 BUILDING CONTROL

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

Approval of Building plans is one of the core functions. 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.

3.9.1 Applications for Approval of Building Plans

	2017/18	2018/19	2019/20	2020/21
Building Plan applications received for approval	1052	979	997	1509
Determination made in year of receipt	754	681	390	1245
Determination made in following year	0	0	0	0

Applications not approved	246	215	512	120
Applications outstanding at year end	52	83	95	144

The graph above shows the number building applications considered by the Municipality during the different financial years, the municipality is striving towards moving to an online building control system that will assist in fast tracking the adjudication of plans, the initiative is geared towards better service delivery and the overall investment and attraction efforts.

3.9.2 Service standards

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

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

The following additional compulsory inspections are executed as and when:

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

3.9.3 Building Control Service Policy Objectives Taken from IDP

Building Control Service Policy Objectives Taken from IDP						
		2019/20		2020/21		2021/22
		TARGET	ACTUAL	TARGET	ACTUAL	TARGET
SERVICE OBJECTIVES	OUTLINE SERVICE TARGETS	PREVIOUS YEAR	PREVIOUS YEAR	CURRENT YEAR	CURRENT YEAR	FOLLOWING YEAR
Re-inventing our economy and renew our communities	Percentage building plans applications adjudicated within the required timeframe (30 days) for smaller than 500m2 and (60 days) for greater than 500m2	-	-	65%	58.75%	80%

3.10 LOCAL ECONOMIC DEVELOPMENT

Local Economic Development (LED) Emfuleni Local municipality is responsible for identifying and using available local resources in order to facilitate economic growth and employment creation. The role is also focused on developing local relationships with essential and relevant stakeholders, including the national government, provincial governments, district governments, and business. To strengthen and support local economic development, initiatives aimed at boosting economic growth, attracting investment, and developing Emfuleni as a tourist destination are being planned and implemented. Additionally, there are numerous other significant efforts using LED and tourism:

- Promotion of small and medium-sized businesses and cooperatives, as well as encouragement and support for established ones
- Advertising: which regulation includes the issuing of advertising licenses in specific zones, the monitoring and removal of includes unlawful advertising,
- The enforcement of informal street trading by-laws, the delineation of trading spaces, the identification of sites suitable for informal street trading marketplaces, the issuing of trading permits and identification of areas suitable for traders to establish and conduct business.
- Investment, business retention and growth. This encompasses among other things, involved in inner city regeneration, revitalization, and research into innovative methods for improving the business environment.
- Agriculture and networking structure with business cooperatives, provide opportunities and package providers and create data base to track trends within business communities.
- Tourism promotion and marketing are conducted by the municipality. In addition to agriculture, the municipality promotes and supports agricultural growth.

3.10.2 Local Economic Development Service Policy Objectives Taken from IDP

Local Economic Development Service Policy Objectives Taken from IDP						
		2019/20		2020/21		2021/22
		TARGET	ACTUAL	TARGET	ACTUAL	TARGET
SERVICE OBJECTIVES	OUTLINE SERVICE TARGETS	PREVIOUS YEAR	PREVIOUS YEAR	CURRENT YEAR	CURRENT YEAR	FOLLOWING YEAR
Re-inventing our economy and renew our communities	% Key milestones implemented on the Local Economic Development Plan	100%	22.50%	100%	50%	100%
	Number of jobs created through the implementation of the infrastructure projects program, measured as full time equivalents at 300 hours per FTE per quarter	66	97	120	0	4
	Number of LED projects/initiatives facilitated in collaboration/partnership with public and/or private sector.	-	-	4	1	2

3.10.3 Employees: Local Economic Development Services

EMPLOYEES: LOCAL ECONOMIC DEVELOPMENT SERVICES					
Job Level	Total Posts	Employees 2019/20	Employees 2020/21	Vacancies Fulltime	Vacancies as %
0 - 3	3	2	1	2	67%
4 - 6	10	9	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	15	14	10	42%

3.11 LIBRARY AND INFORMATION SERVICES

ELM continues to improve communities' quality of life by providing free access to information that fulfils its users' intellectual, educational, social, and recreational needs. The aspiration of the Emfuleni communities for lifelong learning, literacy, cultural expression, recreation, and economic progress is the impetus for establishing a Community Library.

The Library and Information Services department manages fifteen (15) libraries across the municipal area. These libraries are divided into three (3) regions. (Region 1: 5 Libraries Region 2: 4 Libraries, Region 3: 6 Libraries).

3.11.1 Libraries Location

Region 1: Vanderbijlpark Driehoek, Boipatong-, Bophelong and Stephenson
Region 2: Vereeniging, Sharpeville-, Tshepiso and Rus-ter-Vaal Libraries
Region 3: Residensi, Evaton-, Evaton-North-, Sebokeng Zone 13-, Boitumelo and Roshnee Libraries

3.11.2 Libraries Service Policy Objectives Taken from IDP

Libraries Service Policy Objectives Taken from IDP						
		2019/20		2020/21		2021/22
		TARGET	ACTUAL	TARGET	ACTUAL	TARGET
SERVICE OBJECTIVES	OUTLINE SERVICE TARGETS	PREVIOUS YEAR	PREVIOUS YEAR	CURRENT YEAR	CURRENT YEAR	FOLLOWING YEAR
Well maintained and accessible libraries	% Proportion of maintains and Refurbishment plan completed.	70%	0%			
	Number of library programs implemented.					32

3.11.3 Employees: Libraries

EMPLOYEES: LIBRARIES					
Job Level	Total Posts	Employees 2019/20	Employees 2020/21	Vacancies Fulltime	Vacancies as %
0 - 3	1	0	0	1	100%
4 - 6	4	3	2	2	50%
7 - 9	40	14	14	26	65%
10 - 12	72	31	30	42	58%
13 -15	3	1	1	2	67%
16 -	35	14	14	21	60%
	155	63	61	94	61%

3.12 PARKS AND CEMETERIES

The purpose of parks and cemeteries is to develop and maintain the arboriculture of public open space, parks, and green belts. It serves the burial needs of the Emfuleni Local Board community. Additionally, the function is responsible for the management and upkeep of passive and active cemeteries. This goal is accomplished through the creation and maintenance of public open spaces that meet the recreational needs of local communities. Provision of a sustainable cemetery for the residents of the Emfuleni Local Municipality

Many of the activities that parks engaged in were developing parks and public spaces, arboriculture maintenance, and while cemeteries ensure is the prompt provision of burials site, and the maintenance of active and inactive cemeteries.

Due to constraints such as a lack of burial sites and other tools of trading, the municipality was unable to implement the library programmes and was unable to function at its peak.

3.12.1 Number of graves provided during 2020/2021

Cemetery	Ward number	No of graves provided 2020/2021 Q2 Oct-Dec	No of graves provided 2020/2021 Q3-Jan-Mar	No of graves provided 2020/2021 Q4-Apr-June	TOTAL
Boipatong Cemetery	3	2	1	0	3
Evaton Cemetery	26	200	250	282	732
Jacobskop Cemetery	21	49	86	51	186
Nanescol Cemetery	25	105	124	120	349
Phelindaba Cemetery	12	26	47	36	109
Roshnee Cemetery	21	26	41	59	126
Rustervaal Cemetery	16	15	20	16	51
Vanderbijlpark Cemetery	9	689	896	1047	2632
Vuka Cemetery	12	11	14	14	39
Total		1123	1479	1625	4227

3.12 2 Parks and Cemeteries Service Policy Objectives Taken from IDP

Parks and Cemeteries Service Policy Objectives Taken from IDP						
		2019/20		2020/21		2021/22
		TARGET	ACTUAL	TARGET	ACTUAL	TARGET
SERVICE OBJECTIVES	OUTLINE SERVICE TARGETS	PREVIOUS YEAR	PREVIOUS YEAR	CURRENT YEAR	CURRENT YEAR	FOLLOWING YEAR
Renewing our communities and reviving a sustainable environment To provide a safe and secure developed and undeveloped public open spaces and municipal owned property	%Implementation of horticultural maintenance plan achieved	-	-	100%	46%	100%

3.12.3 Employees: Parks and Cemeteries

EMPLOYEES: PARKS AND CEMETERIES					
Job Level	Total Posts	Employees 2017/18	Employees 2020/21	Vacancies Fulltime	Vacancies as %
0 - 3	3	3	2	1	33%
4 - 6	13	6	5	8	62%
7 - 9	72	16	16	56	78%
10 - 12	25	6	5	20	80%
13 -15	279	33	30	249	89%
16 -	629	92	87	542	86%
	1021	156	145	876	86%

3.12.4 Financial Performance 2020/21: Cemeteries and Crematoriums

Financial Performance 2020/21: Cemeteries and Crematoriums					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	8,641	12,482	12,482	5,401	-131%
Expenditure:					
Employees	7,048	8,255	8,255	3,102	-166%
Repairs and Maintenance					
Other	22,122	6,505	8,505	3,077	-111%
Total Operational Expenditure	29,170	14,761	16,761	6,179	-139%
Net Operational (Service) Expenditure	-20,529	-	-	-	-193%
		2,278	4,278	778	

3.13 SOCIAL DEVELOPMENT (CHILD CARE; AGED CARE; SOCIAL PROGRAMMES)

ELM provides social development services to a number of diverse groups in the local community, including children, women, and families, young people, the elderly, and people with disabilities. The role is interdisciplinary in nature and cuts across a wide range of sectors and departments. As part of its social service delivery to the ELM communities, the department has also hired social workers who use four distinct types of intervention strategies, including casework, group work, community development, and research, in addition to traditional approaches.

A program for low-income families was put in place. There are several socio-economic causes that contribute to the non-payment of basic services, and the program provides a subsidy that is provided to permanent residents who are unable to pay their rates and taxes. Thus, 2280 destitute households were validated and registered in the indigent program, with a total home market worth surpassing R250, 000, exceeding the R250, 000 as a criterion. 664 applications for poor

household registration were approved. The overall number of indigents who have been validated and registered in the database stands at 77242 as of today.

Social workers have used a developmental approach to guide and influence the nature of development. Programs for socio-economic development, moral regeneration, empowerment, and poverty reduction are among those that have been implemented. Prevention, early intervention (non-statutory), and reintegration are some of the levels of intervention that are frequently utilized, including focus group discussions. Victims of child abuse, along with other victims of physical, mental, and financial abuse, are constantly receiving assistance. Door-to-door campaigns, the distribution of educational materials, and the presentation of seminars and meetings are all part of the preventive and early intervention efforts to keep children safe from violence in their communities.

The indigent program is intended to assist families in the dignified and respectful burial of their loved ones. There were 186 indigent and pauper burials carried out by the municipality during the reporting financial year. ELM coordinated rehabilitation programs were implemented in Zone 14 in collaboration with the Department of Social Development and the Toughest Young Minds NGO. The program helps a person cope with withdrawal symptoms.

3.13.1 Employees: Child Care, Age Care & Social Programmes (Social Development)

EMPLOYEES: CHILD CARE, AGE CARE & SOCIAL PROGRAMMES (SOCIAL DEVELOPMENT)					
Job Level	Total Posts	Employees 2019/20	Employees 2020/21	Vacancies Fulltime	Vacancies as %
0 - 3	1	1	1	0	0%
4 - 6	26	9	9	17	65%
7 - 9	13	0	0	13	100%
10 - 12	20	14	13	7	35%
13 -15	0	0	0	0	0%
16 -	0	0	0	0	0%
	60	24	23	37	62%

3.14 PRIMARY HEALTH

A primary health care function has been assigned to the Gauteng provincial health department under the National Health Act 61 of 2003, which came into effect on January 1, 2007. Primary health care services provided by district councils have been transferred to provinces in line with a decision made by the National Health Council on March 19, 2014.

Subsequently, Emfuleni Local Municipality resolved item a 2844 on June 29, 2014 to support the move of PHC services to the Province. Mobile and fixed assets as the 2nd phase of the process is completed. While transfers of personnel take longer to conclude due to differences in service conditions between the two spheres of government.

The delay in finalisation of this process is impacting negatively on service delivery.

All ELM clinics ensure that they comply with the National Health Core Standards as follows:

- Water tanks and generators are installed.
- A comprehensive manual and electronic health records system in all municipal clinics is in place.
- Medical waste stores were built in each clinic for the proper handling and disposal of medical waste.

- Market Avenue, Bophelong, Boipatong and Sharpeville Community Health Centre are now providing extended operational hours from 07h00-19h00 weekdays and 07h00-13h00 on weekends and public holidays in order to reduce waiting times at health facilities.

Since President Ramaphosa declared a state of Emergency and Covid 19 Lockdown on 26/03/2020, the Primary Health Care division has contributed immensely to the campaign aimed at flattening the curve of transmission of Covid 19 within the municipality through:

- A comprehensive community awareness program took place at shopping malls, taxi ranks, and SASSA pay points on hygiene protocols, social distancing, and the importance of PPE in curbing the spread of the virus.
- Providing an awareness program to staff and councilors in the municipality on hygiene protocols, social distancing, and the wearing of PPE.
- Providing screening and testing services to staff and councilors while the municipality is putting together a structure to deal with the pandemic on a permanent basis.
- Providing onsite training to security personnel and interns on the screening of staff, councilors, and visitors to the municipality
- Providing expert advice and input to the development and implementation of strategies and programs aimed at reducing infection spread within the municipality.

During the 3rd wave of the pandemic, Gauteng province was amongst the provinces with the highest caseload of infections. Emfuleni municipality experienced a rising tide of new cases with confirmed cases of 45844, 39581 recoveries, and 937 deaths. The recovery rate is 86%.

The Emfuleni local municipality currently has 136 COVID-19 confirmed cases of its own staff, including councilors, and 10 COVID-19 related deaths.

Providing daily statistics on screening and testing and health data on the pandemic to the Central Command Council and other relevant structures to promote sound decision-making.

3.14.1 Financial Performance 2020/21: Child Care; Aged Care; Social Programmes

Financial Performance 2020/21: Child Care; Aged Care; Social Programmes					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)					
Expenditure:					
Employees	649	679	679	227	-199%
Repairs and Maintenance					
Other	430	458	458	153	-200%
Total Operational Expenditure	1,078	1,138	1,138	380	-199%
Net Operational (Service) Expenditure	-1,078	-1,138	-1,138	-380	-199%

3.14.1 Employees: Clinics (Primary Health Care)

EMPLOYEES: CLINICS (PRIMARY HEALTH CARE)					
Job Level	Total Posts	Employees 2019/20	Employees 2020/21	Vacancies Fulltime	Vacancies as %
0 - 3	2	1	2	0	0%
4 - 6	39	11	6	33	85%
7 - 9	119	44	43	76	64%
10 - 12	24	9	9	15	63%
13 -15	25	2	2	23	92%
16 -	40	15	14	26	65%
	249	82	76	173	69%

3.14.2 Financial Performance 2020/21: Clinics

Clinics						
Financial Performance 2020/21: Clinics						
Details	2019/20	2020/21		Actual	Variance to Budget	
	Actual	Original Budget	Adjustment Budget			
Total Operational Revenue (excluding tariffs)	46,566	67,939	67,939	16,969	-300%	
Expenditure:						
Employees	44,746	14,193	14,193	4,708	-201%	
Repairs and Maintenance						
Other	25,344	48,704	43,389	3,349	-1354%	
Total Operational Expenditure	70,090	62,896	57,582	8,058	-681%	
Net Operational (Service) Expenditure	-23,523	5,043	10,357	8,912	43%	

3.15 ENVIRONMENTAL HEALTH

It is the responsibility of the Environmental Health Division to supervise all elements of food handling at public events in order to guarantee that all applicable laws and regulations relating to food safety are followed. Additionally, monitoring is carried out in the form of inspections of food establishments for compliance with hygiene standards, inspections of food handlers for compliance with personal hygiene practices, inspections of transportation modes, ascertaining whether or

not the service provider possesses a Certificate of Acceptability, and ensuring adequate provision of water supply and proper sanitation.

A significant part of this function is the provision of comprehensive Environmental Health Services needed to guarantee that the community can live in a healthy and hazard-free environment. Environmental health services are provided in accordance with the National Health Act 61 of 2003. In terms of Municipal Health Services, there are nine (9) aspects or focal areas that constitute the mission of ELM with regard to Municipal Health Services.

3.15.1 Environmental Health Service Policy Objectives Taken from IDP

Environmental Health Service Policy Objectives Taken from IDP							
		2019/20		2020/21		2021/22	
		TARGET	ACTUAL	TARGET	ACTUAL	TARGET	
SERVICE OBJECTIVES	OUTLINE SERVICE TARGETS	PREVIOUS YEAR	PREVIOUS YEAR	CURRENT YEAR	CURRENT YEAR	FOLLOWING YEAR	
Renewing our communities and reviving a sustainable environment	Number of inspections to comply with national environmental health norms and standards at any period.	-	-	2600.00	3087.00	2000	

3.15.2 Employees: Environmental Health

EMPLOYEES: HEALTH INPSECTION (ENVIRONMENTAL HEALTH)					
Job Level	Total Posts	Employees 2019/20	Employees 2020/21	Vacancies Fulltime	Vacancies as %
0 - 3	1	1	1	0	0%
4 - 6	10	7	7	3	30%
7 - 9	32	9	9	23	72%
10 - 12	0	0	0	0	0%
13 -15	0	0	0	0	0%
16 -	4	0	0	4	0%
	47	17	17	30	64%

3.15.3 Financial Performance: Environmental Health

Financial Performance 2020/21: Bio-Diversity; Landscape and Other						
Details		2019/20	2020/21			
		Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Revenue	Operational (excluding tarrifs)	9,640	885	885	175	20%
Expenditure:						
	Employees	8,551	15,360	15,360	5,858	38%
	Repairs and Maintenance					0%
	Other	16,567	10,880	10,888	4,261	39%
Total Expenditure	Operational	25,119	26,240	26,248	10,120	39%
Net Operational (Service) Expenditure		-15,479	-25,355	-25,363	-9,944	39%
Pollution Control						
Financial Performance 2020/21: Pollution Control						
Details		2019/20	2020/21			
		Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	(excluding tarrifs)	0				
Expenditure:						
	Employees	14,884	19,093	19,093	6,208	-208%
	Repairs and Maintenance					
	Other	17,104	17,989	17,989	5,376	-235%
Total Expenditure	Operational	31,988	37,083	37,083	11,584	-220%
Net Operational (Service) Expenditure		-31,988	-37,083	-37,083	-11,584	-220%

3.15.4 Service Standards

A total of 2283 inspections and monitoring of all food establishments were undertaken to guarantee food control. Inspectors also checked the product's safety and wholesomeness before it was made available to the public. A total of 299 302kg of foodstuffs were surrendered for destruction because they were unsuitable for human consumption. Besides that, the monitoring of seven exceptional events that took place throughout the financial year 2020/21 was also included.

A total of 68 samples were analysed in order to determine the cleanliness of the water. There's also an assurance of environmental pollution control. Enforcement of illegal dumping and littering is being carried out, with the appropriate corrective steps being taken as needed. Inspections of medical waste generator facilities are part of this process. Health surveillance of the premises is carried out on a regular basis. During the 2020/21 financial year, 509 pre-school inspections were carried out, with inspection reports being produced followed by pre-school proprietors attending a session on subjects linked to environmental health.

The prevention of communicable diseases is regarded as a high priority. During suspected disease outbreaks, campaign activities are held in order to raise awareness. •ELM is working in collaboration with the District and Provincial Outbreak Response Teams. A total of nine notifications from the province were received for investigation, and nine feedback reports were sent to the province.

Several local radio stations, including Hope FM, VUT FM, and Sedibeng FM, were used to spread information and raise awareness. During this epidemic, food safety and the management of COVID 19 human remains were two of the most important concerns discussed.

Pamphlets on COVID 19 were also sent to internal departments and access points, with the hope that they would be disseminated to members of the community and clients that enter the municipal facilities. The booklets were also distributed to facility managers who work in clinics. Other functions include making arrangements for the deceased's final disposal. Three training sessions were held with the Funeral Undertaker Owners in the jurisdiction, with the collaboration of the Department of Forensic and Pathology, the Province, and Sebokeng Hospital as well as Kopanong Hospital, to provide them with information on the COVID 19 Regulations and their implementation.

3.16 Public Safety

It is the responsibility of the Municipality's Public Safety Division to provide services in three divisions: traffic and security, Municipal Courts Services, and Fire and Rescue Services.

The traffic and security department are responsible for the provision of traffic management and enforcement services, administration, logistical support services, management, training and road safety promotion, and social crime prevention and security services.

Fire and rescue are responsible for providing fire fighting services, promoting fire safety and prevention, disseminating information, education, and public relations, disaster response, and event safety.

Municipal court services are responsible for adjudicating and processing fines, which include those imposed as a result of legal violations.

3.16.1 Traffic and Security Services

All 45 municipal wards of the Emfuleni Local Municipality (ELM) get traffic and security services. Additional subdivisions are established to facilitate the administration and regulation of traffic flow and security. These units also provide a variety of duties, including traffic administrative and logistical assistance, accident management, training (including road safety promotion), a control room, social crime prevention, and security services.

The Emfuleni Local Municipality's traffic and security services adhere to the National Crime Prevention Strategy, the Provincial Crime Prevention Strategy, and the District Crime Prevention Strategy.

Throughout the 2020/21 financial year, traffic officers continued to carry out their normal traffic law enforcement duties while additionally implementing the following COVID-19 rules:

ELM engaged in and ran static and roaming roadblocks during Joint Operation O Kae Moloa in cooperation with the Army, Gauteng Traffic, the SAPS, and Home Affairs. This includes additional patrols to enforce various phases of the lockdown restrictions, such as the use of public transit and private vehicles supervised and enforced Lock down Regulations in various municipal cemeteries during funerals.

It provided security at a variety of locations and activities, including during the issuing of informal trading licenses and the protection of the General Smuts and Saul Tsoetsi Homeless Shelters

3.16.2 Traffic and Security Policy Objectives Taken From IDP

Service Objectives	Outline Service Targets	2019/20		2020/21		2021/22
		Target	Actual	Target	Actual	Target
Renewing our communities and reviving sustainable Environment	100% Developed and implemented Community Safety Strategy / plan	100%	100%	-	-	100%
	Number of community safety programmes implemented			40	46	40

3.16.3 Employees: Traffic & Security

EMPLOYEES: POLICE OFFICERS (TRAFFIC & SECURITY)					
Job Level	Total Posts	Employees 2019/20	Employees 2020/21	Vacancies Fulltime	Vacancies as %
Chief Traffic Officer	1	1	1	0	0%
4 - 6	10	5	5	5	50%
7 - 9	201	102	100	101	50%
10 - 12	64	17	15	49	77%
13 -15	4	1	1	3	75%
16 -	63	8	7	56	89%
	343	134	129	214	62%

3.16.4 Financial Performance 2020/21: Traffic

Financial Performance 2020/21: Traffic					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	214,903	200,168	200,168	4,812	-4060%
Expenditure:					
Police Officers	30,037	36,323	36,323	13,338	-172%
Other employees	15,899	17,930	17,930	7,148	-151%
Repairs and Maintenance					
Other	133,839	129,692	129,092	72,705	-78%
Total Operational Expenditure	179,775	183,945	183,345	93,192	-97%
Net Operational (Service) Expenditure	35,127	16,223	16,823	-88,380	118%

3.17 FIRE AND DISASTER MANAGEMENT

The primary functions of the Fire and Rescue Services are to provide fire fighting, rescue, and fire-security services, as well as to safeguard human life and property. Associations for fire protection have been created to aid in the recovery process following a disaster.

Fire and rescue services are offered across the municipality's 45 municipal wards and the adjacent areas. The ELM municipality is separated into three different regions (Vereeniging, Vanderbijlpark, and Sebokeng / Evaton), each with a different character.

3.17.1 Fire and Disaster Management Service Policy Objectives Taken From IDP

		2019/20		2020/21		2021/22	
Service Objectives	Outline Service	Target	Actual	Target	Actual	Target	Actual
Renewing our communities and reviving a sustainable environment	70% turnaround time within 23 minutes to all calls	70% turnaround time within 23 minutes to all calls	87.5%	70% turnaround time within 23 minutes to all calls	83.25%	70% turnaround time within 23 minutes to all calls	N/A

The following table summarizes fire and rescue services provided during the fiscal year under review.

Details	19/20	20/21		21/22
	Actual No.	Estimate No.	Actual No.	Estimate No.
Total fires attended in the year	640	700	654	700
Total of other incidents attended in the year	207	300	182	300
Average turnout time - urban areas	10 to 23 min			
Average turnout time - rural areas	10 to 23 min			
Fire fighters in post at year end	119	258	116	258
Total fire appliances at year end	27	27	27	27
Average number of appliances off the road during the year	24 of 27	18 of 27	24 of 27	5 of 27

3.17.2 Financial Performance 2020/21: Fire Services

Financial Performance 2020/21: Fire Services					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	518	7,757	7,757	376	-1964%
Expenditure:					
Fire fighters	34,754	40,470	40,470	15,537	-160%
Other employees	5,264	5,899	5,899	2,193	-169%
Repairs and Maintenance					
Other	50,533	66,053	64,653	21,927	-201%
Total Operational Expenditure	90,552	112,422	111,022	39,657	-183%
Net Operational (Service) Expenditure	-90,034	-104,666	-103,266	-39,281	-166%

3.18 SPORTS, ARTS AND CULTURE

The Division of Sport, Recreation, Arts, and Culture's objective is to foster a diverse and integrated local community through various programmes. Several of the programmes implemented included competitions in swimming, cycling, soccer, softball, boxing, netball, korfbal, indigenous games, and athletics. These programmes benefited over 3000 participants and developed over 3000 officials/coaches. Additionally, these divisions are responsible for the maintenance of sports facilities.

The Arts and Culture function focuses on creating a favourable atmosphere for artists by organizing events and supporting local artists who contribute to a variety of genres of art. The other objective is to identify and nurture emerging talent as it grows and matures. By assisting local artists in their quest for quality and professionalism, new job opportunities are created.

The following arts and cultural activities took place during the year 2020/21:

- Twenty local female writers took part in the Basadi Writers Workshop,
- Auditions for drama and theatre
- Discussion and screening on gender issues
- Emfuleni Hip Hop Auditions
- The Vaal Dance Festival
- Human Rights Day celebration
- Gospel Goes Indigenous event
- The Puisano Jazz Festival

- Madcamp Theatre Festival
- Workshop on writing in the digital era

3.18.1 Sports, Arts and Culture Service Policy Objectives Taken from IDP

Sports, Arts Service Policy Objectives Taken from IDP						
		2019/20		2020/21		2021/22
		TARGET	ACTUAL	TARGET	ACTUAL	TARGET
SERVICE OBJECTIVES	OUTLINE SERVICE TARGETS	PREVIOUS YEAR	PREVIOUS YEAR	CURRENT YEAR	CURRENT YEAR	FOLLOWING YEAR
Releasing Human Potential	Number of SRACLIS programs implemented and presented to the community.	-	-	32	0	32

3.18.2 Employees: Sports and Recreation

EMPLOYEES: SPORTS AND RECREATION					
Job Level	Total Posts	Employees 2019/20	Employees 2020/21	Vacancies Fulltime	Vacancies as %
0 - 3	3	2	2	1	33%
4 - 6	8	6	5	3	38%
7 - 9	15	8	8	7	47%
10 - 12	30	22	19	11	37%
13 -15	40	16	17	25	23.5%
16 -	96	50	49	47	49%
	192	104	100	94	49%

3.18.3 Capital Projects: Sports, Arts and Culture

Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
	5,038,377.00	3,295,122.00	-		
REFURBISHMENT OF BOPHELONG STADIUM	1464023	506930	0	0	0
REFURBISHMENT OF LAKESIDE STADIUM	604809	604809	0	0	0

REFURBISHMENT OF SE 2 SWIMMING POOL	1542398	756236	0	0	0
REFURBISHMENT OF ZONE 15 STADIUM	1427147	1427147	0	0	0
				0	0

3.18.4 Financial Performance 2020/21: Sport and Recreation

Total Operational Revenue (excluding tariffs)	770	2	2	8	80%
Expenditure:					
Employees	18,036	21,831	21,831	7,277	-200%
Repairs and Maintenance	702	0	300	0	
Other	26,438	22,402	22,602	8,344	-168%
Total Operational Expenditure	45,176	44,233	44,733	15,621	-183%
Net Operational (Service) Expenditure	-44,406	-44,231	-44,731	-15,613	-183%

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 following service terminations compliance monitoring.

Strategic input with regard to human capital planning

3.19.1 Service Statistics of Human Resources Services

Resignations	Dismissals	Medical Boarding	Deaths	Retirements	Contract terminations	Total
21	0	0	26	58	0	105

3.19.2 The Workplace Skills Plan

The Workplace Skills Plan (WSP)/Annual Training Report (ATR) inclusive of the ELM Training Plan has been submitted to LGSETA within the prescribed period / time during the financial year under review.

A total number of 289 employees were successfully trained in different training interventions during the period under review.

This reduced number as compared to the previous financial year (446), was mainly due to the impact of the Covid-19 pandemic that brought many targets to a halt as per the Disaster Management protocols gazette.

Twenty (20) employees were conferred National Diplomas after completing N6 level studies.

ELM has provided experiential-learning opportunities for 108 unemployed learners in the categories of Internships, Learnerships and Work-Integrated-Learning programs.

3.19.3 Key Programmes for 2021/22

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

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.

Conduct skills audit reviews and training needs assessments

3.19.6 Human Resources Service Policy Objectives Taken from IDP

Human Resources Service Policy Objectives Taken from IDP							
			2019/20		2020/21		2021/22
			TARGET	ACTUAL	TARGET	ACTUAL	TARGET
SERVICE OBJECTIVES	OUTLINE TARGETS	SERVICE	PREVIOUS YEAR	PREVIOUS YEAR	CURRENT YEAR	CURRENT YEAR	FOLLOWING YEAR
	100% approved Organisational Structure by Council.		100%	50%	100%	0.00	Approved Functional Organisational Structure
	Budgeted priority critical vacancies filled		50%	12%	65.00%	23.05	80%

3.19.7 Employees: Human Resources Services

EMPLOYEES: HUMAN RESOURCES SERVICES					
Job Level	Total Posts	Employees 2019/20	Employees 2020/21	Vacancies Fulltime	Vacancies as %
0 - 3	3	3	3	0	0%
4 - 6	18	14	13	5	28%
7 - 9	25	15	15	10	40%
10 - 12	1	0	0	1	100%
13 -15	0	0	0	0	0%
16 -	1	1	1	0	0%
	48	33	32	16	33%

3.19.8 Financial Performance 2020/21: Human Resource Services

Employees: Human Resource Services					
Financial Performance 2020/21: Human Resource Services					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	1,877	1,500	1,500	467	-221%
Expenditure:					
Employees	16,089	20,249	20,249	8,062	-151%
Repairs and Maintenance					
Other	30,452	15,046	19,071	12,041	-25%
Total Operational Expenditure	46,541	35,295	39,320	20,103	-76%
Net Operational (Service) Expenditure	-44,664	-33,795	-37,820	-19,636	-72%

3.19.9 Overall Performance

The following performance was registered during the period under review:

The Department recorded the appointment of 13 officials from the critical priority vacancies while approximately 69 positions were interviewed pending the conclusion of the vetting of qualifications and the competency-based assessments.

The critical positions filled are as follows:

- Executive Director: Infrastructure Development
- Manager: Environmental Health & Social Development
- Manager: Environmental Management and Planning
- Manager: Fleet
- Manager: Building Control

- Manager: Secretariat and Admin Support
- Assistant Manager: Properties
- Assistant Manager: Collective Bargaining
- Assistant Manager: Spatial Planning
- Assistant Manager Legal Compliance
- Assistant Manager: Building Control
- Senior Administration Officer: Performance
- Senior Professional Nurse

The Department facilitated the capturing of approximately 7000 job applicants from the general workers adverts during the period under review.

Successfully processed 105 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 facilitated the intergovernmental relationship which concluded the agreement between the Emfuleni Local Municipality and E-Government Department on the use of e-recruitment system for online recruitment.

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 was established 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 only one road show 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	1257	783	11	6	2	1	62	53	2175
Total Contract	35	29	1	0	0	0	0	2	67
Total Workforce	1292	812	12	6	2	1	62	55	2242

INSTITUTIONAL PROFILE JOB LEVEL = SEC 56 AND JOB LEVELS 1 – 16									
	RACE & GENDER								
	AM	AF	CM	CF	IM	IF	WM	WF	TOTAL
	45%	36%	1%	2%	2%	1%	7%	6%	100%
ELM Targets 2019/20	1940	1536	188	175	13	7	223	146	4228
ELM Targets 2020/21	1610	1191	126	123	10	5	197	140	3402
GOAL	2171	1867	301	231	21	11	338	217	5217
Goal expressed in %	96%	87%	13 %	10 %	0%	0%	15%	9%	
Current status (appointments effected)	6	1	0	1	0	0	0	0	8
Current status expressed in % of total Goals	0%	0%	0%	%	0%	0%	0 %	0%	0%

The above table depicts representation of all staff including permanent and contracted staff as well as Section 56 appointments in the organization. 6 African Males; 1 one African Female and one coloured female were appointed in this period. However, there were 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 continue to make concerted efforts to change the situation.

3.21 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 62% annual availability of the acquired fleet. In the 2020/21 financial year the ELM procured fleet as per the table below:

TYPE OF VEHICLES PROCURED	QUANTITY DELIVERED
Ford Ranger double cab	7
Ford Ranger single cab	8
VW Polo sedan	9
	24 Units

3.22 LEGAL SERVICES

Matters and progress made by 30 June 2021:

Status Quo On Cases	Number of Cases
Rulings in favour ELM	02
Rulings against ELM	01
Pending	36
Abandoned/ Settled	06
Total Matters	45

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 would not have been instituted in the first place.

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

Specific progress has also been made in relation to legal support provided to the various departments of the local authority. Extended legal support has significantly contributed towards service delivery and the promotion of good governance. Further prospects of improvement are currently dependent on challenges like the provision of adequate office space to accommodate the total staff complement of the Legal Services Department and further development of the Legal Services Department's legal research capacity through the acquisition of electronic law libraries.

3.22.1 Legal Service Policy Objectives Taken from IDP

Legal Resources Service Policy Objectives Taken from IDP						
		2019/20		2020/21		2021/22
		TARGET	ACTUAL	TARGET	ACTUAL	TARGET
SERVICE OBJECTIVES	OUTLINE SERVICE TARGETS	PREVIOUS YEAR	PREVIOUS YEAR	CURRENT YEAR	CURRENT YEAR	FOLLOWING YEAR
Releasing Human Potential	% reduction of litigation matters in the current litigation register	75%	55%	30.00%	45.76%	30.00%

3.22.2 Employees: Legal Services

EMPLOYEES: LEGAL SERVICES					
Job Level	Total Posts	Employees 2019/20	Employees 2020/21	Vacancies Fulltime	Vacancies as %
0 - 3	4	2	2	2	50%
4 - 6	14	3	1	13	93%
7 - 9	4	1	1	3	75%
10 - 12	0	0	0	0	0%
13 -15	0	0	0	0	0%
16 -	0	0	0	0	0%
	22	6	4	18	82%

3.22.3 Departmental Functionality and Mitigation 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 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 Service has been approved by the Municipal Council.

Current embankment 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 litigator achievements should impact and be visible in the 2020/2021 financial year. The formulation and attendance to individual matters by means of the development of a specimen form to obtain monthly feedback from legal practioners 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.

The draft systems of delegation's report were presented to Council and this was approved by Council. A workshop for the Councilors is being organized. The Standing Orders for the Municipal Council has been approved by Council and were taken for promulgation by the Government Printers.

The legal department has been working close with the contracts management in vetting all the contracts which have been awarded through the bid processes. Further to this all other contracts and memorandums of understanding are being presented to the legal department by various departments for vetting before they are being presented to the municipal manager for signature. The legal department through the office of the assistant manager policy, assists in vetting all the new policy in the municipality and also in the review process of old matters.

3.22.6 Financial Performance 2020/21: Legal Services

Legal Services						
Financial Performance 2020/21: Legal Services						
Details	2019/20	2020/21			Variance to Budget	
	Actual	Original Budget	Adjustment Budget	Actual		
Total Operational Revenue (excluding tariffs)						
Expenditure:						
Employees	2,943	4,629	4,629	1,215	-281%	
Repairs and Maintenance						
Other	32,275	36,189	21,889	18,036	-101%	
Total Operational Expenditure	35,219	40,817	26,517	19,251	-112%	
Net Operational (Service) Expenditure	-35,219	-40,817	-26,517	-19,251	-112%	

3.23 INFORMATION TECHNOLOGY

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

3.24.1 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 1800 users in the Municipality spread across the following areas:

All the outside offices have been connected with all new radios.

The municipality has procured 10 Zoom online virtual licenses that can cater for 300 users to connect to 10 meetings at the same time.

21 ICT staff members have been appointed by Emfuleni Local Municipality as of the 1 December 2020, from Sedibeng District Municipality. ICT was appointed using a transitional organogram and awaits the macro structure to be finalised for proper placement of the ICT Staff.

3.23.2 Information Technology Service Policy Objectives Taken from IDP

Information Technology Service Policy Objectives Taken from IDP							
			2019/20		2020/21		2021/22
			TARGET	ACTUAL	TARGET	ACTUAL	TARGET
SERVICE OBJECTIVES	OUTLINE TARGETS	SERVICE	PREVIOUS YEAR	PREVIOUS YEAR	CURRENT YEAR	CURRENT YEAR	FOLLOWING YEAR

Releasing Human Potential	% Developed and Implemented strategic plan	100%	40%	-	-	-
	ICT Percentages of ICT AG audit findings resolved.			100.00%	0.00%	80%

3.24.3 Capital Expenditure: ICT

Capital Project	Original Budget	Adjustment Budget	Actual
	27,566,000.00	30,450,000.00	3,187,933.41
Capital Project	Original Budget	Adjustment Budget	Actual
LAPTOPS & DESKTOPS	4000000	4000000	0
TRANSPORT ASSETS	20000000	20000000	2989100
LIBRARY PROJECTS- NEW VEHICLE	250000	300000	0
LIBRARY - FURNITURE & OFFICE EQUIPMENT	316000	350000	0
GRASS FIRE UNIT WITH EQUIPMENT	0	1600000	0
GEOGRAPHIC INFORMATION SYSTEM	0	1200000	0

3.24.4 Financial Performance 2020/21: Information Communication Technology

Information Communication Technology					
Financial Performance 2020/21:					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	-				
Expenditure:					
Employees	0	8,752.00	8,752	3,240	-170%
Repairs and Maintenance	13	1,500	1,500	1,309	-15%
Other	-13	7,252	7,252	1,931	-276%
Total Operational Expenditure	23,883	27,261	27,261	7,641	-257%
Net Operational (Service) Expenditure	-23,883	-27,261	-27,261	-7,641	-257%

CHAPTER 4: ORGANIZATIONAL DEVELOPMENT

4.1 INTRODUCTION

The municipality's Organizational Development is currently performing the following core functions namely; Organizational Design; Job Analysis & Evaluation; Change Management; Business Process Mapping/Re-engineering; and Employee Assistance Programme.

The following functions need to be performed in the municipality according Gauteng Government approved Organizational Development & Design Framework 2017 (ODD Framework):

- ✓ Work Force Planning;
- ✓ Work -Study;
- ✓ Productivity;
- ✓ Norms & Standards;
- ✓ Layout & Workflow;
- ✓ Organizational Change & Culture;
- ✓ Form Design & Management;
- ✓ Benchmarking; and
- ✓ Knowledge Enablers & Skills.

The above-mentioned functions are not performed by the department since the inception/establishment in 2007/08 financial year. In addition, the Gauteng Provincial Department of Cooperative Government & Traditional Affairs Member of Executive Council approved this ODD Framework in 2017 Honourable, Mr. S.P. Mashatile and the Head of Department/Director-General Madam T. Mbasa.

The department has engaged the municipality in a number of intervention which to an extent assisted the organization in the quest of accelerating quality services to ELM citizens. The following interventions were done according to the above-mentioned functions:

- ✓ The Review of the Service Delivery Model & Functional Organizational Structure;
- ✓ Development of the Change Management Framework;
- ✓ Ethics Strategy, Ethics Implementation Plan and Ethics Pledge are still at MAYCO level towards Council approval;
- ✓ Three Workshops for Councilor's on Ethics Strategy, Ethics Implementation Plan and Ethics Pledge were postponed and planned for the new financial year;
- ✓ Business Process Mapping was conducted for the following cluster: Financial Services, Shared Services, Metsi-a-Lekoa (Water & Sanitation), Public Works. The department has planned to map the following clusters in 2021/22 i.e. Public Safety and Community Development, Economic Development & Planning,

- ✓ Employee Assistance Programme: No Financial Management workshop were done through Job Levels; these include drafting wills for employees who do not have wills. Formal and Informal referrals were undertaken.

4.1.1 Employees Assistance Programme

- ✓ Ongoing EAP counselling: 114 Employees consulted Formal Referral 07;
- ✓ COVID_19 Related 11 formal referrals;
- ✓ No Financial Management and other workshops were conducted due to COVID_19 requirements and protocols; and
- ✓ Request for additional professional assistance for COVID_19 Trauma and Debriefing sessions were not successful.

The above are meant to address and contribute to the National Key Performance Area “Releasing Human Potential and which is in line section 152 (1) (d) of Act 108 of 1996. The following Employee Assistance Programme (EAP) interventions are continuously done for the employees by self and formal referrals and pro-active programmes.

- ✓ Individual Counselling
- ✓ Financial Management Workshops/pre-retirement
- ✓ Communication & Conflict management Workshops
- ✓ Attitudes/Behaviour & Absenteeism Workshops
- ✓ Trauma debriefings/awareness
- ✓ Medical Surveillances
- ✓ VCT
- ✓ World Aids Day
- ✓ Referrals for Counselling and Psychological interventions.

4.2 DISCIPLINARY ACTIONS

Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action Taken Or Status Of Case And Reason Why Not Finalized	Date Finalized
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 5 th	Matter ongoing

Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action Taken Or Status Of Case And Reason Why Not Finalized	Date Finalized
			August 2019. Subsequent re-scheduled dates were not honoured by the employee as her IMATU representative fell ill for quite a long period of time.	
Supervisor Metsi-alekoa	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 4 th 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 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.	Matter ongoing
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 1 st 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	Matter ongoing

Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action Taken Or Status Of Case And Reason Why Not Finalized	Date Finalized
			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.	
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 1 st 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	Matter ongoing

Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action Taken Or Status Of Case And Reason Why Not Finalized	Date Finalized
			issued on the 06/11/2019 and 1 st sitting scheduled for 06/11/2019. Matter postponed as one of the employees had a funeral. Ms Masoane'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.	
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, 1 st sitting sat on the 26/11/2019. Matter scheduled to sit on the 05/12/2019. Matter 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, 1 st 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	Matter concluded. Awaiting sanction from chairperson.

Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action Taken Or Status Of Case And Reason Why Not Finalized	Date Finalized
			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.	
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. The hearing has not convened to date due to the chief complainant who consequently is the prime witness reneging on his commitment to cooperate. The latter is a private person.	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 concluded. Employee found guilty, now awaiting

Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action Taken Or Status Of Case And Reason Why Not Finalized	Date Finalized
			Matter scheduled to sit on the 10/12/2019. Heads of arguments submitted by both the employee and employer representative. Awaiting ruling.	sanction outcome.
Employee Relations Officer	Gross dishonesty	12 October 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 7th August 2019. Subsequent scheduled date were not honoured by the employee as her IMATU representative fell ill for quite a long period of time	Matter ongoing

4.2.1 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 was scheduled to sit on 25 March 2020 but due to the commencement of the lockdown, it was postponed <i>sine die</i> .	Matter ongoing
Revenue accountant	Allegations of fraud and corruption	Employee was suspended on the 23/08/2019 and was charged. While the matter was in progress, the employee entered into a settlement with the municipality in which one	Matter finalised

		of the conditions was for him to resign. His resignation decision was to be placed before the presiding officer of the disciplinary hearing his endorsement. However, the moratorium on the continuation of the disciplinary hearings has been imposed in response to the COVID 19 restrictions	
Revenue senior clerk	Allegations of fraud and corruption	Employee was suspended on the 23/08/2019 and was charged. The last sitting of the matter was on 25 March 2020 with a view of its continuation with a newly appointed initiator.. However, a moratorium was imposed on the continuation of the disciplinary hearings in response to the COVID 19 restrictions	Matter ongoing
Revenue senior clerk	Allegations of fraud and corruption	Employee was suspended on the 23/08/2019 and was charged. The last sitting of the matter was on 25 March 2020 with a view of its continuation with a newly appointed initiator.. However, a moratorium was imposed on the continuation of the disciplinary hearings in response to the COVID 19 restrictions	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. The matter has not progressed to date as the main complainant, who is the member of the community, is no longer prepared to cooperate.	Matter not heard yet

4.2.2 Local Labour Forum (LLF).

The outbreak of the Covid 19 pandemic had an adverse bearing on the functioning of the LLF. However, considering these challenges and requirements to adhere to the Covid-19 Regulations, the LLF Committee had meetings on the following dates:

4.3 EQUITY

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

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

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

4.3.1 Achievements

The EE department conducted no roads-shows and advocacy campaigns in this reporting as a result of the onset of Covid 19 which disrupted normal operations in the workplace.

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 31 July 2021 and will remain effective until 30 June 2023. 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. However, meetings of this forum are also impacted by the Covid 19 pandemic as most employees are still working from home.

4.3.2 Appointments made against the employment equity targets

Out of the 8 appointments effected and analyzed against employment equity targets 3 were in line with Employment Equity targets whereas 5 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 processes

4.3.3 Appointments

Legends: Appointments Assessed Against Employment Equity Targets.

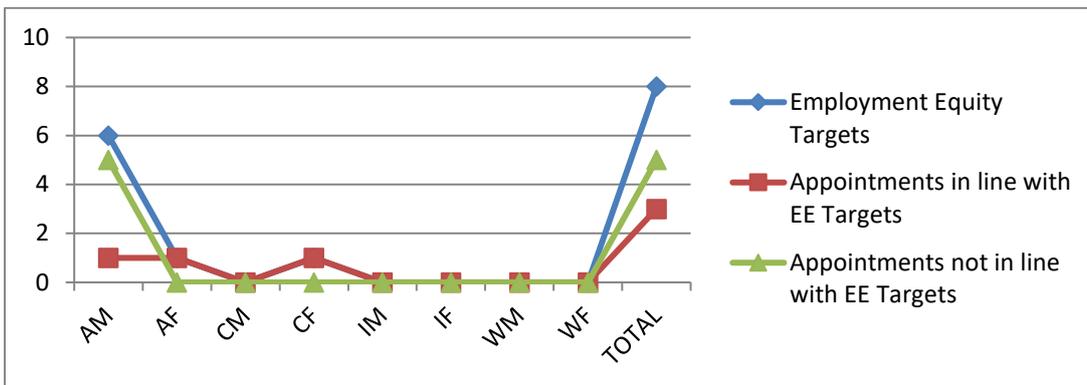
APPOINTMENTS ASSESSED AGAINST EMPLOYMENT EQUITY TARGETS									
Gender & Race	AM	AF	CM	CF	IM	IF	WM	WF	TOTAL
Employment Equity Targets	6	1	0	1	0	0	0	0	8
Appointments in line with EE Targets	1	1	0	1	0	0	0	0	3

Appointments not in line with EE Targets	5	0	0	0	0	0	0	0	5
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The table above reflects the total employment Equity targets for the reporting period 2020/2021.

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

The graph below represents the appointments achieved through equity targets



4.3.4 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.

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

4.4 POLICIES

4.4.1 Human Resource Policies

HR Policies and Plans			
Completed %	Reviewed %	Date adopted by council or comment on failure to adopt	
Affirmative Action	N/A	N/A	Incorporated in the Emfuleni Local Municipality Employment Equity Policy (01 October 2009)
Attraction and Retention	50%	N/A	Draft policy has been developed and currently under consultation at Local Labour Forum.
Code of Conduct for employees	100%	N/A	As per Municipal Systems Act No 32 of 2000 Schedule 2
Delegations, Authorization & Responsibility	100%	N/A	17 October 2013, currently undergoing review process.
Disciplinary Code and Procedures	100%	N/A	Main Collective Agreement 2020 to 2022
Essential Services	100%	N/A	18 September 2008
Employee Assistance / Wellness	100%	N/A	30 May 2014
Employment Equity	100%	N/A	1 October 2009
Exit Management	N/A	N/A	Forms part of the Recruitment and Selection policy during the review process.
Grievance Procedures	100%	N/A	Main Collective Agreement 2020 to 2022

HR Policies and Plans			
Completed %	Reviewed %	Date adopted by council or comment on failure to adopt	
HIV/Aids	100%	N/A	30 May 2014
Human Resource and Development	50%	N/A	30 May 2014
Information Technology	100%	N/A	1 October 2009
Job Evaluation	N/A	N/A	Main Collective Agreement 2020 to 2022
Leave Administration	10%	N/A	29 March 2018. Policy under review
Occupational Health and Safety	N/A	N/A	11 November 2010
Official Housing	N/A	N/A	Main Collective Agreement 2020 to 2022
Affirmative Action	N/A	N/A	Incorporated in the Emfuleni Local Municipality Employment Equity Policy (01 October 2009)
Attraction and Retention	50%	N/A	Draft policy has been developed and currently under consultation at Local Labour Forum.

HR Policies and Plans			
Completed %	Reviewed %	Date adopted by council or comment on failure to adopt	
Code of Conduct for employees	100%	N/A	As per Municipal Systems Act No 32 of 2000 Schedule 2
Delegations, Authorization & Responsibility	100%	N/A	17 October 2013, currently undergoing review process.
Disciplinary Code and Procedures	100%	N/A	Main Collective Agreement 2020 to 2022
Essential Services	100%	N/A	18 September 2008
Employee Assistance / Wellness	100%	N/A	30 May 2014
Employment Equity	100%	N/A	1 October 2009
Exit Management	N/A	N/A	Forms part of the Recruitment and Selection policy during the review process.
Grievance Procedures	100%	N/A	Main Collective Agreement 2020 to 2022
HIV/Aids	100%	N/A	30 May 2014
Human Resource and Development	50%	N/A	30 May 2014

HR Policies and Plans			
Completed %	Reviewed %	Date adopted by council or comment on failure to adopt	
Information Technology	100%	N/A	1 October 2009
Job Evaluation	N/A	N/A	Main Collective Agreement 2020 to 2022
Leave Administration	10%	N/A	29 March 2018. Policy under review
Occupational Health and Safety	N/A	N/A	11 November 2010
Official Housing	N/A	N/A	Main Collective Agreement 2020 to 2022
Official Journeys	N/A	N/A	Under Car Allowance Policy
Official transport to attend Funerals	10%	N/A	29 June 2018. Policy under review
Official Working Hours and Overtime	10%	N/A	Main Collective Agreement 2020 to 2022 & overtime policy of 29 June 2018. Policy under review

4.5 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 and 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 and communities.

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 2021/22 financial year with its attended Training Plan was submitted to the Sector Education and Training Authority for Local Government (LGSETA) by 30 April 2021 as per submission deadline.

The allocated training budget for the 2020/21 financial year for personnel training was R 4, 5 million. The Training Budget represents 0, 5% of the total ELM salary budget spent of R 954 000 000. This 0.5% expenditure on skills development represent a reduction from the previous year`s expenditure of 0.7% of total salary budget.

The 0, 5% is exclusive of conditional skills development grants received from SETAs such as the Mandatory Grant and Discretionary Grant.

A total of 289 employees were trained on various skills interventions during the 2020/21 financial year even with the reduced training budget.

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.

4.5.1 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 72 senior and middle managers (work levels 2, 3) have completed the Certificate Program in Management Development (CPMD) with the University of the Witwatersrand (WITS). This statistic of 72 is inclusive of (65) 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 24LM employees consisting of S56, 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 24 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.

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 of 108 learners were provided with Internship, learnership and work-integrated –learning opportunities at ELM
- ✓ Twenty (20) learners achieved their National Diplomas having completed their N6 Certificate in Business Administration and Public Management.

CHAPTER 5: FINANCIAL PERFORMANCE

5.1 FINANCIAL PERFORMANCE

Financial Summary						
R' 000						
	2019/20	Current Year 2020/21			2020/21 Variance to actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance						
Property rates	884 384	932 745	932 745	936 972	0%	0%
Service charges	4 316 434	3 728 268	3 910 126	4 121 553	5%	5%
Investment revenue	96 622	154 306	154 306	81 988	-47%	-47%
Transfers recognised - operational	825 956	844 477	896 412	999 360	11%	11%
Other own revenue	427 768	315 727	316 427	1 759 464	456%	456%
Total Revenue (excluding Capital transfers & contributions)	6 551 164	5 975 522	6 210 016	7 899 337	27%	27%
Employee costs	1 100 480	1 221 474	1 340 715	1 137 542	-15%	-15%
Remuneration of councillors	56 590	55 860	60 259	56 645	-6%	-6%
Depreciation & asset impairment	352 995	387 831	387 831	585 838	51%	51%
Finance charges	232 128	19 011	386	205 228	53111%	53111%
Materials and bulk purchases	3 016 957	2 301 220	2 413 246	3 222 665	34%	34%
Transfers and grants	0	0	0	0	0%	0%
Other expenditure	3 229 786	1 505 540	2 043 297	2 646 685	30%	30%
Total Expenditure	7 988 936	5 490 937	6 245 735	7 854 603	26%	26%
Surplus/(Deficit)	-1 437 772	484 585	-35 719	44 734		
Transfers recognised - capital	44 454	218 100	362 591	63 851	0%	0%
Contributions recognised - capital & contributed assets	0	0	0	0	0%	0%
Surplus/(Deficit) after capital transfers & contributions	-1 393 318	702 684	326 873	108 585	-67%	-67%
Share of surplus/ (deficit) of associate						
Surplus/(Deficit) for the year	-1 393 318	702 684	326 873	108 585	-67%	-67%
Capital expenditure & funds sources						
Capital expenditure						
Transfers recognised - capital	44 454	218 100	362 591	63 851	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	44 454	218 100	362 591	63 851	-82%	-82%
Financial position						
Total current assets	1 243 372	1 254 487	1 637 024	2 239 498	37%	37%
Total non current assets	11 126 162	11 504 953	11 445 354	11 707 140	2%	2%
Total current liabilities	4 736 465	3 464 233	5 586 387	6 160 821	10%	0%
Total non current liabilities	391 679	406 554	374 264	435 739	16%	0%
Community wealth/Equity	7 241 493	8 888 652	7 121 728	7 350 077	3%	3%
Cash flows						
Net cash from (used) operating	141 391	1 090 007	808 229	153 730	-81%	-81%
Net cash from (used) investing	-117 156	0	0	-128 319	0%	0%
Net cash from (used) financing	-1 406	-2 062	-2 062	3 730	100%	100%
Cash/cash equivalents at year end	240 235	1 216 051	886 747	269 479	-70%	-70%
Cash backing/surplus reconciliation						
Cash and investments available	22 829	1 087 945	806 167	29 142	-96%	-2666%
Application of cash and investments	217 508	128 106	80 580	240 338	198%	66%
Balance - surplus (shortfall)	240 338	1 216 051	886 747	269 479	-70%	-229%
Asset management						
Asset register summary (WDV)	12 369 534	12 759 439	13 082 378	13 946 637	7%	6%
Depreciation and asset impairment	352 995	387 831	387 831	585 838	51%	34%
Renewal of Existing Assets	0	0	0	0	0%	0%
Repairs and Maintenance	103 531	71 526	71 526	395 918	454%	82%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1						T5.1.1

The municipality closed off the 2020/21 financial year with a surplus of R108m. The main contributor to the surplus were grants in kind as well as unallocated receipts which performed above projections. Non-cash items (depreciation and debt impairments) continue to increase year on year mainly due to this is due to the new addition of assets in the form of donated assets / indirect grant capitalisation which will include their depreciation as well as provision which has to be made to account for non-performing debtors. Allocations-in-kind which were recognised as revenue. Budget provision is not made for this type of revenue as they are implemented by other agencies / spheres of government and are only recognised when they are handed over to the municipality.

The high expenditure on water and bulk purchases is due to electricity and water theft, unmetered households and water leakages due to old infrastructure.

5.1.2 Financial Performance of Operational Services

Financial Performance of Operational Services						
Description	2019/20	2020/21			2020/21 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	(95,745)	(205,732)	(233,447)	(379,135)	45.74%	38.43%
Waste Water (Sanitation)	234,898	194,418	256,459	518,521	62.51%	50.54%
Electricity	227,831	927,596	868,882	125,887	-636.85%	-590.21%
Waste Management	36,099	25,182	35,432	57,567	56.26%	38.45%
Housing	(39,708)	(71,635)	(69,268)	827,933	108.65%	108.37%
Component A: sub-total	363,374	869,828	858,058	1,150,774	24.41%	25.44%
Waste Water (Stormwater Drainage)	(28,513)	(41,424)	(38,857)	(31,909)	-29.82%	-21.77%
Roads	(169,520)	(203,469)	(216,723)	(137,397)	-48.09%	-57.73%
Transport	(66,426)	(24)	(23)	(19,723)	99.88%	99.88%
Component B: sub-total	(264,459)	(244,917)	(255,603)	(189,030)	-29.57%	-35.22%
Planning	(3,813)	(5,185)	(4,198)	(3,560)	-45.64%	-17.91%
Local Economic Development	8,947	10,069	10,014	9,198	-9.48%	-8.88%
Component B: sub-total	5,134	4,885	5,817	5,638	13.36%	-3.18%
Planning (Strategic & Regulatory)	(31,992)	(31,758)	(35,909)	(31,162)	-1.91%	-15.23%
Local Economic Development						

Component C: sub-total	(31,992)	(31,758)	(35,909)	(31,162)	-1.91%	-15.23%
Community & Social Services	(20,529)	(6,989)	(6,535)	(6,397)	-9.26%	-2.17%
Environmental Protection	(31,988)	(31,708)	(35,909)	(31,157)	-1.77%	-15.25%
Health	(23,523)	(27,993)	38,351	17,405	260.83%	-120.35%
Security and Safety	35,127	26,575	17,157	(190,000)	113.99%	109.03%
Sport and Recreation	(44,406)	(101,221)	(46,195)	(48,354)	-	4.46%
Corporate Policy Offices and Other	(1,380,056)	245,982	163,453	(569,133)	143.22%	128.72%
Component D: sub-total	(1,465,375)	104,646	130,322	(827,635)	112.64%	115.75%
Total surplus/(deficit)	(1,393,318)	702,684	702,684	108,585	-	-547.13%
					547.13%	

Conditional Grants: Excluding MIG 2020/21						
R' 000						
Details	Budget	Adjust-ments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjust- ments Budget	
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]	4,543,000.00	4,543,000.00	2,874,571.22	-58%	-58%	
Library Grant	566,000.00	650,000.00	-			
INEP Grant	25,571,000.00	5,571,000.00	607,632.48	-4108%	-817%	
Fire Grant	-	1,600,000.00	-			
Total	30,680,000.00	12,364,000.00	3,482,203.70	-781%	-255%	

5.2GRANTS

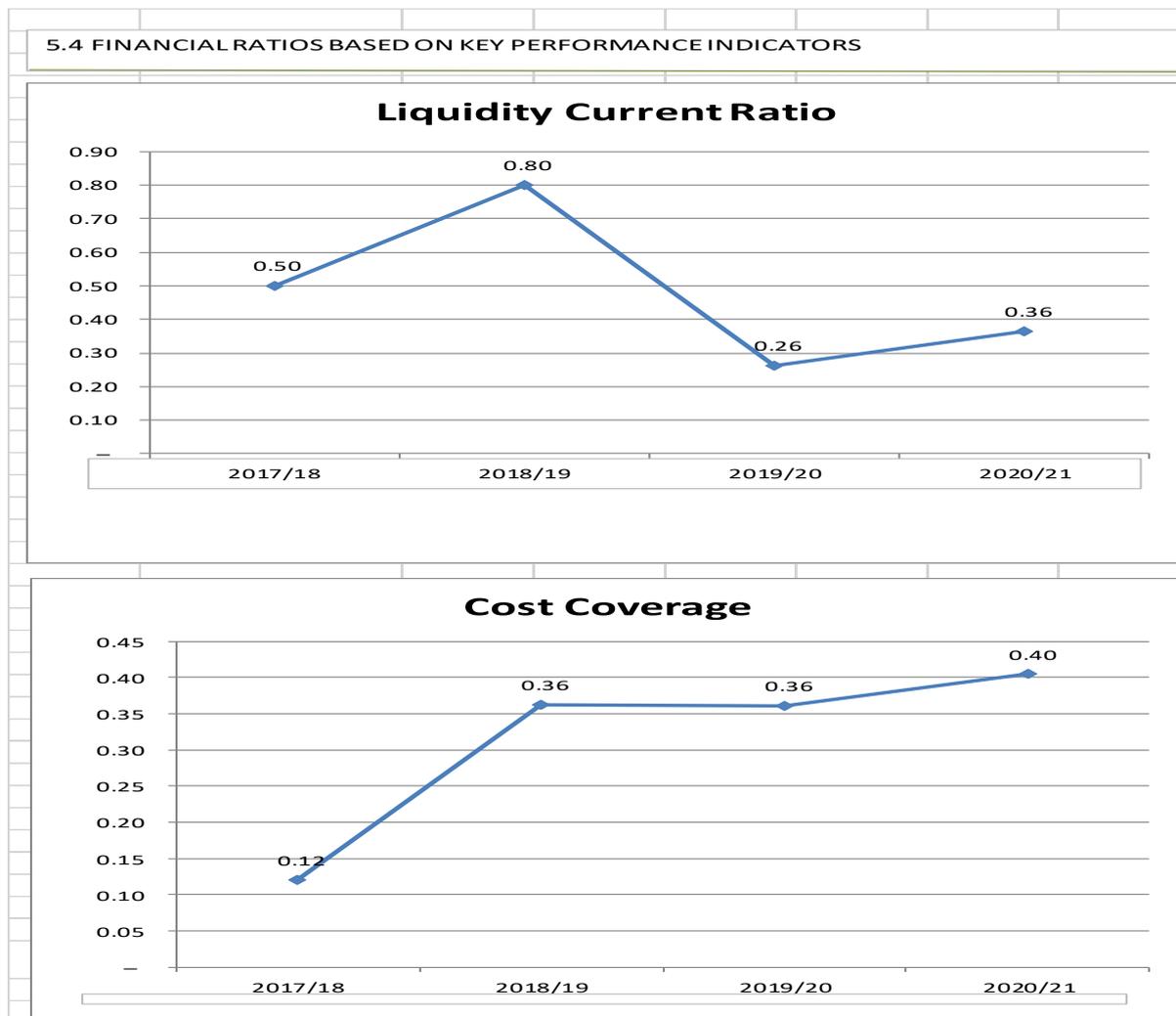
Grant Performance						
R' 000						
Description	2019/20	2020/21			2020/21 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
-						
<u>Operating Transfers and Grants</u>						
National Government:	784 157	854 526	977 645	976 625	13%	0%
Equitable share	772 335	835 994	959 113	959 113	13%	0%
Municipal Systems Improvement	0	0	0	0		
Finance Management	2 001	2 000	2 000	2 000	0%	0%
Infrastructure Skills Development Grant						
Municipal Infrastructure Grant	666	8 389	8 389	8 607	3%	3%
DACE						
EPWP	3 559	4 543	4 543	3 306	-37%	-37%
Neighborhood Development Grant	0	0	0	0		
National Electrification Grant	0	0	0	0		
Municipal Demarcation Transition Grant	0	0	0	0		
Levy replacement	0	0	0	0		
Disaster Management Grant	596	0	0	0		
Energy Efficiency Demand Side Management Grant	5 000	3 600	3 600	3 600	0%	0%
Provincial Government:	65 955	14 888	86 013	58 184	74%	-48%
Health subsidy	32 492	0	49 702	27 382	100%	-82%
HIV/AIDS Grant						

Library Grants	17 153	13 388	14 488	14 638	9%	1%
GRAP 17	1 000	0	0	0		
EPWP	0	0	0	0		
Social Development Grant	0	0	0	0		
Bontle ke Botho	582	0	730	0		
Performance grant	6		1 000	499		-100%
Cogta Maintenance Grant	0	0	0	894	100%	100%
Cogta Sewer Pumpstation Grant	0	0	0	2 551	100%	100%
Functional Fire & Rescue Grant	0	0	0	0		
LGSETA	1 877	1 500	1 500	1 354	-11%	-11%
District Municipality:						
Project Funded Ex-Sedibeng district Grant	0	0	0	0		
Sedibeng Maintenance grant	0	0	1 003	0		
Environmental Health Grant	12 844	0	17 591	10 866	100%	-62%
Other grant providers:						
EPWP	0			0		
Boiketlong Water Grant	0		0	0		
MSIG (Sedibeng)						
Total Operating Transfers and Grants	850 112	869 414	1 063 658	1 034 809		
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						T5.2.1

Grant Performance						
R' 000						
Description	2019/20	2020/21			2020/21 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
-						
<u>Capital Transfers and Grants</u>						
National Government:	12 401	184 967	200 826	7 691	- 2305 %	-2511%
Municipal Infrastructure Grant (MIG)	4 914	159 396	195 255	6 992	- 2180 %	-2692%
National Program Electrification	6 000	25 571	5 571	699	- 3559 %	-697%
Neighbourhood Partnership Grant	0	0	0	0		
Restructuring Grant						
Regional Bulk Infrastructure Grant						
N:Social Infrastructure Grant						
Performance Management						
ICT Programme Grants						
Kwa-Masiza Grant						
Water & Sanitation Grant	1 487	0	0	0		
Provincial Government:	0	650	2 250	0		
Library Grant	0	650	650	0		

Functional Fire & Rescue Grant	0	0	1 600	0		
Water & Sanitation Grant	0		0	0		
New Waste Water Treatment Pumpstation	0	0	0	0		
Social Development Grant	5 372	0	0	0		
District Municipality:	0	0	0	0		
Grants Ex-District		0	0	0		
Other grant providers:	0	0	0	0		
<i>[insert description]</i>						
Total Capital Transfers and Grants	12 401	185 617	203 076	7 691	-23	-25
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						T5.2.1

5.3 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

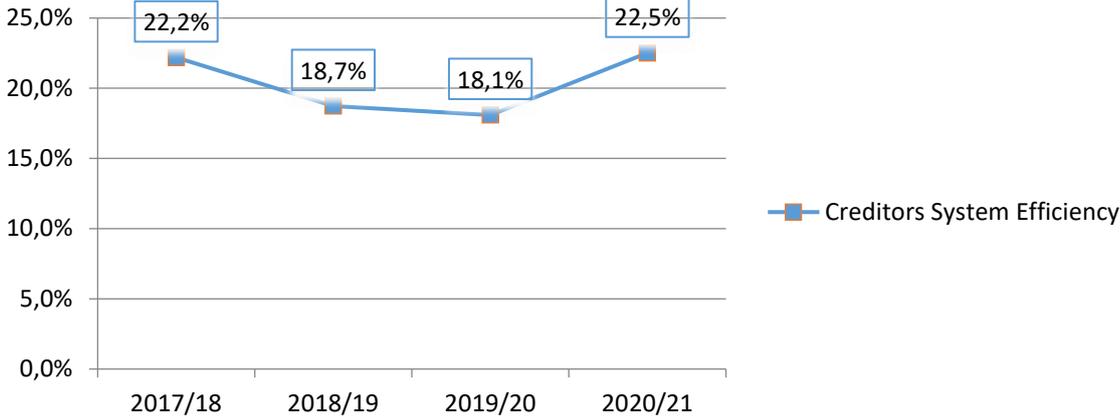


<u>Ratio</u>	Basis of calculation	2017/18	2018/19	2019/20	2020/21
Liquidity Current Ratio	Current assets/current liabilities	0.50	0.80	0.26	0.36
<u>Ratio</u>	Basis of calculation	2017/18	2018/19	2019/20	2020/21
Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.12	0.36	0.36	0.40

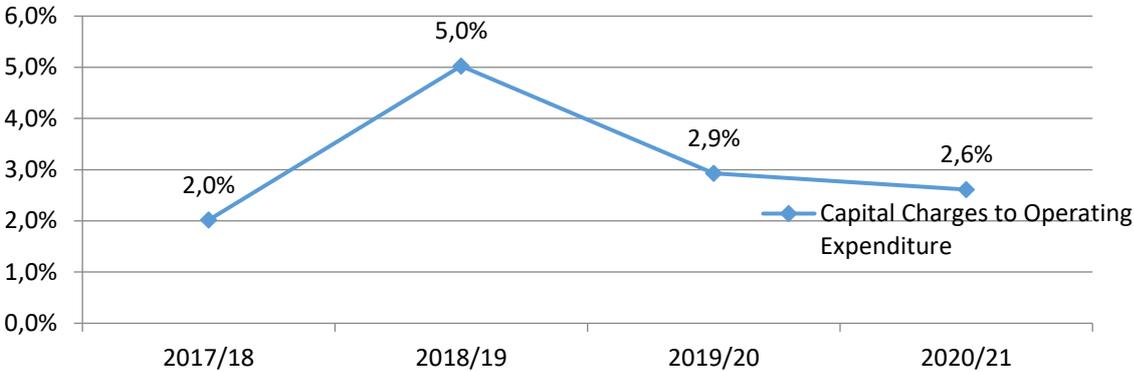
The municipality continued to experience the cash flow challenges in the year under review and the situation has further declined when compared to the previous year. The current ratio was sitting at 0.36 (2019/20 - 0.26:1) at the end of the financial year which was below the norm of 2:1. This indicates 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 131 days.

The cost coverage ratio is also not favourable, 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__

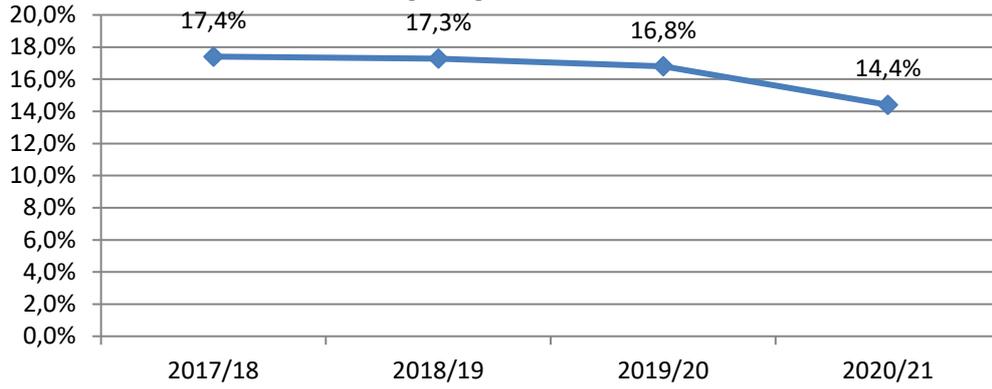
Creditors System Efficiency



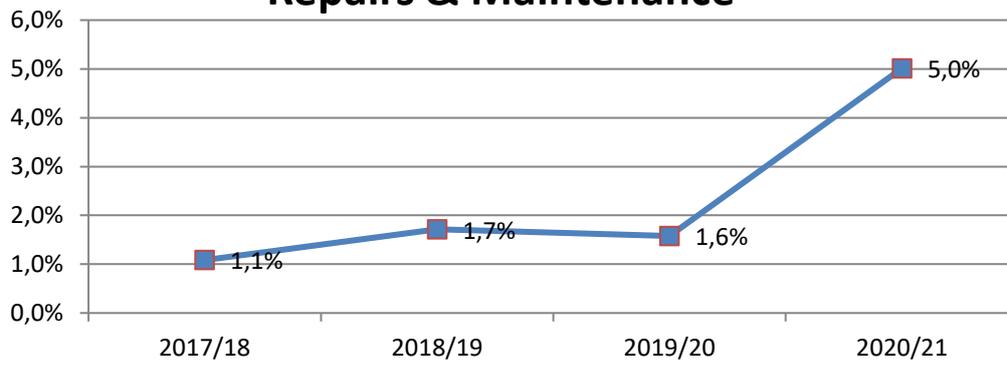
Capital Charges to Operating Expenditure



Employee Costs



Repairs & Maintenance



COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

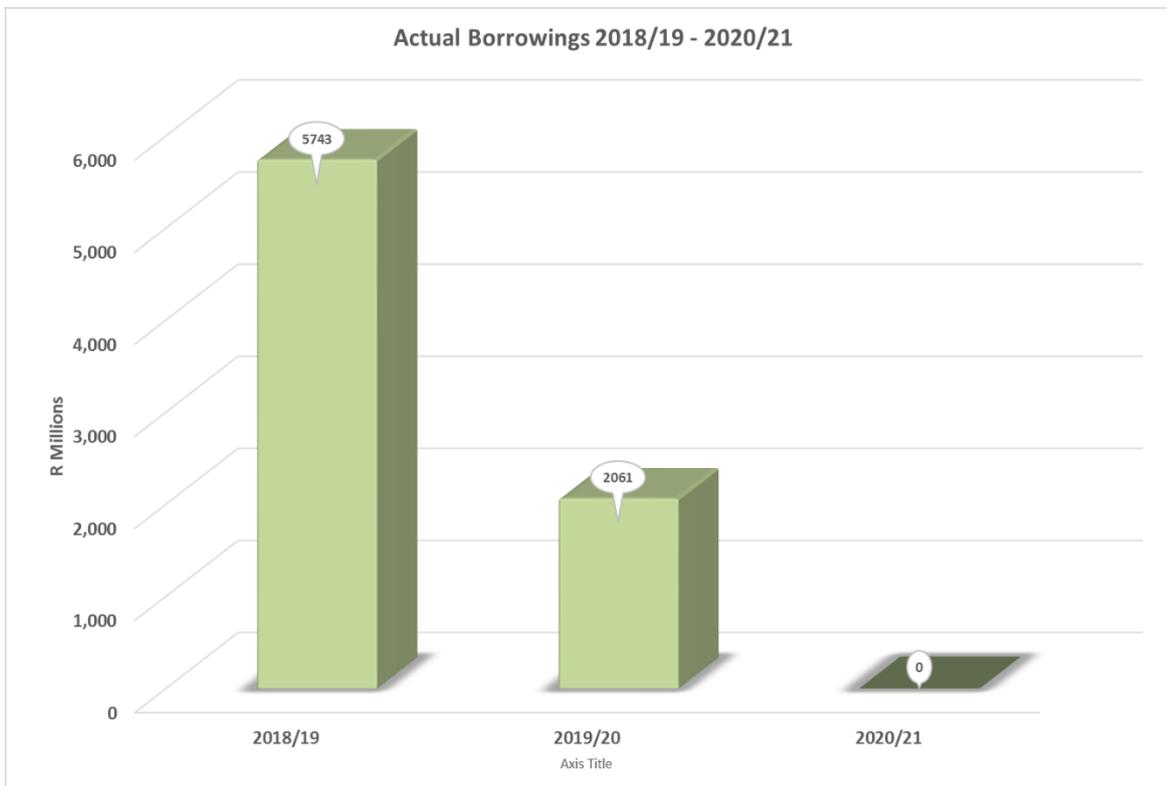
COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.4 CASH FLOW

R'000				
Description	2019/20	Current Year 2020/21		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	3 018 770	4 204 726	4 004 726	2 850 432
Government - operating	825 956	733 960	733 960	940 625
Government - capital	107 324	260 075	162 590	63 851
Interest	31 093	53 268	69 175	18 642
Other receipts	810 373	136 426	136 426	429 840
Payments				
Suppliers and employees	-4 438 584	-4 285 976	-4 285 976	-3 950 610
Finance charges	-213 541	-12 472	-12 672	-199 051
NET CASH FROM/(USED) OPERATING ACTIVITIES	141 391	1 090 007	808 229	153 730
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of PPE	-116 446			-128 319
Proceeds on disposal of assets		0	0	0
Purchase of intangible assets	-709			
NET CASH FROM/(USED) INVESTING ACTIVITIES	-117 156	0	0	-128 319
CASH FLOWS FROM FINANCING ACTIVITIES				
Borrowing long term/refinancing	-2 062	2 062	2 062	0
Increase (decrease) in consumer deposits	656	0	0	3 730
Finance lease		0	0	
NET CASH FROM/(USED) FINANCING ACTIVITIES	-1 406	2 062	2 062	3 730
NET INCREASE/ (DECREASE) IN CASH HELD	22 829	1 092 069	810 291	29 141
Cash/cash equivalents at the year begin:	217 508	123 982	76 456	240 338
Cash/cash equivalents at the year end:	240 338	1 216 051	886 747	269 479
Source: MBRR SA7				T5.9.1

5.5 BORROWING AND INVESTMENTS

Actual Borrowings 2018/19 - 2020/21			
R' 000			
Instrument	2018/19	2019/20	2020/21
<u>Municipality</u>			
Long-Term Loans (annuity/reducing balance)	2,062	0	0
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases	0	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	2,062	0	0



The municipality did not take out any new loans/borrowings in the current financial year. The long term borrowing that the municipality had with DBSA was settled in the current financial year.

Municipal and Entity Investments			
R' 000			
Investment* type	2018/19	2019/20	2020/21
	Actual	Actual	Actual
Municipality			
Securities - National Government	0	0	0
Listed Corporate Bonds	0	0	0
Deposits - Bank	217,508	240,235	269,479
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	217,508	240,235	269,479

5.6 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 2020/21 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

CHAPTER 6 AUDITOR GENERAL FINDINGS

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, we 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

None

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

None

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

Comparative figures will be disclosed.

6.1.4 Unauthorised expenditure written off without conducting an investigation

During the audit of unauthorised expenditure, it was that the unauthorised 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

None

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

None

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

None

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

None

6.1.8 Non-disclosure of subsequent events

During the audit of irregular expenditure, we identified the following 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

None

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

Adjustment to disclose such events will be made once permission to make adjustments is made.

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

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

None

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

None

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

None

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 formalised 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

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.

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 are intervention measures that have been implemented by the municipality to improve the cash flow constraints. Such as the cost containment regulation passed by national treasury.

6.1.17 Contract management: No monitoring of contracts

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

Remedial Action

None

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

The recommendation has been followed in this regard

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).

20.2 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

Strengthen internal controls

6.1.20 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

None

6.1.21 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

None

6.1.22 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

None

6.2 ACTION PLAN TO ADDRESS AGSA FINDINGS: 2020/21.

6.2.1 Assets Impairment- Damaged infrastructure assets are not impaired

Certain infrastructure is dilapidated and not functioning properly to effectively treat effluent to the required standards. The assets are physically damaged and not in a working condition which is an indication of impairment. However, there was no impairment for the assets in the three wastewater treatment plants to the value of R105 220 230.

Remedial Action

None

6.2.2 Certain Suppliers not disclosed under trade and other receivables from non-exchange transactions

Certain suppliers of which the Emfuleni has a legal right to recover the amounts due to various factors, the amounts were not included in the amount of trade and other receivables.

Remedial Action

A debtor for Mafoko Security to the amount of R60 589 396 and a debtor for Red Ant to the amount of R10 065 552 will be raised in the 2020/2021 year.

6.2.3 High level review of the financial statements

Significant matters were identified while performing a high-level review of the financial statements.

Remedial Action

Notes to the AFS will be included and opened on Caseware

6.2.4 Misstatements in the cash flow statement

During the audit of the cash flow statement the following variances were noted between the auditor's re-calculation and the cash flow statement submitted for audit

Remedial Action

Adjustments will be made at the approval of the auditors

6.2.5 Evidence of investigations for unauthorized and fruitless and wasteful expenditure written off was not submitted for audit

It was noted that the unauthorized fruitless and wasteful expenditure 2017/18 was written off in the prior year without investigation. This was the basis for qualification in the prior year. Evidence of investigation was also requested in the current financial year, and it was not submitted for audit.

Remedial Action

Notes to the AFS will be included and opened on Caseware

6.2.6 Amount as per commitments schedule does not agree to the amount disclosed in the financial statements

The financial statements were not supported by reliable schedules as the amount per commitment schedule does not agree to the amount disclosed in the financial statements.

Remedial Action

Management requests the consent of AG for the adjustment to the commitments disclosure.

6.2.7 Incomplete disclosure of commitments in the financial statements

Commitments disclosed in the annual financial statements were not complete, as the following work-in-progress was not included in the commitments schedule

Remedial Action

Correction of commitments disclosure will be done

6.2.8 Closing WIP as per the commitments schedule does not agree to the amount as per the financial statements

Financial statements were not supported by reliable schedules as the work in progress balance included in the commitments schedule does not agree to the amount disclosed in the financial statements.

Remedial Action

Correction of commitments disclosure will be done

6.2.9 Adjustments from approved to final budget not disclosed in the financial statements

It was noted that the statement of comparison of budget and actual amounts does not reflect changes between the approved and final budget (i.e., adjustments).

Remedial Action

Adjust AFS to include the adjustments to the budget.

6.2.10 statutory receivables: Inadequate disclosure of GRAP 108

It was noted that note 4 and 6 to the financial statements regarding receivables from non-exchange transactions reflects property rates, fines and value added tax respectively which arise from legislation. These have not been disclosed as statutory receivables, as required by GRAP 108.35.

Remedial Action

The amounts of property rates, fines and VAT, with the accompanying impairment losses will be included in the mentioned notes, once the consent of the auditors is received.

6.2.11 Competitive bidding process not followed

Procurement of repairs of certain offices procured through a quotations process instead of the competitive bid process. Three quotations were received by the municipality and all the quotations were quoted above R200 000. The reasons for the procurement through the quotation process were not documented.

Remedial Action

None

6.2.12 Indicator not well defined

It was noted that the indicator in the table below is not well-defined as the indicator does not have a clear definition. The indicator aims to reduce bulk water purchases to R 95 million by quarter 4, however, the portfolio of evidence provided reports on the average bulk water purchase for the year instead of the achievement of the target in the fourth quarter as per the indicator.

Remedial Action

Management will ensure that reported indicator achievements are well-defined. Management will ensure technical indicators are developed for all outstanding indicators

6.2.13 Differences between schedule/listing and annual performance report

It was noted that the reported achievement in the annual performance report does not agree to the POE schedules/capture sheets

Remedial Action

Capacity has been strengthened and one on one sessions will be held with User departments.

6.2.14 Inconsistency between objectives in IDP and annual performance scorecards

The Key Performance Area as per annual performance scorecard is not consistent with the IDP submitted refer below

Furthermore, AG noted that the indicators on page 6 to 17 of the performance score card which relate to Basic services and Infrastructure (KPA2) were erroneously reported as Municipal financial viability and infrastructure management (KPA1)

Remedial action

Management will ensure the performance score card is adequately reviewed before approval.

6.2.15 No evidence that consequence management was instituted against employees

AG noted that no disciplinary action or, when appropriate, criminal proceedings were instituted against officials of the municipality who have allegedly committed an act of financial misconduct or offence as per the Compario reports. The status of the suspensions of the implicated employees was indicated as pending in the 2021 financial year.

Remedial action

Speed up the process and ensure that first hearings sit during the month of November 2021 and are envisaged to be finalised by end January 2022.

2020-2021 ANNUAL PERFORMANCE SCORECARD

KPA 1: MUNICIPAL FINANCIAL VIABILITY AND INFRASTRUCTURE MANAGEMENT								
DP SO and GDS / ELM Focus Areas	Ref No (IDP Code)	Output Indicators	2019/2020 Baseline	2020/2021 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures	
Financial Sustainability and Good and Deepening Democracy	MF.01	Percentage compliant budget approved by Council.	Annual and adjustments budgets approved in the 2019/20 financial year.	100.00% Annual budget for 2021/22 approved by Council by 31 May 2021 and adjustments budgets approved in line with the MFMA and the Municipal Budget and Reporting Regulations.	10.000%	Target Achieved	None.	
	MF.02	Percentage budget collection rate of 70% achieved	New Indicator	70.00%	74.25%	Target Achieved	None.	
	MF03	Number of reports submitted in compliance with legislated Financial Reporting requirements	New Indicator	19.00	15.00	Other pressing matters impacted the timely submission of reports. Non control of compiling council minutes impacted the timely submission of PoE	Review the KPI to provide finance department full control in terms of submission of PoE.	

2020-2021 ANNUAL PERFORMANCE SCORECARD

KPA 1: MUNICIPAL FINANCIAL VIABILITY AND INFRASTRUCTURE MANAGEMENT									
DP SO and GDS / ELM Focus Areas	Ref No (IDP Code)	Output Indicators	2019/2020 Baseline	2020/2021 Target	Annual	Annual Actual Achieved	Explanation of Performance	of	Corrective Measures
	MF.04	Number of quarterly financial statements compiled which are reviewed by the external audit committee	New indicator	4.00		2.00	Target Achieved	Not	Management to provide corrective measure.
Ensuring Financial Sustainability & Viability	MF.05	Amount of cash invested by the end of 2020/2021 excluding grants	Investment of R12m cash in the Investment account.	R12 million Invested for the 2020/21 financial year		6.00	Administrator had taken a decision to priorities payment of creditors instead of investing money.		Review the KPI during 2021/22 financial year to ensure its aligned with financial position of the municipality.

2020-2021 ANNUAL PERFORMANCE SCORECARD

	MF.06	Percentage of municipal Infrastructure Grant spent line with grant conditions	5.00%	70.00%	19.00%	<p>1. Due to delayed SCM processes in terms of appointment of service providers, projects have not started and some of the projects are still on design phase because of delayed SCM processes. 2. The municipality appointed service providers to design and construct sanitation projects through MISA framework contract on a fixed amount. Upon completion of design, the service providers submitted revised project amounts resulting in cost variation of more than 100%.</p>	
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2020-2021 ANNUAL PERFORMANCE SCORECARD

						<p>IPD could not approve the revised cost variation which was referred to both the Accounting Officer and Lead Administrator for final decision and the way way forward. IPD is still to receive feedback on the matter while further advise is being sourced from both Gauteng Provincial Treasury and MISA on how the municipality must handle the matter to avoid irregular expenditure should a decision to proceed be provided. The projects are currently on hold until the matter is resolved which is affecting the grant expenditure.</p>	
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2020-2021 ANNUAL PERFORMANCE SCORECARD

KPA 2: Public Works, Utilities And Special Projects And Sanitation And Community Services							
IDP SO And GDS / ELM Focus Areas	Ref No (IDP Code)	Output Indicators	2019/2020 Baseline	2020/2021 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures
Renewing Our communities, Reviving a sustainable environment and reintegrating our region	BS.01	Percentage reduction in electricity distribution losses.	27.00%	24.00%	21.78%	Target Achieved	None
	BS.02	Number of new electricity connections installed within the NERSA licensed areas.	150.00	360.00	14.00	Target was Not Achieved. Delays in Procurement processes. Tender no. 11/2021/24 and 11/2021/25 were awarded during quarter 4 and the SLAs are still to be signed for finalization of the appointments for the contractors.	The connections that were meant to be done by the last quarter of the Financial year will be completed by the first quarter of the Financial year.

2020-2021 ANNUAL PERFORMANCE SCORECARD

KPA 2: Public Works, Utilities And Special Projects And Sanitation And Community Services							
IDP SO And GDS / ELM Focus Areas	Ref No (IDP Code)	Output Indicators	2019/2020 Baseline	2020/2021 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures
	BS.03	Number of new electricity meters installed.	New Indicator	8000.00	537.00	Target was Not Achieved. Delays in procurement processes. The initial tender no. 11/2020/65 closed on the 09 September 2020, which the validity expired before it was evaluated and adjudicated. The installation tender no. 11/2021/29 was re-advertised and closed on the 09 June 2021.	Urgent need on fast tracking of the tender awarding. The meter replacement and new installation that were meant to be done by the last quarter of the Financial year will be completed by the first quarter of the Financial year.

2020-2021 ANNUAL PERFORMANCE SCORECARD

KPA 2: Public Works, Utilities And Special Projects And Sanitation And Community Services							
IDP SO And GDS / ELM Focus Areas	Ref No (IDP Code)	Output Indicators	2019/2020 Baseline	2020/2021 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures
	BS.04	Percentage electricity infrastructure repairs and maintenance activities achieved.	New Indicator	80.00%	64.50%	Target was Not Achieved. 1. 57 Street Lights repaired. 2. 71 High Mast repaired. 3. Power Ville Substation (Capex Program) designs were completed. 4. Breakdowns - Emergency (4 Substations were repaired and 4kms of cable were replaced). Delays in procurement processes hence Town Sub tender no. 11/2021/08 was closed on 15 April 2021 and still in evaluation stage.	Urgent need on fast tracking of the tender awarding. The meter replacement and new installation that were meant to be done by the last quarter of the Financial year will be completed by the first quarter of the Financial year.

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KPA 2: Public Works, Utilities And Special Projects And Sanitation And Community Services										
IDP SO And GDS / ELM Focus Areas	Ref No (IDP Code)	Output Indicators	2019/2020 Baseline	2020/2021 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures			
	BS.05	Meters of stormwater maintained in line with maintenance plan	New Indicator	1000.00m	7786m	Target Achieved, more work was done due to floods which happened during the year and as a result emergency work had to be done in other additional areas.	None.			
	BS.06	Kilometers of tarred roads resurfaced in line with the maintenance plan.	32km	7km	9.1km	Target achieved 30% more than the set target was achieved because service providers were paid on time.	None.			
	BS.07	Square meters of tarred municipal roads and streets patched in line with maintenance plan.	20 000m ²	5 000m ²	10117.67m ²	Target achieved, more was done due to the donation of materials received from provincial government.	None.			

2020-2021 ANNUAL PERFORMANCE SCORECARD

KPA 2: Public Works, Utilities And Special Projects And Sanitation And Community Services							
IDP SO And GDS / ELM Focus Areas	Ref No (IDP Code)	Output Indicators	2019/2020 Baseline	2020/2021 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures
	BS.08	Kilometers of municipal gravel roads regravelled in line with maintenance plan.	110km	30 km	177.22km	Target Achieved, this is due to the approved plant hire tender.	None.
	BS.09	Percentage of weekly household waste collection services completed as per schedule for formal and informal settlements.	50.00%	40.00%	53,84%	(Target Achieved)	None.
	BS.10	m ³ of Illegal dumps removed as per the maintenance plan.	150 000m ³	120 000m ³	173 544 m ³	Target was Achieved	None.
	BS.11	Percentage compliance with the landfill sites norms and standards.	95.00%	40.00%	53,69%	Target was Achieved	None.

2020-2021 ANNUAL PERFORMANCE SCORECARD

KPA 2: Public Works, Utilities And Special Projects And Sanitation And Community Services									
IDP SO And GDS / ELM Focus Areas	Ref No (IDP Code)	Output Indicators	2019/2020 Baseline	2020/2021 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures		
	BS.12	Number of inspections to comply with national environmental management norms and standards	240.00	60.00	32.00	KPI Not Achieved. Initially the division had four vehicles. Two operational and two not operational. After the sheriff impounded the two operational vehicles one came non-operational and only one was operational. The one operational vehicle was deployed to Traffic division by Fleet department without being inspected during the COVID-19 Lockdown. In the next Financial year the department will motivate the employees to use private vehicles for duties whilst	Personnel is being recalled back to work as per the directive from the Accounting Officer in line with COVID-19 protocols.		

2020-2021 ANNUAL PERFORMANCE SCORECARD

KPA 2: Public Works, Utilities And Special Projects And Sanitation And Community Services									
IDP SO And GDS / ELM Focus Areas	Ref No (IDP Code)	Output Indicators	2019/2020 Baseline	2020/2021 Annual Target	Annual Actual	Annual Actual Achieved	Explanation of Performance	Corrective Measures	
							waiting for pool vehicles.		

2020-2021 ANNUAL PERFORMANCE SCORECARD

KPA 2: Public Works, Utilities And Special Projects And Sanitation And Community Services							
IDP SO And GDS / ELM Focus Areas	Ref No (IDP Code)	Output Indicators	2019/2020 Baseline	2020/2021 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures
Renewing Our communities, Reviving a sustainable environment and reintegrating our region	BS.13	Percentage achievement of milestones on Water Conservation and Water Demand Management Programme.(WCWDM) and Non revenue water (NRW) programmes	25.00%	75.00%	25.00%	Most of the scope can only be accomplished through external expertise. There is no internal capacity.	Rand Water foundation project is a Water Demand and Conservation programme that addresses water losses within the water network. The project report was presented and approved by council. The programme retrofitted a total number of 1506 households in Emfuleni, the figure represents 106% achievement from the project target of retrofitting 1422 households.
	BS.14	Number of new / additional water meters installed on previously unmetered areas of the municipality.	0.00	2500.00	0.00%	The BID Specification committee needs to sit for approval of the specification.	Department has prepared a specification for installation of meters. The department is waiting for BID Specification committee to sit.

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KPA 2: Public Works, Utilities And Special Projects And Sanitation And Community Services							
IDP SO And GDS / ELM Focus Areas	Ref No (IDP Code)	Output Indicators	2019/2020 Baseline	2020/2021 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures
	BS.15	Percentage compliance with the South African National Standards (SANS 241) on average for potable water quality.	95.00%	95.00%	0.00%	Rand Water analytical services contract expired. There was no sampling taking place for potable water in 2020/2021 financial year.	The Accounting officer took a resolution in line with section 76 b, (iii) and section 77 b, (iii), that a service level be entered into between Emfuleni Local Municipality and Rand Water for the period of starting 01 May 2020 ending 30 April 2020. Sampling of water quality will resume after signing of the Service Level Agreement between Emfuleni and Rand Water.
	BS.16	Percentage achievement to a turnaround time to restore all potable water service interruptions (current norm to comply with is 48 hours).	50.00%	50.00%	56.25%	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	ELM has to purchase vehicle for service delivery department.

2020-2021 ANNUAL PERFORMANCE SCORECARD

KPA 2: Public Works, Utilities And Special Projects And Sanitation And Community Services							
IDP SO And GDS / ELM Focus Areas	Ref No (IDP Code)	Output Indicators	2019/2020 Baseline	2020/2021 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures
						only one vehicle for all teams.	
	BS.17	Reduced bulk water purchases to R95 million by quarter 4.	R100,000,000.00	R95,000,000.00	R100 739 664,86	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 re-advertise. 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.

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KPA 2: Public Works, Utilities And Special Projects And Sanitation And Community Services							
IDP SO And GDS / ELM Focus Areas	Ref No (IDP Code)	Output Indicators	2019/2020 Baseline	2020/2021 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures
	BS.18	Percentage compliance standards with discharge license requirements on effluent quality at 3 waste water care works.	27.50%	90.00%	0.00%	There was No Accredited Laboratory to provide Assistance in producing Analytical Results or Reports.	The Appointment Letter For Rand Water to Provide Assistance with Analytical Services was signed on the 29/04/2021. But Rand Water Refused to Provide Assistance due Long Outstanding Debt of R4,5 million.
	BS.19	Percentage achievement to a compliance to turnaround time (24 hours)to restore waste water service interruptions after reported.	27.50%	50.00%	51.60%	Shortage of resources (both tools of trade & human) which results in longer lead time. And duplicate of control numbers on the system. However the recent intervention by National DWS Department has assisted ELM greatly to deal with backlog.	Additional resources need to be provided. WMS system needs to be upgraded to address the problem of duplicate of control.

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KPA 2: Public Works, Utilities And Special Projects And Sanitation And Community Services							
IDP SO And GDS / ELM Focus Areas	Ref No (IDP Code)	Output Indicators	2019/2020 Baseline	2020/2021 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures
	BS.20	Number of SRACLIS programs implemented and presented to the community.	64.00	32.00	0.00	The department could not meet its target for the first two quarters due to closed libraries because of covid.	Ensure programmes are conducted upon upliftment of lockdown regulation.
	BS.21	Number of By-Law operations conducted in 2020/2021.	48.00	36.00	52.00	There are 51.00 Operations which were conducted by the By-law dept. in 2020/2021 financial year.	There are no corrective measures to be applied since the department over performed.
	BS.22	Percentage fire and rescue incidents responded to within 23 minutes.	New Indicator	70.00%	83.75%	Over Achieved target of 70% with 83.25%	None.

2020-2021 ANNUAL PERFORMANCE SCORECARD

KPA 2: Public Works, Utilities And Special Projects And Sanitation And Community Services									
IDP SO And GDS / ELM Focus Areas	Ref No (IDP Code)	Output Indicators	2019/2020 Baseline	2020/2021 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures		
	BS.23	Number of community safety programmes implemented	Adoption & Approval of the Plan	40.00	46.00	The planning and the performance of the Division were more on the enforcement of the DMA Regulations of Level 3 and engaging on the departmental operations as planned. The department has over achieved	The Division Traffic and Security is expected to implement 40 social crime prevention programmes in the 2021 financial year and the Division however has implemented 47 activities.		
	BS.24	Number of inspections to comply with national environmental health norms and standards at any period.	4800.00	2600.00	3087.00	Over Achieved due to joint operation with different stakeholders as well as Directive from National Health	None		

2020-2021 ANNUAL PERFORMANCE SCORECARD

KPA 2: Public Works, Utilities And Special Projects And Sanitation And Community Services									
IDP SO And GDS / ELM Focus Areas	Ref No (IDP Code)	Output Indicators	2019/2020 Baseline	2020/2021 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures		
	BS.25	Percentage implementation of horticultural maintenance plan achieved.	New Indicator	100.00%	46.00%	Not Achieved due to COVID-19 lockdown restrictions. Staff members were on lockdown and limited resources	Staff work rotational plan and increase availability of resources.		

2020-2021 ANNUAL PERFORMANCE SCORECARD

KPA 3: LOCAL ECONOMIC DEVELOPMENT AND SPATIAL PLANNING							
IDP SO and GDS / ELM Focus Areas	Ref No	Output Indicators	2019/2020 Baseline	2020/2021 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures
Re-inventing our economy and Renew our communities	LED.01	Building plans applications adjudicated within the required time.	Approval of 60.00% of submitted applications under delegation authority per quarter	65.00%	58.75%	Building Plans: A total of 185 building plans , smaller or equal to 500 square meters were received and considered within the 30 days timeframe. 34 of the above mentioned were approved, 12 were refused and 139 are still in circulation. . A total of 5 building plan applications greater or equal to 500square meters were received and considered within the 60 days timeframe. 0 of the above mentioned were approved, 0 refused and 5 still in circulation (a total of 190 building plan applications was received (both categories put together) of which 34 was	None

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KPA 3: LOCAL ECONOMIC DEVELOPMENT AND SPATIAL PLANNING								
IDP SO and GDS / ELM Focus Areas	Ref No	Output Indicators	2019/2020 Baseline	2020/2021 Annual Target	Annual Actual Achieved	Explanation of Performance	of	Corrective Measures
						approved and 12 refused. 141 not due for performance assessment.		

2020-2021 ANNUAL PERFORMANCE SCORECARD

KPA 3: LOCAL ECONOMIC DEVELOPMENT AND SPATIAL PLANNING							
IDP SO and GDS / ELM Focus Areas	Ref No	Output Indicators	2019/2020 Baseline	2020/2021 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures
	LED.02	Formulation of capital investment policy framework.	New indicator	100.00%	0.00	Draft Capital Investment Framework is drafted. The draft investment framework could not be submitted to EXCO as it requires specialised human capital resources which consist of multi-disciplinary teams/firms of experienced planners and civil engineers and is commonly outsourced to external service providers. The department did not have a budget for the project.	The formulation of the Capital investment framework needs to be outsourced to external service provider with specialised resources. No budget still in the 2021/22 financial year.
	LED.03	Enforcement of land use regulations/legislation	New indicator	100.00%	28.57%	112 Land Use inspections were conducted	None

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KPA 3: LOCAL ECONOMIC DEVELOPMENT AND SPATIAL PLANNING								
IDP SO and GDS / ELM Focus Areas	Ref No	Output Indicators	2019/2020 Baseline	2020/2021 Annual Target	Annual Actual Achieved	Explanation of Performance	of	Corrective Measures
	LED.04	Key milestones implemented of the municipality's Spatial Development Framework.	Approved Spatial Development Framework	100.00%	100.00%	Spatial Development Framework has been approved by Council on the 28 May 2021.		None.
	LED.05	Development and approval of trading policy for the informal sector.	New performance indicator	100.00%	33.00%	Draft Informal trading policy is completed. Public participation was conducted. Public Participation advert was published on the local newspaper and comments were requested till end June 2021.		The informal trading policy will be submitted to different committees of Council for approval during 2021/22 financial year.

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KPA 3: LOCAL ECONOMIC DEVELOPMENT AND SPATIAL PLANNING							
IDP SO and GDS / ELM Focus Areas	Ref No	Output Indicators	2019/2020 Baseline	2020/2021 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures
	LED.06	Completion of reviewed LED and Tourism Strategy.	2015 Council approved LED Strategy	100.00%	50.00%	Draft LED and Tourism Strategy is completed. Public participation was conducted. Public Participation advert was published on the local newspaper and comments were requested till end June 2021.	The strategy will be submitted to committees of Council for approval during the 2021/22 financial year.
	LED.07	Automotive hubs rolled out for the benefit of individuals from Previously Disadvantaged Areas.	Signed MOU between ELM and AIDC	100.00%	25.00%	The Automotive hub approved in Q1 . ERF 164, J.W Musher Street in Vanderbijlpark was approved at Council and Beneficiaries identified in Q2. Lack of funding is hampering progress on the project.	Government funding agencies (SEDA & GEP) are being approached for funding. Discussions are still underway with the DTI for an automotive hub in Sebokeng .

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KPA 3: LOCAL ECONOMIC DEVELOPMENT AND SPATIAL PLANNING							
IDP SO and GDS / ELM Focus Areas	Ref No	Output Indicators	2019/2020 Baseline	2020/2021 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures
	LED.08	Number of LED projects/initiatives facilitated in collaboration/partnership with public and/or private sector.	Gauteng Province Southern Corridor development strategy	4.00	1.00	1. The MOU for SET Square Skills Development signed. 2. The ELM is entering into a partnership with The Innovation Hub Management Company.	Legal Department need to comment on both submitted MOUs so that relevant parties could sign the MOUs.
	LED.09	Number of key municipal properties commercialised	New indicator	2.00	1.00	Erf 1842 Bophelong Extension 1 commercialized and approved by Council on 28 May 2021. Erf 1172 Sebokeng property could not be commercialized. During the finalization of commercialising the 1172 property, Housing department made a dispute on that property indicating that Erf 1172 is earmarked for a Housing project.	A key municipal owned property will be commercialised in the 2021/22 financial year.

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KPA 3: LOCAL ECONOMIC DEVELOPMENT AND SPATIAL PLANNING							
IDP SO and GDS / ELM Focus Areas	Ref No	Output Indicators	2019/2020 Baseline	2020/2021 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures
	LED.10	Amount of revenue generated from property leases	New Indicator	R4 million	R12,232,068.00	During 2020/21 financial year the cluster generated R10 475 911.3 million from the property leases.	None.
	LED.11	Development and roll out of the Inner City Regeneration Programme that includes Township areas	New indicator	100.00%	0.00	Due to Covid-19 work restrictions joint operations could not be held as we are unable to go on-site in all areas as this will be violation of Covid-19 regulations. Issues of PPE hindered proper planning.	The Cluster will undertake joint operations once the Covid-19 regulations are lifted.
	LED.12	Number of title deeds issued	New indicator	40.00	80.00	262 Title deeds were handed over to rightful beneficiaries during 2020/21 financial year (248 residential title deeds and 14 Conversion Act title deeds). During Q1, the 185 residential title deeds were not recorded.	None.

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KPA 3: LOCAL ECONOMIC DEVELOPMENT AND SPATIAL PLANNING							
IDP SO and GDS / ELM Focus Areas	Ref No	Output Indicators	2019/2020 Baseline	2020/2021 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures
	LED.13	Number of job opportunities created through the implementation of infrastructure projects and Social programmes measured as FTE's at 300hrs per FTE per quarter.	100.00	120.00	0.00	Target Not Achieved	To be corrected during 2021/22 financial year.

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KPA 4: MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT								
IDP SO and GDS / ELM Focus Areas	Ref No (IDP Code)	Output Indicators	2019/2020 Baseline	2020/2021 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures	
Releasing Human Potential	MT 01	Percentage of approved Organisational Structure by Council	Approved organizational structure.	100% approved Organisational Structure by Council.	0.00	Consultations on the Macro-Structure were undertaken with EXCO, Mayoral Committee and individual MMCs. The Macro-Structure consultations with Managers were also done. Micro structures for each Cluster (nine Clusters in total) were completed in line with the recommended proposals and workshopped with seven of the nine Clusters.	Rescheduling of meetings to deal with the Micro structures of the Clusters be prioritised for the Office of the MM and the IPD Cluster. These two sessions will be held during the 3rd Quarter.	

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KPA 4: MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT								
IDP SO and GDS / ELM Focus Areas	Ref No (IDP Code)	Output Indicators	2019/2020 Baseline	2020/2021 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures	
	MT 02	Percentage of change management plan interventions implemented	New indicator	100.00%	100.00%	The target Achieved. The Change Management Framework was/is in the Agenda of Work-Place Restructuring Committee. A Draft Communication Plan was done with Communication Department. Change management related meetings with Managers in Public Works and Metsi-A-Lekoa were convened. Meetings were convened with Change Agents on Ethics Strategy, Ethics	None	

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KPA 4: MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT									
IDP SO and GDS / ELM Focus Areas	Ref No (IDP Code)	Output Indicators	2019/2020 Baseline	2020/2021 Annual Target	Annual Actual	Annual Actual Achieved	Explanation of Performance	Corrective Measures	
							Implementatio n Plan.		

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KPA 4: MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT							
IDP SO and GDS / ELM Focus Areas	Ref No (IDP Code)	Output Indicators	2019/2020 Baseline	2020/2021 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures
	MT 03	Percentage of funded WSP training plan interventions implemented.	New indicator	100.00%	167%	Achieved Above Projection	Target achieved above projections. The Training budget expenditure for the 1st, 2nd, 3rd and 4th Quarter 2021 against the approved training budget of R4 445 590 amounts to R4 297 746 being 97% of the approved internal training budget. Add to this the additional expenditure of R1 392 000 from the external FMG, this brings fourth Quarter expenditure to 40% and provides an overall yearly training expenditure to 128%. The fourth Quarter target is set at 20% and achievement is 40%.

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KPA 4: MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT							
IDP SO and GDS / ELM Focus Areas	Ref No (IDP Code)	Output Indicators	2019/2020 Baseline	2020/2021 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures
	MT 04	Budgeted priority critical vacancies filled	30%	65.00%	23.05%	Target Not Achieved. Only 14 positions were filled from the critical priority list. The reasons that led to under achievement is because on the none availability of the service provider to conduct vetting and competency assessment.	Appointment of the service provider to conduct vetting of qualifications and to conduct competency based assessment for managers' positions. The Service provider has been temporarily appointed on deviation in June 2020 to conduct vetting and competency assessment. The procurement process to appoint the service provider over a period of three years is underway and expected to be concluded in the 1st Quarter of 2021/22.
	MT 05	Reduction of the organisational vacancy rate	New Indicator	10.00%	0.00%	Slow appointment of personnel due to financial challenges and covid impact.	accelerate the appointment of critical vacancies.
	MT 06	Percentage of identified priority HRM Policies developed and reviewed	New Indicator	100.00%	60.00%	Target Not Achieved. The other six (6) were not	During the 2020/21 financial year the longest delay happened at the Local Labour

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KPA 4: MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT									
IDP SO and GDS / ELM Focus Areas	Ref No (IDP Code)	Output Indicators	2019/2020 Baseline	2020/2021 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures		
						<p>approved by Council due to non sitting of the LLF and Basic Conditions sub-committee. Further to the delay was the non-cooperation of Unions in making submissions at the Basic Conditions Committee. (Please note that the KPI is based on the process plan. The plan required that the policies serve in MAYCO and Council during the 4th Quarter. Therefore the third quarter</p>	<p>Forum. Management will in future take the policies to the next committees should the same delay be experienced. This principle will apply to other committees other than the Local Labour Forum as well.</p>		

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KPA 4: MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT							
IDP SO and GDS / ELM Focus Areas	Ref No (IDP Code)	Output Indicators	2019/2020 Baseline	2020/2021 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures
						performance still stands as there was no movement during the 4th Quarter.	
	MT 07	Percentage of the approved HRM Strategy and Plan interventions implemented	New Indicator	100.00%	60.00%	Target Not Achieved. The Strategy was planned to be submitted to Council for approval by 30 June 2021. This could not be achieved due to capacity challenges.	The Strategy will be taken through consultation processes as per the process plan developed for the 2021/22 financial year.
	MT 08	Percentage of employment equity targets achieved as per the EE plan	New Indicator	100.00%	0.00%	Target Not Achieved. Though EE staff participated in Recruitment and Selection processes. Appointments were not affected pending the appointment of	Appointment of the service provider to conduct vetting of qualifications and to conduct competency based assessment for managers positions in the first quarter.

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KPA 4: MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT								
IDP SO and GDS / ELM Focus Areas	Ref No (IDP Code)	Output Indicators	2019/2020 Baseline	2020/2021 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures	
						a new service provider for vetting and competency assessments.		
	MT 09	Percentage of ICT AG audit findings resolved.	New Indicator	100.00%	0.00	The AG audit was delayed and only finalised towards the end of the 1st quarter. Most of the ICT findings are more on Policies and are currently at various stages of being considered by the various committees, namely, EXCO, Section 80 Committee, Mayoral	The action plan will be finalised and implementation during financial Year 2021 /22	

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KPA 4: MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT								
IDP SO and GDS / ELM Focus Areas	Ref No (IDP Code)	Output Indicators	2019/2020 Baseline	2020/2021 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures	
						Committee and Council.		
	MT 10	Percentage reduction of litigation matters in the current litigation register.	New Indicator	30.00%	45.76%	Target Achieved. The Legal Services Department has completed the review as per directive of the objective; of which the finalised number of matters	None.	

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KPA 4: MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT							
IDP SO and GDS / ELM Focus Areas	Ref No (IDP Code)	Output Indicators	2019/2020 Baseline	2020/2021 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures
						represent 15.38% of the baseline as per the Litigation Register for 2019/2020.	
	MT 11	Percentage reduction of labour cases / disciplinary cases in the current labour disputes register	New Indicator	50.00%	17.50%	Out of seven (7) disciplinary matters, two matters have been concluded, awaiting outcomes. Five disciplinary matters are currently and are part heard.	The status quo from the reporting in Q3 has not changed. In one matter, the Presiding Officer was scheduled to issue out his ruling in a hearing on 09 July 2021. However, due to the announcement on the stiffer COVID-19 restrictions, the same was postponed. In the second matter, the Presiding Officers is still yet to issue his ruling. In the other matters, two hearings were rescheduled for

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KPA 4: MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT									
IDP SO and GDS / ELM Focus Areas	Ref No (IDP Code)	Output Indicators	2019/2020 Baseline	2020/2021 Annual Target	Annual Actual	Annual Actual Achieved	Explanation of Performance	Corrective Measures	
								05 and 09 July 2021, but were postponed in compliance with COVID-19 restrictions.	

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KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION								
IDP SO and GDS / ELM Focus Areas	Ref No	Output Indicators	2019/2020 Baseline	2020/21 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures	
Deepening democracy and Good and Financial sustainable governance	GG 01	Number of monitoring and evaluation reports submitted on Quarterly Reports and Service Delivery Budget Implementation Plan.	2019/2020 FRP Reports	4.00 monitoring and evaluation reports submitted on Quarterly Performance Reports and Service Delivery Budget Implementation Plan.	1.00	Target Not Achieved. Lack of communication and submission of information contributed to non achievement	Enhance communication and submission to ensure reports are submitted.	
	GG 02	Number of Executive Mayor's consultative meetings held with business, NGOs and the community	8.00 implemented stakeholder engagement partnership consultation	8.00 Executive Mayor's consultative meetings held with business, NGOs and the community	5.00	Target Not Achieved. Lack of communication and submission of information contributed to non achievement	Enhance communication and submission to ensure reports are submitted.	
	GG 03	Number of Executive Mayor's Special Projects fully implemented with positive outcomes per period.	4.00 impactful Implemented Executive Mayor Special Projects in 2018/19	4.00 impactful Executive Mayor Special Project implemented	4.00	Target Not Achieved. Lack of communication and submission of information contributed to non achievement	Enhance communication and submission to ensure reports are submitted.	

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KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION							
IDP SO and GDS / ELM Focus Areas	Ref No	Output Indicators	2019/2020 Baseline	2020/21 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures
	GG 04	% compliance by Speakers office to all its public consultation, resolution of public complaints and petitions scheduled programmes.	New indicator	100.00% compliance to all scheduled activities of the Speaker's Office with public stakeholders for the period	87.50%	Target Partially Achieved	Target to be amended for the new financial year to add more achieved target in consideration to COVID-19 regulations prohibiting gatherings.
	GG 05	Number of MPAC oversight and programmes to be held	4.00 Implemented MPAC oversight and programmes	4 .00 Ordinary MPAC oversight meetings and sectoral meetings	5.00	Target Achieved	None.
	GG 06	Number of councillors public participation meetings held	180.00 public participation programmes held	180.00 public participation programmes held	111.00	Target Not Achieved	POE submitted was unauditible and a measure to use attendance registers is to be introduced to comply.
	GG 07	Number of ward committee meetings conducted.	427.00 implemented ward committee programmes	420.00 implemented ward committee programmes	464.00	Target Over Achieved	None.

2020-2021 ANNUAL PERFORMANCE SCORECARD

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION								
IDP SO and GDS / ELM Focus Areas	Ref No	Output Indicators	2019/2020 Baseline	2020/21 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures	
	GG 08	Number of workshops Councillors to be trained on different issues of the departments of the municipality. Councilors to enroll in different education institutions for skills development.	New indicator	12.00 Workshops and trainings held	8.00	Partially Achieved	More workshops to be arranged.	
	GG 09	Number of Planned and coordinated Oversight Visits.	2019-20 Oversight work	3.00 Oversight visits planned and coordinated	2.00	Partially Achieved	Adherence to oversight targets.	
	GG 10	Number of planned and coordinated Political Management Team (PMT) Meetings	2019-20 Oversight work	16.00 Political Management Team (PMT) Meetings planned and coordinated	16.00	Achieved.	None.	
	GG 11	Number of planned and Coordinated Multi-Party Forum sittings	2019-20 Multi-Party Forum Report	2.00 Multi-Party Sittings planned and coordinated	1.00	Not Achieved due to COVID-19 Disaster Management Regulations and the scourge of	The Office will review the target for the meetings to be held during the period when the COVID Cases are not at the peak.	

2020-2021 ANNUAL PERFORMANCE SCORECARD

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION							
IDP SO and GDS / ELM Focus Areas	Ref No	Output Indicators	2019/2020 Baseline	2020/21 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures
						infections in the municipality	
	GG 12	Number of Planned and coordinated Whippery Lekgotla	2019-20 Whippery Lekgotla resolutions	1.00 Whippery Lekgotla Resolutions	0.00	Not Achieved, due to municipal cash flow challenges.	The office will consider an option of using the municipal resources
	GG 13	Number of Planned and coordinated Caucus Lekgotla	2019-20 Caucus Lekgotla resolutions	2.00 Caucus Lekgotla Resolutions	0.00	Not Achieved due to cash flow challenges	The office will consider an option of using the municipal resources.
	GG 14	Number of Produced and Compiled Caucus Annual Report	2019-20 Caucus Annual Report	1.00 Caucus Annual Report	1.00	Achieved	None.
Financial Sustainability and Good and Deepening Democracy	GG 15	Number of Coordinated MP's& MPL's & Cllr's Parliamentary Constituency Offices Programme	New Target	4.00 Constituency Programme Report	4.00	Achieved	None.

2020-2021 ANNUAL PERFORMANCE SCORECARD

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION								
IDP SO and GDS / ELM Focus Areas	Ref No	Output Indicators	2019/2020 Baseline	2020/21 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures	
	GG 16	100% Approved Compliant integrated development plan (IDP)	2019/20 IDP	100.00% Approved Compliant integrated development plan (IDP)	100.00%	Target Achieved	None.	
	GG 17	Percentage Performance Management Framework, Policy and Manual Revised	Approved Performance Management Policy, Framework	100.00% Revised Performance Management Framework, Policy and Manual submitted to EXCO	0.00	Performance Framework, policy and manual could not be revised due to shortage of staff and high work volume	The Performance framework, policy and manual will be revised during the 2021/22 financial year. The department was able to appoint a new employee and is hoping to appoint addition members to assist with the high workload.	
	GG 18	Number of IGR Managers 's Forums	New Indicator	4.00 IGR Managers 's Forums	3.00	Target Partially Achieved	Management to provide corrective measure.	
	GG19	Number of Project health reports on implementation of capital projects	4.00 project health report on implementation of capital projects	4.00 project health report on implementation of capital project	2.00	Target Not Achieved. Covid pandemic and lack of human resources affected the timely submission of reports	Management will ensure reports are timely submitted.	

2020-2021 ANNUAL PERFORMANCE SCORECARD

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION							
IDP SO and GDS / ELM Focus Areas	Ref No	Output Indicators	2019/2020 Baseline	2020/21 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures
	GG 20	% Reviewed 3-year Strategic Internal Audit rolling plan and 1 year Internal Audit Plan	100.00% Approved 3 year Strategic rolling plan and 1 year Internal Audit Plan by Audit Committee	100.00% Approved 3 year Strategic rolling plan and 1 year Internal Audit Plan by Audit Committee	100.00%	Target Achieved	None.
	GG 21	% Reviewed Internal Audit Charter, Audit Committee Charter and Performance Audit Committee Charter	100.00% (3) Reviewed Internal Audit Charter, Audit Committee Charter and Performance Audit Committee Charter by Audit Committee	100% Internal Audit Charter by Audit Committee	3.00	Target Achieved	None.
	GG 22	% 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)	100.00% Implementation of the Annual Internal Audit Plan	Twenty (18) Internal Audit reports issued to the Audit Committee for consideration	27.00	Target Achieved	None.

2020-2021 ANNUAL PERFORMANCE SCORECARD

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION							
IDP SO and GDS / ELM Focus Areas	Ref No	Output Indicators	2019/2020 Baseline	2020/21 Annual Target	Annual Actual Achieved	Explanation of Performance	Corrective Measures
	GG 23	Number of updated Risk Management reports submitted to the RMAAC and Audit Committee	1.00 Risk Management Reports submitted	4.00 updated Risk Management reports submitted to the RMAAC and Audit Committee	3.00	Lack of Chief Risk Officer and functioning of the department within the organization has contributed to this non achievement.	Process the appointment of the Chief risk officer within the 1st half of the 2021/22 financial year.
	GG 24	Approved Integrity / Ethics Management strategy and implementation plan	Approved ethics policy	Approved Integrity / Ethics Management strategy and implementation plan.	75.00%	Lack of Chief risk officer and functioning of the department within the organization has contributed to this non achievement.	Process the appointment of the Chief risk officer within the 1st half of the 2021/22 financial year
	GG 25	% Reviewed Risk Management Charter	100.00% (1) Reviewed Risk Management Charter by RMAAC	100.00% (1) Reviewed risk Management Charter by RMAAC	0.00	Lack of Chief Risk Officer and functioning of the department within the organization has contributed to this non achievement.	Process the appointment of the Chief Risk Officer within the 1st half of the 2021/22 financial year.



Emfuleni Local Municipality
Annual Financial Statements
for the year ended 30 June 2021

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

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	ME Kele
MMC - Public safety	MJ Mosholuba
MMC - Shared services	B Mncube
MMC - Health and social development	DM Malisa
MMC - Sports, recreation, arts and culture, library information services, parks and cemeteries	S Sengoatsi
MMC - Finance and revenue	R Thema
MMC - Public works	B. Ntsele
MMC - Agriculture, local economic development, development planning and tourism	BP Maseko

Accounting Officer

L. Leseane

Auditors

Auditor-General of South Africa

Bankers

First National Bank

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 2021

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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)
RUL	Review of Useful Lives

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Officer's responsibilities and approval

I am responsible for the preparation of these financial statements which are set out on pages 4 to 87, 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
Accounting Officer

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Position as at 30 June 2021

	Note(s)	2021	2020
Assets			
Current Assets			
Cash and cash equivalents	2	269,479,407	240,337,798
Trade and other receivables from exchange transactions	3	453,277,814	194,222,804
Trade and other receivables from non-exchange transactions	4	688,688,490	262,172,877
Vat receivable	6	803,357,109	525,754,293
Inventories	5	24,695,148	20,986,357
		2,239,497,968	1,243,474,129
Non-Current Assets			
Property, plant and equipment	7	10,682,146,974	10,132,674,021
Investment property	8	1,006,950,719	973,320,363
Intangible assets	9	17,968,231	20,095,032
Heritage assets	10	57,016	57,016
Sanlam shares		16,570	15,914
		11,707,139,510	11,126,162,346
Total Assets		13,946,637,478	12,369,636,475
Liabilities			
Current Liabilities			
Payables from exchange transactions	11	6,076,091,810	4,594,902,312
Unspent conditional grants and receipts	12	60,993,069	119,727,809
Employee benefit obligation	13	23,736,000	19,772,828
Borrowings	19	-	2,061,807
Finance lease obligation		-	(1)
		6,160,820,879	4,736,464,755
Non-Current Liabilities			
Employee benefit obligation		210,786,000	180,116,670
Provisions	20	168,039,078	158,378,342
Consumer deposits	14	56,914,226	53,183,996
		435,739,304	391,679,008
Total Liabilities		6,596,560,183	5,128,143,763
Net Assets		7,350,077,295	7,241,492,712
Accumulated surplus		7,350,077,295	7,241,492,712

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Performance

	Note(s)	2021	2020
Revenue			
Revenue from exchange transactions			
Service charges	15	4,121,552,622	4,315,434,016
Finance income	21	81,988,236	96,621,549
Fair value adjustments		40,402,403	41,702,229
Rental of facilities and equipment	18	19,958,697	13,578,289
Trade and other licenses		87,483	62,353
Actuarial gains		-	31,018,779
Other income	16	172,550,007	72,276,573
Total revenue from exchange transactions		4,436,539,448	4,570,693,788
Revenue from non-exchange transactions			
Property rates	22	936,971,737	884,384,166
Fines	17	9,075,418	214,912,950
Donations		1,517,390,366	55,216,597
Government grants & subsidies	23	1,063,210,980	870,410,277
Total revenue from non-exchange transactions		3,526,648,501	2,024,923,990
Total revenue		7,963,187,949	6,595,617,778
Expenditure			
Employee related costs	24	(1,137,542,328)	(1,100,479,502)
Remuneration of councillors	25	(56,644,823)	(56,590,383)
Bulk purchases	27	(3,222,665,150)	(3,016,956,357)
Debt Impairment		(1,080,096,708)	(1,925,122,120)
Depreciation and amortisation		(585,837,700)	(352,995,225)
Contracted services		(359,101,916)	(335,598,638)
Finance costs	26	(205,228,454)	(232,128,303)
(Loss)/gain on sale of assets		(190,115,254)	(80,103,319)
Actuarial losses		(28,155,570)	-
Imputed interest		11,457,535	7,541,229
General Expenses	28	(1,000,673,010)	(896,503,474)
Total expenditure		(7,854,603,378)	(7,988,936,092)
Surplus (deficit) for the year		108,584,571	(1,393,318,314)

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Changes in Net Assets

	Accumulated surplus	Total net assets
Balance at 01 July 2019	8,634,811,026	8,634,811,026
Changes in net assets		
Surplus for the year	(1,393,318,314)	(1,393,318,314)
Total changes	(1,393,318,314)	(1,393,318,314)
Balance at 01 July 2020	7,241,492,724	7,241,492,724
Changes in net assets		
Surplus for the year	108,584,571	108,584,571
Total changes	108,584,571	108,584,571
Balance at 30 June 2021	7,350,077,295	7,350,077,295
Note(s)		

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Cash Flow Statement

	Note(s)	2021	2020
Cash flows from operating activities			
Receipts			
Sale of goods and services		2,850,432,068	3,018,769,574
Grants		1,004,476,240	933,280,276
Interest income		18,641,683	31,092,944
Other receipts		429,840,299	810,372,718
		<u>4,303,390,290</u>	<u>4,793,515,512</u>
Payments			
Employee costs		(1,164,442,211)	(1,186,362,147)
Suppliers		(2,170,104,484)	(2,276,939,872)
Finance costs		(199,050,675)	(213,540,710)
Other payments		(616,062,878)	(975,282,155)
		<u>(4,149,660,248)</u>	<u>(4,652,124,884)</u>
Net cash flows from operating activities	29	<u>153,730,042</u>	<u>141,390,628</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(128,318,663)	(116,446,177)
Purchase of other intangible assets	9	-	(709,356)
		<u>(128,318,663)</u>	<u>(117,155,533)</u>
Net cash flows from investing activities		<u>(128,318,663)</u>	<u>(117,155,533)</u>
Cash flows from financing activities			
Repayment of borrowings		-	(2,061,807)
Movement in consumer deposits		3,730,230	656,114
		<u>3,730,230</u>	<u>(1,405,693)</u>
Net cash flows from financing activities		<u>3,730,230</u>	<u>(1,405,693)</u>
Net increase/(decrease) in cash and cash equivalents		29,141,609	22,829,402
Cash and cash equivalents at the beginning of the year		240,337,798	217,508,396
Cash and cash equivalents at the end of the year	2	<u>269,479,407</u>	<u>240,337,798</u>

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

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	181,858,776	3,910,126,471	4,121,552,622	211,426,151	38
Rental of facilities and equipment	13,782,411	-	13,782,411	19,958,697	6,176,286	38
Trade and other licenses	19,817	-	19,817	87,483	67,666	38
Other income	101,457,913	700,000	102,157,913	172,550,007	70,392,094	38
Interest received - investment	154,305,691	-	154,305,691	81,988,236	(72,317,455)	38
Total revenue from exchange transactions	3,997,833,527	182,558,776	4,180,392,303	4,396,137,045	215,744,742	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	932,745,128	-	932,745,128	936,971,737	4,226,609	38
Grants in kind	-	-	-	1,517,390,366	1,517,390,366	38
Fines	200,466,442	-	200,466,442	9,075,418	(191,391,024)	38
Transfer revenue						
Government grants & subsidies	1,062,576,267	196,426,959	1,259,003,226	1,063,210,980	(195,792,246)	38
Total revenue from non-exchange transactions	2,195,787,837	196,426,959	2,392,214,796	3,526,648,501	1,134,433,705	
Total revenue	6,193,621,364	378,985,735	6,572,607,099	7,922,785,546	1,350,178,447	
Expenditure						
Employee related cost	(1,221,473,967)	(119,241,414)	(1,340,715,381)	(1,137,542,328)	203,173,053	38
Remuneration of councillors	(55,860,450)	(4,398,621)	(60,259,071)	(56,644,823)	3,614,248	38
Depreciation and amortisation	(387,830,711)	-	(387,830,711)	(585,837,700)	(198,006,989)	38
Finance costs	(19,011,065)	18,625,377	(385,688)	(205,228,454)	(204,842,766)	38
Debt Impairment	(941,419,812)	(477,676,011)	(1,419,095,823)	(1,080,096,708)	338,999,115	38
Collection costs	-	-	-	(190,115,254)	(190,115,254)	38
Bulk purchases	(2,301,220,480)	(112,025,957)	(2,413,246,437)	(3,222,665,150)	(809,418,713)	38
Contracted Services	(179,868,696)	(85,840,222)	(265,708,918)	(359,101,916)	(93,392,998)	38
Imputed interest	-	-	-	11,457,535	11,457,535	38
General Expenses	(384,251,928)	25,759,451	(358,492,477)	(1,000,673,010)	(642,180,533)	38
Total expenditure	(5,490,937,109)	(754,797,397)	(6,245,734,506)	(7,826,447,808)	(1,580,713,302)	
Deficit for the year	702,684,255	(375,811,662)	326,872,593	96,337,738	(230,534,855)	
Fair value adjustments	-	-	-	40,402,403	40,402,403	38
Actuarial gains/losses	-	-	-	(28,155,570)	(28,155,570)	38
	-	-	-	12,246,833	12,246,833	
Deficit for the year	702,684,255	(375,811,662)	326,872,593	108,584,571	(218,288,022)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	702,684,255	(375,811,662)	326,872,593	108,584,571	(218,288,022)	

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

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	141,129,221	87,022,482	228,151,703	269,479,407	41,327,704	38
Trade and other receivables from exchange transactions	1,110,973,869	(862,665,533)	248,308,336	453,277,814	204,969,478	38
Trade and other receivables from non-exchange transactions	118,838,278	275,185,238	394,023,516	688,688,490	294,664,974	38
Vat receivable	(134,031,061)	881,851,001	747,819,940	803,357,109	55,537,169	38
Inventories	17,576,287	1,144,683	18,720,970	24,695,148	5,974,178	38
	1,254,486,594	382,537,871	1,637,024,465	2,239,497,968	602,473,503	
Non-Current Assets						
Property, plant and equipment	10,512,991,071	(61,168,986)	10,451,822,085	10,682,146,974	230,324,889	38
Investment property	972,604,120	716,243	973,320,363	1,006,950,719	33,630,356	38
Intangible assets	19,279,342	859,045	20,138,387	17,968,231	(2,170,156)	38
Heritage assets	57,016	-	57,016	57,016	-	38
Sanlam shares	21,103	(5,189)	15,914	16,570	656	38
	11,504,952,652	(59,598,887)	11,445,353,765	11,707,139,510	261,785,745	
Total Assets	12,759,439,246	322,938,984	13,082,378,230	13,946,637,478	864,259,248	
Liabilities						
Current Liabilities						
Payables from exchange transactions	3,444,865,048	2,126,475,461	5,571,340,509	6,076,091,810	504,751,301	38
Unspent conditional grants and receipts	-	1,160,599	1,160,599	60,993,069	59,832,470	38
Borrowings	3,162,631	(3,162,631)	-	-	-	38
Finance lease obligation	2,319,535	(2,319,535)	-	-	-	38
Provisions	13,885,861	-	13,885,861	-	(13,885,861)	
Employee benefit obligation	-	-	-	23,736,000	23,736,000	38
	3,464,233,075	2,122,153,894	5,586,386,969	6,160,820,879	574,433,910	
Non-Current Liabilities						
Employee benefit obligation	229,181,760	(53,868,717)	175,313,043	210,786,000	35,472,957	38
Provisions	122,885,348	21,607,133	144,492,481	168,039,078	23,546,597	38
Borrowings	2,061,807	(2,061,807)	-	-	-	38
Consumer deposits	52,425,106	2,032,878	54,457,984	56,914,226	2,456,242	38
	406,554,021	(32,290,513)	374,263,508	435,739,304	61,475,796	
Total Liabilities	3,870,787,096	2,089,863,381	5,960,650,477	6,596,560,183	635,909,706	
Net Assets	8,888,652,150	(1,766,924,397)	7,121,727,753	7,350,077,295	228,349,542	

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

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
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	8,888,652,150	(1,766,924,397)	7,121,727,753	7,350,077,295	228,349,542	38

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

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 note 33).

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.

Some 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.

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.

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1.3 Significant judgements and sources of estimation (continued)

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:

Traffic fines.

As there is not yet a GRAP Accounting Standard prescribing the accounting of traffic fines, the following assumptions are done based on management best estimation:

The difference between the previous years outstanding amounts, plus fines issued for the year under review, minus the withdrawals, reductions and paid fines, are calculated and deducted from the total amount of outstanding fines as per the schedules received from the Municipal Court and assumed to be the written offst

Landfill sites

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 2021. This rate is similar to the interest rate levied on arrear consumer accounts.

Impairment of receivables

Emfuleni Local Municipality

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1.3 Significant judgements and sources of estimation (continued)

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.

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.

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1.4 Investment property (continued)

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.

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.

Emfuleni Local Municipality

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Accounting policies

1.5 Property, plant and equipment (continued)

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.

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.

Emfuleni Local Municipality

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Accounting policies

1.5 Property, plant and equipment (continued)

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.

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.

Emfuleni Local Municipality

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Accounting policies

1.6 Intangible assets (continued)

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

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).

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Accounting policies

1.6 Intangible assets (continued)

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

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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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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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.

Emfuleni Local Municipality

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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.

Bad debt written off

Bad debt is written off against the provision for impairment in the Statement of Financial Position.

Impairment of 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:

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1.8 Financial Instruments (continued)

Traffic fines are accounted for in terms of iGRAP 1 – Applying the probability test on initial recognition of revenue and GRAP 23 – Revenue from non-exchange transactions. In terms of IGRAP 1 the impact on the initial measurement of fines was assessed and appropriate adjustments based on assumptions were made from reliable information.

Subsequent measurement (Impairment)

The assessment and recognition of impairment is an event that takes place subsequent to the initial recognition of revenue charged. The municipality assesses the probability of collecting the revenue when the fines fall into arrears. Such assessments are not made at the initial recognition.

Subsequent measurement was done by utilising reliable information from the past 7 years. The average percentage payment of fines versus fines issued of the past 7 years, was utilised to calculate the estimated recoverable fines for the period under review.

The recoverable amount was deducted from the calculated outstanding as at 30 June 2021, resulting in the calculated impairment (non-recoverable fines) of fines. In the event that the percentage payment of fines versus the fines issued for the year under review is higher than the average percentage payment of fines versus the fines issued for the past 7 years, the percentage payment of fines versus fines issued for the current year was utilised to calculate the recoverable amount.

The difference between the previous years outstanding amounts, plus fines issued for the year under review, minus the withdrawals, reductions and paid fines, are calculated and deducted from the total amount of outstanding fines as per the schedules received from the Municipal Court and assumed to be the written offs.

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.

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.

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction,
- if the transaction is a non-exchange transaction,

Taxes and transfers

- 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.

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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.

Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss.

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.

Emfuleni Local Municipality

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Accounting policies

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.

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. 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

Emfuleni Local Municipality

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Accounting policies

1.13 Impairment of cash generating assets (continued)

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.

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.

Emfuleni Local Municipality

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Accounting policies

1.16 Provisions and contingencies (continued)

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 31.

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 2021

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.

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Accounting policies

1.19 Revenue from non-exchange transactions (continued)

Public contributions and donations including 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 are 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 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Emfuleni Local Municipality

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Accounting policies

1.22 Accounting by principals and agents (continued)

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.23 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.

1.24 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and

Emfuleni Local Municipality

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Accounting policies

1.24 Unauthorised expenditure (continued)

- 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.

1.25 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.

1.26 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.

1.27 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).

1.28 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

The characteristics of a segment may apply to two or more overlapping sets of activities for which managers are held responsible. For example, some managers are responsible for different goods and service lines across geographical areas, whereas others are responsible for specific geographical areas. Management may regularly review the results of both sets of components, and financial information is available for both.

The following are the different segments of the municipality:

- Water
- Electricity
- Waste removal
- Waste water
- Property Rates

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting policies

1.28 Segment information (continued)

- Corporate services

There are two types of segments:

- Reportable segments

Segments identified per definition, or aggregation of two or more segments which are reported in the segment report

- Geographical segments

Segment reporting will only affect the disclosure in the notes and not the accounting journal entries

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. An explanation of the measurements of segment surplus or deficit, segment assets and segment liabilities for each reportable segment shall be provided.

Disclosures

General information

Total carrying amount of segment assets

Total carrying amount of segment liabilities

Surplus or deficit, e.g. revenue, depreciation, interest, material items of revenue and expenses

Basis of accounting for transactions between segments

Nature of difference between segment and municipality for:

- Surplus or deficit
- Assets
- Liabilities

Which differences could include accounting policies and policies for allocation of centrally incurred costs that are necessary for an understanding of the reported segment information.

Changes from prior periods in measurement methods which differences could include accounting policies and policies for allocation of jointly-used assets that are necessary for an understanding of the reported segment information.

Nature and effect of asymmetrical allocations to reportable segments, for example, an entity allocation of depreciation expense to a segment without allocating the related depreciable assets to that segment.

Reconciliations of total reportable segments to entity:

- revenue
- surplus/deficit
- assetst

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting policies

1.28 Segment information (continued)

- liabilities
- every other material item

Disclosures of geographical segments

- Geographical areas of operation
 - External revenues from non-exchange transactions
 - External revenues from exchange transactions
 - Total expenditure
 - Non-current assets
- The amounts reported shall be based on the financial information that is used to produce the financial statements. If the necessary information is not available and the cost to develop it would be excessive, that fact shall be disclosed. Subtotals may be provided of geographical information for geographical areas

1.29 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.

1.30 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.

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

Emfuleni Local Municipality

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Accounting policies

1.30 Related parties and related party transactions (continued)

- 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.

1.31 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).

1.32 Taxes (property rates) GRAP 108 – 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.

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction,
- if the transaction is a non-exchange transaction, transactions

Taxes and transfers

if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, that 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.

Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss

Emfuleni Local Municipality

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Accounting policies

1.33 Accounting by principals and agents – GRAP 109

Identification.

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.:

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

Emfuleni Local Municipality

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Notes to the Annual Financial Statements

	2021	2020
<hr/>		
2. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Call accounts	102,211,931	248,268,993
Bank balances	167,260,305	(7,948,001)
Cash on hand	7,171	16,806
	<u>269,479,407</u>	<u>240,337,798</u>

Emfuleni Local Municipality

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Notes to the Annual Financial Statements

2021 2020

2. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
ABSA bank - current account - 530-000-087	2,166,376	2,709,277	2,030,623	(7,264,753)
ABSA bank - salary account - 405-774-9059	158,451	528,195	158,451	528,195
ABSA bank - fines - 407-683-0782	10,000	10,000	10,000	10,000
Standard bank - current account - 420-502-084	4,181,905	9,685,371	4,071,885	(6,763,821)
Standard bank - current account - 021-879-370	219,084	5,613,032	218,916	5,391,530
Standard bank - current account - 080-488-129	82,626	150,848	82,626	150,848
FNB - current account - 62865705746	155,882,959	-	140,884,952	-
FNB - current account - 62865706083	16,197,599	-	16,197,599	-
FNB - current account - 62865706538	3,605,254	-	3,605,254	-
Total	182,504,254	18,696,723	167,260,306	(7,948,001)

Invested with	01 July 2020	Invested	Interest capitalised	Withdrawn	Total
ABSA - 9208236189	572,489	-	14,944	-	587,433
ABSA - 4100604479	-	1,363,000	11,954	-	1,374,954
ABSA - 4100604699	-	76,897,143	619,689	(5,634,408)	71,882,424
ABSA - 4096216150	2,469,487	-	32,169	(2,501,726)	(70)
STD Bank - 028606817#75	819,034	-	9,385	(827,983)	436
STD Bank - 028606817#72	25,598,203	3,000,000	1,791,876	(30,261,231)	128,848
STD Bank - 028606817#78	20,337,120	-	1,641,623	(21,978,743)	-
STD Bank - 028606817#60#62	83,955,250	24,978,744	444,277	(86,955,250)	22,423,021
STD Bank 028606817#70	50,000	-	-	(50,000)	-
STD Bank - 028606817#76	37,044,173	-	-	(37,044,173)	-
STD Bank - 028606817#77	38,802,321	-	489,174	(39,268,439)	23,056
Nedbank - 03/7881044284/0036	219,788	-	660	(220,448)	-
Nedbank - 03/7881044284/0038	836,333	-	28,587	-	864,920
Nedbank - 03/7881044284/0039	1,186,128	-	39,958	(69,188)	1,156,898
Nedbank - 03/7881044284/0040	400,768	-	1,203	(401,971)	-
Nedbank - 03/7881044284/0042	472,513	-	1,419	(473,932)	-
Nedbank - 03/7881044284/0043	379,989	-	2,225	(382,214)	-
Nedbank - 03/7881044284/0015	3,000,000	1,136,000	-	(3,380,312)	755,688
Nedbank - 03/7881044284/0044	2,617,991	-	7,861	(2,625,852)	-
FNB - 62825314181	2,108,368	-	29,227	(2,132,605)	4,990
FNB - 62791255469	8,584,415	-	118,885	(8,693,994)	9,306
Investec - 1400192509500	18,814,598	83,161,000	76,486	(99,052,084)	3,000,000
	248,268,968	190,535,887	5,361,602	(341,954,553)	102,211,904

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.

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021	2020
3. Trade and other receivables from exchange transactions		
Gross balances		
Electricity	1,589,464,926	1,173,631,408
Water	5,177,242,507	4,716,764,205
Sewerage	1,464,748,949	1,297,154,103
Refuse	893,608,126	778,485,663
	9,125,064,508	7,966,035,379
Less: allowance for impairment		
Electricity	(1,189,860,518)	(1,059,018,434)
Water	(5,150,839,531)	(4,661,789,185)
Sewerage	(1,446,834,436)	(1,278,855,330)
Refuse	(884,252,209)	(772,149,626)
	(8,671,786,694)	(7,771,812,575)
Net balance		
Electricity	399,604,408	114,612,974
Water	26,402,976	54,975,020
Sewerage	17,914,513	18,298,773
Refuse	9,355,917	6,336,037
	453,277,814	194,222,804
Age analysis		
Current (0-30 days)	326,085,030	356,990,523
31 - 60 days	229,255,669	173,543,623
61 - 90 days	222,140,424	212,103,066
91 days +	8,347,583,385	7,223,398,166
	9,125,064,508	7,966,035,378
Reconciliation of allowance for impairment		
Balance at beginning of the year	(7,771,812,575)	(6,147,116,722)
Contributions to allowance	(788,546,015)	(1,420,513,652)
Vat contribution	(112,162,588)	(204,182,201)
Debt impairment written off against allowance	734,484	-
	(8,671,786,694)	(7,771,812,575)
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:		
Statutory receivable impairment		
Value Added Tax	112 162 588	204 182 201
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		

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

2021

2020

3. Trade and other receivables from exchange transactions (continued)

All other accounts - Ratio - debt on current, previous, 30days, 60days

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

2021

2020

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	1,230,771,533	1,031,098,624
Impairment property rates	(1,168,323,149)	(957,709,574)
Other receivables - fines	135,231,750	357,203,600
Impairment fines	(129,819,059)	(324,346,789)
Other debtors	1,124,620,361	601,840,233
Impairment other debtors	(503,792,946)	(445,913,217)
	688,688,490	262,172,877

Age analysis : property rates

Current(0 to 30 days)	60,083,866	61,748,813
31 to 60 days	42,195,796	41,138,683
61 to 90 days	31,579,329	35,335,500
91 days +	1,096,912,543	892,875,627
	1,230,771,534	1,031,098,623

Statutory receivables are included in the above note as follows:

Property Rates	1,230,771,533	1,031,098,624
Fines	135,231,750	357,203,600
	1,366,003,283	1,388,302,224

Total receivables from non-exchange transactions

688,688,490 262,172,877

Impairment

The following impairment is included in the above note as Statutory Receivables:

	2020/2021	2019/2020
Property rates	(1,168,323,149)	(957,709,574)
Fines	(129,819,059)	(324,346,789)
	(1,298,142,208)	(1,282,056,363)

Reconciliation of provision for impairment of trade and other receivables from non-exchange transactions

Opening balance	(1,727,969,580)	(1,682,941,481)
Provision for impairment	(291,550,695)	(504,608,468)
Vat contribution	(7,112,953)	(131,970)
Amounts written off against the allowance	224,698,074	459,712,339
	(1,801,935,154)	(1,727,969,580)

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

2021

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4. Trade and other receivables from non-exchange transactions (continued)

Debtors are payable within 30days. This credit period granted is considered to be consistent with the terms used in public sector, through established practices 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	23,006,089	19,905,055
Water for distribution	1,689,059	1,081,302
	24,695,148	20,986,357

6. Value added tax receivable

VAT receivable	803,357,109	525,754,293
Statutory receivable impairment	2020/2021	2019/2020
Value Added Tax	801,207,721	525,754,293

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand

7. Property, plant and equipment

	2021		2020			
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Infrastructure	13,563,527,420	(5,075,266,553)	8,488,260,867	13,177,729,071	(4,672,078,676)	8,505,650,395
Community	1,494,606,445	(298,198,891)	1,196,407,554	1,479,270,116	(265,525,736)	1,213,744,380
Buildings	1,038,190,316	(119,130,545)	919,059,771	666,112,199	(348,112,148)	318,000,051
Other assets	322,275,320	(243,856,538)	78,418,782	322,312,746	(227,033,551)	95,279,195
Total	16,418,599,501	(5,736,452,527)	10,682,146,974	15,645,424,132	(5,512,750,111)	10,132,674,021

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals/ derecognition	Donated	Provision adjustment	Depreciation	Impairment	Total
Infrastructure	8,505,650,395	106,574,245	(24,617,773)	325,864,802	(158,869)	(333,989,093)	(91,062,840)	8,488,260,867
Community	1,213,744,380	17,547,329	(727,461)	-	-	(32,520,000)	(1,636,694)	1,196,407,554
Buildings	318,000,051	198,403	(150,728,942)	845,638,918	-	(93,895,634)	(153,025)	919,059,771
Other assets	95,279,195	3,998,686	(7,269,688)	16,864,201	-	(30,453,612)	-	78,418,782
	10,132,674,021	128,318,663	(183,343,864)	1,188,367,921	(158,869)	(490,858,339)	(92,852,559)	10,682,146,974

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

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	Additions through transfer of functions / mergers	Disposals/ derecognition	Donated	Provision adjustment	Depreciation	Impairment	Total
Infrastructure	8,672,061,981	68,618,592	(1,999,933)	(4,627,273)	46,126,597	3,069,006	(273,652,472)	(3,946,103)	8,505,650,395
Community	1,304,537,925	14,842,959	-	(72,425,019)	2,045,684	-	(28,143,303)	(7,113,866)	1,213,744,380
Buildings	337,982,064	-	-	-	8,164,999	-	(28,147,012)	-	318,000,051
Other assets	68,412,732	32,984,626	1,999,933	(35,829)	1,746,793	-	(9,829,060)	-	95,279,195
	10,382,994,702	116,446,177	-	(77,088,121)	58,084,073	3,069,006	(339,771,847)	(11,059,969)	10,132,674,021

Provision adjustment

Provision has been made for the estimated cost of rehabilitating waste landfill sites, included in solid waste infrastructure on the 2020/2021 Asset Register. An amount of R22 743 116.53 was determined as the provision adjustment for the 2020//2021 financial year

Reconciliation of assets under construction 2020/21

	Infrastructure	Community	Total
Opening balance	101,347,054	17,903,548	119,250,602
Additions	29,574,401	3,933,473	33,507,874
Transferred to completed assets	(52,567,247)	(10,000,000)	(62,567,247)
	78,354,208	11,837,021	90,191,229

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021	2020		
7. Property, plant and equipment (continued)				
Reconciliation of assets under construction 2019/20				
	Infrastructure	Community	Other	Total
Opening balance	144,476,436	75,095,606	-	219,572,042
Prior year corrections	903,060	-	-	903,060
Additions	29,755,739	10,139,496	-	39,895,235
Transferred to classes	(1,999,933)	-	1,999,933	-
Transfer to completed assets	(71,788,247)	(67,331,554)	(1,999,933)	(141,119,734)
	101,347,055	17,903,548	-	119,250,603

Project - EX0333

EX0333 NDPG

For the 2019/20 financial year, the Neighbourhood Development Partnership (NDP) Unit converted transfers to Emfuleni from Schedule 5B funds to Schedule 6B funds going forward 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 R2,352,983.50 which has been recognised under revenue. This amount has been recognised inclusive of VAT as ELM will not claim VAT and the VAT will be claimed by Treasury.

Donations/grants in kind

Capital

Donations and infrastructure create by private entities/individuals	23,513,666	22,464,266
Gauteng Department of Human Settlements	-	845,638,918
Gauteng Department Arts and Cultural	2,867,477	-
Gauteng Department of Roads & Transport	-	11,425,224
Neighbourhood Partnership Development Grant	31,702,931	-
National Department of Water and Sanitation	-	290,536,794
Gauteng Department of Agriculture, and Rural Development	-	15,949,737
Operational		
National Department of Water and Sanitation	-	329,022,444
	58,084,074	1,515,037,383

Change in estimate RUL and RV

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021	2020
7. Property, plant and equipment (continued)		
Current year effect of change in RUL	2020/21	2021/22
Community facilities - decrease in depreciation expenses	311,767	-
Computer equipment - decrease in depreciation	1,802,827	-
Furniture and office equipment- decrease in depreciation	529,057	-
Machinery and equipment decrease in depreciation	415,695	-
Roads infrastructure - decrease in depreciation	852,717	-
Sanitation infrastructure - increase in depreciation	(46,042,050)	-
solid waste infrastructure - decrease in depreciation	570,013	-
Transport assets- decrease in depreciation	3,343,176	-
Water infrastructure - Increase in depreciation	(558,428)	-
Storm water infrastructure - increase in depreciation	(3,060)	-
Community facilities- increase in depreciation	(2,072,848)	-
Electrical infrastructure - increase in depreciation	(13,766,075)	-
Sports and recreation - increase in depreciation	(505,017)	-
Operational building - increase in depreciation	(73,323)	-
Housing - increase in depreciation	(13,810)	-
	(55,209,359)	-
Effect in future periods 2021/22		2021/22
Community facilities - decrease in depreciation		310,783
Computer equipment- decrease in depreciation		1,785,745
Furniture and office equipment - decrease in depreciation		492,247
Intangible assets - decrease in depreciation		852,717
Machinery and equipment - decrease in depreciation		396,641
Sanitation infrastructure - increase in depreciation		(46,042,050)
Solid waste infrastructure - decrease in depreciation		570,013
Transport assets - decrease in depreciation		3,343,176
Water infrastructure - increase in depreciation		(558,425)
Storm water infrastructure - increase in depreciation		(3,060)
Community facilities - increase in depreciation		(2,072,848)
Electrical infrastructure - increase in depreciation		(13,766,075)
Sports and recreation - increase in depreciation		(505,017)
Operational buildings - increase in depreciation		(73,323)
Housing - increase in depreciation		(13,810)
		(55,283,286)

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 2021

Notes to the Annual Financial Statements

	2021	2020
7. Property, plant and equipment (continued)		
Description	2021	2020
Community facilities	(1,622,285)	(7,113,866)
Electrical infrastructure	(9,468,280)	-
Roads infrastructure	-	798,781
Solid waste infrastructure	-	27,907
Water infrastructure	-	3,119,414
Housing	(33,146)	-
Operational buildings	(119,879)	-
Sport and recreation	(14,405)	-
	<u>(11,257,995)</u>	<u>(3,167,764)</u>

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 and assets verification results provided by Emfuleni Local Municipality asset custodians there were assets that were triggered for impairment testing due to the significant

Significant performance degradation was experienced on critical sanitation infrastructure which has influenced the standard of service. These facilities are namely Sebokeng WWTW, Leeuwkuil WWTW and Rietspruit WWTW. 11 pump station are not operational (PS1; PS4, PS6; PS7; PS8; PS9; PS10; PS16; PS17; PS27, PS34, PS37 (Z20), PS38 (RIVER) & PS40). A total of 38 of 91 (41%) pumps are out of commission due to maintenance or repairs required. The National Department of Water & Sanitation has implemented interventions to address the sewer spillages from blocked bulk systems (Leeuwkuil Catchment - The focus is on critical collector pump stations and rising mains; Rietspruit Catchment – The focus is bulk pipeline replacement and upgrades; and the Sebokeng Catchment - The focus is bulk pipeline replacement and upgrades. Critical Electrical Infrastructure have also experienced a deterioration in condition and performance. A total of 25 HV/MV substations are running at 60% capacity and there are no spares available for HV transformers; Remaining components are under severe restraint and again influences the standard of service to lag time in acquiring materials for repair. Facilities such as cemeteries and sports stadiums have experienced vandalism over the last few years where external facilities have been partially or completely vandalised or damage 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 the asset components and impairment testing was conducted on them. A recoverable amount for each component that was a candidate for impairment was determined and the impairment was recognised when the recoverable amount is less than the carrying value of the related component. The recoverable amount was determined as follows:

The extent of the component times the unit rate (the amount it would cost to get the similar component in the market) to get the replacement cost (i.e. CRC).

The replacement cost above was then times by the new RUL after taking into account the new condition, divided by the EUL, to get the depreciated replacement cost (i.e. DRC)

Provision adjustment

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021	2020
7. Property, plant and equipment (continued)		
Landfill sites		
Opening balance	(144,492,482)	(128,195,186)
Interest @15.74%	(22,743,117)	(13,460,494)
Adjustment	13,082,380	(2,836,802)
	(154,153,219)	(144,492,482)
Provision calculation test		
Waldrift	(41,946,389)	(46,289,740)
Boitshepi	(102,861,546)	(90,411,849)
Palm Springs	(9,345,282)	(7,790,893)
	(154,153,217)	(144,492,482)
Asset note:		
Useful life as at 1 July 2020	8.79	3.97
	Waldrift	Boitshepi
	8.79	3.97
	Palm springs	21.57
	8.79	21.57
Description	Waldrift	Boitshepi
	Waldrift	Boitshepi
Opening cost balance as at 1 July 2020	24,482,100	14,348,729
Opening accumulated depreciation as at 1 July 2020	(24,482,747)	(13,697,793)
Opening carrying value as at 1 July 2020	(647)	650,936
Depreciation	647	(163,964)
Adjustment to provision	-	(486,972)
Carrying value as at 30 June 2021	-	-
	22,864,962	22,864,962

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 Ruster-vaal cemetery ptn 4	Community facilities	Design phase. Completion of design phase and construction procurement was planned to continue in 2021/22 but due to delays on projects that should have been implemented in 2020/2021 the project had to be moved to the outer years.	525,779

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

			2021	2020
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 was planned to continue in 2021/22 but due to delays on projects that should have been implemented in 2020/2021 the project had to be moved to the outer years.	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
EX0826	N:RECREA FACILITY MOEDI SCHOOL WARD 13	Community facilities	Project is in construction Pahse and completion expected at end of 1st Quarter 2021/2022.	3,933,473

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

				2021	2020
7. Property, plant and equipment (continued)					
EX0708	Inep grant	Electricity	Procurement of Transformers and Mini substations for installation during provision on internal reticulation of Tshepong plus the professional fees for the bulk supply		5,150,262
EX0706	TSHEPONG PHASE 3 ELECTRIFICATION	Electricity	Professional fees for the design of internal electrification		2,353,670
EX0333.1	N:neighbourhood partnership grant phase 2a1	Roads and stormwater	The project scope is being revised and awaiting appointment of new consultant to conclude the additional scope design from National treasury		4,878,941
EX0333.3	N:NEIGHBOURHOOD PARTNERSHIP GRANT Phase 3A2	Roads and stormwater	Design complete. The project was due for implementation in the 2021/2022 FY, however, the project requires the construction of connection bridge. The process to engage National Treasury on the funding for the bridge is ongoing		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 early in 2021/2022		13,266,012

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

			2021	2020
7. Property, plant and equipment (continued)				
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 phase. Completion of design phase and construction procurement is planned to continue in 2021/22.	693,775
EX0349	N:TARRING OF PITSENG AND URANIUM STREETS	Roads and stormwater	Design phase. Completion of design phase and construction procurement is planned to continue in 2021/22.	930,038
EX0352	N:TARRING OF ROAD IN LAKESIDE PROPER BLO	Roads and stormwater	Design phase. Completion of design phase and construction procurement is planned to continue in 2021/22.	751,035
EX0810	UPGRADING OF POWERVILLE SUB-PHASE 1	Electricity	Design started for the refurbishment of the substation	332,791
EX0812	SEBOKENG EXT 30 ELECTRIFICATION	Electricity	Design Phase Started for electrification design	1,204,811
EX0528	BLACKTOP ROAD AND SW CHRIS HANI STR	Roads and stormwater	Design complete. Awaiting funding approval and the construction beyond 2022/2023	1,287,569

Emfuleni Local Municipality

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Notes to the Annual Financial Statements

			2021	2020
7. Property, plant and equipment (continued)				
EX0529	CONSTRUCTION OF THOMAS NKOBI	Roads and stormwater	Design phase. Completion of design phase and construction procurement was planned to continue in 2021/22 but due to delays on projects that should have been implemented in 2020/2021 the project had to be moved to the outer years.	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. Completion of design phase and construction procurement was planned to continue in 2021/22 but due to delays on projects that should have been implemented in 2020/2021 the project had to be moved to the outer years.	1,747,697

Emfuleni Local Municipality

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Notes to the Annual Financial Statements

				2021	2020
7. Property, plant and equipment (continued)					
EX0625	N: R & S PIPE AT DR NKOMO IN BOIPATONG	Roads and stormwater	Design phase. Completion of design phase and construction procurement was planned to continue in 2021/22 but due to delays on projects that should have been implemented in 2020/2021 the project had to be moved to the outer years	1,550,036	
EX0628	N:CONSTR OF V/SCHALKVYK STR EATON SIDE	Roads and stormwater	Design phase. Completion of design phase and construction procurement was planned to continue in 2021/22 but due to delays on projects that should have been implemented in 2020/2021 the project had to be moved to the outer years.	3,546,545	
EX0678	N:IRONSIDE ROAD 1 STORMWATE R & SIDEWALKS	Roads and stormwater	Design phase. Completion of design phase and construction procurement was planned to continue in 2021/22 but due to delays on projects that should have been implemented in 2020/2021 the project had to be moved to the outer years	1,060,314	
EX0719	SEWER LINE- 3 RIVERS; 3 R-EAST & SOLPARK	Sanitation	Design phase in progress	1,153,006	

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

				2021	2020
7. Property, plant and equipment (continued)					
EX0724	UPGRADING OF GRAVITY SEWER PIPELINES	Sanitation	Construction Stage		13,307,951
EX0298	R:WATER SUP FRM EVATON RES TO DADEVILLE	Water	Design complete. The project was planned for construction in 2020/2021. Appointments were concluded but the service provider declined the appointment due to errors in their pricing. Procurement will commence in the 2021/2022 again		3,149,245
EX0299	N:CONSTR WATER PIPE LETHABONG TO HOUTKOP	Water	Design phase. Completion of design phase and construction procurement was planned to continue in 2021/22 but due to delays on projects that should have been implemented in 2020/2021 the project had to be moved to the outer years.		1,840,185

Emfuleni Local Municipality

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				2021	2020
7. Property, plant and equipment (continued)					
EX0300	N:CONSTR BULK WATER SUP HOUTKOP UNITAS	Water	Design phase. Completion of design phase and construction procurement was planned to continue in 2021/22 but due to delays on projects that should have been implemented in 2020/2021 the project had to be moved to the outer years.	2,023,165	
EX0301	N:WATER SUP WESTERN AREAS & VAALOEWER	Water	Design phase. Completion of design phase and construction procurement was planned to continue in 2021/22 but due to delays on projects that should have been implemented in 2020/2021 the project had to be moved to the outer years.	2,993,204	
EX0314	N:BULK WATER SUPPLY TSHEPISO TO SHARPEVILLE	Water	Design complete. The project was planned for construction in 2020/2021. Appointments were concluded but the service provider declined the appointment due to errors in their pricing. Procurement will commence in the 2021/2022 again	1,842,849	

Emfuleni Local Municipality

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	2021	2020
7. Property, plant and equipment (continued)		
Metsi Sanitation	Maintenance of sewer gravity networks, repairs of sewer gravity and rising mains, repair of manholes, pumps, motor control units, telemetry, pipes, valves, cleaning of gravity mains and management of spillages	23,400,012
Metsi Waste Water Treatment Works	Maintenance on motors, switchgear, cable work, transformers, pump control equipment, servicing telemetry equipment, mechanical Screens, de-gritting equipment, centrifugal pumps, compressors, blowers, pipes, valves, classifiers, clarifiers, submersible pumps, aerators, gearboxes, digester's mixers, bio-filters, sluice gates, primary & secondary Settling tanks, emergency & humus tanks, chlorine equipment.	330,539,195
Electricity	Maintenance of substations, servicing of switchgear, replacement of substation batteries, testing of transformers, servicing of transformers, vegetation control, servicing of low voltage panels, replaced & upgraded distribution networks, replacement of insulators, links, arrestors, replacement with LED traffic lights, repair and replace controllers and cables at traffic- & high mast lights, replacement of lamps, - fittings, -cables and - poles, rewiring of high mast light panels & locking mechanisms, replacement of meter boxes, -circuit breakers, wiring and meters.	114,205,761

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	2021	2020
7. Property, plant and equipment (continued)		
Roads & Stormwater	Maintenance of paved roads via patching of potholes were internal municipal teams focused on internal roads and appointed service providers were used on high mobility roads, resealing of strategic roads, maintenance of unpaved roads via grading and re-shaping and graveling of roads, roads traffic signs, road markings, repair of stormwater pipe network, cleaning of stormwater earth open channels, hydro blasting of pipes and cleaning and maintenance of catch-pits.	16,977,861
Transport Fleet	This is the maintenance of the fleet serving the council's departments	14,369,828
Facilities (Investment Properties)	Maintenance via painting of interior and exterior walls, painting of window frames, repair and servicing of air conditioning & lifts, partitioning, replacement of carpets & floor and wall tiling, plumbing maintenance on sanitation and water networks and systems, replacement of geysers, thermostats, electrical wiring, replacement of basins and toilets and repair and sealing of roofing structures.	2,587,300
	0	183,532,826

Derecognitions Movable

Movable assets to the amount of R20 900 318 relating to leased printers that were returned to Service providers as those reached the end of the lease period and insurance claims were derecognised during the year 2020/21.

Fair Value Adjustments

Movable assets, donated to the municipality, were added to the FAR and fair valued. The total fair value, excluding developer created assets is R 1 014 463.56. The following is a breakdown

Class	Developer created assets
Computers:	344,216
Furniture:	654,432
Machinery and equipment	15,815
	1,014,463

Emfuleni Local Municipality

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2021

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7. Property, plant and equipment (continued)

The total number of movable assets donated (exclusive of developer created assets) is 396

Other additions to movable assets

Municipal financed

A total of 177 movable assets was recognised at cost

Developer created assets

Donation in kind (30 vehicles for usage only) for next 3 years for solid waste management services

GDARD and GCoGTA donated 30 vehicles to the municipality to use to assist in the solid waste management services for the period 1 April 2021 until 31 March 2024. These vehicles must be insured and maintained by the municipality and will be returned to GDARD at the end of the three years

The vehicles consist of the following

9 Refuse trucks

9 Tipper trucks

9 Hook-lift trucks

3 TLB

3 Front-end loaders

8. Investment property

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	1,006,950,719	-	1,006,950,719	973,320,363	-	973,320,363

Reconciliation of investment property - 2021

	Opening balance	Disposal/derecognition	Fair value adjustments	Total
Investment property	973,320,363	(6,771,391)	40,401,747	1,006,950,719

Reconciliation of investment property - 2020

	Opening balance	Disposal/derecognition	Fair value adjustments	Total
Investment property	934,619,702	(3,006,758)	41,707,419	973,320,363

Emfuleni Local Municipality

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2021

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8. Investment property (continued)

Details of valuation

Fair value adjustments - Investment property.

For determination of the annual fair value of Investment property, an amount of R 40 401 7471 was determined based on the average increase in the value of property in Emfuleni Local Municipality, which escalated by 4.18% during the period from 1 July 2020-30 June 2021

Reconciliation of valuation obtained and the valuation included in the financial statements

Investment property

Opening balance	973,320,362	934,619,702
Fair value adjustment	40,401,747	41,707,418
Disposal	(6,771,391)	(3,006,758)
	<u>1,006,950,718</u>	<u>973,320,362</u>

Emfuleni Local Municipality

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Figures in Rand

9. Intangible assets

	2021			2020		
	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	(6,767,254)	4,118,715	10,885,969	(4,640,453)	6,245,516
Total	24,735,485	(6,767,254)	17,968,231	24,735,485	(4,640,453)	20,095,032

Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Total
Computer software, other	6,245,516	(2,126,801)	4,118,715
Service concession assets [State class]	13,849,516	-	13,849,516
	20,095,032	(2,126,801)	17,968,231

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

Emfuleni Local Municipality

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Figures in Rand

10. Heritage assets

	2021			2020		
	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 2021

	Opening balance	Total
Heritage assets	57,016	57,016

Reconciliation of heritage assets 2020

	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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	2021	2020
11. Payables from exchange transactions		
Trade payables	5,343,364,139	3,999,137,634
Payments received in advance	286,314,925	223,286,088
Year-end salary creditors	234,533,144	223,962,265
Accrued leave pay	104,240,263	83,900,889
Retentions	34,721,739	34,066,027
Accrued bonus	28,223,101	30,282,734
Unclaimed wages	2,331,819	1,736,652
Accrued interest	-	80,910
Imputed interest	(11,457,535)	(7,541,229)
Other payables	53,820,215	5,990,342
	6,076,091,810	4,594,902,312

12. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Municipal infrastructure grant	50,471,732	117,044,819
Water services infrastructure grant (WSIG)	-	39,308
Projects funded ex Sedibeng district municipality	1,160,599	1,160,599
Sedibeng maintenance grant	1,003,104	1,003,104
Education & training (SETA)	648,168	466,367
Finance management grant	-	13,612
Integrated national electrification grant(INEP)	4,872,223	-
Fire & Rescue services grant	1,600,000	-
EPWP Grant	1,237,243	-
	60,993,069	119,727,809

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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	2021	2020
13. Employee benefit obligation		
Post-employment health care benefits		
Opening accrued liability	120,465,470	145,718,460
Current-service cost	824,947	896,994
Interest cost	11,981,660	12,327,300
Contributions (benefit paid)	(11,584,659)	(11,259,708)
Actuarial loss/(gain)	22,882,582	(27,217,576)
	144,570,000	120,465,470

The projected unit credit method has been used in the actuarial valuation of the liabilities. The valuation was performed by Arch Actuarial Consulting

The valuation has been made with reference Actuarial Society of South Africa (ASSA) guidelines, in particular, the Advisory Practice Note 301, and is consistent with the requirements of GRAP25.

The main reasons for the actuarial loss can be attributed to the following factors:

These unexpected movements (otherwise termed Actuarial Gains and Losses) are separated into four main components: the effect of the change in the basis (assumptions), unexpected increases in the subsidies, unpredicted movements in the membership profile, and the effect of actual benefits vested being different from what was expected..

1. Actuarial (gain)/loss for the period - R22 882 582
2. Basis changes: Net effect of changes in net discount rates - R11 175 000.
3. Subsidy increases higher than assumed - R339 000.
4. Changes to membership profile different from assumed - R11 620 021
5. Actuarial benefits vested lower than expected - (R251 439).

Key financial assumptions used

Discount rates	9.28 %	-
Health care cost inflation rate	6.39 %	-
Net of health care cost inflation discount rate	2.72 %	-
Net of Maximum Subsidy inflation rate	4.42 %	-
Net of Maximum Subsidy inflation discount rate	4.66 %	-

Key Demographic assumption

Average Retirement Age	62	62
Pre retirement mortality	SA 85-90 PA(90) -1 with a 1% mortality improvement p.a. form 2010	SA 85-90 PA(90) -1 with a 1% mortality improvement p.a. form 2010
Post retirement mortality		
Withdrawal rate	see table below	See table below
Proportion with a spouse dependant at retirement	65%	65%
Continuation of membership at retirement	80%	80%

Withdrawal from service (20/21)

Age	Females	Males
20	9%	9%
25	8%	8%
30	6%	6%
35	5%	5%
40	5%	5%

Emfuleni Local Municipality

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	2021	2020	
13. Employee benefit obligation (continued)			
	45	4%	4%
	50	3%	3%
	50+	0%	0%

Long service awards

The projected unit credit method has been used in the actuarial valuation of the liabilities. The valuation was performed by Arch Actuarial Consulting..

Reconciling and projecting the unfunded accrued liability:

Unfunded Accrued Liability

Opening accrued liability	79,424,028	83,463,300
Current service cost	5,470,292	5,903,187
Interest cost	6,177,779	6,260,293
Benefit vestings	(6,393,087)	(12,401,549)
Actuarial loss/(gain)	5,272,988	(3,801,203)
	89,952,000	79,424,028

Net Liability to reflect on the Statement of Financial Position:

Net Liability	30 June 2021	30 June 2020
Opening balance	79,424,028	83,463,300
Current Service costs	5,470,292	5,903,187
Interest cost	6,177,779	6,260,293
Actuarial (gain)/loss	5,272,988	(3,801,203)
Employer benefit vesting	(6,393,087)	(12,401,549)
	89,952,000	79,424,028

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	Value p.a 30 06 2021
Discount Rate	8.89%
General earnings inflation rate CPI+1%	5.71%%
Net Effective Discount rate	3.01%

Discount rate

GRAP 25 defines the determination of the Discount rate assumption to be used as follows:.

"The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Emfuleni Local Municipality

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2021

2020

13. Employee benefit obligation (continued)

Consequently a discount rate of 8.89% per annum was used. This yield was obtained calculating the duration of the liability and then taking the yield from the yield curve at that duration using an interactive process (because the yield depends on the duration, which in turn depends on the liability). The corresponding liability-weighted index-linked yield is 3.52%. These rates do not reflect any adjustment to taxation and were deduced from the interest rate data obtained from the JSE after the market close on 30 June 2021. The duration of the total liability was estimated to be 8.25 years

Earnings inflation rate

The LSA is based on the employee's earnings on the date of the award.

The assumption is based in two components:

General earnings inflation and Promotional earnings inflation

General earnings inflation rate

This assumption is more stable relative to the growth in Consumer Price Index (CPI) than in absolute terms. In most industries, experience has shown, that over the long-term, earnings inflation is between 1.0% and 1.5% above CPI inflation.

The expected CPI inflation assumption of 4.71% was obtained from the differential between market yields on index-linked bonds (3.52%) consistent with the estimated terms of the liabilities and those of nominal bonds (8.89%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). Therefore, expected inflation is determined as $((1+8.89\%-0.50\%)/(1+3.52\%))-1$.

Thus, a general earnings inflation rate of 5.71% per annum over the expected term of the liability has been assumed, which is 1.00% higher than the estimate of CPI inflation over the same term. This assumption reflects a net discount rate of 3.01%.

Key demographic assumptions

Promotional earnings scale

Age band	Additional promotional scale
20-24	5%
25-29	4%
30-34	3%
35-39	2%
40-44	1%
150	15

Withdrawal rates

A table setting out the assumed rates of withdrawal from service is set out below:

Age

	Males	Female
20	9%	9%
30	6%	6%
40	5%	5%
50	3%	3%
55	0%	0%

Reasons for movement in the liability

Emfuleni Local Municipality

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2021

2020

13. Employee benefit obligation (continued)

The average liability has increased by 1% since the last valuation due to an increase in the average earnings and an increase in the average past service, mostly offset by an increase in the net discount rate. The total liability has decreased by 2% (or R 1,769,416) due to the above being more than offset by the fact that there are 79 fewer eligible employees than at the last valuation.

The average liability has increased by 19% since the last valuation due to an increase in the average earnings, an increase in average past service, and a decrease in the net discount rate.

The total liability has increased by 13% (or R 10,527,972) due to the above, partially offset by the fact that there are 119 fewer eligible employees than at the last valuation.

Analysis of the Unexpected Movement in the Liability:

The table below analyses the extent of unexpected increases or decreases in the liability over the period from the previous valuation date to the current Valuation Date. These unexpected movements (otherwise termed Actuarial Gains and Losses) are separated into four main components: the effect of the change in the basis (assumptions), changes to earnings, and to the employee profile and actual benefits vested being different from what was expected as at the previous valuation.

Actuarial (gain)/loss for the period	5,272,98	
Basis changes: decrease in net discount rate	4,019,00	
Earnings increases higher than assumed	1,940,00	
Changes to employee profile different from assumed	857,63	
Actuarial benefits vesting lower than expected	(1,543,643)	-

Emfuleni Local Municipality

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Notes to the Annual Financial Statements

2021 2020

13. Employee benefit obligation (continued)

Long service award arrangement

The municipality offers employees long service awards for every 5yrs of service completed, from 10yrs of service to 45yrs of service. inclusive

Completed years of service	Long service award(% of annual earnings)	Description
10	4%	10/250 x annual earnings
15	8%	20/250 x annual earnings
20-45	12%	30/250 x annual earnings
	24	60

Retirement gifts per level of service of retirement

Completed years of service	Retirement gift value for year ending 30 June 2022
10	3,810
15	4,804
20	6,943
25	6,904
30	13,884
35+	24,009
	60,354

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.

14. Consumer deposits

Electricity and water	56,914,226	53,183,996
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15. Service charges

Sale of electricity	2,568,478,509	2,377,867,621
Sale of water	863,244,613	1,208,840,178
Sewerage and sanitation charges	412,565,385	483,167,483
Refuse removal	277,264,115	245,558,734
	4,121,552,622	4,315,434,016

Emfuleni Local Municipality

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	2021	2020
16. Other income		
Industrial effluent	31,542,889	31,634,721
Sundries/Unallocated income	100,654,532	10,463,205
Landfill site provision adjustment	12,923,511	-
Cemeteries	12,249,697	8,640,763
Reconnection fees	6,494,418	10,650,437
General service fees	4,820,068	4,795,451
Building plans	1,678,982	732,463
Advertising	554,636	825,771
Sale of tender documents	441,894	667,416
Fire and rescue services	379,993	365,605
Capital contribution	277,397	2,058,087
Planning fees	201,458	376,768
Refuse dumping landfill site	119,754	54,605
Warning services	108,958	138,374
Access to information	34,545	94,837
Deed searches	66,250	201
Entrance fees	1,025	768,028
Health services	-	9,841
	172,550,007	72,276,573
17. Fines		
Traffic fines	8,890,600	214,821,480
Other fines	184,818	91,470
	9,075,418	214,912,950
18. Rental of facilities and equipment		
Premises		
Premises	19,958,697	13,578,289
19. Borrowings		
At amortised cost		
Borrowings	-	2,061,807
Terms and conditions		
Current liabilities		
At amortised cost	-	2,061,807

Emfuleni Local Municipality

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Notes to the Annual Financial Statements

2021 2020

20. Provisions

Reconciliation of provisions - 2021

	Opening Balance	Change in discount factor	Reduction due to remeasurement or settlement without cost to entity	Total
Environmental rehabilitation	144,492,481	22,743,116	(13,082,380)	154,153,217
Legal proceedings	13,885,861	-	-	13,885,861
	158,378,342	22,743,116	(13,082,380)	168,039,078

Reconciliation of provisions - 2020

	Opening Balance	Change in discount factor	Reduction due to re-measurement 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

Landfill sites

The discount rate of 10% 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 2020 to 30 June 2021, should the design have remained the same.

The Engineering fees were estimated at the following percentage of the construction amount:

Boitshepi : 2%

Waldrift : 3%

Palm Springs : 5%

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 2021 is 24.37Ha. The cost estimated (Rehabilitation provision) to close the entire site, based on value determined at 30th of June 2021 is R141 127 730.13 excluding VAT of 15%.

Waldrift

Emfuleni Local Municipality

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2021

2020

20. Provisions (continued)

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 2021 is R84 493 367.40 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 2021 is 8,50Ha and the cost to undertake this closure at 30 June 2021 is R52,107,447-72 excluding 15% VAT.

The proposed values of the properties to be listed on the Valuation role are as follows

Boitshepi Landfill Site – minus (R 1 005 369 425)

Palm Springs Landfill Site – minus (R 190 185 000)

Waldrift Landfill Site – minus (R 41 836 000)

On this basis the provisions at 30 June 2021 can be summarised as follows:

- i) Waldrift landfill site : R84 493 367.40
- ii) Boitshepi landfill site : R141 127 730.13
- iii) Palm springs landfill site: R52 102 447.72

Total for rehabilitation as at 30 June 2021 for all three sites at the respective closure dates is estimated at R 277 728 545:

Total provision for rehabilitation as if closure was at 30 June 2021 in terms of iGRAP 2 for all three landfill sites is:

- i) Waldrift landfill site : R41 946 388.89
- ii) Boitshepi landfill site : R102 861 546.22
- iii) Palm springs landfill site: R9 345 282.35

Total: R154 153 217.46:

21. Finance income

Interest revenue

Interest on arrears
Bank

75,582,161

6,406,075

81,988,236

83,791,218

12,830,331

96,621,549

Emfuleni Local Municipality

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	2021	2020
22. Property rates		
Rates received		
Rates levied	<u>936,971,737</u>	<u>884,384,166</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	69,585,543,000	69,455,018,000
Business	11,050,953,000	11,014,249,000
Industrial	5,790,588,000	5,794,758,000
State owned properties	2,760,106,000	2,758,831,000
Municipal	1,197,062,000	1,197,227,000
Agricultural	1,384,985,000	1,388,075,000
Other	1,267,670,078	1,241,455,078
	<u>93,036,907,078</u>	<u>92,849,613,078</u>

Emfuleni Local Municipality

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	2021	2020
23. Government grants and subsidies		
Operating grants		
Equitable share	959,112,739	772,335,016
Health and environmental subsidies	38,247,483	46,241,923
Financial management grant	2,000,000	2,001,388
Social development grant	-	5,371,680
Performance grant	-	6,364
	999,360,222	825,956,371
Capital grants		
Municipal infrastructure grant(MIG)	40,254,268	4,913,935
Library grant	14,638,000	20,020,605
Integrated national electrification programme	698,777	6,000,000
Energy Efficiency Demand Site Management grant	3,600,000	5,000,000
Expanded public works programme(EPWP)	3,305,757	3,559,000
Education and training(SETA)	1,353,956	1,876,895
Water Services Infrastructure grant	-	1,487,471
Infrastructure assets management grant	-	1,000,000
Disaster management relief grant	-	596,000
	63,850,758	44,453,906
	1,063,210,980	870,410,277

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic Services to indigent customers and administrative activities of the municipality.

The original allocation for 2020/21 financial year was R 835, 994 000 and It was adjusted to the above amount due to the impact of COVID 19 on revenue collection.

The amount of R 117,097,738 was offset against the equitable share during the year, this amount arises from the unspent conditional grant of the previous financial year, MIG (R 117,044,819.00), FMG (R 13,612.00) and WSIG (R 39,308.00).The application of roll-overs for this grants was rejected by National Treasury.

Financial management grant

Balance unspent at beginning of year	13,612	-
Current-year receipts	2,000,000	2,015,000
Conditions met - transferred to revenue	(2,000,000)	(2,001,388)
Repayment of unspent	(13,612)	-
	-	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
Current-year receipts	14,638,000	11,887,278
Conditions met - transferred to revenue	(14,638,000)	(17,153,128)
	-	-

Conditions still to be met - remain liabilities (see note 12).

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

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2021 2020

23. Government grants and subsidies (continued)

The purpose of the grant is to provide 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
Conditions met - transferred to revenue	-	(1,000,000)
	<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	466,367	494,189
Current-year receipts	1,535,757	1,849,073
Conditions met - transferred to revenue	(1,353,956)	(1,876,895)
	<u>648,168</u>	<u>466,367</u>

Conditions still to be met - remain liabilities (see note 12).

This grant consists of discretionary and mandatory grant. The purpose of the grant is to subsidise 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.

Integrated national electrification programme grant(INEP)

Current-year receipts	5,571,000	6,000,000
Conditions met - transferred to revenue	(698,777)	(6,000,000)
	<u>4,872,223</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 12).

The purpose of the grant is to implement the integrated national electrification programme(INEP) by providing capital subsidies to address the electrification 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

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021	2020
23. Government grants and subsidies (continued)		
Municipal infrastructure grant(MIG)		
Balance unspent at beginning of year	117,044,819	34,736,753
Current-year receipts	90,726,000	87,222,000
Conditions met - transferred to revenue	(40,254,268)	(4,913,934)
Repayment of unspent	(117,044,819)	-
	<u>50,471,732</u>	<u>117,044,819</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
Conditions met - transferred to revenue	-	(5,371,680)
	<u>-</u>	<u>-</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 centers)

Sedibeng maintenance grant

Balance unspent at beginning of year	<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 by GDARD to Sedibeng Municipality as part of GDARDs mechanisation programme.

Neighbourhood development partnership grant(NDPG)

Balance unspent at beginning of year	-	4,425,016
Repayment of unspent	-	(4,425,016)
	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 12).

To plan, catalise, and invest in targeted locations in order to attract and sustain third party capital investments aimed at spatial transformation, that will improve the quality of life and access to opportunities for residents in South Africa's under-served neighbourhoods, generally townships.

Performance management grant

Balance unspent at beginning of year	-	6,364
Conditions met - transferred to revenue	-	(6,364)
	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 12).

To support the municipality with the cascading of performance management to employees below senior management.

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021	2020
23. Government grants and subsidies (continued)		
Water services infrastructure grant(WSIG)		
Balance unspent at beginning of year	39,308	1,526,778
Conditions met - transferred to revenue	-	(1,487,470)
Repayment of unspent	(39,308)	-
	<u>-</u>	<u>39,308</u>
Conditions still to be met - remain liabilities (see note 12).		
Facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability of services in prioritised district municipalities, especially in rural municipalities;		
Provide interim, intermediate water and sanitation supply that ensures provision of services to identified and prioritised communities, including through spring protection, drilling, testing and equipping of boreholes;		
Provide on-site sanitation solutions;		
The rollover for this grant was approved from last financial year with the intention to support vaalriver intervention programme		
Grants in kind		
Current-year deemed receipts	2,352,984	34,570,408
Neighbourhood partnership development grant(NDPG)	(2,352,984)	(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	38,247,483	46,241,923
Conditions met - transferred to revenue	(38,247,483)	(46,241,923)
	<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.		
Fire & Rescue services grant		
Current-year receipts	<u>1,600,000</u>	<u>-</u>
Conditions still to be met - remain liabilities (see note 12).		
This grant was gazetted through Provincial Extraordinary gazette no. 23 of 23 November 2020. The purpose of this grant is to procure one grass fire unit with equipment.		
Extended public works programme(EPWP)		
Current-year receipts	4,543,000	3,559,000
Conditions met - transferred to revenue	(3,305,757)	(3,559,000)
	<u>1,237,243</u>	<u>-</u>

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021	2020
<hr/>		
23. Government grants and subsidies (continued)		
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	3,000,000	5,000,000
Conditions met - transferred to revenue	(3,600,000)	(5,000,000)
Amount spent but not received	600,000	-
	<u> -</u>	<u> -</u>

Conditions still to be met - remain liabilities (see note 12).

An amount of R3 600 000 was gazetted for the 2020/21 financial year, but only received R3 000 000 from the transferring authority. A debtor was raised for the balance not received of R600 000.

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021	2020
<hr/>		
23. Government grants and subsidies (continued)		
Disaster management relief grant		
Current-year receipts	-	596,000
Conditions met - transferred to revenue	-	(596,000)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

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..

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021	2020
24. Employee related costs		
Basic	640,005,501	616,630,562
Defined contribution plans	123,206,606	119,637,600
Overtime payments	102,696,271	100,998,799
Bonus	46,845,529	50,183,019
Medical aid - company contributions	60,033,754	57,609,546
Group insurance	31,084,574	35,331,651
Car allowance	39,029,831	34,085,726
Acting allowances	20,342,412	24,364,507
Long service awards and medical aid	17,105,225	16,040,634
Leave pay provision charge	26,434,149	15,446,061
Skills development and casualty contributions	7,940,391	7,851,457
Housing benefits and allowances	4,528,811	4,202,537
UIF	4,044,485	4,127,992
Other allowances	14,244,789	13,969,411
	1,137,542,328	1,100,479,502
Remuneration of executive directors		
Municipal manager		
Annual remuneration	1,847,941	1,369,495
Travel, motor car, accommodation, subsistence and other allowances	24,000	23,000
Annual leave	-	316,155
	1,871,941	1,708,650
Chief financial officer		
Annual remuneration	1,520,711	1,546,057
Travel, motor car, accommodation, subsistence and other allowances	18,000	18,000
	1,538,711	1,564,057
Executive director: shared services		
Annual remuneration	1,269,283	1,269,283
Travel, motor car, accommodation, subsistence and other allowances	282,000	282,523
Acting allowance	7,984	15,967
	1,559,267	1,567,773
Executive director: public works		
Annual remuneration	1,231,142	1,121,722
Travel, motor car, accommodation, subsistence and other allowances	162,000	148,500
	1,393,142	1,270,222
Executive director: economic development and planning		
Annual remuneration	1,160,560	1,247,995
Travel, motor car, accommodation, subsistence and other allowances	236,500	264,474
Annual leave	103,214	-
	1,500,274	1,512,469
The position was vacant as at the 30 June 2021, the incumbent resigned on 31 May 2021.		
Executive director: public safety and community development		
Annual remuneration	1,591,756	1,302,346
Travel, motor car, accommodation, subsistence and other allowances	16,500	13,500
Acting allowance	11,417	-

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021	2020
24. Employee related costs (continued)		
Annual leave	84,115	-
	1,703,788	1,315,846
The position was vacant as at the 30 June 2021, the incumbent resigned on 31 May 2021.		
Chief risk officer		
Annual remuneration	-	576,548
Travel, motor car, accommodation, subsistence and other allowances	-	69,000
Annual leave	-	254,153
	-	899,701
The incumbent resigned on the 31st of December 2019 and the position was phased out.		
Executive director: infrastructure development & planning		
Annual remuneration	808,865	-
Travel, motor car, accommodation, subsistence and other allowances	92,000	-
	900,865	-
The position was vacant in the last financial year, the current incumbent was appointed on 01 November 2020.		
Chief audit executive		
The position is vacant as at 30 June 2021.		
Head of revenue		
The position is vacant as at 30 June 2021.		
25. Remuneration of councillors		
Executive Mayor	1,394,650	1,394,650
Speaker	1,134,888	1,134,888
Mayoral Committee Members	10,712,512	11,165,819
Councillors	43,402,773	42,895,026
	56,644,823	56,590,383
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.		
26. Finance costs		
Interest: external borrowings and creditors	191,509,446	225,868,010
Imputed interest realised	7,541,229	-
Interest: long service awards	6,177,779	6,260,293
	205,228,454	232,128,303

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021	2020
27. Bulk purchases		
Electricity - Eskom	2,166,319,522	1,955,056,936
Water	1,056,345,628	1,061,899,421
	<u>3,222,665,150</u>	<u>3,016,956,357</u>
28. General expenses		
Indigent support	341,123,966	462,433,053
Repairs and maintenance	395,917,756	103,530,591
Hire	57,433,681	66,809,698
Insurance	35,650,505	52,472,739
Legal consulting and professional fees	30,627,595	52,575,179
Regulatory & professional membership fees	30,507,439	6,248,017
Postage and courier	6,590,842	23,893,599
Auditors remuneration	8,713,209	9,181,673
Venue expenses	4,874,955	25,856,467
Advertising	4,593,490	6,222,241
Software expenses	4,655,048	5,838,637
Telephone and fax	4,640,725	4,234,944
Printing and stationery	2,632,991	3,680,997
Uniforms	1,329,293	4,530,123
Bank charges	1,083,775	1,387,924
Commission paid	230,615	6,107,144
Departmental charges	-	1
Other expenses	70,067,125	61,500,447
	<u>1,000,673,010</u>	<u>896,503,474</u>
29. Cash generated from operations		
Surplus (deficit)	108,584,571	(1,393,318,314)
Adjustments for:		
Depreciation and amortisation	585,837,700	352,995,225
Fair value adjustments	(40,402,403)	(41,702,229)
Grant in kind	(1,517,390,366)	(34,570,409)
Non cash relating to repairs and maintenance	329,022,444	-
Debt impairment	1,080,096,708	1,925,122,120
Loss on sale of assets	190,115,254	80,103,319
Movements in provisions	44,452,107	16,297,296
Donations	-	(23,513,666)
Changes in working capital:		
Inventories	(3,708,791)	2,161,214
Trade and other receivable from exchange transactions	(1,047,601,025)	(1,150,549,920)
Other receivables from non-exchange transactions	(718,066,308)	(428,913,138)
Vat receivable	(277,602,816)	(222,553,853)
Payables from exchange transactions	1,481,189,514	998,056,640
Unspent conditional grants and receipts	(58,734,740)	65,737,476
(Decrease)/increase in current borrowings	(2,061,807)	(1,619,526)
Finance lease	-	(2,341,607)
	<u>153,730,042</u>	<u>141,390,628</u>

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021	2020
30. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Approved and contracted for Property, Plant & Equipment	<u>114,557,864</u>	<u>185,989,068</u>
Total capital commitments		
Already contracted for but not provided for	<u>114,557,864</u>	<u>185,989,068</u>
Authorised operational expenditure		
Already contracted for but not provided for		
• Approved and contracted	<u>13,457,079</u>	<u>171,907,668</u>
Total operational commitments		
Already contracted for but not provided for	<u>13,457,079</u>	<u>171,907,668</u>

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021	2020
31. Contingencies		
Contingent liabilities		
Civil matters:		
	2021	2020
Description		
Megazone	154,000,000	154,000,000
Vaal Show Society	80,000,000	80,000,000
AL Mphago Civil Construction	17,111,888	17,111,888
Aphane Consulting	7,797,674	3,615,910
Setheo	7,453,461	-
Old Apostolic Church	5,500,651	-
NURCHA Development Finance	3,187,346	-
Ndaramawe Building Construction	2,725,594	2,725,594
Inhlavuka Consultation CC	2,419,156	-
Seriti Maluleke Attorneys	1,787,495	1,787,495
Phale	1,000,000	-
Devinity Trading	724,794	-
Erwat	608,619	608,819
King & Associates Engineering CC	536,361	-
Sungu Sungu Projects	433,281	7,274,555
Potwig Property Investments	390,000	-
MT Teleko	230,000	230,000
McLean	200,000	-
I McLeod	50,186	50,186
B Hanyane	46,444	-
Darren Pather	38,475	-
AU Kingdom	34,097	34,097
MJ Makume	25,990	-
Beijing Fuxing Xiao	-	470,000,000
MDB(Transaction Capital)	-	33,886,984
SALA Pension Fund	-	5,000,000
Teljulene	-	3,070,895
Lebohang Mnyadeni	-	3,500,000
Du Preez	-	807,433
Radius Industrial - Compensation	-	670,750
Bownam Gilfilian	-	517,082
SANBRO	-	221,915
M Mclean	-	200,000
Continental Outdoor Media (Pty) Ltd	-	100,000
Bernard Fred Petersen	-	60,000
J Mafale	-	50,000
MP Skosana - delictual claim	-	40,000
FR Kruger	-	33,016
C Viljoen	-	31,414
Dark Fibre Africa	-	31,414
C Parsons	-	30,000
E Kotze	-	28,923
E Potgieter	-	26,997
CP Oosthuizen	-	26,352
M Moeti	-	22,157
WH Lambrecht	-	16,796
G Ross	-	16,510
I Steffen	-	16,240
Q Jones	-	16,128
V Du Preez	-	14,112

Emfuleni Local Municipality

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Notes to the Annual Financial Statements

	2021	2020
31. Contingencies (continued)		
Eben Schoeman	-	13,967
SJ Botha	-	11,906
I Beukes	-	10,097
HM Bezuidenhout	-	9,311
	286,301,512	785,918,943

Contingent assets

The amount of R739 587.42 relating to a claim on acting allowance benefits was lodged by an employee and the amount was paid over to the Sheriff awaiting the court outcome.

Contingent liabilities(Labour)

There are a number of labour related cases that are still under conciliation, arbitration and review at labour court amounting to R127 776 830.97(2019/20 R129 883 106).

Contingent liabilities (Insurance)

During the 2019/20 financial year, the municipality encountered insurance claims amounting to R7 964 695.67(2019/20: R11 090 065)

Emfuleni Local Municipality

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Notes to the Annual Financial Statements

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32. Related parties

Related party transactions

Relationships

Member of Mayoral Council - Sylvia Sengoatsi

Speaker - Maipato Elisa Tsokolibane

Related party transactions

Services provided by entities whose directors are in partnership with personnel in higher office at the municipality

Taffols Trading CC - R3 532 331

Adolff Attorneys - R100 125

Key management information

Section 56 Managers

Councillors

Section 56 managers received compensation as set out in note 26

No remuneration was paid to families of Section 56 managers.

Members of council received compensation as set out in note 24

Emfuleni Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand

32. Related parties (continued)

No remuneration was paid to family members of councillors.

Emfuleni Local Municipality

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Figures in Rand

32. Related parties (continued)

On 2021-04 and 2021-05 The Emfuleni Municipal Council, Per resolution Number item A3976 resolved that the arrears on Councillors accounts can be written off. The following is detail information of the write-off:

	Account number	Reason	Amount	VAT	Written off
SL & LM Mzongwane	.10050708	Debt was written off, indigent prior to date of engagement	(33,586)	(4,702)	(38,288)
MP Moerane	.10064124	Debt was written off, indigent prior to date of engagement	(11,463)	(1,71)	(13,179)
NPG Ngxongo	.11119853	Debt was written off, indigent prior to date of engagement	(46,900)	(5,078)	(51,978)
MP & JS Moerane	.11166452	Debt was written off, indigent prior to date of engagement	(15,778)	(45)	(15,823)
NJ Msolo	.11221107	Debt was written off, indigent prior to date of engagement	(19,051)	(2,497)	(21,548)
OA Mkhwanazi	.20046640	Debt was written off, indigent prior to date of engagement	(35,842)	(4,760)	(40,602)

Emfuleni Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand

32. Related parties (continued)

E Mokoena	.20061526	Debt was written off, indigent prior to date of engagement	(61,709)	(7,291)	(69,000)
MP Ndlovu	.20065231	Debt was written off, indigent prior to date of engagement	(77,909)	(9,489)	(87,398)
H & T Tshabalala	.20077663	Debt was written off, indigent prior to date of engagement	(3,967)	(543)	(4,510)
MJ Sale	.10033822	Debt was written off, indigent prior to date of engagement	(33,165)	(4,863)	(38,028)
PA Seqaqa	.10036299	Debt was written off, indigent prior to date of engagement	(5,968)	(875)	(6,843)
LR Mzizi	.11043118	Debt was written off, indigent prior to date of engagement	(9,556)	(1,394)	(10,950)
MM & MV Leotle	.11126215	Debt was written off, indigent prior to date of engagement	(1,983)	(297)	(2,280)

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

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Figures in Rand

32. Related parties (continued)

MM Tsolo	.20037769	Debt was written off, indigent prior to date of engagement	(4,209)	(575)	(4,784)
SM Mahanke	.20039789	Debt was written off, indigent prior to date of engagement	(11,170)	(1,629)	(12,799)
MM Nthebe	.11231691	Debt was written off, indigent prior to date of engagement	(63,588)	(14)	(63,602)
MS Motaung	.20064969	Debt was written off, indigent prior to date of engagement	(2,297)	-	(2,297)
NJ Mooi	.11243186	Debt was written off, indigent prior to date of engagement	(16,255)	-	(16,255)
TG Tlhokwe	.11227870	Debt was written off, indigent prior to date of engagement	(10,799)	(1,413)	(12,212)
RG Saul	.10030661	Debt was written off, indigent prior to date of engagement	(11,037)	(1,174)	(12,211)

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand

32. Related parties (continued)

DJ Wandlala	.10036905	Debt was written off, indigent prior to date of engagement	(38,235)	(5,236)	(43,471)
MP Moerane	.11264176	Debt was written off, indigent prior to date of engagement	(11,539)	(1,500)	(13,039)
J & M Mokoena	.20078687	Debt was written off, indigent prior to date of engagement	(33,575)	(4,969)	(38,544)
NC Radebe	.11337126	Debt was written off, indigent prior to date of engagement	(74,348)	-	(74,348)
B Ntsele	.11337048	Debt relates to property hosted for security reasons	(36,491)	-	(36,491)
	<u>-</u>	<u>-</u>	<u>(670,420)</u>	<u>(60,060)</u>	<u>(730,480)</u>

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

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33. Risk management

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Financial risk

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 to 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.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Credit risk

The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

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	2021	2020
Trade and other receivables from non exchange transactions	688,688,490	262,172,877
Trade and trade receivables from exchange transactions	453,277,814	194,222,804
Cash and cash equivalents	269,479,407	240,337,798

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Emfuleni Local Municipality

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33. 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.

34. 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.

The Emfuleni Local Municipality has undeniable challenges in relation to the identified key areas of support, namely financial, institutional, infrastructure and service delivery

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 mitigating factors have been implemented and are present to reduce the risk of the going concern assumption not being valid

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.

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 an effort to rescue the municipality and place it back on a fully financial viable level. Currently weekly progress on the three pillars identified is monitored and followed-up..

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.

We draw attention to the fact that at 30 June 2020 the municipality has an accumulated surplus of R7 308 136 822 and that the municipality's total assets amounts to R12 317 412 451 and exceeds the total liabilities of R5 009 275 630 by R7 308 146 822, however the cash available is a great concern

35. Unauthorised expenditure

Opening balance as previously reported	3,652,184,619	1,999,033,668
Opening balance as restated	3,652,184,619	1,999,033,668
Add: Expenditure identified - current	1,152,484,854	1,653,150,951
Closing balance	4,804,669,473	3,652,184,619

Details of unauthorised expenditure

Public works	797,814,520	1,023,143,118
Financial services	213,512,832	431,406,351
Public safety and community development	-	165,902,824
Political offices	111,583,227	22,102,956
Shared services	29,574,274	-
Economic development and planning	-	10,595,701
	1,152,484,853	1,653,150,950

Emfuleni Local Municipality

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	2021	2020
36. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Current year subscription / fee	709,901	699,532
Amount paid - current year	(709,901)	(699,532)
	<u>-</u>	<u>-</u>
PAYE and UIF		
Opening balance	15,995,977	16,100,626
Current year subscription / fee	206,415,098	213,554,682
Amount paid - current year	(189,277,117)	(197,558,705)
Amount paid - previous years	(15,995,977)	(16,100,626)
	<u>17,137,981</u>	<u>15,995,977</u>
Pension and Medical Aid Deductions		
Opening balance	14,469,833	14,002,151
Current year subscription / fee	287,964,906	278,811,578
Amount paid - current year	(273,030,257)	(264,341,745)
Amount paid - previous years	(14,469,834)	(14,002,151)
	<u>14,934,648</u>	<u>14,469,833</u>

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36. 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 2021:

30 June 2021	Outstanding more than 90 days
Mzongwane SL	60,817
Mkhwanazi OA	57,864
Moerane MP	52,224
Nthebe MM	11,137
Mcasa AT	58,327
Maseko BP	25,695
Mashabela MS	15,852
Mollo DS	22,638
Sinyanya SS	10,531
Radebe SMS	3,300
Mkhubeni DP	858
	319,243
30 June 2020	Outstanding more than 90 days
Ndlovu MP	87,755
Mokoena ER	70,675
Mzongwane SL	86,386
Mkhwanazi OA	85,191
Nxongo NPG	52,041
Moerane MP	72,036
Msolo NJ	35,995
Mcasa AT	44,553
Maseko BP	23,527
Shabalala HH	10,850
Sinyanya SS	15,927
Motsei LA	9,829
Mollo DS	14,151
Nthebe MM	6,058
Mashabela MS	19,488
Tlhokwe TG	4,267
	638,729

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	488,336,253	444,405,812
Rand value	527,403,154	376,989,451
Percentage(%)	21.87%	21.19%
Water		
Kiloliters	58,724,502	59,649,109
Rand value	592,530,225	601,859,513
Percentage(%)	57%	56.9%

Emfuleni Local Municipality

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37. 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.

Description

Deviations	96,790,295	19,434,067
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38. Budget differences

Material differences between budget and actual amounts

Service charges - The Services Charges Budget is net of the Indigent Support amount while the disclosed actual figure is the gross amount inclusive of Indigent Support. When the Indigent Support is taken into account (R 3,728,267,695 + R 341,123,966 = R 4,069,391,661) the difference in performance is 2% or R 66,564,057 which is not material..

Finance income - Interest realised is due to less capital grants received resulting in less investments made. All municipal bank accounts were also attached during the financial year. The budget has also been adjusted downward in the 2022 financial year as a corrective measure..

Fair value adjustments - Budget provision is not made as the values cannot be estimated during the budgeting process..

Actuarial gains - Budget provision is not made as the values cannot be estimated during the budgeting process.

Fines - More fines were written out than anticipated.

Trade and other licenses - More licenses and permits were issued than anticipated.

Other income - Revenue from incidental cash surpluses (unallocated receipts) as well Sale of Scrap Waste performed above projections in the 2021 financial year.

Property rates -The variance is not material.

Fines - Budget provision was based on previous trends. However the Corona virus and Disaster Management Regulations resulted focus being based on other priorities and less fines being written out.

Donations - Allocations-in-kind which were recognised as revenue. Budget provision is not made for this type of revenue as they are implemented by other agencies / spheres of government and are only recognised when they are handed over to the municipality.

Government grants & subsidies - Low performance by the health and environmental subsidies. Budget has been adjusted downward in the 2021/2022 financial year. Non-implementation of projects approved for grant allocations. MIG which is largest capital grant was affected by a change requested by CoGTA and the non-readiness of approved projects. A portion of the MIG was also not paid over to the municipality due to non-performance..

Employee related costs - Savings from funded but unfilled positions..

Remuneration of councillors - More than sufficient provision was made to accommodate increases which are pronounced by CoGTA only in January of each year..

Bulk purchases - The high expenditure is due to electricity and water theft, unmetered households and water leakages due to old infrastructure..

Debt Impairment - This relates to the contribution to debt impairment account that has to be made due top the actual payment rate for the financial year.

Emfuleni Local Municipality

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38. Budget differences (continued)

Depreciation and amortisation - This is due to new addition of assets in the form of donated assets / indirect grant capitalisation which will include their depreciation..

Finance costs - This is due to the interest charges on high water and electricity balances owed by Emfuleni L.M.

Contracted services - An amount of +-R130 million which relates to security was re-classified from general expenditure to contracted services due to the quantum and the fact that we are using contractors for security. The security cost increased because the municipality took over the security for sewer treatments plants when ERWAT left.

(Loss)/gain on sale of assets - Budget provision is not made as the values cannot be estimated during the budgeting process.

Actuarial losses - Budget provision is not made as the values cannot be estimated during the budgeting process.

Imputed interest - Budget provision is not made as the values cannot be estimated during the budgeting process.

Collection cost - The amount is not provided for separately. The high amounts incurred are due to the contractors fees as the municipality uses service providers to collect.

Inventories losses/write-downs - No inventories were written down for the financial year.

General Expenses - The municipality uses external service providers for its maintenance, collections and other. Services were sourced when there is not sufficient budget provision.

Cash and cash equivalents - More balances held than anticipated - See note 2 of the AFS.

Trade and other receivables from exchange transactions -Increase in electricity debtors in the 2021 financial year.

Trade and other receivables from non-exchange transactions - Increase in the amount of property rates debt in the 2021 financial year.

Vat receivable - This liability cannot be estimated accurately at the beginning of the financial year and as such is not provided for.

Inventories - There was anticipated for stock items to be used with the assumption that more work will be in-sourced..

Payables from exchange transactions - Increases in Eskom and Rand Water debt which cannot be settled from the current revenue receipts. The debt also attracts high interest.

Unspent conditional grants and receipts - Zero provision was made in anticipation of the implementation of projects and total spending of conditional grants.

Borrowings - The long-term debt was settled off in the 2020 financial year.

Employee benefit obligation - These amounts are in terms of actuarial valuation. Please refer to note 13 of the AFS.

Provisions - These amounts are in terms of actuarial valuation. Please refer to note 13 of the AFS.

Consumer deposits - Consumer deposits are paid by new residents who take on property in the municipality.

39. Fruitless and wasteful expenditure

Opening balance as previously reported	711,280,742	486,097,380
Opening balance as restated	711,280,742	486,097,380
Add: Expenditure identified - current	191,417,664	225,183,362
Closing balance	902,698,406	711,280,742

Emfuleni Local Municipality

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	2021	2020
40. Irregular expenditure		
Opening balance as previously reported	571,064,672	1,133,901,099
Correction of prior period error	-	104,271,369
Opening balance as restated	571,064,672	1,238,172,468
Add: Irregular expenditure - current	60,321,629	205,338,574
Identified by AG	19,767,993	-
Less: Amount written off - (2017/2018)	-	(872,446,370)
Closing balance	651,154,294	571,064,672

41. New standards and interpretations

41.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2019 or later periods:

Standard/ Interpretation:

	Effective date: Years beginning on or after	Expected impact:
IGRAP 11: Consolidation-special purpose entities	01 April 2019	Not Applicable at this stage
IGRAP 12: Jointly controlled entities – non-monetary contributions by ventures	01 April 2019	Not Applicable at this stage
IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2019	Not Applicable at this stage
IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land	01 April 2019	Not Applicable at this stage
IGRAP 19: Liabilities to Pay Levies	01 April 2019	Not Applicable at this stage
IGRAP 20: Accounting adjustments to Revenue	01 April 2019	Not Applicable at this stage
	<u> </u>	<u> </u>
	-	-

42. Financial instruments disclosure

Categories of financial instruments

2021

Financial assets

	At amortised cost	Total
Cash and cash equivalents	2,694,794,070	2,694,794,070
Trade and other receivables from exchange transactions	453,277,814	453,277,814
Trade and other receivables from non-exchange transactions	688,688,490	688,688,490
	3,836,760,374	3,836,760,374

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	6,076,091,810	6,076,091,810

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	2021	2020
42. Financial instruments disclosure (continued)		
Consumer deposits	56,914,226	56,914,226
	6,133,006,036	6,133,006,036

2020

Financial assets

	At amortised cost	Total
Cash and cash equivalents	240,337,798	240,337,798
Trade and other receivables from exchange transactions	194,222,804	194,222,804
Trade and other receivables from non-exchange transactions	262,172,877	262,172,877
	696,733,479	696,733,479

Financial liabilities

	At amortised cost	Total
Compound instruments	4,594,902,312	4,594,902,312
Borrowings	2,061,807	2,061,807
Consumer deposits	53,183,996	53,183,996
	4,650,148,115	4,650,148,115

43. 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:

	Total
Balance previously reported 2018/19	8,626,293,481
Adjustments for 2018/19 and prior	8,517,554
Restated balance for 2017/18	8,634,811,035
Surplus/(deficit) for the period 2019/20 reported	(1,397,055,937)
Adjustments 2019/20	3,737,621
Restated balance for 2018/19	7,241,492,719

Emfuleni Local Municipality

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	2021	2020
43. Correction of error (continued)		
Statement of financial position		
Trade and other receivables from exchange transactions		(17,032)
Trade and other receivables from non exchange transactions		(8,361)
VAT receivable		4,988,660
Property plant and equipment		47,594,928
Accumulated depreciation		(3,065,213)
Work in progress		903,060
Trade and other payables		(41,878,487)
		8,517,555
2019/20		
Statement of financial position		
Trade and other receivables from exchange transactions		(300,336)
Trade and other receivables from non exchange transactions		(189,816)
VAT receivable		(644,202)
Property, plant and equipment		25,410,251
Accumulated depreciation		(1,458,615)
Work in progress		(23,400,986)
Trade and other payables		4,321,324
		3,737,620
2018/19 and prior		
Statement of financial performance		
Other income		(2,484)
Property rates		49,037,327
Private entity developer contribution in kind		(46,510,363)
Contracted services		(884,589)
Imputed interest		892,204
Debt impairment		(105,887,039)
Depreciation		3,065,213
General expenses		34,886,349
Service charges		56,885,827
		(8,517,555)
Statement of financial performance 2019/20		
Other income		729,144
Service charges		42,631,064
Finance income		2,320,416
Bulk purchases		(5,630,520)
Contracted services		(433,930)
Property rates		11,712,757
Debt impairment		(56,666,075)
Depreciation and amortisation		1,458,615
General expenses		140,908
		(3,737,621)

Emfuleni Local Municipality

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43. Correction of error (continued)

	Balance 2019/20	Adjustment 2018/19	Adjustment 2019/20	Restated balance 2019/20
Cash and cash equivalents	240,337,798	-	-	240,337,798
Trade and other receivables from non-exchange	262,371,053	(8,361)	(189,816)	262,172,876
Trade and other receivables from exchange transactions	194,540,172	(17,032)	(300,336)	194,222,804
Inventory	20,986,357	-	-	20,986,357
VAT receivable	521,409,835	4,988,660	(644,202)	525,754,293
Property, plant and equipment	10,086,690,592	45,432,775	550,650	10,132,674,017
Investment property	973,320,363	-	-	973,320,363
Intangible assets	20,095,032	-	-	20,095,032
Heritage assets	57,016	-	-	57,016
Sanlam shares	15,914	-	-	15,914
Trade and other payables	(4,557,345,147)	(41,878,487)	4,321,324	(4,594,902,310)
Unspent conditional grants	(119,727,809)	-	-	(119,727,809)
Borrowings	(2,061,807)	-	-	(2,061,807)
Employee benefits	(19,772,827)	-	-	(19,772,827)
Consumer deposits	(53,183,996)	-	-	(53,183,996)
Employee benefit obligation	(180,116,670)	-	-	(180,116,670)
Provisions	(158,378,342)	-	-	(158,378,342)
	7,229,237,534	8,517,555	3,737,620	7,241,492,709

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

CAATS finding 2019/20 external audit correction of overstated billing.

Revenue from non-exchange transactions

Donations

Developer created assets completed and transferred to the municipality.

CAATS finding 2019/20 external audit correction of overstated billing.

Expenditure

Outsourced, professional services, Contractors

Professional services

Legal costs and litigation

Legal advice that was not accounted for previously

Contracted services

Accrual of various payments to service providers.

Emfuleni Local Municipality

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43. Correction of error (continued)

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

Bulk services - Eskom and Randwater

Correction of statement of Eskom and Randwater account.

Insurance excess

Insurance premiums and insurance third party payments.

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 operational expenditure (previous years) accounted for.

Projects that were under WIP were transferred from WIP to PPE.

Current liabilities

Trade and other payables

Creditors that were not accrued, now accrued

Fines impairment

Correction of fines impairment.

44. Events after the reporting date

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue, in this instance the reporting date is 31 August 2021 - the date that the Municipal Manager signed the statements to be submitted to the Auditor General. The date for authorisation for issuing is yet to come as the audit is not concluded yet.

1. Vandalism of Boitshepi landfill site ablution block and Springbok Avenue Mini-transfer station ablution block due to community riots

The vandalism was only discovered in October 2021. At reporting date, the areas were quiet and the buildings intact when the asset verification was done

2. Eskom – attachments of bank account of municipality

On 2 September 2021 Emfuleni Municipality's bank account was attached. The attachment was the result of non-compliance to a Court Order to the amount of approximately R1.3bn. The court order resulted from various court cases instituted by Eskom with the municipality as the Defendant.

The municipality lodged a request for appeal against the judgement and succeeded, resulting in the upliftment of the attachment.

Emfuleni Local Municipality

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44. Events after the reporting date (continued)

At reporting date, the fact that the bank account will be attached was not known to the municipality, from there a non-adjusting event

45. Segment information

General information

With the preparation of the 2020/2021 financial statements, Elm did consider GRAP 18 Segmental Reporting, however, during the assessment of the available information for the segmental breakdown, we discovered that these were not readily available from our financial system, Solar, especially where it refers to the Statement of Position. We therefore only disclosed the segments in aggregate on the Statement of Performance. We also provided breakdowns of the different services in the relevant notes to the financial statements and these include impairment per service also.

We also took advantage of the transitional provisions as per Directive 3, wherein it is stated that high capacity municipalities are not obliged to disclose restatement of previously reported information.

Information about geographical areas

ELM area includes the following geographical areas within a radius of 987,45 square kilometres:

Vereeniging, Vanderbijlpark, Evaton, Sebokeng, Sharpeville, Boipatong, Bophelong, Tshepiso:

46. Impact of Covid-19 pandemic

Covid 19 pandemic continues to be a challenge for the revenue collection during the 2020/2021 financial year. While in terms of Disaster Act credit control was not allowed, full credit control was resumed during the financial year, however the job losses and Covid related deaths further put a strain revenue collection.

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 then occurred. These job losses then also contributed to a loss in income. It is estimated that approximately 61% of the residents 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.

APPENDIX A – Councillors, Committees Allocated and Council Attendance 2020-21

, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

AUCAMP E	PT	SECTION 80 HUMAN SETTLEMENT	DA 45	98%	2%
BANDA J.N	PT	SECTION 80 SHARED SERVICE/ FINANCE AND REVENUE	ANC 7	96%	4%
COERTZE Y	PT	SECTION 80 HEALTH AND SOCIAL DEVELOPMENT	DA 9	98%	2%
HLOPHE N.C	PT	SECTION 80 SPORT, RECREATION, ARTS, CULTURE, PARKS AND CEMENTERIES	DA	85%	15%

JAMA P	PT	SECTION 80 SHARED SERVICE/ FINANCE AND REVENUE	ANC 42	95%	5%
JANTJIE M.B	PT	SECTION 80 PUBLIC WORKS/ ENVIRONMENTAL MANAGEMENT AND PLANNING	ANC 30	95%	5%
KELE M.E	FT	SECTION 80 HUMAN SETTLEMENT/ SECTION 79 IDP STEERING COMMITTEE/ SECTION 79 RULES COMMITTEE/ELECTIONS COMMITTEE	ANC - MMC	90%	10%
KHOALI A.N	PT	SECTION 80 SHARED SERVICE/ FINANCE AND REVENUE	ANC 32	95%	5%
KUMALO B.B	PT	SECTION 79 PETITIONS COMMITTEE	ANC 18	90%	10%
LEGAE O.S	PT	SECTION 80 SPORT, RECREATION, ARTS, CULTURE, PARKS AND CEMENTERIES	EFF	90%	10%
LEKELETSANE A.S	PT	SECTION 80 SPORT, RECREATION, ARTS, CULTURE, PARKS AND CEMENTERIES/ HEALTH AND SOCIAL DEVELOPMENT/ PUBLIC SAFETY	ANC 39	95%	5%

MOSUOANE H.C	PT	SECTION 79 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	DA	95%	5%
MALINDI L.S	PT	SECTION 80 SHARED SERVICE/ ENVIROMENTAL MANAGEMENT AND PLANNING	EFF	90%	10%
MATSIE-SKOSANA L.M	PT	SECTION 80 AGRICUTURE, LOCAL ECONOMIC DEVELOPMENT, PLANNING AND TOURISM/ SECTION 79 GENDER YOUTH AND PEOPLE WITH DISABILITIES	DA	80%	20%
MSOLO N.J	PT	SECTION 80 PUBLIC SAFETY	DA	90%	10%
MAHLASE K.M	PT	SECTION 80 SPORT, RECREATION, ARTS, CULTURE, PARKS AND CEMENTERIES/ HEALTH AND SOCIAL DEVELOPMENT/ PUBLIC SAFETY	ANC 6	95%	5%
MOHONO S.E	PT	SECTION 79 ETHICS COMMITTEE	EFF	95%	5%
MAISA M.P	PT	SECTION 80 HEALTH AND SOCIAL DEVELOPMENT	EFF	95%	5%

MAKHOBOTLOANE N.P	PT	SECTION 80 SPORT, RECREATION, ARTS, CULTURE, PARKS AND CEMENTERIES/ HEALTH AND SOCIAL DEVELOPMENT/ PUBLIC SAFETY/ SECTION 79 GENDER YOUTH AND PEOPLE WITH DISABILITIES	ANC 3	90%	10%
MALISA D.M	FT	SECTION 80 HEALTH AND SOCIAL DEVELOPMENT/ SECTION 79 IDP STEERING COMMITTEE/ELECTIONS COMMITTEE	ANC - MMC	90%	10%
MADISHA G.N	PT	SECTION 80 HUMAN SETTLEMENT/ HEALTH AND SOCIAL DEVELOPMENT/ PUBLIC WORKS/ SECTION 79 GENDER YOUTH AND PEOPLE WITH DISABILITIES/ SECTION 79 ETHICS COMMITTEE	AIC	90%	10%
MAMATU N.P	PT		EFF	95%	5%
MAPEYI E.M	PT	SECTION 79 PETITIONS COMMITTEE/ELECTIONS COMMITTEE	EFF	90%	10%
MARAKA T.P.E	PT	SECTION 80 PUBLIC WORKS	DA	60%	40%

MASEKO B.P	PT	SECTION 80 AGRICULTURE, LOCAL ECONOMIC DEVELOPMENT, PLANNING AND TOURISM/ SECTION 79 IDP STEERING COMMITTEE	ANC - MMC	93%	7%
MASHABELA M.S	PT	SECTION 80 ENVIRONMENTAL MANAGEMENT AND PLANNING	DA 15	90%	10%
MASISA L.L	PT	SECTION 80 SHARED SERVICE/AGRICULTURE, LOCAL ECONOMIC DEVELOPMENT, PLANNING AND TOURISM/ SECTION 79 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE/ SECTION 79 IDP STEERING COMMITTEE	AIC	90%	10%
MASOOA M.P	PT	SECTION 80 SPORT, RECREATION, ARTS, CULTURE, PARKS AND CEMETERIES/ PUBLIC SAFETY	ANC 29	90%	10%
MAZIBUKO M.D	PT	SECTION 79 GENDER YOUTH AND PEOPLE WITH DISABILITIES/ SECTION 79 IDP STEERING COMMITTEE	EFF	90%	10%
MCASA A.T	PT	SECTION 80 AGRICULTURE, LOCAL ECONOMIC DEVELOPMENT, PLANNING AND TOURISM/ HUMAN SETTLEMENT/ HEALTH AND SOCIAL DEVELOPMENT/ SECTION 79 PETITIONS COMMITTEE	ANC 33	90%	10%

MKHWANAZI O.A	PT	SECTION 80 PUBLIC WORKS/ ENVIRONMENTAL MANAGEMENT AND PLANNING/ SECTION 79 GENDER YOUTH AND PEOPLE WITH DISABILITIES/ SECTION 79 LOCAL LABOUR FORUM	ANC 38	96%	4%
MNCUBE B	FT	SECTION 79 LOCAL LABOUR FORUM/ IDP STEERING COMMITTEE/ SECTION 79 ETHICS COMMITTEE/ SECTION 79 RULES COMMITTEE/REMCO	ANC - MMC	90%	10%
MNCUBE EM	PT	SECTION 80 SHARED SERVICE/ELECTIONS COMMITTEE	DA	92%	8%
MNUNE OV	PT		ANC 43	15%	85%
MOERANE G	FT	SECTION 79 IDP STEERING COMMITTEE/REMCO	ANC - EXECUTIVE MAYOR	95%	5%
MOFOKENG MP	PT	SECTION 80 PUBLIC SAFETY/ PUBLIC WORKS	EFF	70%	30%
MOKOENA TA	PT	SECTION 80 ENVIROMENTAL MANAGEMENT AND PLANNING	DA	90%	10%

MOKOENA ST	PT	SECTION 80 SHARED SERVICE/ FINANCE AND REVENUE	ANC 34	94%	6%
MOKOENA ER	PT	SECTION 80 AGRICULTURE, LOCAL ECONOMIC DEVELOPMENT, PLANNING AND TOURISM/ HUMAN SETTLEMENT/ SECTION 79 GENDER YOUTH AND PEOPLE WITH DISABILITIES	ANC 19	95%	5%
MOLEPO MV	PT	SECTION 80 AGRICULTURE, LOCAL ECONOMIC DEVELOPMENT, PLANNING AND TOURISM/ HUMAN SETTLEMENT/ SECTION 79 PETITIONS COMMITTEE	ANC 35	97%	3%
MOLLO DS	PT	SECTION 80 FINANCE AND REVENUE/ELECTIONS COMMITTEE	DA	95%	5%
MONYEMBANE TT	PT	SECTION 80 HUMAN SETTLEMENT	EFF	90%	0%
MOOI NJ	PT		ANC 26	90%	10%
MOSHOALUBA MJ	FT	SECTION 80 PUBLIC SAFETY/ SECTION 79 IDP STEERING COMMITTEE/ SECTION 79 ETHICS COMMITTEE/ELECTIONS COMMITTEE	ANC - 41	90%	10%

MOTAUNG MP	PT	SECTION 80 FINANCE AND REVENUE/ SECTION 79 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	EFF	97%	3%
MOTLOUNG ILT	PT	SECTION 80 SPORT, RECREATION, ARTS, CULTURE, PARKS AND CEMENTERIES	DA	94%	6%
MOTSEI AN	PT	SECTION 80 SHARED SERVICE/ FINANCE AND REVENUE/ SPORT, RECREATION, ARTS, CULTURE, PARKS AND CEMENTRIES/ HEALTH AND SOCIAL DEVELOPMENT/ PUBLIC SAFETY/ SECTION 79 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE/ SECTION 79 GENDER YOUTH AND PEOPLE WITH DISABILITIES/ SECTION 79 ETHICS COMMITTEE	ANC 21	15%	85%
MTHEMBU ND	PT	SECTION 80 PUBLIC SAFETY/ SECTION 79 IDP STEERING COMMITTEE	DA	90%	10%
MPHUTHING RD	PT	SECTION 80 SHARED SERVICE/ FINANCE AND REVENUE/ SPORT, RECREATION, ARTS, CULTURE, PARKS AND CEMENTRIES/ HEALTH AND SOCIAL DEVELOPMENT/ PUBLIC SAFETY/ SECTION 79 GENDER YOUTH AND PEOPLE WITH DISABILITIES	ANC 40	80%	20%

MVALA TO	PT	SECTION 80 SPORT, RECREATION, ARTS, CULTURE, PARKS AND CEMENTERIES/ HEALTH AND SOCIAL DEVELOPMENT/ PUBLIC SAFETY/ SECTION 79 GENDER YOUTH AND PEOPLE WITH DISABILITIES	ANC 12	95%	5%
MZIZI MG	PT	SECTION 80 AGRICULTURE, LOCAL ECONOMIC DEVELOPMENT, PLANNING AND TOURISM/ HUMAN SETTLEMENT/ SECTION 79 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	ANC 2	90%	10%
MZONGWANE SL	PT	SECTION 80 SHARED SERVICE/AGRICULTURE, LOCAL ECONOMIC DEVELOPMENT, PLANNING AND TOURISM/ SPORT, RECREATION, ARTS, CULTURE, PARKS AND CEMETERIES/ PUBLIC SAFETY/ SECTION 79 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE/ SECTION 79 PETITIONS COMMITTEE	COPE	94%	6%
NDLOVU MP	PT	SECTION 80 SPORT, RECREATION, ARTS, CULTURE, PARKS AND CEMENTERIES/ HEALTH AND SOCIAL DEVELOPMENT/ PUBLIC SAFETY/ SECTION 79 PETITIONS COMMITTEE	ANC 20	94%	6%
NOTHNAGEL P	PT	SECTION 80 AGRICULTURE, LOCAL ECONOMIC DEVELOPMENT, PLANNING AND TOURISM	DA 5	70%	30%

NQUBA TS	PT	SECTION 80 PUBLIC WORKS/ ENVIRONMENTAL MANAGEMENT AND PLANNING	ANC 23	90%	10%
NTUTHU VJ	PT	SECTION 80 PUBLIC WORKS/ ENVIRONMENTAL MANAGEMENT AND PLANNING/ SECTION 79 PETITIONS COMMITTEE	ANC 8	95%	5%
NTHEBE MM	FT	SECTION 79 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	ANC	75%	15%
NTOMBELA K	FT	SECTION 79 IDP STEERING COMMITTEE/ELECTIONS COMMITTEE	ANC - MMC	76%	14%
NTSELE BE	FT	SECTION 80 PUBLIC WORKS/ SECTION 79 IDP STEERING COMMITTEE/ SECTION 79 ETHICS COMMITTEE	ANC 25	80%	20%
NXONGO NPG	PT	SECTION 80 AGRICULTURE, LOCAL ECONOMIC DEVELOPMENT, PLANNING AND TOURISM/ HUMAN SETTLEMENT/ SECTION 79 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	ANC 31	95%	5%
RADEBE NC	PT	SECTION 80 AGRICULTURE, LOCAL ECONOMIC DEVELOPMENT, PLANNING AND TOURISM	ANC 28	80%	20%

RADEBE MJ	PT	SECTION 80 HUMAN SETTLEMENT/ PUBLIC WORKS/ ENVIRONMENT MANAGEMENT AND PLANNING/ SECTION 79 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	ANC 11	90%	10%
RAKAKI MJ	PT	SECTION 80 ENVIROMENTAL MANAGEMENT AND PLANNING	ANC 14	95%	5%
RAPAKENG OD	PT	SECTION 80 AGRICTURE, LOCAL ECONOMIC DEVELOPMENT, PLANNING AND TOURISM/ HUMAN SETTLEMENT	ANC 27	90%	10%
RAPAPALI LG	PT	SECTION 80 SHARED SERVICE/ FINANCE AND REVENUE/ SECTION 79 GENDER YOUTH AND PEOPLE WITH DISABILITIES	ANC 37	80%	20%
RAPHESO MR	PT	SECTION 80 AGRICTURE, LOCAL ECONOMIC DEVELOPMENT, PLANNING AND TOURISM	EFF	90%	10%
SALE MC	FT	SECTION 79 ETHICS COMMITTEE/ELECTIONS COMMITTEE	ANC - CHIEF WHIP	98%	2%
SELOANE LJ	PT	SECTION 80 PUBLIC WORKS/ ENVIRONMENTAL MANAGEMENT AND PLANNING/SECTION 79 GENDER YOUTH AND PEOPLE WITH DISABILITIES	ANC 36	80%	20%

SESHAUKE PA	PT	SECTION 80 SPORT, RECREATION, ARTS, CULTURE, PARKS AND CEMENTERIES/ HEALTH AND SOCIAL DEVELOPMENT/ PUBLIC SAFETY/ SECTION 79 PETITIONS COMMITTEE	ANC 24	92%	8%
SHABALALA HH	PT		DA	90%	10%
SIKUKULA M	PT	SECTION 80 SHARED SERVICE/ FINANCE AND REVENUE/ SECTION 79 PETITIONS COMMITTEE	ANC 17	90%	10%
SINYANYA SS	PT	SECTION 80 AGRICULTURE, LOCAL ECONOMIC DEVELOPMENT, PLANNING AND TOURISM/ HUMAN SETTLEMENT	ANC 22	90%	10%
SMITH HC	PT	SECTION 80 SHARED SERVICE/ SPORT, RECREATION, ARTS, CULTURE, PARKS AND CEMETERIES/ HEALTH AND SOCIAL DEVELOPMENT/ SECTION 79 PETITIONS COMMITTEE/ SECTION 79 GENDER YOUTH AND PEOPLE WITH DISABILITIES	FF+	80%	20%
SENEKAL GM	PT	SECTION 80 FINANCE AND REVENUE/AGRICULTURE,LOCAL ECONOMIC DEVELOPMENT, PLANNING AND TOURISM/ HUMAN SETTLEMENT/ PUBLIC WORKS/ ENVIRONMENTAL /ELECTIONS	FF+	95%	5%

SENGOATSI S	FT	COMMITTEEMANAGEMENT AND PLANNING/ SECTION 79 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE/ SECTION 79 IDP STEERING COMMITTEE/ SECTION 79 ETHICS COMMITTEE SECTION 80 SPORT, RECREATION, ARTS, CULTURE, PARKS AND CEMENTERIES/ SECTION 79 IDP STEERING COMMITTEE/ SECTION 79 ETHICS COMMITTEE	ANC - MMC	88%	12%
SOXUZA DS	PT	SECTION 80 FINANCE AND REVENUE/ PUBLIC WORKS/ ENVIRONMENT MANAGEMENT AND PLANNING	ANC 44	92%	2%
SULA S	PT	SECTION 80 SHARED SERVICE/ FINANCE AND REVENUE /AGRICULTURE, LOCAL ECONOMIC DEVELOPMENT, PLANNING AND TOURISM/SPORT, RECREATION, ARTS, CULTURE, PARKS AND CEMETERIES/ HEALTH AND SOCIAL DEVELOPMENT/ PUBLIC SAFETY/ PUBLIC WORKS/ ENVIRONMENTAL MANAGEMENT AND PLANNING/ SECTION 79 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE/ SECTION 79 PETITIONS COMMITTEE/ SECTION 79 IDP STEERING COMMITTEE/ELECTIONS COMMITTEE	PAC	80%	20%

TATAE ET	PT	SECTION 80 SPORT, RECREATION, ARTS, CULTURE, PARKS AND CEMENTERIES/ HEALTH AND SOCIAL DEVELOPMENT/ PUBLIC SAFETY/ SECTION 79 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE/ SECTION 79 PETITIONS COMMITTEE	ANC 13	92%	8%
THEMA R	FT	SECTION 80 FINANCE AND REVENUE/ SECTION 79 LOCAL LABOUR FORUM/ SECTION 79 IDP STEERING COMMITTEE/ SECTION 79 ETHICS COMMITTEE/ SECTION 79 RULES COMMITTEE/ELECTIONS COMMITTEE/REMCO	ANC - MMC	90%	10%
THULO NR	FT	SECTION 80 ENVIROMENTAL MANAGEMENT AND PLANNING/ SECTION 79 IDP STEERING COMMITTEE	ANC - MMC	90%	10%
TLHOKWE TG	PT	SECTION 80 SHARED SERVICE	DA	90%	10%
TYOBEKA I	PT	SECTION 80 HUMAN SETTLEMENT	DA	92%	8%
TLBERE MM	PT	SECTION 80 SARED SERVICE/ FINANCE AND REVENUE/ SECTION 79 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE/ SECTION 79 LOCAL LABOUR FORUM/REMCO	ANC	90%	10%

TSOTETSI MS	PT	SECTION 80 PUBLIC WORKS/ SECTION 79 IDP STEERING COMMITTEE/ SECTION 79 ETHICS COMMITTEE	DA	92%	8%
TSOKOLIBANE ME	FT	SECTION 79 RULES COMMITTEE	ANC - SPEAKER	97%	3%
VENTER M	PT		DA 1	85%	5%
VERBEEK PA	PT	SECTION 80 FINANCE AND REVENUE/ SECTION 79 PETITIONS COMMITTEE	DA 10	92%	8%
VERSTER GCSJ	PT		DA 16	60%	40%
VON BODENSTEIN EK	PT	SECTION 80 SHARED SERVICE/ SECTION 79 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE/ SECTION 79 LOCAL LABOUR FORUM/REMCO	DA 45	94%	6%
ZWEDALA SP	PT	SECTION 80 FINANCE AND REVENUE/ PUBLIC WORKS/ ENVIRONMENT MANAGEMENT AND PLANNING/ SECTION 79 PETITIONS COMMITTEE/ELECTIONS COMMITTEE	AIC	90%	10%

APPENDIX B – Committees (other than Mayoral / Executive Committee) and Purposes of Committees

Municipal Committees	Purpose of Committee
Executive Committee Meeting	Consider reports relating to all strategic issues and resolve in line with Delegated Authority.
Extended Executive Committee Meeting	Consider all reports from Clusters and make recommendations to relevant Section 80 Committees except where the Committee have Delegated Authority.
Mayoral Committee	Consider all reports recommended by all Section 80 Committees and resolve all items delegated to the Mayoral Committee where they do not have delegated authority they refer reports to Council for approval.
Council	Approve all reports where the Mayoral Committee does not have delegated authority.
SECTION 79 COMMITTEES	
Audit Committee	Provides independent specialist advice on financial performance, efficiency and effectiveness, performance management and compliance with legislation and oversee the performance of Internal Audit. It is mandated to provide independent, objective assurance and consulting services geared towards adding value to Emfuleni Local Municipality and improve quality of the service delivery.
Ethics Committee	Ensures declarations of financial interest and compilation of the Register of Financial Interest annually and considers any alleged breaches of the Code of Conduct of Councillors.
Gender Committee	Gender mainstreaming training and empowerment.
Land Tribunal Committee	This Committee attends to objections on applications such as removal of restrictive conditions, rezoning, subdivision and consolidations.

MPAC Committee	Is the mechanism through which the Council exercises oversight over the expenditure of public funds (money) and performance. It enhances the accountability process by ensuring objective political oversight in addition to governance structures, i.e. Council, Finance and Audit Committees.
Petitions Committee	Manage and process petitions from the public and co-ordinate and co-operate with Gauteng Provincial Petitions Committee. The Committee records and acknowledges the petitions and refer these petitions to the relevant Department for attention and execution.
Revenue Management Committee	The purpose of the Revenue Management Committee is to take decisions regarding Revenue Management Functions and make proposals to Council in a prompt and efficient manner.
SECTION 80 COMMITTEES	
Agricultural, Local Economic Development, Development Planning and Tourism Committee	Render oversight function to the Cluster. Consider reports from the following Departments: Local Economic Development, Land Use Management and Building Control in line with the authority delegated to them. Approve and or refer reports to the Mayoral Committee in line with the Delegated Authority.
Environmental Management and Planning Committee	Render oversight function to the Cluster. Consider reports from the following Departments: Waste and Landfill Management in line with the authority delegated to them. Approve and or refer reports to the Mayoral Committee in line with the Delegated Authority.
Finance and Revenue Committee	Render oversight function to the Cluster. Consider reports from the following Departments: Budget Control, Debt Management, Expenditure Management, Financial Control, Revenue Management and Supply Chain Management in line with the authority delegated to them. Approve and or refer reports to the Mayoral Committee in line with the Delegated Authority.
Health and Social Development Committee	Render oversight function to the Cluster. Consider reports from the following Departments: Environmental Management and Health and Social Development in line with the authority delegated to them. Approve and or refer reports to the Mayoral Committee in line with the Delegated Authority.
Human Settlements Committee	Considers reports regarding all Housing and Property matters - Both the Administration of leasing of units and planning of Housing Developments in collaboration with the Gauteng Department of Local Government and Housing. Alienation and leasing of Land transactions in line with the Delegation of Authority.

<p>Infrastructure Development Committee (ID)</p> <p><i>(was Infrastructure Planning, Development and Asset Management (IPAM) Committee)</i></p>	<p>Render oversight function to the Cluster. Consider reports from the following Departments: Fleet Management, Roads and Stormwater, Infrastructure Planning and Asset Management, PMU and Facilities in line with the authority delegated to them. Approve and or refer reports to the Mayoral Committee in line with the Delegated Authority.</p>
<p>Public Safety Committee</p>	<p>Render oversight function to the Cluster. Consider reports from the following Departments: Fire and Rescue, Traffic Control, By-law Unit and Municipal Court in line with the authority delegated to them. Approve and or refer reports to the Mayoral Committee in line with the Delegated Authority.</p>
<p>Public Works Committee</p> <p><i>(was Basic Services Committee)</i></p>	<p>Render oversight function to the Cluster. Consider reports from the following Departments: Infrastructure, Electricity, Water and Sanitation in line with the authority delegated to them. Approve and or refer reports to the Mayoral Committee in line with the Delegated Authority.</p>
<p>Shared Services Committee</p> <p><i>(was Corporate and Governance Committee)</i></p>	<p>Render oversight function to the Cluster. Consider reports from the following Departments: Human Resources, Legal, Organisational Development, Employment Equity and Secretariat and Administrative Support Services, including Municipal Managers Departments i.e. IDP, Intergovernmental Relations, Internal Audit, Communication, and Information Technology and Political Offices: Executive Mayor, Speaker and Chief whip in line with the authority delegated to them. Approve and or refer reports to the Mayoral Committee in line with the Delegated Authority.</p>
<p>Sport, Recreation, Arts and Culture, Library Information Services, Parks and Cemeteries Committee</p>	<p>Render oversight function to the Cluster. Consider reports from the following Departments: Sport, Recreation, Arts and Culture, Library Information Services and Parks and Cemeteries in line with the authority delegated to them. Approve and or refer reports to the Mayoral Committee in line with the Delegated Authority.</p>

OTHER COMMITTEES		
Audit Committee	Steering	To interrogate findings made by Internal Audit as well as the Auditor-General, and follow up on Management Action Plans to develop efficient internal control systems. As a Sub-committee of EXCO, the Committee deals with Internal and External Audit issues.
Bid Committee	Adjudication	Consider the awarded tenders based on recommendations by the Evaluation Committee and awarded in line with the Supply Chain Policy.
IDP Steering Committee		Consider the draft IDP document and Process Plan and refer them to the Mayoral Committee and Council.
Information Communication Technology and Governance Committee		Enhance information and communications technology use in Emfuleni Local Municipality.
LLF		This is a platform to discuss matters of mutual interest between Organised Labour and Management of local level.
Performance Committee	Audit	Play oversight role on all performance Systems, Policies and Procedures outcome of quarterly assessment and appraisals.
Remuneration Committee		Consider the salary scales of Section 56 Employees and all other contracted employees who do not fall under SALGA Bargaining Council.
Risk Management, Anti-Fraud and Anti-Corruption Committee		To review effective functioning of Risk Management Systems and to ensure that the institutions risks are properly identified and well managed.
War Room Committee (Ntirhisano)		War room system branded Ntirhisano is the initiative of the Premier and its terms of reference is about resolving service delivery issues in an integrated way, bringing all service delivery queries resolvers in one room.

Appendix C

Third Tier Structure

Cluster	Director/Manager (State title and name)
Office of the Municipal Manager	Municipal Manager –Luckyboy Leseane
	Chief Operation Officer; Vacant
	Specialist Performance Management -; Vacant
	Manager:Integrated Development Planning – Andries Mapetla
	Manager : Performance Management – Nompi Ntuli
	Manager: Intergovernmental Relations –Jero Mofokeng
	Manager; Communications, Branding and Marketing; Vacant
	Assistant Manager: Internal/External Communication - Vacant
	Assistant Manager: Media Relation; Makhosonke Mokoena
	Assistant Manager Branding and Marketing: Mabel Morontse
Public Works	Executive Director Public Services: Refilwe Mokgosi
	Office Manager Public Safety:–Palesa Motshwane
	Assistant Manager: Planning& Projects – Victor Mokondo
	Manager: Electricity–Vacant
	Assistant Manager:Customer Care- Vacant
	Manager: Environmental Management and Planning–Stephen Monyatsi

	Manager: Operations: Vacant
	Manager: Roads & Stormwater Thabiso Masikela
	Chief Director –Madoda Besani
	Assistant Manager: Operations –Tshabi Tshabalala
	Assistant Manager: Sanitation – Vacant
	Manager: Customer Care – Yeyakhe Mgudlhwa
	Assistant Manager: Customer Care –Vacant
	Assistant Manager: Environmental Management – Vacant (X3)
	Assistant Manager: Waste - Vacant
	Assistant Manager: Environmental Management - Vacant
Utilities	Assistant Manager: Planning - Victor Mokondo
	Assistant Manager: Operations –Vacant
	Assistant Manager: Water -Vacant
	Assistance Manager: Water Care Works - Vacant
	Manager: Planning and Projects - Salome Strydom
	Assistant Manager: Maintenance - Vacant
Shared Services	Executive Director Shared Services –Thabo Ndlovu
	Office Manager: Shared Services - Abram Mokhoantle

	Manager Human Resource: Human – Diek Mahlaba
	Labour Relations: Manager - Vincent Phahlane
	Secretariat and Admin Support: Manager –Shonisani Difotso
	Organizational Development: Manager – Lulamile Tshitshiba
	Labour Relations: Assistant Manager - Michael Moloto
	Labour Relations Assistant Manager Bargaining-Jennifer Schoeman
	Assistant Manager Human Resources –Kubane Dolo
	Assistant Manager: Organizational Development – Beauty Nkuna
	Assistant Manager: Auxiliary - Louis Van Rooyen
	Assistant Manager: Training - Sol Roets
	Manager: Legal – Victoria Rammala
	Assistant Manager: Litigations: Jan Nkomo
	Assistant Manager: Research and Litigation – Andreas Karsten
	Assistant Manager Legal Compliance- Phumdzho Montsha
	Manager: Employment Equity - Pinky Monye
	Manager: Facilities – Vacant
	Assistant Manager Facilities – Monaheng Maloisane
	Manager: Fleet – Lerato Mpholo
	Assistant Manager: Workshop – Muzi Ngema

Economic Development, Agriculture and Tourism	Executive Director: EDP & HS - Vacant
	Office of the Executive Director EDHS: Manager: Nkiti Shumeni
	Manager: Local Economic Development – Sibusiso Biyela
	Assistant Manager: Local Economic Development – Jerry Moledi
	Assistant Manager Tourism Vacant
	Manager: Land Use Manager – Lekgotla Motapane
	Manager: Housing & Human Settlement - Felicity Human
	Assistant Manager Housing –Vacant
	Manager Building Control-William Mokwena
	Assistant Manager- David Banza
	Third Tier Structure
	Director/Manager (State title and name)
Financial Services	Chief Finance Officer- Andile Dyakala
	Head of Revenue-Acting - Vacant
	Manager: Expenditure - Derrick Maaroganye
	Manager Supply Chain –Jason Mkhwane
	Assistant Manager Supply Chain- Pitsi Boshomane
	Assistant Manager : Contract Management – Alf Magerman

	Assistant Manager: Supply Chain – Vacant
	Assistant Manager: Demand – Lebogang Thabane
	Assistant Manager: Reporting – Mmannini Mahloko
	Assistant Manager Logistics– Pulane Moloja
	Manager: Debt Collection – Vacant
	Manager: Financial Control – Okgabile Sape
	Manager: Budget - Hendrik Mokgethi
	Acting Executive Director Revenue Agency – Mpfareleni Maseanoka
	Acting Assistant Manager Rates and Taxes – Vacant
	Assistant Manager: Financial Control – Tsietsi Rafube
	Assistant Manager: Debt Collection – Ms Zanele Mosomi
	Acting Assistant Manager: Water and Lights -Vacant
	Assistant Manager: Expenditure - Hennie Engelbrecht
Internal Audit	Acting Chief Audit Executive – Laura Mabunda
	Manager: Internal Audit – Laura Mabunda
	Manager: Internal Audit-Jacqueline Mathabathe
	Office Manager: Internal Audit – Vacant
	Assistant Manager: Performance Audit - Dan Molelekoa
	Assistant Manager: Internal Audit - Vacant

	Assistant Manager: Internal Audit – Palesa Mosipidi
	Assistant Manager: Internal Audit –MoketeTsolo
Infrastructure Planning and Development	Executive Director Infrastructure Planning & Development-April Ntuli
	Office Manager: Infrastructure Planning and Asset Management - Vacant
	Manager: Programmes and Administration –Thembela Nxumalo
	Manager: Assets - Ernie Strydom
	Manager: Projects – Vacant
	Manager: Projects & Planning – Vacant
	Assistant Manager: Projects & Implementation –Thandi Mngwevu
Community Services	Executive Director: Community Service: Vacant
	Manager: Public Safety: Nnete Makhubo
	Manager: Super Bylaw: Jake Sesing
	Manager: Parks and Cemeteries: Xithembiso Ngobeni
	Manager: SRAC & LIS: Ben Manzi
	Office of the Executive Director: Vacant
	Assistant Manager: LIS: Vacant
	Assistant Manager: Sports: Star Hlongwane
	Assistant Manager: SRAC: Vacant
	Assistant Manager: GEYODI: Rebecca Letshoenyo

	Assistant Manager: Super ByLaws-Vacant
	Assistant Manager: Health: Sindiswa Moeketsi
	Assistant Manager: Environmental Health: Hennie Neiuwenhuizen
	Assistant Manager: Social Development: Vacant
	Assistant Manager: Parks-Vacant
	Assistant Manager: Municipal Court: Wynand Pretorius
	Assistant Manager: Cemeteries: Baldwyn Heartly
	Manager Environmental Management, Health & Social Development: Xoli Madiba

APPENDIX D		
Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	Yes	
Building regulations	Yes	
Child care facilities	Yes	
Electricity and gas reticulation	Yes	
Firefighting services	Yes	
Local tourism	Yes	
Municipal airports	No	
Municipal planning	Yes	
Municipal health services	Yes	
Municipal public transport	No	
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes EPWP	
Pontoons, ferries, jetties, piers and harbors, excluding the regulation of international and national shipping and matters related thereto	No	
Storm water management systems in built-up areas	No	
Trading regulations	Yes	

Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes	
Beaches and amusement facilities	No	
Billboards and the display of advertisements in public places	No	
Cemeteries, funeral parlours and crematoria	Yes	
Cleansing	No	
Control of public nuisances	Yes	
Control of undertakings that sell liquor to the public	No	
Municipal / Entity Functions APPENDIX D		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Facilities for the accommodation, care and burial of animals	No	
Fencing and fences	No	
Licensing of dogs	No	
Licensing and control of undertakings that sell food to the public	Yes	
Local amenities	Yes	
Local sport facilities	Yes	
Markets	Yes	

Municipal abattoirs	Yes	
Municipal parks and recreation	Yes	
Municipal roads	Yes	
Noise pollution	Yes	
Pounds	Yes	
Public places	Yes	
Refuse removal, refuse dumps and solid waste disposal	Yes	
Street trading	Yes	
Street lighting	Yes	
Traffic and parking	Yes	

APPENDIX E – WARD REPORTING

Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
Ward 1	Cllr Venter, 10 Ward Committees members still active	Yes	1	1	
Ward 2	Cllr, Mzizi, 8 Ward Committee members active and deseaced.	Yes	10	10	
Ward 3	Cllr. Makhobotlaoane, 9 members still active and 1 relocated from Sedibeng to Ekurhuleni	Yes	9	9	
Ward 4	Cllr Von Bodensteirn, 6 active, 1 resigned and 3 absconded however the council policy does not allow the replacement of the absconded members till we receive their resignation.	Yes however due to financial situation of the Municipality no hv-	10	10	

Ward 5	Cllr Nothnagel, all members exist but not active, ward committee members made a request no to get their monththly stipend but they be allowed to open a trust a account where the monthly out of pocket espense will be deposited however the Council Policy does	yes	1	1	
Ward 06	Cllr Mahlase, 9 members active and 1 deceased	Yes still to convene by elections to replace	10	10	
Ward 7	Cllr Banda and 10 members are still active	yes	12	12	
ward 08	Cllr Ntutu10 members are still active	Yes	12	12	
Ward 09	Cllr Coetze, 7 members are active and 3 resigned	yes however still to convene by-	11	11	
Ward 10	Cllr Verbeek, 10 members are still active	yes	12	12	
Ward 11	Cllr J Radebe, 10 members still active	yes	12	12	
Ward 12	Cllr Mvala, 7 members active and 3 absconded		12	12	
Ward 13	9 members are active and 1 never attended since from election	Yes and still to convene by elections	12	12	
ward 14	Cllr. Rakaki, 9 members are active and 1 deceased	Yes and still to convene by elections	11	11	

Ward 15	cllr Mashabela, 9 active and 1 deseaced	Yes and still to convene by elections	12	12	
Ward 16	Ward Councilor resigned hpwever by election were held on the 11th November and Cllr Mkhumbeni was elected as the new Ward Councillor. 9 active ward committee members and 1 deceased.	Yes and still to convene by elections	11	11	
ward 17	Cllr Sikhukhula and 10 Ward Committee members are still	yes	11	11	
Ward 18	Cllr Kumalo, and 10 active ward Committee members	yes	11	11	
Ward 19	Cllr. N Mokoena, 10 ward Committee members still active	Yes	4	4	
Ward 20	Cllr Ndlovu, 9 active members and 1 resignes	Yes and still to convene by elections	11	11	
Ward 21	Ward councillor passed away however by- elections were held and Cllr S. Radebe was elected as new Councillor. 10 ward Committee members still active		10	10	
Ward 22	Cllr. Sinyanya and 9 members active with 1 absconded	Yes and still to convene by elections	12	12	
Ward 23	Cllr. Nquba, 8 members active and 2 resignations	Yes and still to convene by elections	11	11	
Ward 24	Cllr Sechauke, 9 members active and 1 resignation	Yes and still to convene by elections	10	10	
Ward 25	Cllr Ntsele and 10 ward Committee members still active		11	11	

Ward 26	Cllr Mooi and 10 members still active		11	11	
Ward 27	Cllr Rapakeng and 10 Members still active		11	11	
Ward 28	Cllr N. Radebe, 10 members still active however 1 members is not attending due to a conflict between him and Councilor however the matter has been escaleted to the Speaker of Council		12	12	
Ward 29	Cllr. Masouoa and 10 members are still active		12	12	
Ward 30	Cllr. Jantjie and 10 members are still active		10	10	
Ward 31	Cllr. Nxongo and 10 Members are still active		12	12	
Ward 32	Cllr. Khoali and 10 members are still active		11	11	
Ward 33	Cllr. Mcasa and 9 active members, 1 deaceded		11	11	
Ward 34	Cllr Mokeona and 10 active ward Committee members		11	11	
ward 35	Cllr. Molepo and 10 active ward Committee members		12	12	
ward 37	Cllr Rapapali and 10 active ward Committee members		11	11	
Ward 38	Cllr Mkwazazi, 9 active members and 1 deceased		12	12	
Ward 39	Cllr. Likeletsane and 10 active ward Committee members		12	12	
Ward 40	Cllr. Mphuthing and 10 Active ward Committee members		11	11	
Ward 41	Cllr. Moshaliba and 10 active members		10	10	

Ward 42	Cllr Jama and 10 active ward Committee members		11	11	
Ward 43	Ward Councillor passed away and by-election were held, cllr Makoko was elected as the new ward Councillor. 10 members of Ward Committee are still active.		11	11	
Ward 44	Cllr. Soxuza and 10 members of the Ward Committee are still		9	9	
Ward 45	Cllr Aucamp and 10 members of the ward Committee are still		10	10	

Appendix F

Capital Projects: Seven Largest in Year 2020-21 (Full List at Appendix O)

R' 000

No.	Project Name and detail	Start Date	End Date	Total Value
1	SEWER LINE HOTKOP&UNISPARK NORTH LEWKUIL	01/12/2020	26/07/2021	18,374,065.00
2	UPGR UNION STR BULK SEWER IN VEREENIGIN	05/01/2021	15/07/2021	17,398,685.00
3	UPGRADING SEWER PIPELINE PS8: STILLBOX	25/01/2021	23/07/2021	17,062,949.00
4	UPGRADING OUTFALL SEWER ON NORTHERN AREA	02/02/2021	25/08/2021	14,282,517.00
5	REHABILITATION OF PUMP STATION 8;9 & 10	22/03/2021	21/08/2021	14,088,971.00
6	SEWERLINE FROM INDUS; BOIP /TSHEP TO PS4	09/04/2021	14/07/2021	11,470,010.00
7	COVID-19 CHLORINE DOSING RIETSPRUITWWT			8,271,745.00

APPENDIX G

Date of Meeting	COMMITTEE RECOMMENDATIONS	Recommendations adopted (Yes or Explanation)
17 Feb 21	The Chief Financial Officer presented the Latest Cash Flow Statement and Status Report On Additional Issues. It was <u>RESOLVED THAT</u> Report to be submitted	Yes
18 Mar 21	Manager: Budget presented the Draft Mtref Budget 2021/22 Financial Year. It was <u>RESOLVED THAT</u> <ol style="list-style-type: none">1. Cognisance should be taken by the C of the of the draft annual budget report for the 2021/22 MTERF and all input from the AC be considered.2. The recommendations in the report be supported. 3. The report be submitted to the Joint IDP and Budget Steering Committee and Mayco for consideration and recommendation to Council for consideration and input by 31 March 2021. 4. The final draft adjusted Budget 2021/22 be re-submitted to the AC for recommendation to MaYCO and Council by no later than 31 May 2021.	Yes

<p>18 Mar 21</p>	<p>The Acting Chief Audit Executive presented the EXTERNAL OPCA 2020/21. It was</p> <p><u>RESOLVED THAT</u></p> <p>The progress on the AC process plan 2020/21 would be distributed to Members of the AC, indicating issues attended to and outstanding issues.</p>	<p>Yes</p>
<p>18 Mar 21</p>	<p>The manager: AGSA presented the Progress Report On The 2019/20 Financial Year Audit.</p> <p>It was</p> <p><u>RESOLVED THAT</u></p> <ol style="list-style-type: none"> 1. A hard copy cover report / power point presentation be submitted going forward (no verbal reports). The Chairperson stated that the AGSA Work in Progress report would also be acceptable to be submitted the day prior/on the day of the Meeting. 2. The AGSA would submit a cover report of the submission made on 18 March 2021 and communicate the completion date of the external audit to the ACAE who would forward the same to the Members of the AC. 3. The Speaker requested that the AGSA Management Letter (breakdown of audit findings) be submitted to Mayco only (not to Council). 	<p>Yes</p>

31 21	Mar	<p>The Manager: Performance department presented the Annual Report for the 2019/20 Financial Year</p> <p>It was</p> <p><u>RESOLVED THAT</u></p> <ol style="list-style-type: none"> 1. The amended report be submitted to the AGSA by 31 March 2021. 2. The audited Annual Report 2019/20 be submitted to the AC, and be placed on the Municipal website. 3. The audited Annual Report for the year ended 30 June 2020 be tabled in Mayco and Council for approval. 4. Council refer the 2019/20 Annual Report to MPAC for consideration and preparation of the Oversight Report as required per Section 129(1) of the LGMFMA, 2003. 5. The 2019/20 Annual Report be submitted to the Gauteng Department of GDLGH, PT and NT after being tabled and approved in Council. 	Yes
21 21	May	<p>The Chief Financial Officer presented the Proposed Final Budget 2021/22 Financial Year.</p> <p>It was</p> <p><u>RESOLVED THAT</u></p> <p>Recommendations 1 – 12 in the report be supported;</p> <ol style="list-style-type: none"> 13. the report for submission to Council should include a detailed Procurement Plan as part of the Annexure; and 14. the report be submitted to the Mayoral Committee on 24 May 2021 and 	Yes

		Council on 28 May 2021.	
23 21	Jun	<p>The Manager: Performance department presented the SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN for the 2021/22 FINANCIAL YEAR.</p> <p>It was</p> <p><u>RESOLVED THAT</u></p> <ol style="list-style-type: none"> 1. the Audit Committee/Performance Audit Committee perform their oversight on the draft 2021/2022 Service Delivery Budget Implementation Plan; and 2. the final draft 2021/2022 Service Delivery Budget Implementation Plan be signed by the Executive Mayor on Friday, 25 June 2021 in preparation for submitted to the Mayoral Committee on Sunday, 27 June 2021 whereafter the final 2021/2022 Service Delivery Budget Implementation Plan 2021/2022 be submitted to Council for noting. 	Yes
23 21	Jun	<p>The Manager: Performance department presented the QUARTERLY SERVICE DELIVERY PERFORMANCE REPORT FOR QUARTER 3 OF THE 2020/2021 REPORTING PERIOD.</p> <p>It was</p> <p><u>RESOLVED THAT</u></p> <p>the Quarterly Service Delivery Performance Report for Quarter 3 of the 2020/2021 reporting period be supported by the Audit and Performance Audit Committee for submission to the Mayoral Committee for approval.</p>	Yes

<p>23 Jun 21</p>	<p>The Manager: Performance department presented the ANNUAL REPORT 2019/20.</p> <p>It was</p> <p><u>RESOLVED THAT</u></p> <ol style="list-style-type: none"> 1. the audited Annual Report 2019/20 be submitted to the Mayoral Committee for consideration; 2. the Chairperson of the Audit Committee present and respond to Council on issues raised by the Auditor-General in the Annual Report as required by Section 166(2) (c of the Local Government: Municipal Finance Management Act, 2003; 3. the 2019/2020 Audited Annual Report be tabled to Council for oversight function and approval; 4. Council refer the 2019/2020 Audited Annual Report to the Municipal Public Accounts Committee (MPAC) for consideration and preparation of the Oversight Report; 	<p>Yes</p>

		5. the 2019/2020 Annual Report be submitted to the Gauteng Department of Local Government and Housing, Provincial Treasury and National Treasury after being tabled in Council.	
23 21	Jun	<p>The Acting Chief Audit Executive presented the DRAFT THREE YEAR 2021/24 AND RISK BASED ANNUAL AUDIT PLAN 2021/22 It was</p> <p><u>RESOLVED THAT</u></p> <ol style="list-style-type: none"> 1. the Annual Internal Audit Plan be submitted to the Audit Committee for review and approval and to the Council for noting; and 2. the report be submitted to the next Mayoral Committee Meeting for consideration. 	Yes
23 21	Jun	<p>The Acting Chief Audit Executive presented the Reviewed Internal Audit Charter 2021/22. It was</p> <p><u>RESOLVED THAT</u></p> <ol style="list-style-type: none"> 1. the Audit Committee and Performance Audit Committee take note of the Internal Audit Committee Charter 2021/22; 2. the revised Internal Audit Charter 2021/22 be approved by the Audit Committee; and 3. the revised Internal Audit Charter 2021/22 be submitted to the Mayoral Committee and Council for noting. 	Yes

23 21	Jun	<p>The Acting Chief Audit Executive presented the Reviewed Audit Committee Charter 2021/22. It was</p> <p><u>RESOLVED THAT</u></p> <ol style="list-style-type: none"> 1. the Audit and Performance Audit Committee take cognisance of the context of the report; and 2. the Mayoral Committee and Council take cognizance of the context of the report and Council approve the revised Audit Committee Charter 2021/22. 	Yes
23 21	Jun	<p>The Acting Chief Audit Executive presented the Reviewed Audit Methodology 2020/21. It was</p> <p><u>RESOLVED THAT</u></p> <ol style="list-style-type: none"> 1. the revised Internal Audit Methodology be approved by the Audit Committee; and 2. the content of the reviewed Internal Audit Methodology 2021/22 be noted by the Mayoral Committee and Council. 	Yes
23 21	Jun	<p>The Acting Chief Audit Executive presented the Reviewed Performance Audit Committee Charter 2021/22. It was</p> <p><u>RESOLVED THAT</u></p> <ol style="list-style-type: none"> 1. the Performance Audit Committee take cognisance of the context of the report; and 	Yes

		2. Council approve the revised Performance Audit Committee Charter 2020/21.	
		<p>The Chief Financial Officer presented the Operation Clean Audit (Opca) – Agsa Audit Report Management Action Plan 2019/20 Financial Year It was</p> <p><u>RESOLVED THAT</u></p> <p>the AGSA Audit Report Management Action Plan 2019/20 be workshopped by the Executive Committee on Monday, 28 June 2021 in order to be properly populated.</p>	Yes
23 21	Jun	<p>The Chief Financial Officer presented the Third Quarter Financial Statements 2020/21 Financial Year. It was</p> <p><u>RESOLVED THAT</u></p> <ol style="list-style-type: none"> 1. responses to the Internal Audit findings be submitted by the end of business on 23 June 2021; 2. the updated report, including Management Comments, be circulated to the Members of the Audit Committee; and 3. the updated report be submitted to the Mayoral Committee and Council to ensure completeness of information in preparation of the Annual Financial Statements. 	Yes
23 21	Jun	<p>The Chief Financial Officer presented the Final Audited Annual Financial Statement 2019/20 Financial Year. It was</p> <p><u>RESOLVED THAT</u></p>	Yes

		<ol style="list-style-type: none"> 1. the responses to the Internal Audit findings be submitted by the end of business on 23 June 2021; 2. the updated report, including Management Comments, be circulated to the Members of the Audit Committee; and 3. the updated report be submitted to the Mayoral Committee and Council. 	
23 Jun 21		<p>The Chief Financial Officer presented the Process Plan for Preparation of the Annual Financial Statements. It was</p> <p><u>RESOLVED THAT</u></p> <p>the contents of the report be noted by the Audit Committee.</p>	Yes
25 Aug 21		<p>Acting Chief Audit Executive (Acae) presented the Internal Audit Activity reports to inform the Audit Committee about the work performed by Internal Audit for the Fourth Quarter ended 30 June 2020.</p> <p>It was</p> <p><u>RESOLVED THAT</u></p> <ol style="list-style-type: none"> 1. the Committee adopt the Annual Risk Base Internal Audit Plan progress report of 2020-202; 2. the Committee adopt the Internal Audit report; 3. the report be referred to MPAC for further investigations 4. outstanding information for the previous financial year be submitted to the Office of Internal Audit not later than end September, if not received the Internal Audit to issue a disclaimer report and the report will be tabled at Council; 5. Management to provide/submit information to AGSA when required as would assist in avoiding audit opinion that is negative/bad towards municipality; and 6. consequence management be taken on those who did not perform as required as they hamper the performance of the Municipality. 	Yes

25 Aug 21	<p>The Assistant manager: Internal Audit presented the Fourth Quarter Performance Information Audit Report 2020/21 and gave a brief summary of the cover report and purpose thereof. It was</p> <p style="text-align: center;"><u>RESOLVED THAT</u></p> <ol style="list-style-type: none"> 1. Audit Committee take cognisance of this report and exercise their legislative mandate; 2. an overall report on corrective action be tabled in the next meeting by management in improving the performance of the Municipality; and 3. KPI's that are beyond municipality's control should be indicated as inapplicable/not achieved as it is in Administrator's control 	Yes	
25 Aug 21	<p>The Assistant manager: Internal Audit presented the Annual Performance Information Audit Report 2020/21, it was</p> <p style="text-align: center;"><u>RESOLVED THAT</u></p> <ol style="list-style-type: none"> 1. the report be approved by the Committee; and 2. Note be taken that the overall Municipality performance is 66%, however it still a high risk as it is below performance frame work 	Yes	
25 Aug 21	<p>The Acting Chief Audit Executive presented the Operation Clean Audit (Opca): Internal Audit 2020/21 report was to inform the Audit Committee on the progress made to date in terms of the implementation of recommendations and action plans to address internal control deficiencies and resolving Internal Audit findings. It was</p> <p style="text-align: center;"><u>RESOLVED THAT</u></p>		

		1. the Committee to take cognisance of the report	
25 21	Aug	<p>The Acting Chief Audit Executive presented the Audit Committee Process Plan 2020-2021 and indicated that the process plan reflects the work that has been done by Internal Audit and progress has been highlighted in the report.</p> <p>It was</p> <p><u>RESOLVED THAT</u></p> <ol style="list-style-type: none"> 1. the year plan being key and it be approved by the Committee; 2. note be taken dates will be approved subject to verification of diaries by members and confirmation will be forwarded to the Acting Chief Audit Executive before Friday, 27 August 2021 in order to reflect correct dates for approval; 	Yes
30 21	Aug	<p>The Acting Chief Audit Executive (Acae) presented the Review of the Draft Annual Financial Statement 2020.21 Financial Year.</p> <p>It was</p> <p><u>RESOLVED THAT</u></p> <ol style="list-style-type: none"> 1. Note be taken that this being a final report from Internal Audit and tight time lines for submission to Auditor General; 2. 1 to 2 hours would give to Finance to submit the review and committee will be notified of any changes 3. Note be taken that among findings previously it was due to Annual Financial Statement were not thoroughly review and not audited before send to AG 4. Assistance will be given to Internal Audit on recomputing on the system when auditing Assets Register as it is a requirement from AG 5. The Finance Department to review the comments, incorporate the Committee 	

		<p>comments and the updated version of Financial Statement be forwarded to Internal Audit and Mr M Mnisi before end of business this day of 30 August 2021;</p> <p>6. submission of late invoice be track and prioritize for discussion as standing item on matters arising</p>	
30 Aug 21		<p>The Chief Financial Officer led the discussion on Draft Annual Financial Statements 2020-2021. It was</p> <p><u>RESOLVED THAT</u></p> <ol style="list-style-type: none"> 1. the AFS report be noted by members with amendments thereto; 2. after amendments the review be forwarded to Internal Audit as well as members for confirmation that the comments were attended to; 3. notice be sent to law firms to inform them if they don't incorporate, they will be removed from the system 	
05 Oct 21		<p>The Acting Chief Audit Executive (Acae) presented the Report on the Performance Evaluations of the Audit Committee, Performance Audit Committee and Internal Audit Cluster – 2020/21 It was</p> <p><u>RESOLVED THAT</u></p> <ol style="list-style-type: none"> 1. the results of the performance evaluations of the Audit Committee, Performance Audit Committee and Internal Audit Department be adopted; 2. the comments of the Audit Committee be considered for implementation; and 	Yes

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| | <ol style="list-style-type: none">3. Audit assessment be forwarded to members and the forms be submitted latest by Friday 08 October 2021;4. The Audit Committee will be evaluated on quarterly basis | |
|--|--|--|

APPENDIX H - LONG TERM CONTRACTS (20 LARGEST CONTRACTS ENTERED INTO DURING YEAR)					
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
Morula Consulting/Balo Holdings JV	Various Sewer Projects Three Rivers, Three Rivers East, Sonlandpark	27 March 2020	18 October 2021	Owen Molaudzi	R13 866 953.32
Diges Group CC	Upgrading gravity outfall sewer: Union Street	27 March 2020	04 December 2021	Owen Molaudzi	R18 922 954.20
Lettam Building & Civils (Pty) Ltd	Gravity sewer line from Houtkop and Unitaspark north of Leeuwkuil WWTW to PS3D	27 March 2020	06 October 2021	Owen Molaudzi	R25 540 000.00
CV Chabane and Associates	Upgrading of existing main outfall sewer on the Northern Area (Evaton & Sebokeng)	27 March 2020	25 November 2021	Owen Molaudzi	R24 726 981.45
Diges Group CC	Upgrading of Sewer pipeline from PS8: Rising main to Stilling box	27 March 2020	04 December 2021	Owen Molaudzi	R18 284 348.50
CV Chabane and Associates	Gravity sewer line from industrial through Boipatong / Tshepiso to PS4	27 March 2020	14 July 2022	Owen Molaudzi	R9 000 000.00
Totobela/Ploutona Joint Venture	Rehabilitation of Emfuleni Pump Stations: Pump Station 8,9 & 10	27 March 2020	15 November	Owen Molaudzi	R22 086 037.50

			2021		
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APPENDIX K REVENUE COLLECTION PERFORMANCE BY SOURCE

Description	2019/20	2020/2021		Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	26,485	23,572	28,075	23,042	-2%	-22%
Property rates - penalties & collection charges	8,541	8,285	9,054	8,456	2%	-7%
Service Charges - electricity revenue	12,355	10,254	12,478	13,219	22%	6%
Service Charges - water revenue	14,232	13,235	13,662	12,097	-9%	-13%
Service Charges - sanitation revenue	6,542	5,496	5,954	6,346	13%	6%
Service Charges - refuse revenue	1,865	1,622	1,865	1,510	-7%	-23%
Service Charges - other	5,643	5,530	5,925	5,304	-4%	-12%
Rentals of facilities and equipment	5,643	5,530	5,925	5,304	-4%	-12%
Interest earned - external investments	5,322	4,470	5,747	4,630	3%	-24%
Interest earned - outstanding debtors	8,455	8,455	8,624	9,554	12%	10%
Dividends received	1,254	1,003	1,191	1,354	26%	12%
Fines	2,516	2,063	2,264	2,340	12%	3%
Licences and permits	6,846	6,230	7,256	6,640	6%	-9%
Agency services	12,546	10,413	11,793	11,542	10%	-2%
Transfers recognised - operational		2,190	2,425	2,402	9%	-1%

	2,355					
Other revenue	48,542	40,776	48,542	46,115	12%	-5%
Gains on disposal of PPE	4,565	3,698	4,337	4,291	14%	-1%
Environmental Protection	5,649	4,971	6,157	4,971	0%	-24%
Total Revenue (excluding capital transfers and contributions)	179,353	157,791	181,274	169,118	6.70%	-7.19%

APPENDIX L CONDITIONAL GRANTS: EXCLUDING MIG 2020-21

R' 000						
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]	4,543,000.00	4,543,000.00	2,874,571.22	-58%	-58%	
Library Grant	566,000.00	650,000.00	-			
INEP Grant	25,571,000.00	5,571,000.00	607,632.48	-4108%	-817%	
Fire Grant	-	1,600,000.00	-			
Total	30,680,000.00	12,364,000.00	3,482,203.70	-781%	-255%	

APPENDIX O Capital Programme by Project by Ward 2020/21		
R' 000		
Capital Project	Ward(s) affected	Works completed (Yes/No)
Water		
WATER SUPPLY EVATON RES TO DADEVILLE	21,36	NO
WATER SUPPLY TSHEPISO TO SHARPEVILLE	12,14,22	NO
COVID-19 REFURBISHMENT OF VDB RESERVOIRS	5	NO
COVID-19 WATERDAL PRESSU STATION EVA/SBK	36,38	NO
COVID-19 CHLORINE DOSING RIETSPRUITWWT		NO
ACQUISITION OF WATER METERS		NO
SANITATION/SEWERAGE		
SEWER LINE-3 RIVERS; 3 R-EAST & SOLPARK	1	NO
UPGR UNION STR BULK SEWER IN VEREENIGIN	15	NO
SEWER LINE HOTKOP&UNISPARK NORTH LEWKUIL	45	NO
UPGRADING OUTFALL SEWER ON NORTHEN AREA	27	NO

UPGRADING SEWER PIPELINE PS8: STILLBOX	15	NO
SEWERLINE FROM INDUS; BOIP /TSHEP TO PS4	3, 11,12	NO
REHABILITATION OF PUMP STATION 8;9 & 10	15	NO
ELECTRICITY		
UPGRADING OF NE3 SUBSTATION	8	
UPGRADING OF SONLANDPARK SUBSTATION		
UPGRADING OF TOWN SUBSTATION - PHASE 1	4,5	
UPGRADING OF POWERVILLE SUB-PHASE 1	12	
UPGRADING OF DUNCANVILLE SUB - PHASE 1	11	
N:NEW CONNECTION &NETWORK REINFORCEMENT		
TSHEPONG PHASE 3 ELECTRIFICATION		
TOOLS AND TEST EQUIPMENT		
SEBOKENG EXT 30 ELECTRIFICATION		
TRANSFORMERS LV		
REPLACE TRANSFORMERS IN VARIOUS AREAS		
REPLACE ELECTRICITY PREPAID METERS		
INEP GRANT		
NEW CONNECTIONS & NETWORK REINFORCEMENT		
MOBILE 500KVA STANDBY GENERATOR		

Refuse removal		
INVEST & DEVELOP GENERAL LANDFILL SITES	20	NO
Stormwater & Roads		
CONSTRUCTION VAN SCHALKVYK STR EATONSID	39	NO
EVATON R&S UPGRADE PROJECT	41	YES
TARRING BIKITSHA STREET ZONE 12 PLANNIN	35	NO
UPGRADE GLASCO & DONA ROAD EVATON	41,42	YES
N:CONSTRUCTION OF LAKESIDE BLOCK A ROAD	41	NO
TARRING DHLAMINI STR UMZIM TO MOSHOESHOE	8	NO
N:TARRING OF PITSENG AND URANIUM STREET	11	NO
Sports, Arts & Culture		
REFURBISHMENT OF ZONE 3 STADIUM	40	NO
REC FAC SHARPVILLE WARD 13	13	NO
REFURBISHMENT OF BOIPATONG STADIUM	8	NO
REFURBISHMENT OF BOPHELONG STADIUM	23	NO
REFURBISHMENT OF LAKESIDE STADIUM	41	NO
REFURBISHMENT OF SE 2 SWIMMING POOL	5	NO
REFURBISHMENT OF ZONE 15 STADIUM	17	NO
Cemeteries		

UPGRADING OF TSHEPISO CEMETERY	22	NO
NEW LAND FOR CEMETERY		NO
ICT and Other		
MINOR CAPITAL		
TRANSPORT ASSETS		
LIBRARY GRANT		
GEOGRAPHIC INFORMATION SYSTEM		
LIBRARY PROJECTS- NEW VEHICLE		
LIBRARY - FURNITURE & OFFICE EQUIPMENT		
GRASS FIRE UNIT WITH EQUIPMENT		