



EMFULENI
LOCAL MUNICIPALITY

Vaal River City, the Cradle of Human Rights

**SEPARATE COVER DOCUMENT TO
ITEM A4988**

**AUDITED
ANNUAL REPORT
2022 / 23**

122ND ORDINARY COUNCIL MEETING

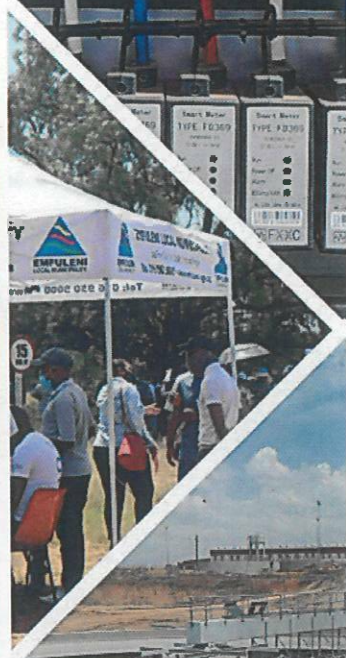
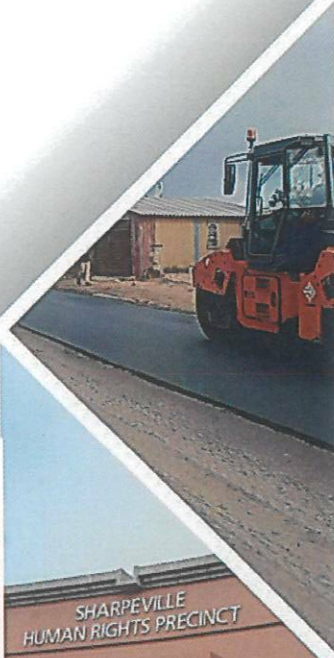
TUESDAY, 30 JANUARY 2024



EMFULENI
LOCAL MUNICIPALITY

Vaal River City, the Cradle of Human Rights

2022/23



**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



Cllr Siphso Radebe
Executive Mayor

FOREWORD BY THE EXECUTIVE MAYOR

The Annual Report of Emfuleni Local Municipality presented hereunder complies with the provisions of Chapter 6, Section 46 of the Local Government Municipal Systems (Act 32 of 2000). The Municipalities' Annual Report is presented to provide a full account of the municipal performance for the period 2022/2023 in line with the set strategic objectives as enshrined in the Municipal Integrated Development Plan (IDP).

Key Developments

During the 2022/2023 Financial Year, the Municipality developed a vision as part of the strategic intent to transform Emfuleni Local Municipality into a Smart River City. Consequently, the following five strategic pillars were adopted which served as the foundation for this vision of the Municipality:

- High-Performing Municipality
- Financial viability and sustainability
- Service delivery and infrastructure
- Spatial Planning and Economic Development
- Public Safety and Social Transformation

These pillars respond to the declining steel manufacturing sector, local economic development in the region and service oriented culture. Positively, an initiative to diversify the municipal economy through the Special Economic Zone (SEZ) is critical to decreasing unemployment and reviving economic activity in the area. The SEZ is beginning to shape up and bear fruit as the Vaal River City Interchange Bridge along the R59 is now under construction.

Key Service Delivery Improvements

One of the major encounters during the reporting period was the overstretched attachment of the municipal bank account by Rand Water and Eskom which affected service delivery significantly in the area. Consequently, the Municipality was unable to realize some of the set objectives as outlined on the 2022/2023 Integrated Development Plan, including the 2022/2023 Service Delivery Budget Implementation Plan. Lack of significant improvement was noted in waste collection, roads and storm water, and other components of water and sanitation.

However, on water and sanitation, the Section 63 intervention is beginning to have an impact on our communities. The replacement of 24 collapsed main sewer pipes around Evaton, Vereeniging, Vanderbijlpark, Tshepiso, Bophelong, and Boitumelo is beginning to bear fruit, leading to a reduction in sewer spillages.

The provision of a fleet by Rand Water to the Water and Department of Water and Sanitation also enabled the Municipality to reduce the backlog and speedily attend to water leaks and sewer spillages. Repairs and upgrades of sewer pump stations in Vereeniging resulted in a decrease in sewer spillages into the Vaal River and people's houses.

The state of municipal road infrastructure is a thorn and a pain that the Municipality continues to live with. However, the Municipality is making visible strides in addressing this matter together with respective stakeholders. The Gauteng Provincial Government, as the major stakeholder, will inject more than R200 million into 40 critical roads for upgrading. Various consultative meetings were held with Ward Councilors, taxi industries, and other important stakeholders to identify a number of roads that are due for rehabilitation.

Theft of cables and vandalism of infrastructure have been thorny issues in this financial year. The Municipality concluded to strengthen the By-Law Unit by recruiting more staff and partnering with Provincial Crime Prevention Wardens to fight this crime and enforce municipal by-laws.

Public Participation

The municipality acknowledges that public participation promotes values of good governance and a fundamental right for all people to participate in the municipal governance system. Public participation is key to ensure a democratic and accountable local government. Despite many challenges in service delivery and financial constraints, consultation with various wards and regions has taken place, especially during the IDP and Budget processes.

The Municipality also engaged with community organizations, organized and individual businesses and Non-Profit organizations. In all encounters, the community earnestly echoes issues relating to lack of service delivery and a stable and responsive municipality. Nevertheless, these engagements with stakeholders are beginning to yield results. There are some companies and organizations that are partnering with the

Municipality and have adopted certain open public areas and streets to contribute towards maintenance thereof. The higher institutions of learning are providing their expertise by providing designs for the construction of some roads, landfills, waste treatment projects and water projects.

Agreements and Partnership

The attachment of the municipal bank account due to arrears and inadequate payment of the water and electricity accounts had a negative impact on service delivery. Amid the attachments, the Supreme Court resolved to give ESKOM responsibility for the provision of electricity through a service delivery agency agreement. The Municipality also applied for a debt relief program, which will allow ESKOM to scrap partial debts if all conditions are met. The Municipality has taken a decision to support the court decision and jointly work with ESKOM to better manage the provision of electricity in the interest of the residents and draw expertise from the State entity to help reduce electricity losses.

Furthermore, water losses are also another factor leading to the Municipality being unable to pay its bill and Rand Water and the consequent attaching of the municipal account. This had a negative impact on the amount spent on grants, leading to the intervention by the National Treasury and the National Department of CoGTA. Council resolved to form a partnership with Rand Water to establish a Special Purpose Vehicle, bringing in expertise and capital investment from the institution to efficiently manage the Municipality's water and Sanitation functions. Provision of water, sanitation and electricity constitutes more than 70% of the municipal income and expenditure. In getting the municipality working and putting it on a path towards recovery, this will be the focal point, ensuring partnerships and agreements with Rand Water and ESKOM are effective. The SEZ as a strategy to enhance the local economy and provide much-needed employment in the region, will also be strongly pursued.



CLLR. SIPHO RADEBE

EXECUTIVE MAYOR

1. INTRODUCTION

The ELM's annual report for the period 1 July 2022 to 30 June 2023 is presented in compliance with Treasury regulations and according to 121 of the Municipal Finance Management Act 56 of 2003 and read with section 46 of the Municipal Systems Act of 2000.

The Annual Report serves as a communication tool for providing broad information on activities carried out and services provided, and for comparing actual service delivery with projected service delivery. The information in this annual report will assist the community, and the wider public to assess how the municipality has performed in relation to stewardship of community needs, efficiency, effectiveness, and cost effectiveness of operations.

2. MUNICIPAL OVERVIEW

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

Emfuleni has been throttled with service delivery issues for a very long time which led to the Municipality being placed under administration by Gauteng provincial government in 2008. The Municipal account was constantly being attached due inability to service our historical debts mainly with ESKOM and Rand Water. This bank attachment destabilised us in terms of service delivery which led to some serious rumbles in the community.

The aid by the provincial government yielded fruits as it brought about stability in number of areas within the Municipality, we must also indicate that the arrival of the new Administration assisted a great deal as we saw political Leadership that became hands-on in terms of daily operations of the Municipality which boosted the morale of the Management wherein, they felt the support from the Executive and Council.

Finance

For the past six years we have been under tremendous pressure as the Municipality to put our house in financial order but working together with colleagues we have managed to achieve the following:

- We did manage to improve on compliance in terms of Supply Chain processes
- Even though we suffered a great deal due to COVID but we managed also increase revenue collection on the billed consumers
- Even though the process of the installation of Smart meters is moving on a snail pace due to resistance on the ground but the program is right underway
- Our creditors list has significantly decreased from where it was before, hence we don't even see unplanned stoppages by unpaid service providers
- We have managed to successfully introduce and implement the Procurement Plan wherein whatever you procure must have been part of your submitted procurement plan
- We no longer do business with companies that have no contract with the Municipality, so the contract management department is able to alert the Accounting Officer of any company whose contract is about to lapse so that adverts can be placed.

We continue to make a call for consumers of our services to make payments for services rendered, we call on all those that are unemployed to present themselves in the Indigent department so that they can be registered as indigents but be informed that we have sought the service of the renowned verifier to verify all people who are registering for indigent to avoid having people who do not qualify being registered as indigents.

Administration

The Municipal Council finally appointed the Municipal Manager in the current financial annum, this action bolstered the team as Administration began having confidence that indeed Council and Executive is intentional in its commitment to stabilise governance. The MM was given the following mandate the Executive Mayor

- Ensure that there is filling of Management posts
- Ensure there is filling of critical and service delivery posts
- Increase revenue of the Municipality and service delivery on the ground
- Address labour issues in order to create stability in the Municipality
- Build systems that will lead to clean governance and proper accountability to the AG and the people of Emfuleni.

All positions at senior management level were vacant with people acting on them save Chief Director Metsi-a-Lekoa, well it should be appreciated processes in local government are too legislated which at times makes processes to take long. The post of the Executive Director Shared Services, Public Works, Community Services, Economic Planning & Development, Chief Financial Officer, Chief Operation's Officer and Infrastructure Planning & Development have been advertised and the prospective incumbents interviewed.

Thus far we can report that the following appointments have been made

- Executive Director Infrastructure Planning & Development – awaiting shortlisting
- Executive Director Shared Services – Appointed by Council
- Executive Director Economic Planning & Development – Appointed by Council
- Executive Director Community Services – Report awaiting to serve in Council
- Chief Financial Officer – Awaiting assessment
- Chief Operation's Officer – The report is to serve in Council
- Chief Audit executive – Appointed by Council
- Chief Risk Officer – Appointed by Council

This has been a serious progress given the short space of time wherein we had to conclude this process and appreciation has to be given to the dedicated employees at Human Resource for working beyond the call of duty. The appointment of these officials will help us address the performance issues which we have been grappling with for some time and Performance department has been hard at work to ensure that performance agreements are signed in between the Municipal Manager and all officials reporting directly to him

We are also working tirelessly to address all labour issues including the levels matter, we see labour as the most important stakeholder towards service delivery to our people hence we are committed

in ensuring that their issues receive attention promptly. We are equally engaged in reducing the labour case register by establishing a panel that will look in all cases and resolve those that are still within our preview.

We are well aware that our labour force has shrunk over the years due to mortality and ageing of our staff, this has negatively affected the throughput in terms of service delivery to our people. It is against that notion that we have advertised posts for critical vacancies including general workers and ours is to ensure that we professionalise the process for the benefit of our communities.

We are currently engaged in a process of rebuilding our relationship with our organised labour to redress the less-progressive relationship that we have endured over the years which has impacted negatively on service delivery. Our Local labour Forum has begun to take shape in terms of dealing with strategic issues, we will also be having a strategic planning (Relation by Objective) with organised labour wherein we will be engaging on key transformational issues.

Service delivery

Water

We are currently installing water meters in our communities to ensure accurate billing in the Municipality, we urge our communities to cooperate with the team on the ground that is busy installing the water meters. We equally urge our communities to use water sparingly given the challenge of water scarcity in the country. As the Municipality are also losing about 63% of water either due to infrastructure decay or misuse by the consumers. It remains our plea that let us be water wise by watering our gardens either in the morning or afternoon, using the bucket to wash our automobiles.

In addressing the water challenges in Emfuleni, the Municipality has sought to address governance issues of Metsi-a-Lekoa, capacity to respond to service delivery calls and technical know-how. We are now working with Rand Water as one of the reputable water authorities to establish a water utility in the Municipality that will be a stand - alone company (Special Purpose Vehicle). The processes are underway engaging with labour on the matter whilst due diligence is underway on both sides (Emfuleni & Rand Water)

The Special purpose Vehicle will engage in beneficiation projects to augment the revenue from traditional water service of the Municipality. These projects will be ringfenced and implemented strictly based project finance model. The required capital will be sourced uniquely for each venture, and the expenditure will be ring-fenced to an extent that even employees of the SPV will claim their time and disbursement from the project. Only the profits realised from these ventures would come through to impact the bottom line of the SPV.

Electricity

We are also in a process of stabilising our electricity as the Municipality, there are number of electrical projects that are underway including:

- The refurbishment of the Munich substation which is a project that will take 36 months to change protection panels, breakers and maintenance of other machineries
- In the town-substation we have put in a 30 MVA whilst awaiting 20 MVA to ensure extended capacity. We are also putting some breakers
- In Frikkie Meyer we have put in a 40 MVA whilst we have put 20 MVA in Sonland park and Duncanville

- We are still continuing with our partnership with Arcello-Mittal of beautifying our area including fixing the street lights. We have started in Frikkie Meyer and Barrage road
- We have electrified Tshepong, we are currently busy with Lethabong and Sebokeng zone 30
- There is a project underway by Provincial government to put in 19 electrical transformers and six high mast lights in Boipatong and Bophelong whilst they will also be replacing transformers in ESKOM areas such as Boitumelo, Sebokeng, Evaton and Sharpeville

There is also a process underway to end our historical battles with ESKOM as there are two processes that have just happened

1. There is a debt relief application that have been approved by National Treasury which gives us a relief in-terms of the scrapping off the historical debt and allowing us to pay the current account with ESKOM, secondly the interest accrued over the years also falls off.
2. There is a court judgement that propels ESKOM to collect on behalf of the Municipality, take what is due and hand over the remainder to the Municipality, with the data given to ESKOM at least collection rate will increase given they expertise and capacity on credit control.

Roads

We have spent about R50 million on resealing 23 roads that are in and around Emfuleni and did pothole patching for about 8430,53 square meters. This we have done with an understanding the role infrastructure plays on our economy. This might not be enough but we believe with the increased revenue collection we will be able to do more.

We have duly capacitated our Project Management Unit by appointing engineers to do planning and monitoring the implementations of our developmental plans. The department is fully capacitated to can carry the MIG funded projects without any hesitation now which will see the improved MIG spending in the coming financial year.

Graveside

We have noted a looming challenge of the burial site but I must hasten to give assurance to the people of Emfuleni that there are processes underway to secure the graveside for the people of Emfuleni given the state of our graveyards. We have currently placed an application for infrastructure development on the procured land as the Municipality realises the need for graveside given the saturation rate.

Our understanding on the graveyards is that they remain a community property which much as the Municipality will provide security but must be protected in everyway by the community given that its our ancestral haven. Lets guard against vandalism that takes place leaving the sacred place in a state that that is uninviting such as the Evaton graveyard.

Economy

I am aware that as the Municipality we have not been paying serious attention on the economic issues, one of the reasons we accelerated the process of appointing an incumbent dealing with economic matters is because we realise that as the municipality we need to address:

- Development of a clear development strategy and mobilise all business community behind it
- Reducing the turnaround time for the approval of the proposals
- Mobilising resources and business community behind the Spatial Development Framework

This I raise because of the alarming unemployment rate in the Municipality which contributes to the socio-economic conditions of our people. This unemployment rate also has an impact in the revenue base of the Municipality as many households are unable to pay for rates & taxes due to unemployment.

In turn this has an impact in the infrastructure development and maintenance in the Municipality as a result of low revenue base. Lack of infrastructure has a negative bearing towards attracting investors confidence in our Municipality, stable electricity feed, proper road infrastructure, internet infrastructure are but few things that we aim to address in the next financial year as part of building investor confidence.

We are equally moving with fast pace to ensure that there is community education and implementation of our By-laws as the Municipality. We are aware that there is lawlessness which we want to curb and instill law and order. Albeit the reasons of revenue enhancement but the other fundamental reason is to assure those that wish to invest in our Municipality that we keep to approved By-laws of the Municipality.

Accountability

When I first came in, I found us having an adverse finding from the AG and I brought together a team consisting of Internal Audit, finance and all the cluster heads for a functional Audit Working Group. The aim was to build a responsive team that will reduce findings in the 2023/24 financial year then move to an unqualified report in 2024/25 and ultimately a clean audit in 2025/26. This intention requires a dedication from individual departments. We are sailing in the right direction because much as we did not get the unqualified audit opinion for 2023/24 but we managed to reduce the audit findings as intended.

I understood that it will not be an event but rather a tedious process which requires team work as colleagues in Emfuleni Local Municipality. It is our understanding that ours is to strike a balance between service delivery and unqualified audit finding. Internally our systems are in place to ensure that there is proper accountability on public purse.

Conclusion

We remain embedded in our conviction of rebuilding Emfuleni to its former glory, yes it will not be easy but we are sure that it is attainable. This we shall not achieve working in isolation but through community engagement to pay for rates and taxes and active citizenry, we believe that the business community has a clear cut role in the development of Emfuleni and working together all this aspirations shall manifest.



Mr. April Ntuli

Municipal Manager

CHAPTER 1: EXECUTIVE SUMMARY OF THE MUNICIPALITY

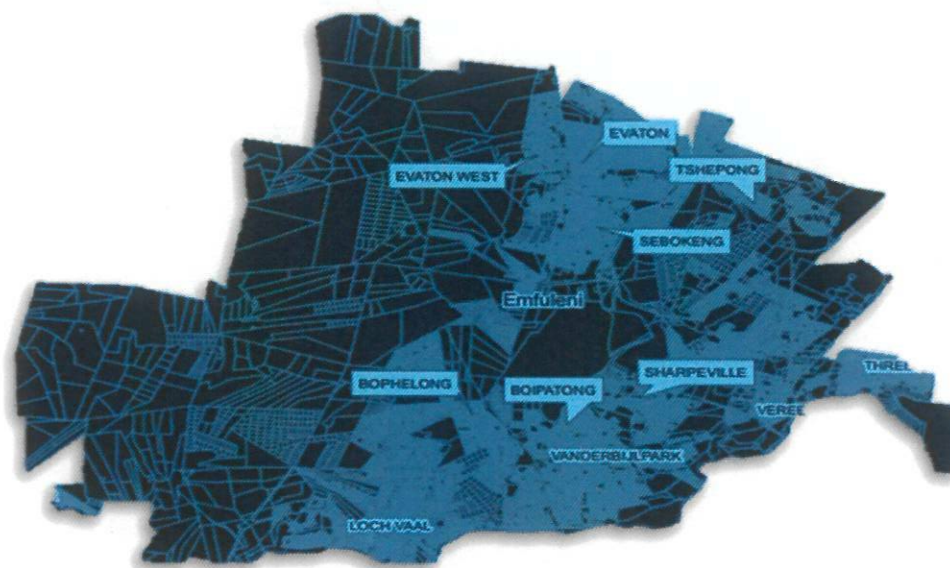
1. INTRODUCTION

1.1 MUNICIPAL AREA

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

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

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



Emfuleni Local Municipality as the sphere of government forms part of the local government which is the closest to the people and delivers basic services such as electricity, waste, roads, water and sanitation to its communities.

1.1.1 Total population by census year, Census 2011–2022

Total Population	Census 2011	Census 2022
	721 663	945 650
Municipal area	987.45 km ²	
Population Density	979.3/km ²	

(Source: Stats SA-Census 2011 and 2022)

The table shows the total population by census year 2011–2022. Overall, the results indicate that the population size of the municipality has been increasing. The population increased from 721 663 in 2011 to 945 650 in 2022, representing a growth rate of 31.03%.

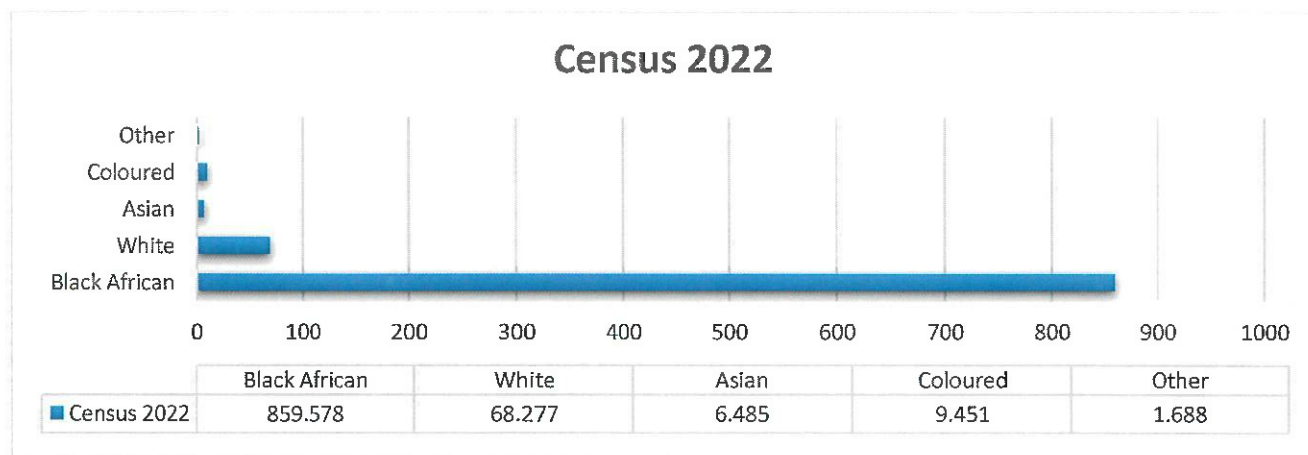
1.1.2 Distribution of population by Sex, Census 2011–2022

	Census 2011	Census 2022
Male Population	354 862	468 231
Female Population	366 800	477 420

(Source: Stats SA-Census 2011 and 2022)

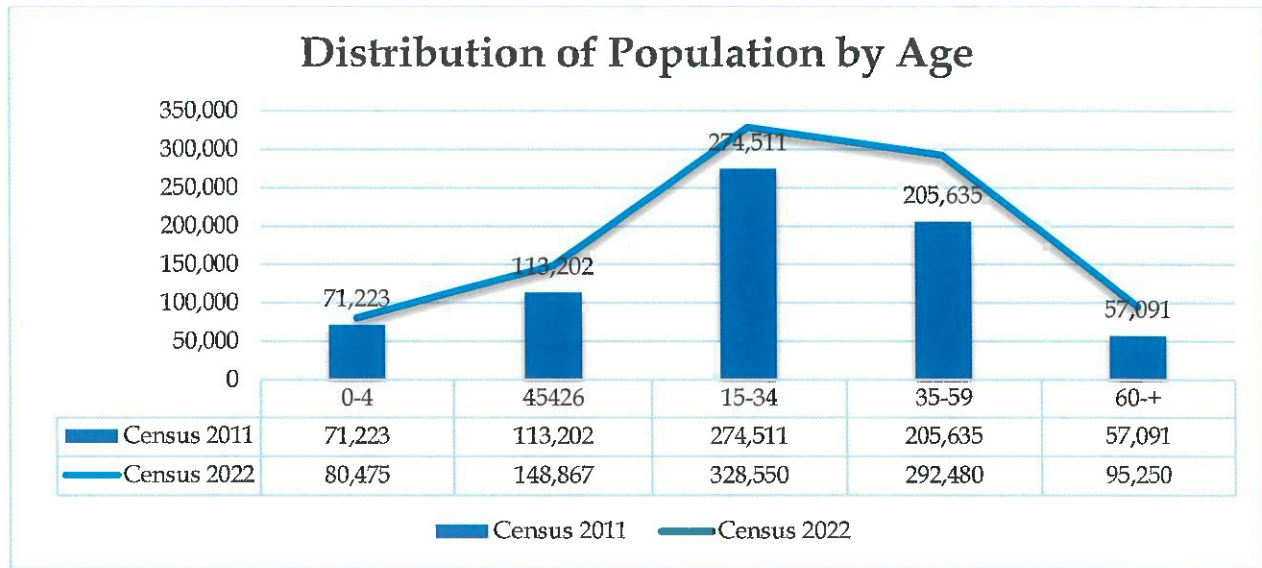
The table above depicts the gender distribution of the population from 2011 to 2022. The data indicates that the female population numbered 366,800 in 2011 and increased to 477,420 in 2022. These figures denote a rise of 30.15%. The male population, which was at 354,862 in 2011, has experienced a growth to 468,231 based according to the 2022 census. According to the data, the male population made up 49.51% and the female population comprised 50.4% in 2022.

1.1.3 Distribution of population by groups, Census 2022



(Source: Stats SA-Census 2011 and 2022)

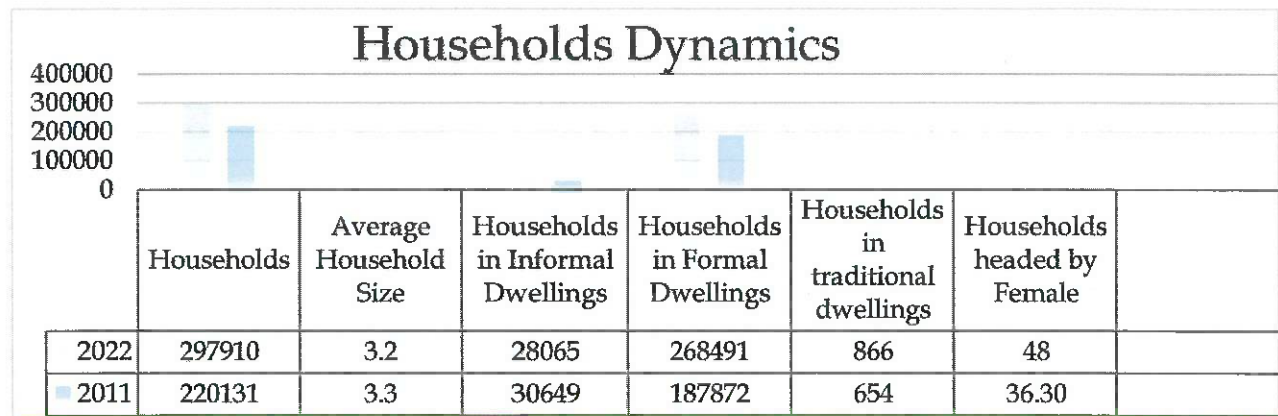
1.1.4 Distribution of Population by age



(Source: Stats SA-Census 2011 and 2022)

The graph above presents a comparison of the age ranges during 2011 and 2022. In both 2011 and 2022, a relatively large number of people aged 5 to 34 were observed. This indicates that young people make up 50% of the Emfuleni population. Collectively, our results demonstrate a significant increase across all age cohorts in 2022.

1.1.5 Households Dynamics



(Source: Stats SA-Census 2011 and 2022)

The table above shows the size and composed of Emfuleni's households. When studying household dynamics, there has been a shift towards lower household sizes in 2022 compared to 2011. This can be linked to a variety of factors, including urbanisation, economic change, and cultural changes. In 2011, there were 220131 households, but by 2022, that figure had risen to 297910. The data shows that the households has increased by 35.33%. Furthermore, the number of household's informal dwellings has increased significantly relative to households in informal dwellings.

Other Household Details

	Census:2022	Census:2011
Formal dwellings	88,5%	79,8%
Flush toilets connected to sewerage	89,7%	85,4%
Weekly refuse disposal service	85,0%	88,3%
Access to piped water in the dwelling	75,0%	62,1%
Electricity for lighting	93,2%	87,4%

(Source: Stats SA 2011 and 2022)

1.1.6 Socio economic factors

The following table forecast the socio –economic indicators for the municipal area:

	Year	Year
	2022	2011
Working age population (15-64 years)	69,4%	69,5%
Dependency ratio	44,1	43,8
No schooling (20+ years)	3,8%	4,0%
Higher education (20+ years)	12,8%	12,2%

(Source: Stats SA 2011 and 2022)

ECONOMIC INDICATORS	
DISCRIPTION	2022/2023
Interesting facts/Main attractions in Emfuleni	Easy access to well-maintained roads network N1 linking Johannesburg to Bloemfontein; Home to the Sedibeng District Municipality and several Historical Heritage Sites, Vereeniging and Vanderbijlpark city centres.
Size of the Economy Gross Domestic Prices	R54.2 billion
Sector contributions to GDP	Manufacturing 26%, Community Services 25%, Finance 20%, Trade 11%, Transport 7 % and others 11%
Main Employers in the area	Trade at 23%, Finance 19.1%, Manufacturing 18.8%, Community Services 18.6%, Transport 6.1% and other 13.7%.

1.1.7 Labour Market

The decline of the manufacturing sector and the steel industry has an impact on the decline in the level of employment in the district. The number of people employed in the Sedibeng District decreased in 2019 from 250 222 to 201 087 in 2020 while the Emfuleni Local Municipality decreased from 193 759 to 153 084. This amount to increase in number unemployment of 19. 63% for the Sedibeng district and 20.99 for Emfuleni Local Municipality.

There has been an increase in the number of unemployed in the Sedibeng region. The unemployment rate, in terms of official definition, increased from 41.2% in 2019 to 49.3% in 2020. In Emfuleni unemployment increased from 44.7% to 53.0% while unemployment in terms of expanded definition puts the rate at 57.4%.

1.1.8 Overview of Neighborhoods within Emfuleni Municipality

NEIGHBOURHOODS	HOUSEHOLDS
Vanderbijlpark	29 998
Vereeniging	31 113
Sebokeng	51 546
Boitumelo	4 809
Sharpeville	10 497
Evaton	28 614
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
Lasiandra, Mantervrede, Van Waartshof	303
Stephano Park, Staalrus, Houtkop	348
Loch Vaal/Barrage, Boiketlong, Lybya	3 546
Vaalower, New Village, Sebokeng Zone 7	150

1.2 SERVICE DELIVERY

1.2.1 Water

During the year under review, the municipality implemented the water conservation and demand management program. Out of this initiative, 2175 leaks were detected, of which the target for retrofitting was 1000 for 2022/2023, 1086 households were retrofitted, and 533 leaks were fixed. On the other hand, the municipality through Section 63 intervention appointed a service provider to inspect and service a total of 6 pressure reduction valves (PRVs) and confirmation of discreetness of associated district metering zones (DMAs) located within the Emfuleni Local Municipality bulk distribution network. Consequently, the six PRV's identified were inspected, serviced and set according to the required setting.

Moreover, the Blue Drop Watch Report is an interim report leading up to the full Blue Drop audit report. It draws attention to the current condition of drinking water infrastructure, treatment processes and water quality, from a technical perspective, by drawing on the audit findings of the field work by Blue Drop inspectors during November 2022 to February 2023. The Watch Report seeks to keep the public and stakeholders updated and informed on the status of drinking water, to ensure that the necessary interventions are fast-tracked without delay.

Emfuleni Local Municipality under the Rand Water Vereeniging purification Works scored 97%, which is the top performing water supply systems in Gauteng province. Emfuleni Local Municipality

Vaaloever Water Treatment Works scored 81% of the Technical Site Assessments (TSA) Water Supply Systems.

In terms of 2022/2023 financial year, the municipality managed to attend to the following activities.

122 replaced faulty/stolen water meters.

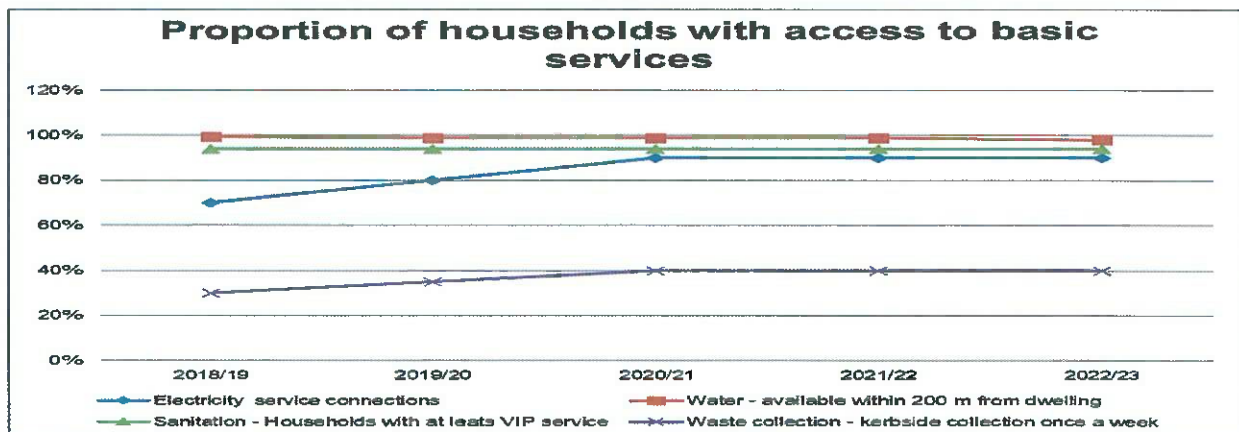
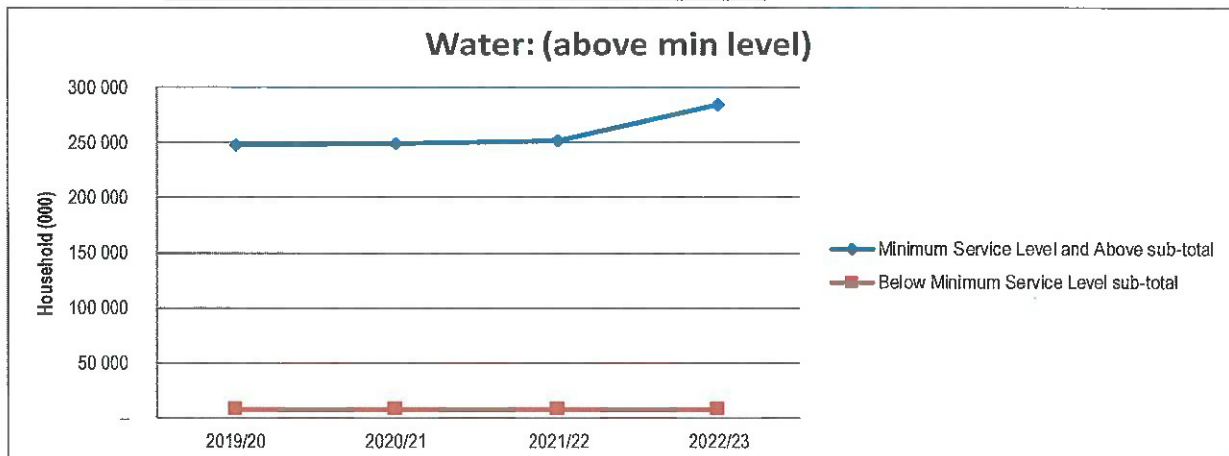
Repair 1033 pipe bursts, and

188 new water connections were made.

A total of 6 247 water complaints and 3 715 water meter complaints were received for the period starting 1 July 2022 end ending 30 June 2023, of which 4 400 water and 2 632-meter complaints were completed respectively. This equates to a completion rate of 70.85% and 70.43% respectively, this despite severe personnel, tools of trade and vehicle constraint (approximately 45% availability).

To reduce the night-time flows as well as minimizing the water losses in the water systems the municipality implemented two projects as part of the 2022/2023 MIG implementation plan. The existing award-winning Pressure Station located in Sebokeng will be refurbished to address the excessive night-time flows in the Evaton and Sebokeng supply area. Control valves, valves and related equipment will be refurbished and replaced at the Vanderbijlpark Reservoirs to allow for a more stable supply as well as minimizing losses due to overflowing storage systems.

Data for household service targets is sourced from table A10



1.2.2 Electricity

The municipality is licensed to provide electricity mainly in the Vanderbijlpark, Bophelong, Boipatong, Ironsyde, Eatonsyde, Roshnee, Vaaloewer, Sebokeng Hostel, Rust-ter-Vaal and Vereeniging areas whilst Eskom has been licensed to provide electricity in the remaining areas. There is 98% electricity coverage to date. Free basic electricity of 50kWh/month is provided to registered indigents. Approximately 78% of electricity is sold to industrial and commercial customers and the remaining 22% is sold to domestic and agricultural customers and for the municipality's own use. The municipality aims to secure revenue for the municipality through electricity sales. Tshepong Phase 3 Electrification Project (354 connections), designs are completed. Sebokeng Ext 30 Electrification (272 connections), the designs are completed.

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

Item	Quantity
Primary substations	38
Secondary substations	636
Miniature substations	505
High voltage cables (m)	80,488
High voltage overhead lines (m)	88,782
Low voltage cables (m)	1210,445
Low voltage overhead lines (m)	635,782
Streetlights	24 500
High mast lights	662
Traffic lights	124
Household with Prepaid electricity meters	70 089
Bulk Meters connected on-line	1391
Conventional electricity meters	13635

There are 70 089 active meters in the system. Some of the meters can only be verified through field audits. The municipality is embarking in auditing the electricity prepaid meters to verify the actual electricity number of meters, as it's suspected that some of the houses could have duplicates whereby meters were physically replaced and never removed on the system. The municipality has allocated 6% of the total revenue generated from electricity sales has been budgeted for the maintenance of the existing infrastructure.

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,
- ❖ Trauma debriefings at Fire & Rescue departments and 2 Critical Incident Stress Debriefing (related to bereavement), and
- ❖ Referrals for Counselling and Psychological interventions.

1.4 FINANCIAL OVERVIEW

The municipality had budgeted for a surplus of R425m for this financial year, however only realized a deficit of R1 737b. The deficit was mainly due to bulk purchases and other expenditure (unallocated) which performed above projections. As well as electricity and water losses, theft vandalism to municipality stricter as well as unmetered households.

The operating revenue performed at 64% below the 100% threshold of 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 no compliance from defaulting parties and Disaster Management Regulations resulted focus being based on other priorities and less fines being paid and some having to be written out. The below table depicts a snapshot of the audited statement of financial performance for the financial year under review.

2022/23			
	Adjusted Budget R'000	Actual R'000	Achievement %
Operating revenue	7,242,097	4,623,474	64%
Operating expenditure	6,817,079	9,135,092	134%
Surplus/(deficit)	425,018	- 1,737,550	

*See detailed Statement of Financial Performance in Chapter 5

Analysis of operational income

Services	2022/23	2021/222	Year on Year increase (%)	Approved tariff increase (%)
	R'000	R'000 (Restated)		
Assessment rates	1,148,120	1,016,800	11.1	17.2
Electricity	2,969,401	2,871,585	12	8.61
Water	916,294	952,820	22.1	19.9
Refuse	179,389	190,163	11.2	9
Sewer	303,963	307,366	9.5	17.2

Assessment rates – the approved gazetted tariff increase was 17.2% in 2022/23. The actual increase in revenue was 11.1%, which can be attributable mainly to the increase in valuation of properties and new developments around Emfuleni Municipality.

Electricity – the approved tariff increases for 2022/23 was 8.61% as per NERSA guide and actual increase in revenue was 12%. The difference is attributable to the increase in electricity consumption by consumers.

Water – the approved gazetted tariff increase was 7.9% in 2022/23%, and revenue for the current year reduced by 22% 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 11.2%, which is in line with the tariff increase.

Sewer – the approved tariff increases for 2022/23 was 17.2%. 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:

	2022/23 (Adjusted budget)	2022/23 (Actual)	2021/22 (Actual) Restated	2021/22 Achievement (Budget vs Actual)
	R'000	R'000	R'000	
Cash items				
❖ Employees cost	1,353,772	1,246,953	1,205,456	92%
❖ Repairs and maintenance	101,765	85,858	103,531	84%
❖ Bulk purchases – Electricity	2,070,926	2,700,546	2,540,080	130%
❖ Bulk purchases – Water	957,440	1,424,323	1,043,811	149%
❖ Contracted services	287,389	430,894	445,671	150%
Non-Cash items				
❖ Depreciation	487,511	617,456	635,200	127%
❖ Debt impairment	930,231	26,549	39,049	3%

- Employee remuneration was 8% underspent due to savings from funded but unfilled positions.
- Repairs and maintenance were below the 100% budget by 16% 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 with 7% due to insufficient provision made in the budget.

Cash flow and liquidity ratios.

	NORM	2019/20	2020/21	2021/22	2022/23
Liquidity Ratio	2.1	0.36	0.36	0.28	0.28
Cost coverage ratio	1.1	0.43	0.43	0.18	0.11
Creditors payment period	30 Days	365	389	414	417

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 (2022/2023 - 0.28:1) 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 417 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 90 days (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

Enhanced revenue collection methods should be put in place to ensure non-paying consumers and defaulters are held to task for the municipality to be able to meet its monthly cash flow obligations.

Strict internal control should be enforced in relation to the expenditure that is directly attributable to the municipality, and reduction on the fruitless and wasteful expenses.

1.5 STATUTORY ANNUAL 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 2021/22 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	
7	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	September /October November
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	
10	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report	January
11	Audited Annual Report is made public, and representation is invited	
12	Oversight Committee assesses Annual Report	
13	Council adopts Oversight report	
14	Oversight report is made public	December
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

CHAPTER 2: GOVERNANCE

2.1 INTRODUCTION

Good governance at Emfuleni Local Municipality is anchored by an effective interface between political and administration leadership. Furthermore, it is characterised by assurance and oversight structures, risk management, intergovernmental relations, public participation and corporate governance.

Chapter 2 of this Annual Report sketches the municipality's all-encompassing governance structures and decision-making processes, specific frameworks, policies that mandates various governance structures and committees in the municipality.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNMENT

2.2 POLITICAL GOVERNANCE

The political governance structure of Emfuleni Local Municipality consists of the Executive Mayor and his Mayoral Committee, Speaker of Council and the Chief Whip of Council. Council is the principal political structure and the ultimate decision maker of the municipality. Cllr Sibongile Soxuza is the Speaker of Council and carries out the duties of the Chairperson of the Municipal Council under the Municipal Structures and Systems Act. The Speaker also puts into effect the Code of Conduct for all Councillors.

The Mayoral Committee of the Emfuleni Local Municipality comprises 9 Councillors and is led by Cllr Siphso Radebe, who is also the public face of the municipality. The development of the Integrated Development Plan encompassing the budget, service delivery performance forms part of key functions of the Executive Mayor. Cllr Bennett Tjantjie is the Chief Whip of the municipality. The Chief Whip's function is to strengthen and maintaining healthy relations between all the parties in Council. He is also tasked to ensuring that the portfolio committee are functional, and Councillors are allocated appropriately.

2.2.1 Municipal Council

Council is made of 90 Councillors, of which 45 are Ward Councillors, and 45 are Proportional Representatives (PR Councillors). Parties represented in the Council comprise of the African National Congress, the Democratic Alliance, Economic Freedom Front, African Christian Democratic Party, Patriotic Alliance, New Horizon Movement, VAAL, Compatriot of South Africa, and the Pan African Congress.

Council also constitutes of committees that are accountable to the Municipal Council and the Executive Mayor in terms of Section 79 and 80 of Local Government: Municipal Systems Act 32 of 2000.

The role of Municipal Council is to ensure the provision services to the local community, approve and implement policies and procedures for effective governance and proper decision making. Council also plays a critical part in the strategic direction of the municipality, thus partake in the development of the municipality's Integrated Development Plan.

2.2.2 The Political Leadership of Emfuleni Local Municipality

POLITICAL MANAGEMENT TEAM (PMT)

Speaker of Council:
Cllr Sibongile Soxuza
016 950 6461

Executive Mayor:
Cllr Siphon Radebe
016 950 5452

Chief Whip of Council:
Cllr Bennett Jantjie
016 950 6457

MAYORAL COMMITTEE (MAYCO) MEMBERS

MMC Finance and Revenue
& Acting MMC Public Works
Cllr Hassan Mosola Mako 016 950 5289

MMC Shared Services
Cllr Mpho Serapelo
016 950 5365

MMC Human Settlement
Cllr Mapitso Molepo
016 950 6541

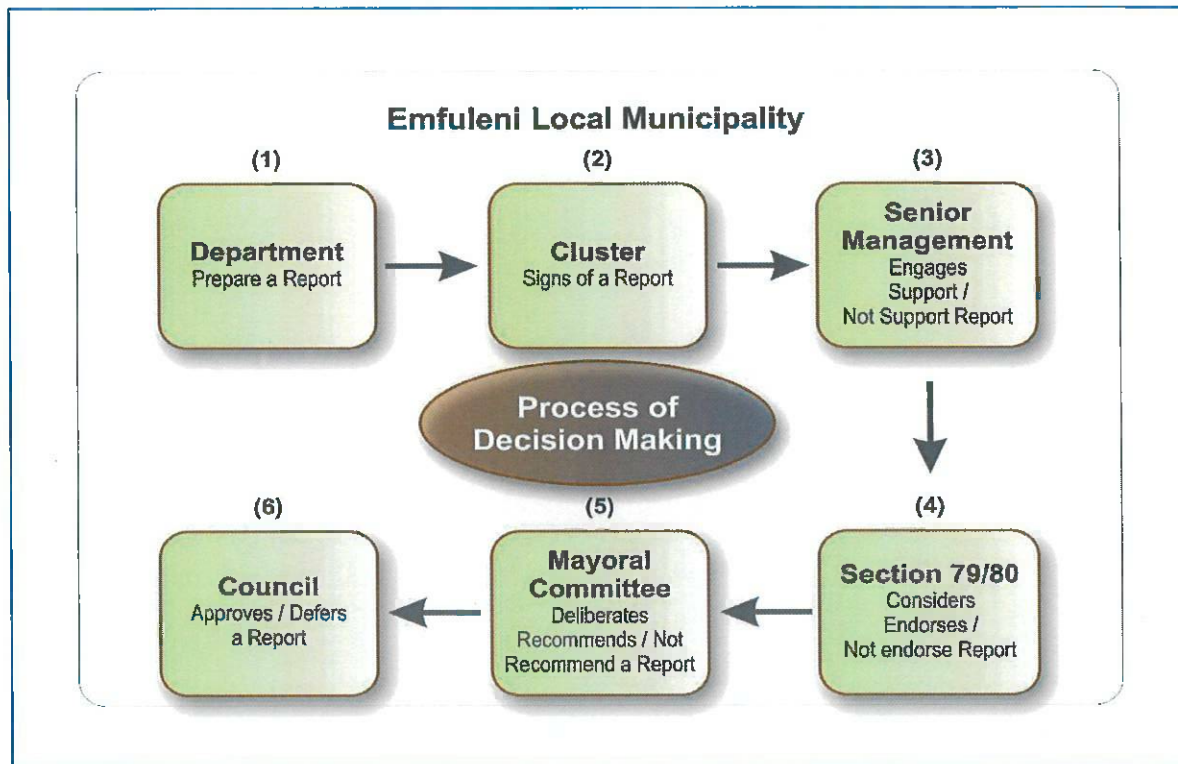
MMC Infrastructure, Planning
and Development
Cllr Ezron Nzima
016 950 5041

MMC Health and Social
Development
Cllr Regina Makgala Lesoane
016 950 5069

MMC Environment Management and Planning
& Acting MMC Agriculture, Local Economic
Development Planning and Tourism
Cllr Jonas Radebe 016 950 5285

MMC Public Safety & Acting MMC Sport,
Recreation, Arts and Culture, Library,
Information Services, Parks and Cemeteries
Cllr Raditsela Elias Mokoena 016 422 1483

2.2.3 Political Decision Making



Decisions are taken through Council resolutions. The portfolio committee discusses issues before they can be recommended to Mayoral Committee (Mayco). Thereafter, the Mayoral Committee after some careful considerations then recommends to Council for final approval. The resolutions are then formulated and distributed to relevant Clusters for implementation.

During the period under review a total of nineteen (19) Mayoral Committee meetings and twenty-two (22) Council sittings were held. A total of 204 Council resolutions were adopted and processed.

Council and Mayoral Committee Meetings as of June 2023:

Name of the meeting	Chairperson	No of Meetings	Resolutions
Council	Speaker: SD Soxuza	22	204
Mayoral Committee	Exec Mayor: SMS Radebe	19	-

2.2.4 Council Committees

Council has in terms of Section 80 and 79 of Municipal Systems Act established several committees that specialize in specific areas in which they have become experts. These committees make recommendations to Council and do not make final decisions where applicable.

Section 79 Committees

(a) Audit Committee

The Audit Committee of the Municipality is chaired by an outside independent person -Ms D Nage. The committee provides quality assurance, plays an oversight role at the behest of Council and to certain extent gives technical advice on audit, financial matters and issues related to performance at organizational level and for all Section 57 employees. 20 Audit Committee meetings were held for the reporting period.

(b) Municipal Public Accounts Committee

The Municipal Public Accounts Committee has been established (MPAC). The MPAC is the custodian of the Annual Report and heads up all forms of community or public participation on the annual report. The committee held seven (7) meetings to give an expression on the annual report. The 2021/2022 Annual Report was adopted with reservations and the recommendation of the MPAC were submitted to Council for implementation.

(c) Land Tribunal

This Committee has been established in terms of Section 35 (1) of Spatial Planning and Land Use Management Act (2013) read in conjunction with Section 79 of the Municipal Infrastructure Act (1998). This Committee considers and decides on the development proposals as contained in development applications lodged with the municipality. Proposals ranges from the removal of restrictive conditions of titles as listed in several title deeds to rezoning of parcels of land, applications proposals on land development not in line with development policies such as the SDF. The bulk of lodged applications are approved under the delegated authority as approved by the Council.

(d) Appeal Authority (AA)

The Appeal Authority (AA) has been established in terms of Section (51) of the Spatial Planning and Land Use Management Act (2013) read in conjunction with Section 79 of the Municipal Infrastructure Act (1998). The Appeal Authority considers appeals lodged by persons (juristic or natural) aggrieved by a decision.

(e) Ethics Committee

The Ethics Committee was established by Council to ensure 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 a Municipal Council to establish a special committee that will investigate and make a finding on any alleged breach of the Code of Conduct and make appropriate recommendations to the Municipal Council. Cllr M Sikhukhula is the chairperson of the committee. For the year under review, 15 meetings were facilitated.

(f) Petitions Committee

The Petitions Committee consists of 12 members who are members of different political parties within Council. Petitions Management Committee manages and processes petitions from the public through a unit called the Petitions and Public Participation.

The Committee records and acknowledges the petitions received and refers these petitions to the relevant departments for attention and execution. Cllr M Tshabalala is the chair of the committee, and 5 meetings were held for the period under review.

2.3 ADMINISTRATIVE GOVERNANCE

The Administrative Governance of the municipality is driven by the Municipal Manager Mr AS Ntuli as the Accounting Officer. The Municipal Manager overall responsibilities are classified into three, i.e. duties in relation to municipal council, public and administration. The Municipal Manager is supported by a team of 9 members of the Executive Committee who forms part of the Executive arm of the municipal administration.

The municipal administration has the overall responsibility for management and direction of day-to-day municipal affairs. In this regard, the Executive Committee exercise strategic oversight of business operations while directly monitoring and measuring overall performance the municipality.

Other duties of the Municipal Administration amongst others include financial planning, reporting and accountability, enforcing internal controls, revenue enhancement etc.

As a result of the resignations the following positions became vacant, Chief Audit Executive, Executive Directors for Shared Services, Infrastructure Planning and Development, Community Services, and Agriculture, Economic Development Planning and Housing. However, Council undertook a decision to appoint people to act on these vacant positions. Processes are underway to fast-track the appointment on these vacant positions.

The following table indicates the number of the meeting held by the Executive Committee:

Name Of the Meeting	Chairperson	No Of Meetings	Resolutions
Executive Committee	Municipal Manager: A Ntuli	44	244

COMPONENT B: INTERGOVERNMENTAL RELATION

2.4 INTERGOVERNMENTAL RELATIONS

The primary purpose of the intergovernmental relations in the municipality is to enhance intergovernmental relations by mobilizing resources and forging strategic partnerships which will ensure co-ordination of service delivery with other spheres of government.

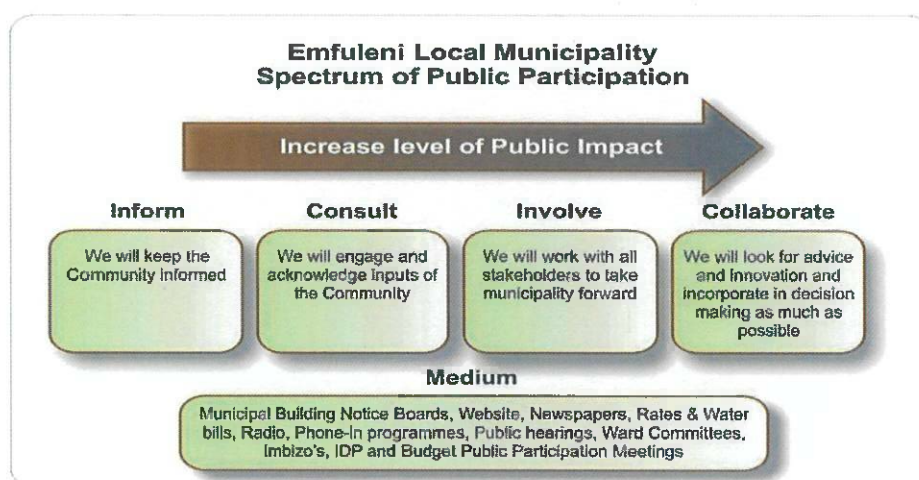
This is realised through coordination and management of all municipal relationships with other spheres of government and facilitation of information sharing through the Intergovernmental structures.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.5 PUBLIC ACCOUNTABILITY AND PARTICIPATION

Communication and engagement methodologies of the municipality plays an important role in contributing to the public's understanding of public service and their engagement with local issues.

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



Public participation in the municipality is coordinated through the ward committee, petitions committee, public hearings, and IDP and Budget public participation meetings and Mayoral Imbizos. These forums are also utilized as report back platforms on service delivery matters.

The Speaker of Council plays an important role in coordinating public participation. The municipality uses notice boards, website, newspapers, rates and water bills to spread information about prices, new plans, budget priorities, etc. The commercial media as well as radio is also used to inform people, and in some cases like phone-in programmes.

2.5.1 Public Meetings

To ensure effective participation by the public, the municipality has divided its area into five areas that cover all 45 wards. Table 1 shows how the regions are currently divided.

Table 1

No.	REGION	WARDS IN THE REGION
1.	Region 1 Region 1b	Wards 18, 29, 37, 38, 39, 42 and 44. Wards 19, 20, 24, 26, 40, 45 and 43.
2.	Region 4, Region 4b	Wards 2, 17, 27, 28, 31 and 33., Wards 30, 32, 34, 35 and 36.
3.	Region 2b	Wards 6, 7, 23 and 25.
4.	Region 2c, Region 3 Region 3b	Wards 3, 8 and 22. Wards 11, 12, 13 and 14. Wards 1, 11, 15, 16, 21 and 45.
5.	Region 2c	Wards 4, 5, 9 and 10.

2.5.2 Public Participation Schedule October 2022 – April/May 2023

The table below gives a detailed public participation schedule, and attendance for October 2022 – April/May 2023

Date	Wards	Venue	Number Of People Who Attended The Meetings	
			October 2022	April-May 2023
13 October 2022	Region 1 (Wards: 18, 29, 37, 38, 39, 42 and 44) Region 1B (Wards: 19, 20, 24, 26, 40, 41 and 43)	Mafatsane Hall	324	253
18 October 2022	Region 4 (Wards: 2, 17, 27, 28, 31 and 33) Region 4B (Wards: 30, 32, 34, 35 and 36)	Saul Tsoetsi Hall	363	466
20 October 2022	Region 2B (Wards: 6, 7, 23 and 25)	Bophelong Community Hall	472	396
25 October 2022	Region 2C (Wards: 3, 8 and 22) Region 3B (Wards 1, 11, 15, 16, 21 and 45) Region 3 (Wards: 11, 12,13 and 14)	Vereeniging Banquet Hall	162	525
27 October 2022	Region 2C (Wards: 4, 5, 9 and 10)	Vanderbijlpark Mayor's Parlor	58	138

The table above indicates a decrease on the number of participants in region 1 from 324 in October to 253 in April 2023. The increase is experienced in region 4 from 363 to a staggering 466 in April 2023; this marks an increase of 103 participants.

Moving to Region 2B, we see a decrease from 472 to 396 participants in April 2023. A massive increase is witnessed at the Region 2c with an increase from 162 from 525 participants in April/May 2023. The Vanderbijlpark meeting continues with the trend from 58 to 138 participants in April 2023.

2.5.2 Ward committees

There are 45 functional Ward Committees in the municipality. Ward Committees have been set up to get a better participation from the community and to inform Council decisions. These committees seek to ensure that there is more effective communication between the Council and the community.

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

2.6 INTEGRATED DEVELOPMENT PLAN PARTICIPATION AND ALIGNMENT

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

2.7 RISK MANAGEMENT

Enterprise Risk Management is recognized as an integral part of responsible management to ensure improved performance, growth and sustainable value creation. Consequently, the municipality adopts a comprehensive and consistent approach to the management of risks within the institution.

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.

2.7.1 Risk Management Policy Statement

The municipality, in recognition of the prescripts of the Local Government Municipal Systems Act and the Local Government Municipal Financial Management Act as well as in recognition of the Batho Pele Principles and the principles of Good Corporate Governance, undertakes herein to consciously execute its executive and legislative authority through exercising and displaying qualities of ethical and effective leadership and by that promote an ethical municipal culture, effective control, good performance, good risk taking and legitimacy.

As an integral part of society, the municipality is furthermore committed to promoting growth and sustainable value creation by acknowledging the need for integrated thinking, stakeholder inclusivity and corporate citizenship in the pursuit of the achievement of municipal service delivery in a volatile, uncertain, complex and ambiguous world.

All operations are subjected to the ERM processes, and it is the intention of the municipality that all Clusters work together in a consistent and integrated manner with the overall objective of ensuring that there is informed decision making in the presence of uncertainty, and that all risks are properly identified and managed. This will ensure the municipality's ability to advance and achieve its service delivery objectives with reasonable certainty.

2.7.2 Risk Management

No.	Critical Success Factor	Considerations	Comments
01.	Tone at the Top	Management commitment and Accountability linked to Performance Agreements	The Tone for the capacitating of the Risk Management Department must be strengthened with the approval of the ERM Function organogram and filling of key positions. Senior Management is responsive in terms of complying with Risk Register updates and reporting. The challenge was the vacant positions of the Executive Directors, Chief Financial officers, Chief Audit Executives whereby managers were acting on these positions on a rotational basis.
02.	Governance of Risk Management/ Accountability	Effective Risk Management Committees (RMAAC & AC) and Reporting	The Risk Management, Anti-fraud and Anti-Corruption Committee is in place and functional. The Committee meets quarterly and reports to the Audit Committee.
03.	Risk Function Capacity	Risk Structure, Skills and Capacity	Capacitation efforts in ensuring that the Risk Management department effectively carries out its activities and performs optimally and thereby supporting the municipality and departments in the protection of municipal assets and resources and in enabling the identification of opportunities.
04.	Risk Management Methodology	Risk Management Frameworks and Plans; Risk Assessment	Risk Management Policies and Frameworks are adequate and appropriate however the implementation capacity

		Systems and Processes	constraints of the Risk Management department are rendering the implementation of the policies and plans ineffective.
05.	Good Communication and Training	Management and employee awareness, training and development and workshops	SALGA have supported the municipality in providing training or both Councilors and employees for risk concepts.
06.	Organizational Integration	Incorporation of risk practices into policies, strategies, plans, processes and procedures for day-to-day implementation. Risk Management influencing Control Environment	Integration of Risk Management has been effective in as far as it related to alignment with various plans and strategies i.e. RBIAP, SDBIP, Internal Audit, IDP but there is room for improvement in ensuring that decision making, and strategic planning processes are aligned with Risk Management.
07.	Organizational ERM Culture	Adopted risk management behavior in day-to-day operations and risk-based decision making- <i>walking the risk talk</i>	The Risk Management Culture of the municipality better than start up but has room for improvement and its effectiveness can be realized and measured through the reduction of poor decision making and ethical lapses of judgement as it will enhance the ability to perform proper due diligence and encourage risk-based decision making.

2.7.3 The Risk Management, Anti-Fraud and Anti-Corruption Committee (RMAAC)

- ❖ The Committee has been established by Council to assist the Municipal Manager to fulfill his risk management and internal control responsibilities in accordance with the MFMA, Treasury Regulations and good corporate governance principles.
- ❖ Council appointed the independent external Chairperson of Risk Management and Anti-Fraud and Anti-Corruption Committee
- ❖ The members of the committee are executive directors, the Accounting Officer and the Chairperson of the Committee.
- ❖ The challenge was the vacant positions of the Executive Directors, Chief Financial officers, Chief Audit Executives whereby managers were acting on these positions on a rotational basis.
- ❖ The RMAAC Committee is active, and meetings were held quarterly during the financial year.
- ❖ Both strategic and operational risk assessments were conducted, and reports were submitted to Council on a quarterly basis.

2.7.4 The following Risk Management assessments were conducted and reported

- ❖ Strategic and operational Risk Assessments.
- ❖ Budget Related Risk Assessments.
- ❖ Eskom Debt Relief Risk Assessments.
- ❖ Anti-Fraud and Anti-Corruption Prevention Plan – monitoring and reporting.
- ❖ Risk management Implementation plan monitoring and reporting.

2.7.5 The following Strategic Risk Management Documentations were developed and approved by Council:

- ❖ Risk Management framework.
- ❖ Risk Management Policy.
- ❖ Risk Management, Anti-fraud and Anti-Corruption Committee Charter.
- ❖ Anti-Fraud and Anti-Corruption strategy.
- ❖ Anti-Fraud and Anti-Corruption Prevention Plan.
- ❖ Risk management Implementation plan.
- ❖ Strategic and operational Risk Registers.
- ❖ Budget Related Risk Registers.
- ❖ Eskom Debt Relief Risk Registers.

2.8 Internal Audit

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

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 include 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 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.

Internal Audit Outcomes for 2022/23

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 **74%** audit coverage.

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 2022/23 reporting period. For seamless approach on the achievement of clean administration at ELM this process was aligned to the Auditor-General Dashboard Report-Drivers of Internal Control which also contributes to commitments made by the Executive Mayor to improve the audit outcomes. Internal Audit reached the same assessment results and/or conclusion as the Auditor-General.

Summary of the status of internal Audit as Assurance provider.

The Auditor-General has assessed internal audit as unit that provide some assurance and indicated the following:

Internal audit prepared an internal audit plan which was also implemented in the current year. Findings were raised to management which included some findings that recurred during the final external audit relating to the financial statements, compliance and performance information. However, management did not address some of the findings raised in time.

Internal and External OPCA Follow-up, Management is committed to the OPCA process by continuously implementing the internal and external audit recommendations 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 30 August 2023:

CLUSTER/DEPARTMENT	NO FINDINGS	OF RESOLVED	NOT RESOLVED	PARTIALLY RESOLVED
Office of Municipal Manager	2	0	0	2
Shared Services	15	5	0	10
Finance	36	13	11	12
Utilities	46	29	0	17
Publics works	5	2	3	0
Community Services	1	1	0	0
TOTAL	105	50	11	44
%		48%	42%	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 2022/23.

The table below provides a high-level summary of the internal audit findings dated August 2023.

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
Internal Audits reports	158	0	158	55	0	23	80
			100%	35%	0%	15%	50%

Internal Audit Highlights and Successes for 2022/23

- 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.

2.9 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 2023.

LEGAL FRAMEWORK GOVERNING THE AUDIT COMMITTEE

- (a) Section 166(1) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003 as amended) (MFMA) requires from each municipality to have an audit committee.
- (b) In terms of section 166(2)(a) of the MFMA the audit committee is an independent advisory body which must "amongst others" advise the municipal council . . . on matters relating to-
- i. Internal financial controls and internal audits.
 - ii. risk management.
 - iii. accounting policies.
 - iv. the adequacy, reliability and accuracy of financial reporting and information.
 - v. performance management.
 - vi. effective governance.
 - vii. compliance with this Act, the annual Division of Revenue Act and any other applicable legislation.
 - viii. performance evaluation; and
 - ix. any other issues referred to it by the municipality.

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

- 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

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 Audit Committee	Risk Management and Anti-Fraud and Corruption Committee	Information Communication and Technology Governance Committee
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 of 30 June 2023 comprised of 5 (five) independent external members and their attendance is reflected in the table below.

Name	Audit Committee	19/08/2022	25/08/2022	29/08/2022	03/10/2022	06/12/2022	12/12/2022	20/12/2022	20/01/2022	29/03/2023	26/05/2023	23/06/2023	26/06/2023
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 because 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 2022/23 of which they managed to achieve **74%** implementation. The committee also approved the Risk Based Annual Audit plan for the 2023/24 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 an increase on the percentage of audit findings resolved by management from 14% to 48 % in 2022/23 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 S56 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

(b) 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

REVIEW AND EVALUATION OF QUARTERLY AND ANNUAL FINANCIAL STATEMENTS

The committee has 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.
- (c) Reviewed the changes in the Accounting Policies and Practices.
- (e) Reviewed significant adjustments resulting from the audit

AUDITOR-GENERAL (SA) AUDIT OPINION

The committee is concern that the municipality has obtained a qualified audit opinion which is shows no improvement as compared to previous financial year.

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.

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.

2.10 BY LAWS

Newly Developed	Revised	Public participation conducted prior to the adoption of by-laws (Yes/No)	Dates of public Participation	By-law Gazetted (Yes/No)	Date of Publication
Electricity Supply By-Law	Yes	Yes	03 October – 31 October 2022	Yes	23 November 2022
Water Services By-Law	n/a	NO	N/A	NO	N/A
Waste Management By-Law	Yes	NO	N/A	NO	N/A
Cemeteries By-Law	Yes	NO	N/A	NO	N/A

Its only one by-law was officially published in the gazette of the government. The remaining by-laws are drafts that were formulated throughout the year under review. They are yet to be published by the Communications Department for public comment. Once they have been approved by Council and reviewed by various municipal committees, they will be formally promulgated.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.1 INTRODUCTION

During the financial year 2022/2023 the municipality adopted Integrated Development Plan including the Service Delivery Budget Implementation. These strategic documents outline the key service delivery deliverables for the 2022/2023 financial year. Therefore, in this chapter the municipality takes a moment to reflect on its performance against the predetermined objectives for the year under review.

COMPONENT A: BASIC SERVICE

3.2 WATER

3.2.1 Introduction

During the year under review, the municipality implemented the water conservation and demand management program. The key deliverables for this initiative were classified into three, namely, the screening, retrofitting and awareness raising. The targeted areas implementation were Zone 3 and Zone 13 Sebokeng respectively. Out of 2175 leaks detected, of which the target for retrofitting was 1000 for 2022/2023. 1086 household were 1086 were retrofitted and 533 leaks were fixed.

On the other hand, the municipality through Section 63 intervention appointed a service provider to inspect and service a total of 6 pressure reduction valves (PRVs) and confirmation of discreetness of associated district metering zones (DMAs) located within the Emfuleni Local Municipality bulk distribution network. Consequently, the six PRV's identified were inspected, serviced and set according to the required setting.

Moreover, the Blue Drop Watch Report as an interim report leading up to the full Blue Drop audit report. It draws attention to the current condition of drinking water infrastructure, treatment processes and water quality, from a technical perspective, by drawing on the audit findings of the field work by Blue Drop inspectors during November 2022 to February 2023. The Watch Report seeks to keep the public and stakeholders updated and informed on the status of drinking water, to ensure that the necessary interventions are fast-tracked without delay.

Emfuleni Local Municipality under the Rand Water Vereeniging Purification Works scored 97%, of which is the top performing water supply systems in Gauteng province. Emfuleni Local Municipality Vaalower Water Treatment Works scored 81% of the Technical Site Assessments (TSA) Water Supply Systems.

In terms of 2022/2023 financial year, the department managed to achieve the following activities. 122 replaced faulty/stolen water meters;

Repair 1033 pipe bursts, and

188 new water connections that were installed

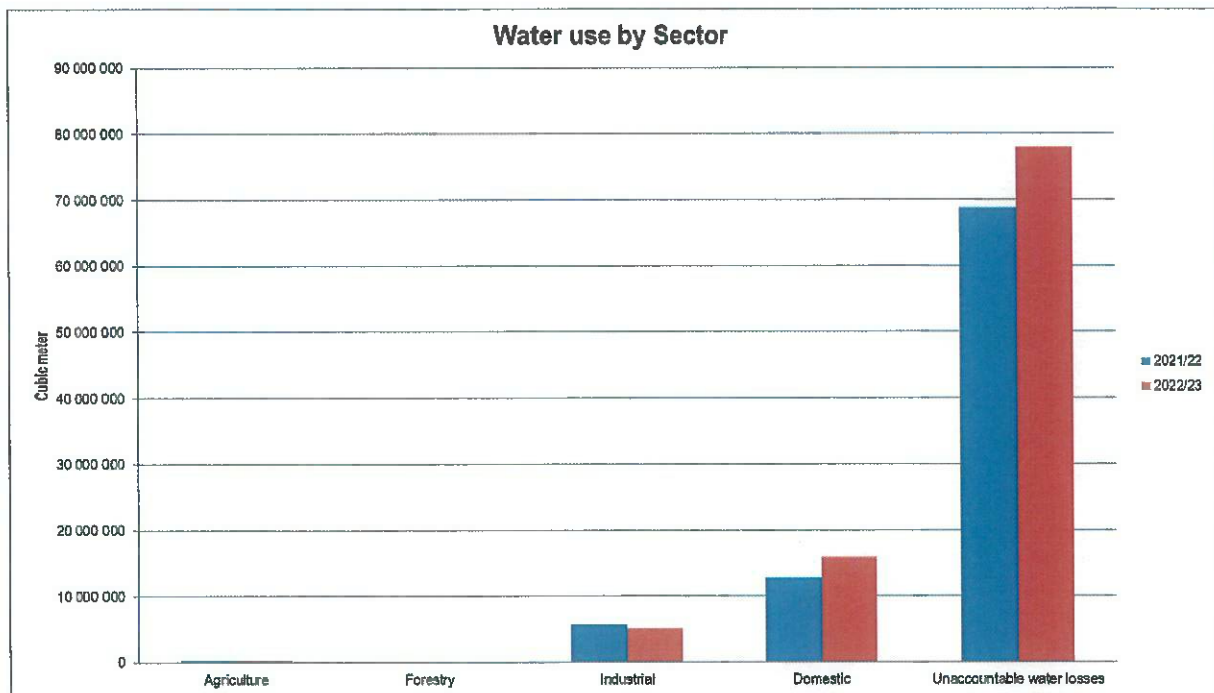
A total of 6 247 water complaints and 3 715 water meter complaints were received for the period starting 1 July 2022 end ending 30 June 2023, of which 4 400 water and 2 632 meter complaints were resolved respectively. This equates to a completion rate of 70.85% and 70.43% respectively, this despite severe personnel, tools of trade and vehicle constraint.

In March 2023, section 63 intervention has purchased with 11 vehicles as part of the resolution taken by the South African Cabinet to Place ELM under section 63 intervention of the National Water Services Act. The fleet included one TLB and roller compactor.

3.2.2 Total use of water by sector –table

Total use of water by sector					Unaccounted water losses
	Agriculture	Forestry	Industrial	Domestic	
2022/2023	328 320	0	5 742 239	12 699 355	68 726 884
2021/2022	318 000	0	5 086 085	15 830 030	77 944 695

3.2.3 Total use of water by sector –graph



3.2.4 Water Service Delivery Level

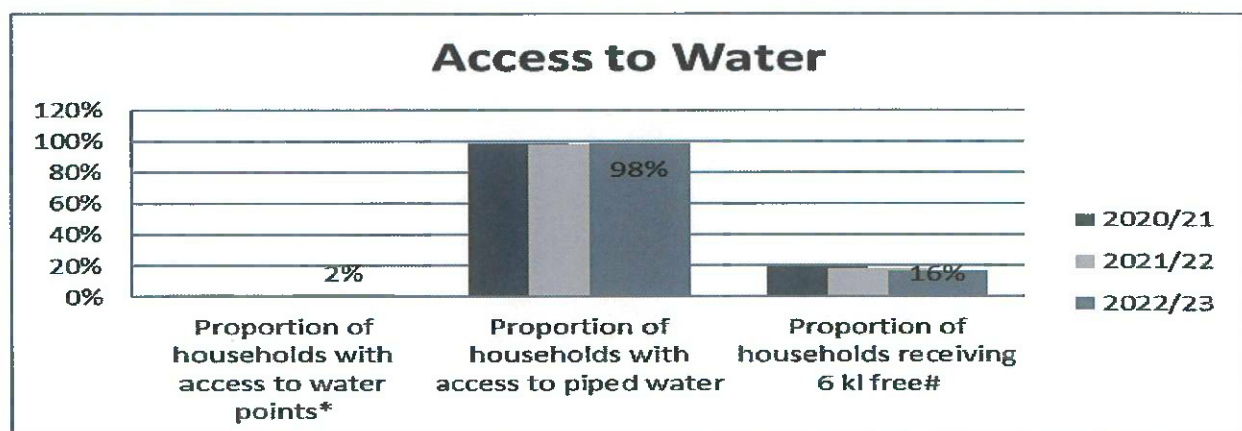
Water Service Delivery Levels				
Households				
Description	2019/20	2020/21	2021/22	2022/23
	Actual No.	Actual No.	Actual No.	Actual No.
Water: (above min level)				
Piped water inside dwelling	187	188	190	199
Piped water inside yard (but not in dwelling)	57	57	58	70
Using public tap (within 200m from dwelling)	4	4	4	16
Other water supply (within 200m)	–	–	–	–

Water Service Delivery Levels				
Minimum Service Level and Above sub-total	248	249	252	284
Minimum Service Level and Above Percentage	97%	97%	97%	98%
Water: (below min level)				
Using public tap (more than 200m from dwelling)	4	4	4	4
Other water supply (more than 200m from dwelling)	1	1	1	1
No water supply	3	3	3	3
Below Minimum Service Level sub-total	4	4	4	4
Below Minimum Service Level Percentage	2%	2%	2%	2%
Total number of households*	256	256	259	289

3.2.5 Households-Water Service Delivery levels below minimum

Water Service Delivery Levels					
	2019/20	2020/21	2021/22	2022/23	
				Original	Actual
Formal Settlements					
Total Households	229	224	226	284	284
Households below minimum service level	0	0	0	–	–
Proportion of households below minimum service level	0%	0%	0%	0%	0%
Informal Settlements					
Total Households	26	31	33	16	16
Households that's below minimum service level	1	2	0	1	1
Proportion of households that's below minimum service level	5%	5%	1%	3%	3%

3.2.6 a. Access to Water –Graph



3.2.6 b. Access to Water –Table

Access to Water				
	Proportion of households with access to points*	of with water	Proportion of households with access to piped water	Proportion of households receiving 6 kl free#
2020/21	2%		98%	20%
2021/22	2%		98%	18%
2022/23	2%		98%	16%

3.2.7 Water Service Policy Objectives Taken from IDP

Water Policy Objectives Taken from IDP						
Service Objectives	Outline Service Targets	2020/21	2021/22	2022/23		2023/24
		Actual	Actual	Target	Actual	Target
Renewing our communities and reviving a sustainable environment	Percentage achievement of turnaround time to restore all potable water service interruptions reported (48 hours norm)	50%	36%	50%	0%	60%
	Percentage compliance with the South African National Standards (SANS 241) on average for potable water quality.	95%	50%	60	96%	95%
	Percentage Reduction of Water Distribution losses					57%

3.2.8 Employees: Water Services

Employees: Water Services (Water, Water Care Works & Maintenance)						
Job Level	Total Posts	Employees 2020/21	Employees 2021/22	Employees 2022/23	Vacancies Fulltime	Vacancies as %
0 - 3	4	1	1	1	3	75%
4 - 6	18	9	9	8	10	56%
7 - 9	69	31	31	31	38	55%
10 - 12	31	22	22	21	10	32%
13 -15	36	9	9	6	30	83%
16 -	65	106	106	106	-41	-63%
	223	178	178	173	50	22%

3.2.9 Financial Performance; Water Services

Water Services					
Financial Performance 2022/23: Water Services					
R'000					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	989,261	903,754	941,459	951,967	5%
Expenditure:					
Employees	22,881	28,612	22,946	22,309	-28%
Repairs and Maintenance	24,102	0	20,541	23,912	100%
Other	1,214,038	1,116,369	1,127,886	1,550,083	28%
Total Operational Expenditure	1,261,021	1,144,981	1,171,373	1,596,304	28%
Net Operational (Service) Expenditure	-271,760	-241,227	-229,913	-644,337	63%

3.2.10 Overall Performance

The municipality's mandate is to ensure that households have appropriate access to basic services. The current level of basic service provision to the community is high, with most formal households having 100% access to both water and sanitation services. There is a deficiency in the supply of basic services to informal settlements, with 98.8 percent of informal household having access to basic water and pit latrine systems within 200 meters of their homes.

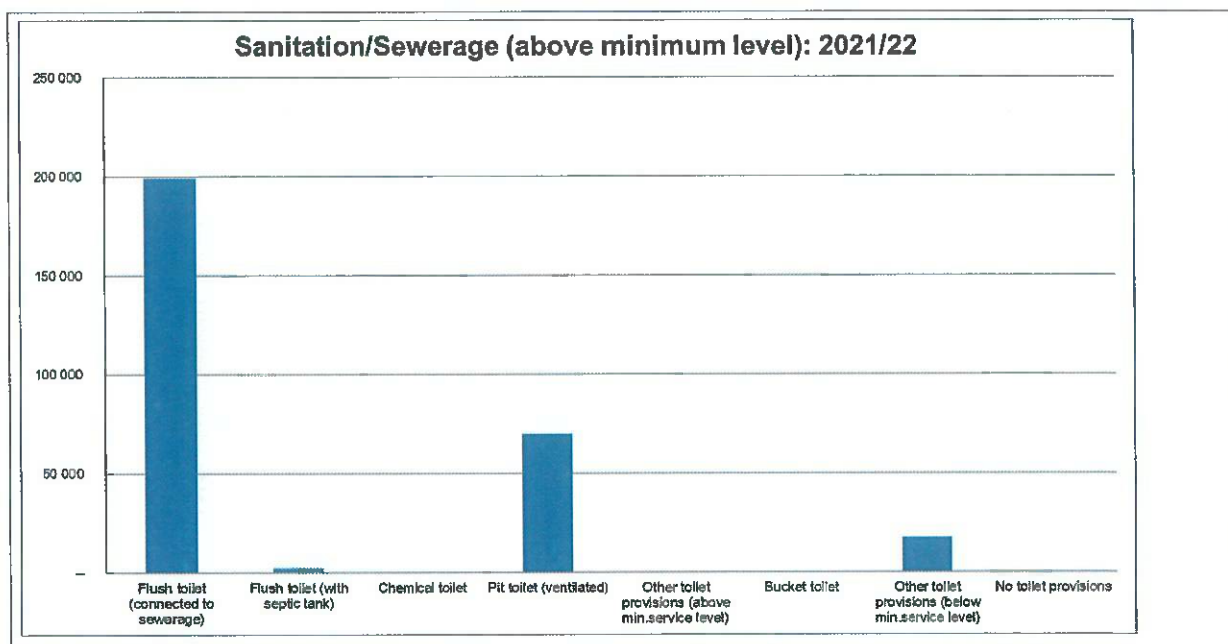
The municipality's water balance currently indicates that the water losses which are attributed to old infrastructure and lack of sufficient resources to adequately deal with the challenge. Consequently, this has negative impact on the financial position of the municipality.

3.3 SANITATION

3.3.1 Introduction

The sanitation network is maintained and operated by 14 sewer maintenance teams attending to sewer blockages, maintenance, and cleaning as well as pipe repairs. Emfuleni Local Municipality has three Wastewater Care Works namely, Leeuwkuil, Sebokeng and Rietspruit. All the Works are classified in terms of the National Water Act. These care works are categorised as class A in terms of the National Water Act. These Water Care Works are to receive and treat Wastewater from all areas in Emfuleni Local Municipality and discharge it to receiving water resources of Rietspruit and Vaal River at acceptable compliance as per Water Use License and Green Drop required.

3.3.2 Sanitation /Sewerage minimum levels



3.3.3 Sanitation Service Delivery Levels

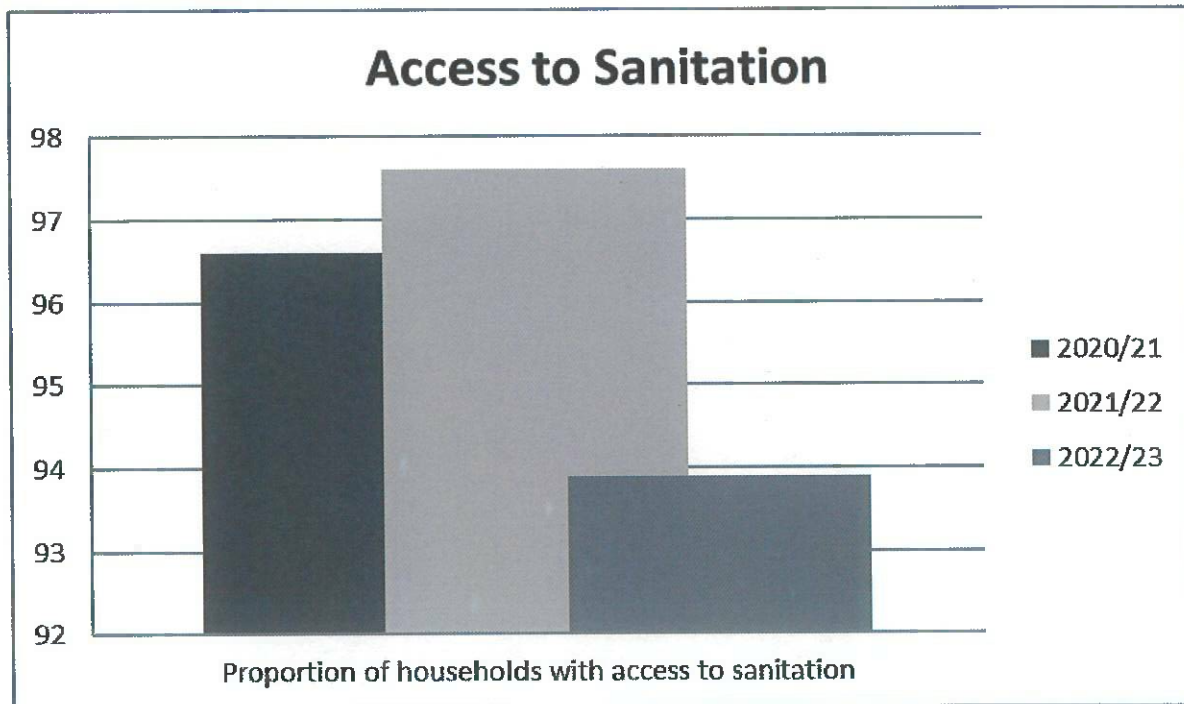
Sanitation Service Delivery Levels				
Households				
Description	2019/20	2020/21	2021/22	2022/23
	Outcome	Outcome	Outcome	Outcome
	No.	No.	No.	No.
Sanitation/sewerage: (above minimum level)				
Flush toilet (connected to sewerage)	190	190	190	199
Flush toilet (with septic tank)	3	3	2	2
Chemical toilet	1	1	1	–
Pit toilet (ventilated)	55	55	60	70
Other toilet provisions (above min.service level)	–	–	–	0

Sanitation Service Delivery Levels				
Households				
Minimum Service Level and Above sub-total	248	248	253	271
Minimum Service Level and Above Percentage	96,9%	96,9%	97,6%	93,9%
Sanitation/sewerage: (below minimum level)				
Bucket toilet	1	1	0	0
Other toilet provisions (below min.service level)	7	7	6	17
No toilet provisions	-	-	-	-
Below Minimum Service Level sub-total	8	8	6	17
Below Minimum Service Level Percentage	3,1%	3,1%	2,4%	6,1%
Total households	256	256	259	288

3.3.4 Households - Sanitation Service Delivery Levels below the minimum

Households - Sanitation Service Delivery Levels below the minimum						
Households						
Description	2019/20	2020/21	2021/22	2022/23		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	229	224	226	284	284	284
Households below minimum service level	8	8	6	17	17	17
Proportion of households below minimum service level	4%	4%	3%	6%	6%	6%
Informal Settlements						
Total households	26	31	33	16	16	16
Households below minimum service level	0	0	0	1	1	1
Proportion of households below minimum service level	1%	1%	1%	6%	6%	6%

3.3.5 Access to Sanitation



3.3.6 Sanitation Policy Objectives Taken from IDP

Sanitation Policy Objectives Taken from IDP							
Service Objectives	Outline Targets	Service	2020/21	2021/22	2022/23		2023/24
			Actual	Actual	Target	Actual	Targets
Renewing our communities and reviving a sustainable environment	Percentage compliance standards with discharge license requirements on effluent quality at Sebokeng waste water care work		27%	22%	60%	56%	60%
	Percentage compliance standards with discharge license requirements on effluent quality at Leeuwkuil waste water care work		27%	22%	60%	74%	60%
	Percentage reduction of Water Distribution losses		-	-	60%	62.64%	60%

3.3.7 Employees: Sanitation

Employees: Sanitation Services						
Job Level	Total Posts	Employees 2020/21	Employees 2021/22	Employees 2022/23	Vacancies Fulltime	Vacancies as %
0 - 3	1	0	0	0	1	100%
4 - 6	5	3	5	4	1	20%
7 - 9	16	6	4	4	12	75%
10 - 12	26	14	14	13	13	50%
13 -15	12	2	0	0	12	100%
16 -	142	59	59	58	84	59%
	202	84	82	79	123	61%

3.3.8 Financial Performance: Sanitation Services

Sanitation Services					
Financial Performance 2022/23: Sanitation Services					
R'000					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	377,197	350,993	349,797	393,676	11%
Expenditure:					
Employees	26,035	32,950	27,198	27,225	-21%
Repairs and Maintenance	67,054	13,938	13,863	16,953	18%
Other	40,960	43,011	63,421	80,897	47%
Total Operational Expenditure	134,049	89,900	104,482	125,076	28%
Net Operational (Service) Expenditure	243,148	261,093	245,315	268,600	3%

3.3.9 Capital Projects

Capital Programme by Project: Year 2022/23					
					R' 000
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Water & Sanitation	113,895,513.00	88,784,476.00	55,764,152.61		
BULK WATER SUPPLY TSHEPISO TO SHARPVILLE	4,767,631.00	442,659.00	-	0%	0%
SEWER LINE HOTKOP&UNISPARK NORTH LEWKUIL	-	5,000,000.00	-	0%	0%
N: BULK WATER SUPPLY-EVATON TO DADEVILLE	5,800,000.00	550,000.00	-	0%	0%
SEWER LINE-3 RIVERS; 3 R-EAST & SOLPARK	5,135,100.00	5,135,100.00	4,764,973.55	-8%	-8%
VAALOEWER WTW REFURB: PHASE 2	10,000,000.00	-	-	0%	0%
UPGR UNION STR BULK SEWER IN VEREENIGIN	19,782,078.00	8,463,530.00	4,367,889.19	-94%	-353%
UPGRADING OUTFALL SEWER ON NORTHERN AREA	23,156,220.00	4,665,390.00	17,731.00	-26212%	-
UPGRADING SEWER PIPELINE PS8: STILLBOX	18,369,473.00	25,215,125.00	21,557,751.87	-17%	15%
SEWERLINE FROM INDUS; BOIP /TSHEP TO PS4	26,885,011.00	21,869,572.00	12,004,456.25	-82%	-124%
ACQUISITION OF WATER METERS	-	15,000,000.00	8,006,080.00	-87%	100%
SEWER PIPES	-	2,443,100.00	5,045,270.75	52%	100%

3.3.10 Overall Performance

There is 100% sanitation coverage in all formal settlements. Sanitation provision is still a challenge in areas that are not yet formalized as townships, but they do make use of Pit / Long drop toilets. The Sanitation gravity network provides waterborne sewer connections to 230 000 stands in the Emfuleni Local Municipal area, 5250 agricultural holdings (plots) make use of on-site sanitation systems like French drains and septic tanks. Notably, the users of Pit / Long drop toilets, French drains and septic tanks are not being serviced by ELM.

3.4 ELECTRICITY

3.4.1 Introduction

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

3.4.2 Bulk Purchases of Electricity

The area covered by the municipality's distribution licence consumed 2 020 358 527,00 kWh. In accordance with the latest statistics reported to NERSA there are approximately 72,557 consumers of which approximately 64 107 are residential and agricultural. These consumers consume approximately 88,8% of the total energy distributed by the municipality. The other energy sold is consumed by the industrial and business consumers. The bulk purchases of electricity procured from Eskom for 2022/2023 amounted to R2 602 421 299,55.

3.4.3 Electricity Service Delivery Levels

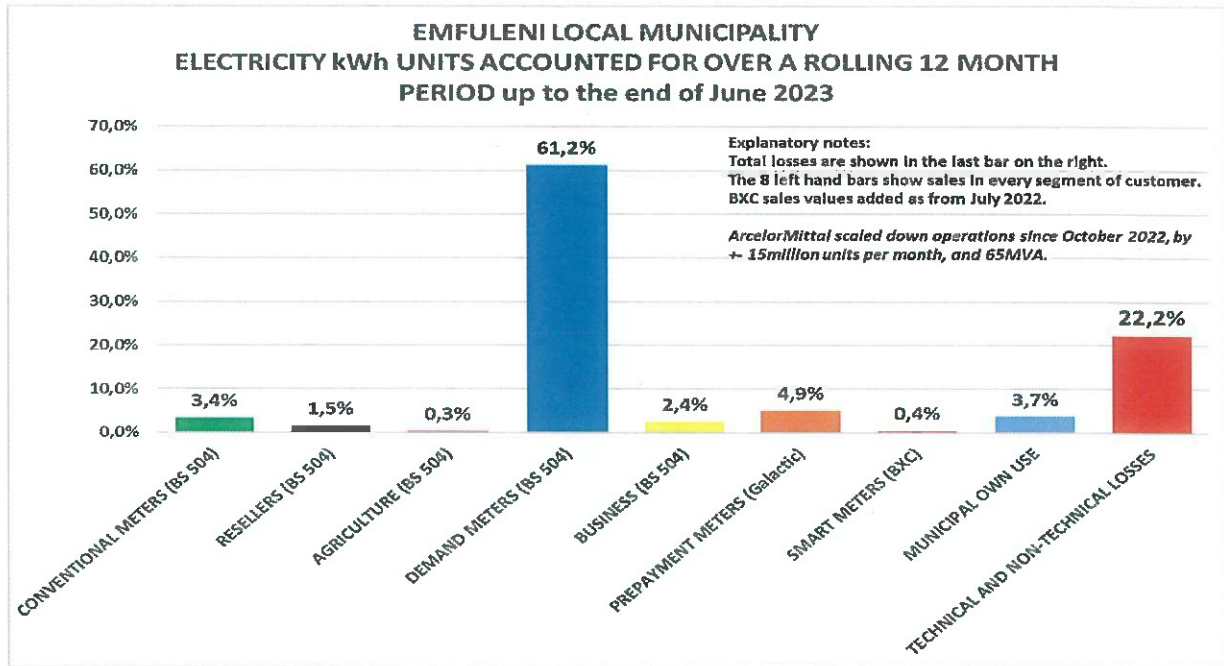
Electricity Service Delivery Levels				
Households				
Description	Actual	Actual	Actual	Actual
Energy: (above minimum level)				
Electricity (at least min.service level)	61 607	69 220	69 220	72 557
Electricity - prepaid (min.service level)				
Minimum Service Level and Above sub-total	61 607	61 607	69 220	72 557
Minimum Service Level and Above Percentage	100.00%	100.00%	100.00%	100.00%
Energy: (below minimum level)				
Electricity (<min.service level)	-	-	-	-
Electricity - prepaid (< min. service level)	-	-	-	-
Other energy sources	-	-	-	-
Below Minimum Service Level sub-total	-	-	-	-
Below Minimum Service Level Percentage	0.00%	0.00%	0.00%	0.00%
Total number of households	61 607	69 220	69 220	72 557

3.4.4 Electricity Households minimum level

Proportion of Households with minimum level of Basic services					
	2018/19	2019/20	2020/21	2021/22	2022/23
Electricity service connections	70%	80%	90%	90%	90%

Water - available within 200 m from dwelling	99%	99%	99%	99%	98%
Sanitation - Households with at least VIP service	94%	94%	94%	94%	94%

3.4.5 Electricity Consumption



The number of consumers increased from 69 220 to 72 557 with the total consumption of 2 020 358 527, 00 kwh. The total losses for the year under review have decreased from the 23% to 22.2% recording slight reduction from previous years.

3.4.6 Electricity Service Policy Objectives Taken from IDP

Electricity Service Policy Objectives Taken from IDP							
		2022/22		2022/23		2023/24	
		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	24.00%	21.78%	20.00%	22.2%	20%	
	Number of Electrical network refurbished / repaired/ maintained.			3	5	4	

3.3.7 Employees: Electricity

Employees: Electricity Services						
Job Level	Total Posts	Employees 2020/21	Employees 2021/22	Electrical 2022/23	Vacancies Fulltime	Vacancies as %
0 - 3	4	1	1	1	3	75%
4 - 6	26	15	14	13	13	50%
7 - 9	63	41	39	37	26	41%
10 - 12	79	28	28	28	51	65%
13 -15	10	0	0	0	10	100%
16 -	57	49	49	49	8	14%
	239	134	131	128	111	46%

3.3.8 Financial Performance: Electricity

Electricity Services					
Financial Performance 2022/23: Electricity Services					
R'000					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	8,800	3,360,460	3,224,214	3,047,509	-10%
Expenditure:					
Employees	42,057	49,217	44,755	43,816	-12%
Repairs and Maintenance	8,905	15,720	19,292	16,091	2%
Other	2,816,717	2,336,459	2,324,479	3,004,527	22%
Total Operational Expenditure	2,867,678	2,401,396	2,388,526	3,064,435	22%
Net Operational (Service) Expenditure	-2,858,878	959,064	835,687	-16,926	5766%

3.3.9 Capital Programme: Electricity

Capital Programme by Project: Year 2022/23					
Capital Project	R' 000	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Electricity	166,466,000.00	128,900,000.00	116,669,286.34		
LETHABOKG SWITCHING STATION PHASE 1	4,133,000.00	-	-	0%	0%
LETHABONG BULK -FEEDERLINE	6,000,000.00	-	-	0%	0%
SEBOKENG Z30 2C	4,548,000.00	-	-	0%	0%
LETHABONG PHASE 2B	6,000,000.00	-	-	0%	0%
LETHABONG P2C	17,385,000.00	-	-	0%	0%
REPLACE 11KV SWITCHGEAR IN SUBSTATIONS	10,000,000.00	-	-	0%	0%
SBK EXT30 SWITCHING STATION & FEEDER LINE	-	11,000,000.00	5,753,831.95	-91%	100%
R:20MVA 88/11KV T/FORMER VESCO S/STATION	10,000,000.00	1,800,000.00	-	0%	0%
R:RETROFIT S/STATION; MINIBUS & D/PILLAR	5,000,000.00	4,844,810.00	8,367,394.12	42%	40%
UPGRADING OF VERDI SUBSTATION	7,000,000.00	608,696.00	-	0%	0%
BTU HV	200,000.00	200,000.00	296,045.45	32%	32%
TRANSFORMERS HV	6,000,000.00	1,290,000.00	14,441,041.62	91%	58%

UPGRADING OF TOWN SUBSTATION - PHASE 1	10,000,000.00	10,000,000.00	14,281,069.90	30%	30%
UPGRADING OF POWERVILLE SUB-PHASE 1	10,000,000.00	-	-	0%	0%
UGRADING OF TOWN SUBSTATION PHASE 2	10,000,000.00	10,000,000.00	8,692,811.02	-15%	-15%
UPGRADE MUNIC SUBSTATION	15,000,000.00	15,000,000.00	13,973,172.65	-7%	-7%
INSTALLATION OF MINK CONDUCTORS	5,000,000.00	-	-	0%	0%
BTU MV	200,000.00	200,000.00	-	0%	0%
TRANSFORMERS MV	6,000,000.00	9,433,450.00	16,846,769.40	44%	64%
SUPPLY AND INSTALLATION OF ROBUST BOXES	2,000,000.00	2,000,000.00	1,805,586.96	-11%	-11%
REPLACE OF 11KV SWITCTGEARS AT VRG 6 SUB	3,000,000.00	-	-	0%	0%
N:SUPPLY DELIVERY INSTAL LV B/CONDUCTORS	2,000,000.00	-	-	0%	0%
N:NEW CONNECTION & NETWORK REINFORCEMENT	1,000,000.00	756,661.00	-	0%	0%
R:UPGRADING OF RURAL LINES	3,000,000.00	2,367,034.00	2,058,290.43	-15%	-46%
TSHEPONG PHASE 3 ELECTRIFICATION	-	12,626,819.00	8,592,441.28	-47%	100%
TSHEPONG PHASE 3 BULK	-	7,036,000.00	2,738,821.63	-157%	100%
SEBOKENG EXT 30 ELECTRIFICATION	-	11,487,820.00	6,952,342.03	-65%	100%
LETHABONG BULK	-	18,635,666.00	4,352,436.16	-328%	100%
TOOLS AND TEST EQUIPMENT	2,000,000.00	-	-	0%	0%
MV CABLES	3,000,000.00	3,000,000.00	2,032,975.85	-48%	-48%
SUPPLY AND INSTALL DISTRIBUTION PILLARS	1,000,000.00	500,000.00	899,540.00	44%	-11%
LV CABLES	2,000,000.00	2,000,000.00	1,739,130.02	-15%	-15%
R:UPGRADING OF METER BOXES ELM	2,000,000.00	-	-	0%	0%
REPLACE ELECTRICITY PREPAID METERS	10,000,000.00	2,200,000.00	-	0%	0%
SUPPPLY AND INSTALL METERS FOR LPU	2,000,000.00	1,913,044.00	2,845,585.87	33%	30%
SUPPLY & INSTALL METERS COMMERCIAL/BUSI	1,000,000.00	-	-	0%	0%

3.5 SOLID WASTE

3.5.1 Introduction

Waste management service is 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 (Boitshepi, Palm Springs and Waldrift), litter picking, street sweeping,

management of mini dumps / transfer stations, prepaid collection service, cleaning of illegal dumps and environmental management, and education and awareness.

A total of 191 151 households receives the waste collection services once a week. The remainder of the households represents a total of 35 733 households living in informal settlements that are serviced through the removal of illegal dumps. During the year under review, the municipality removed 157 768 m³ of waste of reported illegal dump sites and waste transfer stations.

3.5.2 Solid Waste Service Delivery Levels –A

Solid Waste Service Delivery Levels –A			
Description	2020/21	2021/22	2022/23
	Actual No.	Actual No.	
Solid Waste Removal: (Minimum level)			
Removed at least once a week	190 207	190 786	191 151
Minimum Service Level and Above sub-total	190 207	190 786	191 151
Minimum Service Level and Above percentage	86.0%	85.9%	70.84%
Solid Waste Removal: (Below minimum level)			
Removed less frequently than once a week	31 091	31 228	35 733
Using communal refuse dump	N/A	N/A	N/A
Using own refuse dump	N/A	N/A	N/A
Other rubbish disposal	N/A	N/A	N/A
No rubbish disposal	N/A	N/A	N/A
Below Minimum Service Level sub-total	31 091	31 228	35 733
Below Minimum Service Level percentage	14.0%	14.0%	
Total number of households	221 29.00	222 014.00	226 884

3.5.3 Solid Waste Service Delivery Levels –B

Solid Waste Service Delivery Levels –B				
Description	2020/21	2021/22	2022/23	Households
	Actual	Actual	Target	Actual
Formal Settlements				
Total households	2 283 120 465.00	2 283 120 465.00	190 790.00	191 151.00
Households below minimum service level	31 228.00		35733	35733
Proportion of households below minimum service level	16%			
Informal Settlements				
Total households	221 704.00	30 254 714.00	266 523	226 884
Households its below minimum service level	31 228.00		35733	35733
Proportion of households its below minimum service level	14%			14%

3.5.4 Solid Waste Service Policy Objectives Taken from IDP

Solid Waste Service Policy Objectives Taken from IDP						
		2020/21	2021/22	2022/23		2023/24
		Actual	Actual	Target	Actual	Target
Service Objectives	Outline Service Targets					
Renewing our communities and reviving a sustainable environment	% of weekly household waste collection services completed as per schedule including formal and informal settlements	53.84%	51%	65%	70%	50%
	Total m ³ of waste removed from mini dumps on a weekly basis as per schedule.	120 000m ³	194101m ³	200101m ³	157 768 m ³	80000m ³
	Average percentage of compliance with the landfill sites operations requirements.	53.67%	83%	80%	85%	80%

3.5.6 Employees: Solid Waste

Employees: Solid Waste Management & Waste Disposal Services (Waste Management)						
Job Level	Total Posts	Employees 2020/21	Employees 2021/22	Employees 2022/23	Vacancies Fulltime	Vacancies as %
0 - 3	4	1	1	1	3	75%
4 - 6	10	6	5	4	6	60%
7 - 9	16	13	13	13	3	19%
10 - 12	55	24	23	22	33	60%
13 - 15	15	8	7	6	9	60%
16 -	301	257	251	245	56	19%
	401	309	300	291	110	27%

3.5.7 Financial Performance: Solid Waste Management Services

Landfill sites & Solid Waste Magement Services					
Financial Performance 2022/23: Solid Waste Management Services					
R'000					
Details	2021/22	2022/23			
	Actual	Original	Adjustment	Actual	Variance to
Total Operational Revenue (excluding tarrifs)	193,570,871	212,742,264	223,294,821	186,002,731	-14%
Expenditure:					
Employees	45,633,623	59,398,519	47,710,358	47,174,760	-26%
Repairs and Maintenance	373,248	4,716,000	4,716,000	2,794,261	-69%
Other	85,987,393	65,155,635	72,380,676	69,485,397	6%
Total Operational Expenditure	131,994,264	129,270,154	124,807,034	119,454,418	-8%
Net Operational (Service) Expenditure	61,576,608	83,472,110	98,487,787	66,548,313	-25%

3.5.8 Capital Programme by Project: Waste Management

Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Waste Management	9,765,309.00	8,437,593.00	47,746.96		
INVESTIGATE & DEV NEW LANDFILL SITES	54,909.00	54,909.00	47,746.96	-15%	-15%
WASTE SPECIALISED VEHICLES	9,710,400.00	8,382,684.00	-	0%	0%

3.5.9 Overall Performance

In line with 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 specialized 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.

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

The Boitshepi and Waldrift Landfill sites' lifespan score was calculated to final closure in April 2023, while the Palm Springs landfill site lifespan is calculated at 18 years.

Free basic electricity (FBE) of 50kWh per month is made available to all the registered indigents. In the areas where Eskom is the supplier of electricity the Municipality compensates Eskom for the issuing of free electricity to its consumers. 6kl free basic water is made available to households that are registered and approved in terms of the indigent policy of the municipality. Water and Solid waste is also made available to every household of Emfuleni Local Municipality areas.

3.6 ROADS AND STORMWATER

3.6.1 Introduction

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

The road infrastructure of Emfuleni Local Municipality links directly to national roads thus making access to other key strategic economic hubs like Johannesburg, Ekurhuleni, and the City of Tshwane etc. easy and convenient.

3.6.2 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.

The table below indicated that, in the 2022/2023 period a total of 613.2 km of gravel roads were maintained. In the 2021/2022 period a total of 272.7 kilometers of gravel roads were maintained. In the 2020/2021 period a total of 177.22 kilometers of gravel roads were upgraded to tar. The municipality managed to achieve more due to provincial intervention and assistance in maintenance of gravel roads.

Year	Total gravel roads	Gravel roads graded/maintained
2018/2019	206.2	206.2
2019/2020	121.85	121.85
2020/2021	177.22	177.22
2021/2022	272.7	272.7
2022/2023	613.2	613.2

3.6.3 Asphalted Road Infrastructure

In the 2022/2023 period the roads department managed to maintain an equivalent of 11 370.21 square meters of tarred roads through the patching of potholes programme. The municipality has achieved as per the year plan however this was an under achievement when considering the current state and increased level of deterioration of the municipal tarred roads network. Due to constraints of cash availability to execute the budget, there was only 17.038 kilometres of resealing of existing tarred roads was done during 2022/23. There has been an 18% increase in re-sealing output as compared to the 14.02 km of re-sealing done in 2021/2022.

Financial Year	Total Tarred roads	Existing tar Roads re-tarred	Existing tar Roads re-sheeted	Tar roads maintained
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
2021/2022	25.55	14.02	0	11.53
2022/2023	28.408	17.038	0	11.37

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

3.6.4 Roads and Storm Water Service Policy Objectives Taken from IDP

Roads and Storm water Service Policy Objectives Taken from IDP						
		2020/21	2021/22	2022/23		2023/24
		Actual	Actual	Target	Actual	Target
Service Objectives	Outline Service Targets					
Renewing our communities and reviving a sustainable environment Increased accessibility and efficient reliable road network	Length of kilo meters tarred on municipal roads	9.1km	17.038km	10km	17.038km	
	Length of kilo meters of municipal gravel roads maintained	177.22km	272,7km	373km	613.2km	160km
	Meters of storm water maintained in line with maintenance plan	7786m	3508m	4813mm	8086m	
	Number of square meters of potholes patched on municipal roads and streets	10110 m2	11528 m2	4347 m2	11 370.21m2	3 000m2

3.6.5 Financial Performance: Road Services

Financial Performance 2022/23: Roads Services						R'000
Details	2021/22	2022/23				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue (excluding tariffs)	233,320	229	1,341	3,356	93%	
Expenditure:						
Employees	16,894	22,923	20,248	19,927	-15%	
Repairs and Maintenance	826	46,112	34,112	12,449	-270%	
Other	148,373	248,283	212,591	337,842	27%	
Total Operational Expenditure	166,093	317,318	266,952	370,219	14%	
Net Operational (Service) Expenditure	67,227	-317,089	-265,611	-366,863	14%	

3.6.6 Employees: Roads and Storm-water

Employees: Roads And Storm-water Services						
Job Level	Total Posts	Employees 2020/21	Employees 2021/22	Employees 2022/23	Vacancies Fulltime	Vacancies as %
0 - 3	3	2	2	2	1	33%
4 - 6	10	4	4	4	6	60%
7 - 9	18	8	7	6	12	67%
10 - 12	167	25	24	23	144	86%
13 -15	77	2	2	2	75	97%
16 -	1115	142	140	138	977	88%
	1390	183	179	175	1215	87%

3.6.9 Capital Programme by Project: Roads and Storm water

Capital Programme by Project: Year 2022/23						R' 000
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %	
ROADS & STORM WATER	51,141,974.00	102,499,747.00	100,456,149.87			
N:TARRING OF BIKITSHA STREET ZONE 12	-	2,032,884.00	1,767,724.80	-15%	100%	
N:CONSTRUCTION OF LAKESIDE BLOCK A ROAD	8,164,269.00	1,203,820.00	518,900.38	-132%	-1473%	

Capital Programme by Project: Year 2022/23					
Capital Project	Original Budget	Adjustment Budget	Actual	R' 000	
				Variance (Act - Adj) %	Variance (Act - OB) %
TARRING DHLAMINI STR UMZIM TO MOSHOESHOE	3,725,591.00	3,725,591.00	3,235,915.76	-15%	-15%
CONST OF VAN SCHALKVYK STREET EATONSIDE	20,258,114.00	38,383,375.00	32,772,152.19	-17%	38%
N:TARRING OF PITSENG AND URANIUM STREET	8,994,000.00	11,154,077.00	8,736,604.27	-28%	-3%
UPGRADING OF MOSHOESHOE ROAD PHASE 2A1	10,000,000.00	-		0%	0%
ROADS RESEAL	-	46,000,000.00	53,424,852.47	14%	100%

3.6.10 Overall Performance

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

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

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

3.7 HOUSING (Human Settlements)

3.7.1 Introduction

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.

Significantly, the provision of houses falls within the ambit of the Gauteng Department of Human Settlement, thus it is their competency and 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. This role clarification becomes necessary to our communities so that issues relating to human settlement within the municipal areas are resolved respectively. The municipality is therefore tasked with the identification of suitable land for the establishment of new housing projects to reduce the housing backlog on the Gauteng waiting list.

3.7.2 Services Standards

The municipality has recorded the following services:

- ❖ Rental Housing Information Offices where Rental Tribunal Administration is performed (36 cases were attended to);
- ❖ Identification of a suitable land for the establishment of new housing projects to reduce the housing backlog on the Gauteng Waiting list. The total number of houses built is 235 units during 2022/23 financial year,
- ❖ Issuing of Title Deeds; 246 Title Deeds were handed out to the law full beneficiaries of R.D.P. houses.
- ❖ The following housing units will be transferred to the tenants/purchasers through the Retro Programme: Leeuhof Extension 1; Sonhof Flats; CW5 Low-Cost Housing units in Vanderbijlpark; and Housing units in Rust-ter-Vaal, and
- ❖ Eradicating informal settlements – through the provision of proclaimed townships, with serviced stands and houses.
 - Golden Gardens (345)
 - Tshepong Proper Phase 1(344)
 - Sonderwater (480)
 - Westside Park (150)
 - Sebokeng Zone 24 (149)
 - Sebokeng Zone 28 (500)
 - Sebokeng Ext 30 (72)

The total households (formal and informal) are indicated in column 2, the total houses that was built in informal settlements are 135, whereby it is indicated a growth of only 3.64 percent.

3.7.3 Housing

Year end	Total Households including in formal and informal settlements	Households in formal settlements	Percentage of households in formal settlements
2019/20	654000	450000	68.8%
2020/21	654000	500000	76.5%
2021/22	684000	540000	78.9%
2022/23	684259	540033	1.26%

3.7.4 Housing: Service Delivery and Budget Implementation Plan

		2020/21		2021/22		2022/23	
		Target	Actual	Target	Actual	Target	Actual
SERVICE OBJECTIVES	OUTLINE SERVICE TARGETS	40	80	50	59	50	246
Renewing our communities and reviving a sustainable environment	Number of title deeds issued						

3.7.5 Employees: Housing

EMPLOYEES: HOUSING SERVICES						
Job Level	Total Posts	Employees 2020/21	Employees 2021/22	Employees 2022/23	Vacancies Fulltime	Vacancies as %
0 - 3	2	1	1	1	1	50%
4 - 6	16	9	9	9	7	44%
7 - 9	4	2	2	2	2	50%
10 - 12	13	0	0	0	13	100%
13 - 15	0	0	0	0	0	0%
16 -	17	1	1	1	16	94%
	52	13	13	13	39	75%

3.7.6 Financial Performance: Housing Services

Financial Performance 2022/23: Housing Services						R'000
Details	2021/22	2022/23				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue (excluding tariffs)	861,069	2,217	11,085	11,087	80%	
Expenditure:						
Employees	22,808	31,203	33,862	33,233	6%	
Repairs and Maintenance						
Other	10,847	48,554	50,061	69,609	30%	
Total Operational Expenditure	33,655	79,757	83,923	102,841	22%	
Net Operational (Service) Expenditure	827,414	-77,540	-72,838	-91,755	15%	

3.7.7 Overall Performance: Housing

To provide effective service the Human Settlements function provides the following services:

- ❖ Rental accommodation: Human Settlements is administering the following low-cost rental units:
 - CW 5.
 - Hertzog flats.
 - Mimi Fouriehof flats.
 - Sonhof flats.
 - Leeuhof ext. 1 (Erf 305)
 - Roshnee Old Age Home; and
 - Rust-ter-vaal flats

During the 2022/2023 financial year, the 246 title deeds were delivered by the Human Settlements Department for issuing to rightful beneficiaries. Furthermore, the following housing units will be transferred to the tenants/purchasers through the Retro Programme:

- ❖ Leeuhof Extension 1 (190 rental units was transferred, 62 still outstanding – Sectional Titles need to be registered).
- ❖ Sonhof Flats
- ❖ CW 5 Low-Cost Housing units in Vanderbijlpark
- ❖ Housing units in Rust-ter-Vaal

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:

- ❖ Chris Hani Informal Settlement.
- ❖ Snake Park Informal Settlement.
- ❖ Tshepiso Informal Backyard dwellers.
- ❖ Hlala Kwabafileyo Informal Settlement; and
- ❖ 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:

- ❖ Snake Park Informal Settlement; and
- ❖ 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.
- ❖ Hlala Kwabafileyo 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.

3.8 PLANNING

3.8.1 Introduction

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 2023. 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.

The Gauteng Provincial Government (Office of the Premier) is currently providing support to enhance the municipality's commitment in implementing Corporate GIS within its administrative jurisdiction. Significant progress was registered pursuant to providing interdepartmental functionalities vital to enhancing mandatory service delivery objectives of the municipality.

3.8.2 Applications for Land Use Development

The municipality approved the new single municipal-wide land use scheme which was subsequently promulgated in February 2023. The new land use scheme replaced town planning schemes previously applicable to different regions within the same jurisdiction of the municipality. Therefore, the approval of the aforesaid schemes represents an important shift from erstwhile fragmented spatial and land use planning practices to a more comprehensive, participatory and unitary approach to integrated land use and transport planning.

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

Applications for Land Use Development				
Detail	Received and still in process for reporting			Approved
	PDA Areas	Vanderbijlpark Areas	Vereeniging Areas	Total
Amendment of Town Planning Scheme	4	68	50	58
Township Establishment	0	1	0	0
Subdivisions	2	5	10	8
Consolidations	2	5	8	12
Consent uses	4	11	8	15
Removal of Restrictions	2	4	3	2

The municipality has received a total of 187 land use applications for amendment of the Land Use Scheme (2018). For the year under review, 58 were approved; received 1 township establishment applications which is still under consideration, received 17 subdivision applications and approved 8, received 15 consolidation applications and approved 12, received 23 consent use applications and approved 15; Received 9 removal of restrictions and approved 2.

The total outstanding applications (applications still in progress) at the end of the current financial year were 200. Non approval on some of the land use applications is because some applications were not fully compliant with the statutory requirements such as outstanding municipal accounts, bond holders' consent and other associated mandatory documents. Negative comments from relevant sector departments arising from water and sewer capacity problems have also contributed to the delay in the finalization of applications.

3.8.3 Township Establishments

Township Name	Nature of Project
Vanderbijlpark SW 7 Extension 11	1100 currently undeveloped erven
Flora Gardens Extension 2	500 – Residential units
Vanderbijlpark SW 7 Extension 10	13 – Residential units
Eaglest Nest	249 - Residential units
Vanderbijlpark SE 8 Extension 1	3 - Retirement Village (3400 Res units)
Vanderbijlpark SE 8 Extension 2	2 - Retirement Village (2500 Res units)
SE 9	5 - Residential units (2400 Res units)
Bophelong Extension 25	142 - Residential units
SW Extension 12	13 - Residential units 2 - Private Open Space
Sebokeng Unit 6 Ext 6	1- Commercial township (shopping mall).
SW 8	8 - Residential units
Sebokeng Extension 30, 32 & 34	3 343 - Residential units
Bedworth Park X 8	Commercial Township
	200 residential units
	100 commercial stands 50 Business stands
Powerville Park X 5	Commercial township (31 stands)
Powerville Park X 6	Commercial township (two stands)
Sebokeng Extension 29	203 – Residential
Vaalower Ext 1	450 - Residential units

Township Name	Nature of Project
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 Southeast 10 Extension 1 Townships were approved by Council.

3.8.4 Land Use Management: Service Delivery and Budget Implementation Plan

Planning Service Policy Objectives Taken from IDP						
		2020/21	2021/22	2022/23		2023/4
Service Objectives	Outline Service Targets	Actual	Actual	Target	Actual	
Re-inventing our economy and renew our communities	Review Spatial Development framework	Reviewed Council Approved SDF	Reviewed Council Approved SDF	Developed Council Approved SDF	Developed Council Approved SDF	Approved Spatial Development framework vision 2034

The 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).

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 145 Land use inspections, 145 transgressions (non-compliance to land use legislations) and 15 Court Cases were submitted and 4 resolved.

3.8.5 Employees: Planning (Land use Management and Building Control)

Employees: Planning (Land Use Management And Building Control)						
Job Level	Total Posts	Employees 2020/21	Employees 2021/22	Employees 2022/23	Vacancies Fulltime	Vacancies as %
0 - 3	7	5	5	5	2	29%
4 - 6	33	17	17	17	16	48%
7 - 9	43	16	16	16	27	63%
10 - 12	6	1	1	1	5	83%
13 -15	0	0	0	0	0	0%
16 -	1	1	1	1	0	0%
	90	40	40	40	50	56%

3.8.6 Financial Performance: Planning

Planning					
Financial Performance 2022/23:Planning					
R'000					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)					
Expenditure:					
Employees	1,987	2,494	2,222	2,200	-13%
Repairs and Maintenance					
Other	1,731	2,023	3,022	1,700	-19%
Total Operational Expenditure	3,717	4,516,826	5,244,379	3,899,958	-16%
Net Operational (Service) Expenditure	-3,717	-4,516,826	-5,244,379	-3,899,958	-16%

3.8.7 Overall Performance

Spatial Planning/Forward Planning responsibilities include the use of methods to influence the distribution of people and activities in spaces on various scales. During 2022/2023 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 Rietkuil Agro-processing plant approved by Emfuleni in August 2019, pursuant to the achievement of the broader agro-industrialisation of the region's objectives. The first status quo draft for this framework has recently been produced. The

investment value of the project is worth more than R600 million and 500 jobs are expected to be created in the local economy upon completion of the project. The Rietkuil precinct plan has undergone all public participation processes and is serving at the council committees for a final approval.

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.

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

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

3.9 LOCAL ECONOMIC DEVELOPMENT

3.9.1 Introduction

Local Economic Development (LED) at the municipality involves identifying and using local resources to create opportunities for economic growth and employment creation. The function also focuses on forming local partnerships with key and relevant stakeholders such as national, provincial and district government and private sector structures. This is done to promote and support local economic development initiatives aimed enhancing economic growth and to provide infrastructure for investment attraction and promotion.

Other key functions of LED and Tourism include:

- ❖ **Enterprise development:** Encouragement, support and promotion of SMME's and Cooperatives.
- ❖ **Advertisement:** Approvals of advertising in the area, monitoring and removals of illegal advertising and advertising by-law enforcement.

- ❖ **Informal Trading:** Enforcement of informal street trading by- laws in the entire area of, demarcation of trading spaces, identifying places which can be used for informal street trading markets, issuing of trading permits to traders, identifying where stalls can be erected for traders to conduct their business, interacting with the Provincial Government for more support for the sector.
- ❖ **Business Retention and Growth:** Urban regeneration, renewal and retention, identification of ways to improve business climate, maintenance of relationships with business associations, forums and business service providers and develop and maintain the data system to track trends within the business community.
- ❖ **Tourism:** Promotion and marketing of tourism within the municipality; and **Agriculture:** Promotion and facilitation of agricultural development in the municipality.

3.9.2 Jobs Created through Local Economic Development Initiatives

Jobs Created during Year 2022/23 by LED Initiatives				
Total Jobs created/ Top 3 initiatives	Jobs planned	Jobs lost /displaced by other initiatives	Net total jobs created in year	Method of validating jobs created /lost
	No.	No.	No.	
Year 2021/2022 Community Works Programme	120	-	224	Identification Numbers
Year 2022/2023 Community Works Programme	100	-	598	Identification Numbers

3.9.3 Local Economic Development and Tourism: Service Delivery Budget Implementation Plan

Local Economic Development Service Policy Objectives Taken from IDP						
		2020/21	2021/22	2022/23		2023-24
Service Objectives	Outline Service Targets (SDBIP)	Actual	Actual	Target	Actual	Target
Re-inventing our economy and renew our communities	Number Of LED Projects/Initiatives Facilitated/Implemented.	2	4	4	5	5
	Development Of Informal Trading Policy	-	-	100%	75%	100%
	Development Of Outdoor Advertising Policy	-	-	50%	25%	100%

3.9.4 Employees: Local Economic Development

EMPLOYEES: LOCAL ECONOMIC DEVELOPMENT SERVICES						
Job Level	Total Posts	Employees 2020/21	Employees 2021/22	Employees 2022/23	Vacancies Fulltime	Vacancies as %
0 - 3	3	1	1	1	2	67%
4 - 6	10	9	9	9	1	10%

7 - 9	11	4	4	4	7	64%
10 - 12	0	0	0	0	0	0%
13 - 15	0	0	0	0	0	0%
16 -	0	0	0	0	0	0%
	24	14	14	14	10	42%

2.9.5 Local Economic Development and Tourism Overall Performance

- Continued with our partnership with Department of Agriculture Land Reform and Rural Development,
- Offered Work Integrated Learning opportunity to 13 tourism students.
- Sourced funding for the Rustervaal recyclers co-operatives.
- Continued our partnership with Innovation Hub.
- Established innovation hub at Sharpeville library.
- Trained 60 rural people in collaboration with SALGA in rural enterprise development programme.
- Distributed 140 food security starter packs to household in Ward 2
- 12 fat traps were installed at Mark Park for food Vendors Kiosks to prevent continuous blockage of drainage system.
- 93 Trading permits were issued.

COMPONENT C: COMMUNITY AND SOCIAL SERVICES

3.10 LIBRARIES

3.10.1 Introduction

The Library and Information Services function 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). A Principal Librarian oversees each region, and each library is headed by a Librarian.

Region 1 (Vanderbijlpark, Driehoek, Boipatong-, Bophelong and Stephenson Libraries)

Region 2 (Vereeniging, Sharpeville-, Tshepiso and Rus-ter-Vaal Libraries)

Region 3 (Residensia, Evaton-, Evaton-North-, Sebokeng Zone 13-, Boitumelo and Roshnee Libraries)

3.10.2 Library Initiatives and Service Standards

There are various programs that are benefiting the community of Emfuleni Local Municipality. These initiatives that are grant funded cover a wide range of areas, from education to community development and engagement.

To date the municipality has implemented the following:

Born to Read Program: This program focuses on promoting literacy and a love for reading among young children. Providing access to books, storytelling sessions, and other reading-related activities which significantly contribute to children's cognitive and language development.

Vegetable Gardens and Neighbouring Clinics: This focuses on efforts between vegetable gardens and neighbouring clinics have multiple benefits. These include improving access to fresh and

healthy produce for the community, raising awareness about nutrition and healthy eating habits, and even supports health-related educational initiatives.

Early Childhood Development: Early childhood development programs play a crucial role in providing children with a strong foundation for their future learning and growth. These programs involve educational activities, play-based learning, and support for parents and caregivers in nurturing children's development.

Rural Development Reading Program: This program aims to improve literacy levels and educational opportunities in rural areas. Access to reading materials and literacy-focused activities empower individuals in rural communities, helping them to acquire knowledge and skills that lead to better opportunities.

Chess Competitions in Evaton: Chess competitions are not only a recreational activity but also promote critical thinking, strategic planning, and problem-solving skills. Organizing chess competitions engage community members of different age groups and encourage intellectual development. Currently the chess engagements take place in Evaton the plan is to spread them to other areas.

Mandela Day Program: On annual basis, Mandela Day is celebrated on July 18th to honour Nelson Mandela's legacy and encourage people to take action to make the world a better place. Programs organized on this day focus on community service, volunteerism, and social initiatives that address various local needs. The event takes place in all three regions.

These programs have a positive impact on the Emfuleni local municipality by addressing educational, developmental, and community needs. By focusing on different aspects of community well-being, these initiatives contribute to the overall growth and improvement of the municipality.

3.10.3 Service Standards

Among the service standards and successes, the municipality initiated, Born to Read Program – 2 Programmes implemented. Soccer Legends Reading Programmes - 2 Vegetable Gardens at Clinics and Libraries established Early Childhood Development Program – 7 Presented at Crèches in rural areas. Holiday Programmes – 6 779 Participants. Library Membership – 20 111.

3.11 CEMETERIES

3.11.1 Introduction

Parks and Cemeteries function is the manages public open space, parks, green belts and responsible for development and horticultural maintenance and arboriculture. The functions addresses the interment needs of communities of Emfuleni Local Council., manage and maintain both passive and active cemeteries.

Moreover the municipality makes provision for public open spaces and horticultural maintenance in order to meet recreational needs of local residents. Finally provision of sustainable burial space

3.11.2 Service Standards

Cemetery	Q1. graves provided	Q2. graves provided	Q3. graves provided	Q4. graves provided	Annual Total
Bojpatong Cemetery	8	1	0	0	9
Evaton Cemetery	146	42	104	143	435

Jacobskop Cemetery	73	85	85	101	344
Nanescol Cemetery	80	62	57	46	245
Phelindaba Cemetery	29	22	13	22	86
Roshnee Cemetery	22	18	23	15	78
Rus-fer- vaal	21	29	24	18	92
Vanderbijlpark Cemetery	499	405	405	519	1828
Vuka Cemetery	8	5	5	8	26
Total	886	669	716	872	3143

3.11.3 Parks and Cemetery Service Policy Objectives Taken from IDP

Parks And Cemetery Service Policy Objectives Taken From IDP						
		2020/21	2021/22	2022/23		2023/24
Service Objectives	Outline Service Targets (SDBIP)	Actual	Actual	Target	Actual	
Re-inventing our economy and renew our communities	Percentage maintained and upgraded cemeteries achieved	100%	-	60%	142%	
						70% Implementation of horticultural and arboricultural maintenance programs at parks and cemeteries

3.11.4 Employees: Cemeteries

EMPLOYEES: PARKS AND CEMETERIES						
Job Level	Total Posts	Employees 2020/21	Employees 2021/22	Employees 2022/23	Vacancies Fulltime	Vacancies as %
0 - 3	3	2	2	2	1	33%
4 - 6	13	5	5	5	8	62%
7 - 9	72	16	16	16	56	78%
10 - 12	25	5	5	5	20	80%
13 - 15	279	30	30	28	251	90%
16 -	629	87	78	69	560	89%
	1021	145	136	125	896	88%

3.11.5 Financial Performance: Parks and Cemeteries

Financial Performance 2022/23: Cemeteries and Crematoriums					
R'000					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	11,820	9,040,221	5,652,641	5,770,856	-57%
Expenditure:					
Employees	7,305	8,660	7,731	8,078	-7%
Repairs and Maintenance					
Other	11,795	8,275	15,412	10,472	21%
Total Operational Expenditure	19,100	16,934,619	23,142,130	18,550,634	9%
Net Operational (Service) Expenditure	-7,280	-7,894,398	-17,489,489	-12,779,778	38%

3.11.6 Capital Programme by Project: Parks and Cemeteries

Capital Programme by Project: Year 2022/23					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Cemeteries	10,000,000.00	-	-		
R:VANDERBIJLPARK CEMETERY	5,000,000.00	-	-	0%	0%
R:UPGRADING OF NANESCOL CEMETERY	2,500,000.00	-	-	0%	0%
R:UPGRADING OF RUSTERVAAL CEMETERY	2,500,000.00	-	-	0%	0%

3.11.7 Overall performance

While the municipality has successfully provided the burial spaces for the community and further cut grass in open spaces. This is function has is not successfully implemented. The lack of human resource capacity, machinery, equipment, vehicles, budgets both capital and operational, affects the effective proactive and reactive management approaches and lead to a crisis management. Subsequently, these weaknesses severely compromises service delivery inhouse and give rise to heavy reliance on external service providers.

Public open spaces are now characterized by overgrown of vegetation which become "blackspots", poor arboricultural and horticultural maintenance of pavements which could adversely affect pedestrians and passing motorists, streets which are potentially dangerous and pose a risk to people and or property, sites that are conducive for criminal activity and potential

sites for veldfires and lastly , inability to adapt locally to the demanding of global warming and climate change conditions. Attempts will be intensified to engage partnerships with community and business to care and adopt public spaces. This is done in order to maintain municipal spaces and to jointly promote corporative governance.

3.12 SOCIAL DEVELOPMENT

3.12.1 Introduction

ELM provides social development services to several 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 government departments. The municipality classifies the function into four distinct types of intervention strategies, including casework, group work, community development, and research, in addition to traditional approaches.

3.12.2 Service Statistics for Social Development

Community support programmes for the financial year 2022/2023 are as follows:

Implementation of the Indigent Household Programme took place. Due to several socioeconomic factors, permanent residents who cannot afford to pay their taxes and rates are granted a subsidy to cover their basic needs.

Social Development was responsible for verification and processing of new indigent applications and review of existing indigent households in the database for financial year 2022/2023. Five hundred and eighty (590)

Awareness Campaign

30 people attended Indigent awareness campaign held at Springbok, ward 45.

25 people attended indigent awareness campaign at River square, ward 1.

124 people attended indigent awareness campaign at zone 7 library.

Service blitz was at Bophelong community hall; the aim was to bring all the government services to the people. SASSA, SAPS, Home affairs, etc.

Indigent and pauper burials:

Two hundred and seven (207) Indigent and pauper burials were attended to during financial year 2022/2023. The municipality processed and finalized all (100%) indigent burial applications. The purpose of indigent is to assist family members who are in need. We assist indigent and pauper families in burying their loved ones with dignity and respect.

The Gauteng Government Department of Social Development and Emfuleni Local Municipality has jointly provided a mobile bus to provide services for homeless people in the Region. The bus will have shower and kitchen so that the homeless people can have a meal and take bath, at various hotspots for homeless people in the municipality.

On the 18th of July 2023 on Mandela day, 102 homeless people were provided with blankets, food and fruits. The program was at Vereeniging CBD funded by Gauteng Department of Social Development.

3.12.3 Social Development Service Policy Objectives Taken from IDP

Social Development Service Policy Objectives Taken from IDP					
		2020/21	2021/22	2022/23	
Service Objectives	Outline Service Targets (SDBIP)	Actual	Actual	Target	Actual
Re-inventing our economy and renew our communities	Number of updated indigent register submitted	4	-	4	4

3.12.4 Social Development

EMPLOYEES: CHILDCARE, AGE CARE & SOCIAL PROGRAMMES (SOCIAL DEVELOPMENT)						
Job Level	Total Posts	Employees 2020/21	Employees 2021/22	Employees 2022/23	Vacancies Fulltime	Vacancies as %
0 - 3	1	1	1	1	0	0%
4 - 6	26	9	9	9	17	65%
7 - 9	13	0	0	0	13	100%
10 - 12	20	13	12	11	9	45%
13 -15	0	0	0	0	0	0%
16 -	0	0	0	0	0	0%
	60	23	22	21	39	65%

3.12.5 Financial Performance: Social Development

Financial Performance 2022/23: Child Care; Aged Care; Social Programmes						R'000
Details	2021/22	2022/23				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue (excluding tariffs)						
Expenditure:						
Employees	1,846	713	1,979	1,846	61%	
Repairs and Maintenance						
Other	396	481	313	396	-21%	
Total Operational Expenditure	2,242	1,194	2,292	2,242	47%	
Net Operational (Service) Expenditure	-2,242	-1,194	-2,292	-2,242	47%	

3.12.6 Overall Performance

The municipal Social Development department continue to partner with relevant stakeholders: South African Social Services Authority (SASSA), the Department of Home Affairs, Department of Social Development (DSD) Province and South African Police Services (SAPS) in rendering services to various sub-groups like Children, Older persons, People with Disability, HIV/AIDS, Victims of domestic violence and abuse, and the Youth. This is made possible by intergovernmental relations.

3.13 ENVIRONMENTAL MANAGEMENT

3.13.1 Introduction

The Environmental Management functions include the provision of a comprehensive Municipal Health Services to enable the community to live in a health hazard free environment. Environmental Health is rendered in terms of National Health Act 61 of 2003. To ensure community health and safety, and compliance with local and National Policies, the Environmental Health Services Division conducts inspections, complaint investigations, and compliance action, surveillance/monitoring and community health education activities relating to all premises that offer or store any type of food or beverage.

Environmental Health also conduct surveillance and prevention of communicable diseases, childcare facilities, public swimming pools, municipal abattoirs, control of public nuisances, water sampling, and rodent and vector control, excluding immunizations.

3.13.2 Priority areas and Service Statistics

Water quality control:

Awareness programs during suspected disease outbreaks were conducted through media. Monitoring and sampling of potable water and open water (92 samples).

Food control:

Regular inspections (1799 inspections) and monitoring of all food premises to ensure compliance with legislation and that a safe and wholesome product is provided to the public.

Special events were monitored for the safe provision of foodstuffs to the public:

141 Inspection Reports were issued. Foodstuffs were surrendered for destruction (unfit for human consumption)

Waste management:

Monitor environment in respect of illegal dumping, littering, inspections of Medical Waste Generator Premises and taking the necessary remedial actions.

Health surveillance of premises:

Conduct inspections at premises to ensure compliance to legislation and Council policies. Standard Operating Procedure for the handling of complaints was drafted and workshop with all the Environmental Health Practitioners to have a common understanding.

Investigate complaints and ensure that remedial actions are taken:

255 Pre-School inspections were done.
Inspection reports were issued.
Workshops were conducted for Pre-school owners on Environmental Health related topics.

Surveillance and prevention of communicable diseases, excluding immunizations:

Trace sources of infections and take samples for analysis, if necessary, take preventative measures to prevent spreading of outbreaks by means of information.

Environmental Health plan was drafted to ensure a preventative/action plan that would assist in curbing the consequences that may be caused by Cholera/Waterborne diseases in Emfuleni Local Municipality. No infectious water-borne diseases were reported. 63 swaps were taken.

3.13.3 Environmental Service Policy Objectives Taken from IDP

Environmental Service Policy Objectives Taken from IDP						
		2020/21	2021/22	2022/23		2023/24
Service Objectives	Outline Service Targets (SDBIP)	Actual	Actual	Target	Actual	Target
Re-inventing our economy and renew our communities	Number of inspections to comply with national environmental health norms and standards at any period	2600	21716	2000	2538	2000

3.13.4 Employees: Environmental Health

EMPLOYEES: HEALTH INSPECTION (ENVIRONMENTAL HEALTH)						
Job Level	Total Posts	Employees 2020/21	Employees 2021/22	Employees 2022/23	Vacancies Fulltime	Vacancies as %
0 - 3	1	1	1	1	0	0%
4 - 6	10	7	7	7	3	30%
7 - 9	32	9	9	9	23	72%
10 - 12	0	0	0	0	0	0%
13 - 15	0	0	0	0	0	0%
16 -	4	0	0	0	4	0%
	47	17	17	17	30	64%

EMPLOYEES: POLLUTION CONTROL (ENVIRONMENTAL MANAGEMENT)						
Job Level	Total Posts	Employees 2020/21	Employees 2021/22	Employees 2022/23	Vacancies Fulltime	Vacancies as %
0 - 3	1	1	1	1	0	0%
4 - 6	3	1	1	1	2	67%
7 - 9	8	3	3	3	5	63%
10 - 12	0	0	0	0	0	0%
13 -15	0	0	0	0	0	0%
16 -	0	0	0	0	0	0%
	12	5	5	5	7	58%

3.13.5 Financial Performance: Environmental Management

Financial Performance 2022/23: Bio-Diversity; Landscape and Other					
R'000					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	315	893	290	278	31%
Expenditure:					
Employees	14,382	16,198	16,449	16,361	101%
Repairs and Maintenance					0%
Other	11,988	10,589	11,662	13,322	126%
Total Operational Expenditure	26,370	26,787	28,111	29,683	111%
Net Operational (Service) Expenditure	-26,054	-25,894	-27,821	-29,405	114%

Overall Performance

The municipality conducted regular inspections of funeral undertakers and mortuaries and supervised exhumations. To this end a total of 123 inspections of funeral undertaker premises were done. 1799 Food premises were inspected. Inspections were conducted at 255 Pre-school institutions. 30 Schools were inspected. 141 Samples were taken and taken to the National Health Laboratory services for analysis. A total of 190 verifications were done on building plans and sites.

COMPONENT E: HEALTH

3.14.1 PRIMARY HEALTH CARE

Primary Health Care Services (PHC) derive its mandate from the National Health Act 61 of 2003 and other relevant legislation. PHC services include provision of the following comprehensive personal health services:

- Antenatal Care, Postnatal Care services and cervical screening.
- Immunizations against communicable diseases.
- Integrated Management of Childhood Illnesses.
- Reproductive health including family planning.
- Chronic Diseases Management.
- Management of Sexually Transmitted Infections.
- TB and HIV/AIDS management and
- Health Education.

3.14.2 Service Statistics

The Primary Health Care Core Package is rendered in 17 fixed clinics within the Municipality. The Primary Health Care function is the competency of the Gauteng Provincial Health Department. ELM is rendering the function on behalf of the Gauteng Department of Health. ELM priorities in this regard include the following:

- Improving access to comprehensive PHC service delivery.
- Provide extended operational hours at clinics.
- Provide extended mobile clinic points to informal settlement and rural communities.
- Ensure access to antiretroviral treatment and Essential Drug List (EDL) and
- Improve TB cure rate.

Gauteng province is the most densely populated province in the country. This is because of the constant influx of people from other province and neighboring SADC countries in search of work opportunities.

The municipality is equally not immune from such an influx. This is noticeable in the increase of burden of diseases, overcrowding, long queues, and a compromised infection control to the public as seen in the clinics within the municipality. The Municipal Health Services has put the following initiatives in place to respond to the challenges alluded to above:

- ❖ The upgrading of health facilities, for an example, Tshepiso clinic was upgraded through building of outside toilets for patients, paving of the clinic, and replacement of 8 air conditioners in consultation rooms this initiative was conducted by the municipality in partnership with Rodacil Construction Company during the current financial year.
- ❖ Upgrading of Thlokomealong clinic through construction of additional 4 consultation rooms and a waiting area in partnership with Serithi Mining Company during the current financial year.
- ❖ A total of 1 849 700 uninsured public health users had access to a comprehensive PHC core package within the clinic of ELM during the financial year under review.
- ❖ TB cure rate has improved from 79% -- to 82%.
- ❖ Sixteen out of eighteen clinics within the municipality are currently offering Ante Retroviral Treatment.
- ❖ The Human Papilloma Virus campaign targeting young girls between the ages of 9 and 13 was successfully conducted within the Municipality during the financial year under review.

13.14.3 Employees: Primary Health Care

EMPLOYEES: CLINICS (PRIMARY HEALTH CARE)						
Job Level	Total Posts	Employees 2020/21	Employees 2021/22	Employees 2022/23	Vacancies Fulltime	Vacancies as %
0 - 3	2	2	2	1	1	50%
4 - 6	34	6	6	5	29	85%
7 - 9	114	43	42	42	72	63%
10 - 12	23	9	9	9	14	61%
13 - 15	25	2	2	2	23	92%
16 -	33	14	14	14	19	58%
	231	76	75	73	158	68%

3.14.4 Overall Performance

The key focus of the municipality during the financial year under review in this area was the upgrading of Tshepiso clinic through building of outside toilets for patients, paving of the clinic, and replacement of 8 air conditioners in consultation rooms with the municipality partnering with Rodacil Construction Company during the reporting financial year. Upgrading of Thlokomelong clinic through construction of additional 4 consultation rooms and a waiting area in partnership with Serithi Mining company.

There was a sustained improvement in TB cure rate within the Municipality from 78% to 80.3% during the period under review.

On average patient waiting time within the municipality is currently at 2 hours and 40min. Clinics are working hard to reduce this waiting time by implementing fast queues and through the integration of HIV/AIDS, Sexually Transmitted Infections and TB (HAST) program with chronic diseases management. Waiting time is monitored monthly in all facilities and corrective measures are constantly reviewed and implemented. On average the medical staff compliment is currently at 4 professional nurses per day.

The shortage of skilled nurses because of attrition had a negative impact on the waiting time in health facilities as PHC is a nurse driven function. The renewed call by the Gauteng Health Department to take over the Primary Health Care function had a negative impact on staff morale as nurses are resigning in large numbers. The prevalence of HIV/AIDS in the Sedibeng District Health Region improved from 21.1% to 15.5% for the reporting period.

COMPONENT F: SECURITY, SAFETY AND SPORTS

3.15 TRAFFIC SERVICES

3.15.1 Introduction

Traffic and Security services is aligned to the National Crime Prevention Strategy, the Provincial Crime Prevention Strategy, and the District Crime Prevention Strategy. The function is divided into three regions and has successfully implemented the Emfuleni Traffic and Security Law

Enforcement Year Plan and all the targets were met. Joint roadblocks were also held with South African Police Services and other Provincial Traffic Departments.

The services rendered are derived from the following mandate:

- ❖ Section 152 of the RSA Constitution Act 108 of 1996- Objects of Local Government Sect (1)(d) to promote a safe and healthy environment.
- ❖ 1998 & 2016 White Paper on Safety and Security – focusing on an integrated and developmental approach to safety and violence prevention.
- ❖ 2016 White Paper on Policing – focusing on the core elements of policing.
- ❖ Chapter 12 of the National Development Plan "Safety should be measured by the extent to which the most vulnerable in society feel and are safe from crime [and violence] and the conditions that breed it".
- ❖ National Road Traffic Act 93 of 1996 – Rendering of efficient traffic policing.
- ❖ Criminal Procedure Act, 51 of 1977 as amended.
- ❖ Private Security Industry Regulation Act, 56 of 2001(PSIRA).

The following functions are performed to secure efficient and effective services in respect of safety to the communities.

- To render traffic and security services that comply with legislative requirements.
- Provide Road safety training for communities and personnel.
- Process accident data.
- Render efficient security services to protect municipal property, infrastructure and sites.
- Develop and implement Social Crime Prevention programs.
- Render traffic services /Enforcement of the Road Traffic Act.

3.15.2 Service Standards

Provision of efficient traffic policing functions

Traffic Officers are deployed daily and are divided in 2 shift system, and in each region, we have an average of ±6 Traffic Officers per shift, to conduct:

- ❖ Visible Policing
- ❖ Speed Measuring
- ❖ Mass measuring (Overloading)
- ❖ Alcohol & Reckless Driving operations
- ❖ Mass measuring (Overloading)
- ❖ Camera Prosecution
- ❖ Point Duties

Accident Management

The municipality have two (2) staff members who are deployed to render this function The function involves the processing of accident data which includes but not limited to:

- ❖ Collection of accident report.
- ❖ Capturing of accident reports information.
- ❖ Providing accident information to member of public insurance companies, Attorneys and RAF.

Road Safety

Minimize Pedestrian Accidents through Public Education and Training to Learners, Community and Companies .

Conduct external road safety training

Scholar Patrols and Child in Traffic Programs
Driver education.

Render efficient security services

This function includes the monitoring of security services which is rendered by an appointed service provider to provide security services to municipal properties, sites, infrastructure and safety of personnel and councilors while performing their duties in council sittings, functions, etc.

- ❖ Conduct internal investigations on theft and losses within the municipality.
- ❖ Monitoring and supervision of security services.
- ❖ Provide security for access control.
- ❖ Guarding of council properties and employees.
- ❖ Monitors security service point.
- ❖ Attends to incidents and accidents involving councillors, council properties and employees; and
- ❖ Conduct special operations and activities in response to essential infrastructure, cable theft and damage to substations.
- ❖ 12 road safety promotional campaigns were conducted in schools and in the community, based on vulnerability and risk assessments conducted and as per the request from the community.

Social Crime Prevention campaigns were held with the Departments of Education, Correctional Services, Provincial Community Safety, SAPS, the CPF's targeting school safety, drug abuse, reintegration of offenders to the community as per Correctional Services guidelines and policies, domestic violence and all forms of abuse, etc.

3.15.3 Achievements

- ❖ Joint law enforcement inspections at the malls, shops, spaza shops, taverns, etc.
- ❖ Enforcement of compliance to the regulations at cemeteries during funerals.
- ❖ Conducted patrols to check compliance related to transport permits.
- ❖ conducted Joint O Kae Moloa together with the SAPS, Gauteng Provincial Traffic and Home Affairs.
- ❖ Road Safety Promotional campaigns were conducted in various schools and communities.
- ❖ Conducted crime prevention campaigns focusing on reducing the risk factors that are prevalent in our communities. Initiatives includes school safety dialogues with learners at various schools, substances abuse awareness, crime prevention through environmental

design where areas prone to crime and criminal elements and drug hideouts were identified. Consequently, the relevant governmental departments were advised to rectify the status of such areas, youth crime prevention, joint launching of the youth structures at Vaal university of Technology, expanding the role of the municipality in crime prevention through supporting programs and affiliating to community policing forums situated in 8 policing precincts of Emfuleni.

- ❖ Reviewed and developed community safety plan.
- ❖ Three (3) policing precincts experienced a decrease in respect of sexual offences, those are Vanderbijlpark with 29.1%, Evaton 41% and De Deur by 17.3%, the decrease may be attributed to joint efforts levelled against gender-based violence by the CJS cluster, Community policing forums community safety forums of Emfuleni and Sedibeng jointly, and the Department of Community safety.
- ❖ Conducted a stakeholder workshop in response to infrastructure theft, damage and cable theft; and
- ❖ Manage to influence the SAPS to establish an Essential Infrastructure Task Team (EITT) to improve the response to infrastructure theft, damage and cable theft.

3.15.4 Traffic and Security Service Data

Traffic and Security Service Data					
Details		2021/22	2021/2022		2022/2023
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of road traffic accidents during the year	5320	6000	5449	6000
3	Number of traffic officials in the field on an average day (Traffic Officers & Traffic Wardens)	67	144	108	144
4	Number of all Traffic personnel on duty on an average day (includes Traffic Officers Security, Crime Prevention)	124	144	340	144

3.16.5 Traffic Services Service Policy Objectives Taken from IDP

Traffic and Security Service Policy Objectives Taken from IDP						
		2020/21	2021/22	2022/23		2023/24
Service Objectives	Outline Service Targets (SDBIP)	Actual	Actual	Target	Actual	Target
Re-inventing our economy and renew our communities	Number community safety programmes implemented	60	45	64	86	64

3.16.5 Employees: Traffic Services

EMPLOYEES: POLICE OFFICERS (TRAFFIC & SECURITY)						
Job Level	Total Posts	Employees 2020/21	Employees 2021/22	Employees 2022/23	Vacancies Fulltime	Vacancies as %
Chief Traffic Officer	1	1	1	0	1	100%
4 - 6	10	5	5	3	7	70%
7 - 9	191	100	99	96	95	50%
10 - 12	47	15	13	32	15	32%
13 -15	4	1	1	1	3	75%
16 -	38	7	7	7	31	82%
	291	129	126	139	152	52%

3.16.6 Financial Performances: Traffic

Financial Performance 2022/23: Traffic					
					R'000
Details	2021/22	2022/23			
	Actual	Original	Adjustment	Actual	Variance to
Total Operational Revenue	48,563	105,550	105,561	408,217	74%
Expenditure:					
Police Officers	31,785	38,150	33,616	33,476	-14%
Other employees	16,972	18,808	17,667	17,490	-8%
Repairs and Maintenance					
Other	173,778	155,037	205,974	206,600	25%
Total Operational	222,536	211,995	257,257	257,566	18%
Net Operational (Service)	-173,973	-106,445	-151,696	150,651	171%

3.16 FIRE SERVICES

3.16.1 Introduction

The Fire and Rescue Services are provided in all 45 municipal wards. The municipal area is subdivided into 3 regions (Vereeniging, Vanderbijlpark and Sebokeng/Evaton). Only three (3) out of four (4) fire stations are operational due to resource challenges related to vehicles and human resources. The core function of the Fire and Rescue Services are:

- ❖ rendering fire -fighting services and rescue, fire safety services,
- ❖ protection of human life and property,
- ❖ promote fire safety including the establishment Fire Protection Associations which relates to veld and bush fires on the farms and small holdings to give support and relied for the community in distress, and

- ❖ Disaster Management/events management.

3.16.2 Service Standards

	Details	2020/21	2021/22		2022/23
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires attended in the year	524	700	394	700
2	Total of other incidents attended in the year	178	300	117	300
3	Average turnout time - rural areas	More than 23 min	Max. 23 min	More than 23 min	Max. 23 min
4	Fire fighters in post at year end	113	258	111	258
5	Total fire appliances at year end	21	21	22	21
6	Average number of appliances off the road during the year	20 of 21	5 of 22	20 of 22	5 of 22

Average turnout times are determined by logging the times taken to reach an emergency incident from receipt of call and analyzing the record. Average Fire appliances off the road.

The average number of busses off the road is obtained by sampling the number off average turnout times are determined by logging the times taken to reach an emergency incident from receipt of call the road on different days at different times. Percentage compliance to turn around time (23 Minutes) for fire and rescue in 2022/23. (From initial Call received until arrival on scene.) (60%)

3.16.3 Fire Fighting Services

To mitigate lack of sufficient fire and rescue equipment, Fire and Rescue Services also conducted PIER (Public Information Education Relation) programs in the area. PIER is conducted to empower and educate the community on matters related to fire safety as a major to reduce associated dangers which results in fires. Hereunder are the statistics in relation to PIER programs:

Year	2020/21	2021/22	2022/23
Awareness programs conducted	4	5	9
Basic First aid to community	10	296	319
Basic firefighting to community	309	440	640
School visits	3	1	4

The following table highlights the statistical performance for the year under review.

Year	2021/22	2022/23
Inspections	694	644

3.16.4 Fire Service Policy Objectives Taken from IDP

Fire Service Policy Objectives Taken From IDP						
Service Objectives	Outline Service Targets	2020/21	2021/22	2022/23		2023/24
		Actual	Actual	Target	Actual	Target
60% turnaround time within 23 minutes to all calls	60% turnaround time within 23 minutes to all calls.	65.75%	60% turnaround time within 23 minutes to all calls	60% turnaround time within 23 minutes to all calls	60% turnaround time within 23 minutes to all calls 60	60% Compliance to SANS code turnaround time (23 minutes) required for fire and rescue incidents

3.16.5 Employees: Fire Services

EMPLOYEES: FIRE SERVICES						
Job Level	Total Posts	Employees 2020/21	Employees 2021/22	Employees 2022/23	Vacancies Fulltime	Vacancies as %
Chief Fire Officer	1	1	1	1	0	0%
4 - 6	10	5	5	5	5	50%
7 - 9	233	110	108	106	127	55%
10 - 12	0	0	0	0	0	0%
13 - 15	6	0	0	0	6	0%
16 -	8	3	3	3	5	0%
	258	119	117	115	143	55%

3.16.6 Financial Performance: Fire Services

Financial Performance 2022/23: Fire Services						R'000
Details	2021/22	2022/23				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	8,564	10,632	8,247	458	-2220%	
Expenditure:						
Fire fighters	37,166	42,453	37,850	37,590	-13%	
Other employees	5,124	6,428	5,704	5,631	-14%	
Repairs and Maintenance						
Other	65,209	64,292	59,032	57,303	-12%	
Total Operational	107,500	113,173	102,585	100,524	-13%	
Net Operational (Service)	-98,936	-102,541	-94,338	-100,066	-2%	

3.16.7 Overall Performance

No capital projects for 2022/23 for Fire and Rescue due to lack of funds. The Provincial Grant of R7 800 000.00 was allocated to procure 1x Medium Pumper and Radio Communication equipment, roll over funds (R10 000.00) was used to procure tyres for fire truck and that has been successfully completed.

During the year 2022/23 Emfuleni Fire and Rescue attended to 511 calls within applicable South African National Standards (SANS Code) response time of 23 minutes and more in comparison to the 702 in the previous financial year. These calls included all household and property fires, veld fires, rescues and extrication services to both fire related and motor vehicle incidents and accidents.

Fire safety inspections were conducted at commercial premises to prevent fires, limit dangerous hazards and enforce fire safety.

3.17 SPORTS

3.17.1 Introduction

The municipality strives to achieve a non-racial and an integrated local community with healthy lifestyles. It encourages the communities to participate actively in sport and recreational activities through several sport development programmes that it implements in all areas including the underprivileged ones. So, this function is divided into Sport Development, Sport Facilities Maintenance and Recreational Facilities Maintenance.

Some of the programmes which were implemented included sporting codes such as swimming, cycling, soccer, softball, boxing, netball, korfbal, indigenous games, rugby and athletics. ELM is also creating a healthy and safe environment at its 21 formal and 42 informal facilities that are maintained on a regular basis. With limited resources, an effective and efficient municipal service is being rendered in this regard. This service is rendered in a co-operative and participative manner with communities.

3.17.2 Municipal Facilities

Recreational Facilities (Swimming pools and resorts)

Access to these facilities is irrespective of colour, creed, religion, gender and or age. It opens daily and no need to do prior bookings. Visitors are expected to make payment at the entrance as indicated in the tariffs' structure.

Sport Facilities

Local Federations, Confederations, Associations and or mother bodies make bookings and or reservations by submitting league fixtures and or programmes with dates and times.

Priority will always be given to the municipal events and or activities. Written requests for other events and or functions must be submitted at least 2 weeks' prior an event of a lesser magnitude.

An approval letter with specified tariff for payment is prepared and issue after payment with receipt being submitted. Events of high magnitude are referred to the Events Safety Committee for approval, after-which the above applies.

3.17.3 Service Statistics for Sport, Recreation, Arts and Culture

The municipality has successfully hosted 23 Arts & Culture. Furthermore, maintenance was done on 17 Sport facilities, 05 Swimming pools, 04 Resorts and 08 community halls.

The following Arts and Culture programme was implemented:

1. 09 July 2022 Hanyani Wellness Program (200)
2. 13th August 2022 Gomacc (80)
3. 18th & 21st August 2022 Amazing Women Arts (340)
4. 28 August 2022 Mmino wa Sepostola (400)
5. 03 September 2022 Vaal Pride (280)
6. 24 September 2022 Gauteng Carnival (local participants 500)
7. 30 September 2022 Emfuleni Theater Media Launch (80)
8. 01 October 2022 Moshoeshoe Day Celebration (70)
9. 08 October 2022 Postola Music Launch (400)
10. 29 October 2022 Gauteng Theatre Production Festival (120)
11. 30 October 2022 Annual Mmino wa Sedodana (450)
12. 12 & 13 November 2022 Ishashalaza Theatre & Dance Auditions (100)
13. 16 November 2022 Creative Business Mentorship (40)
14. 23 November 2022 Joy of Jazz Music Workshop (250)
15. 03 & 04 December 2022 Hip-hop & Amapiano Auditions (180)
16. 16 December 2022 DJ Knockout (+-9000)
17. 4 Feb -25 March 2023 Emfuleni Screening Workshop (750)
18. 21 March 2023 Human Rights Celebration (2000)
19. 24& 25 March 2023 Vaal Music Indaba (76)
20. 26 March 2023 Puisano Jazz (500)
21. 17 May 2023 Vaal Film Festival Launch (80)
22. 19 May 2023 Education and Awareness Workshop (300)
23. 13 June 2023 Capacity Building Workshop (50)

3.17.4 Employees: Sports and Recreation

EMPLOYEES: SPORTS AND RECREATION						
Job Level	Total Posts	Employees 2020/21	Employees 2021/22	2022/23	Vacancies Fulltime	Vacancies as %
0 - 3	3	2	2	2	1	33%
4 - 6	8	5	4	3	5	63%
7 - 9	15	8	6	7	8	53%
10 - 12	30	19	18	11	19	63%
13 -15	40	17	16	23	17	43%
16 -	96	49	48	47	49	51%
	192	100	94	93	99	52%

3.17.5 Financial Performance: Sports and Recreation

Sport and Recreation					
Financial Performance 2022/23: Sport and Recreation					
R' 000					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	3,769	11	0	1	-2115%
Expenditure:					
Employees	16,937	22,900	17,537	17,499	-31%
Repairs and Maintenance	175	430	430	233	-85%
Other	27,912	22,034	25,854	26,106	16%
Total Operational Expenditure	45,024	45,364	43,821	43,838	-3%
Net Operational (Service) Expenditure	-41,255	-45,352	-43,821	-43,838	-3%

3.17.6 Capital Programme by Project: Sports and Recreation

Capital Programme by Project: Year 2022/23

R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
REFURBISHMENT OF SE 2 SWIMMING POOL	1,500,000.00	1,700,000.00	-	0%	0%
REFURBISHMENT OF BOPHELONG STADIUM	5,194,804.00	5,194,804.00	2,586,509.00	-101%	-101%

3.17.7 Overall Performance of Sport and Recreation

The municipality strives to achieve a non-racial and an integrated local community with healthy lifestyles. It encourages the communities to participate actively in sport and recreational activities through several sport development programmes that it implements in all areas including the underprivileged ones.

Some of the programmes which were implemented included sporting codes such as swimming, cycling, soccer, softball, boxing, netball, korfbal, indigenous games, rugby and athletics.

ELM is also creating a healthy and safe environment at its 21 formal and 42 informal facilities that are maintained on a regular basis. With limited resources, an effective and efficient municipal service is being rendered in this regard. This service is rendered in a co-operative and participative manner with communities.

3.18 EXECUTIVE AND COUNCIL

Emfuleni Local Municipality is categorized in terms of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998) as a Category B municipality. Its executive structure is a mayoral executive system. The Executive Mayor is Cllr Siphon Radebe supported by 9 members of the Mayoral Committee as described in Chapter 2 under Political Governance of this report.

The accounting officer is the Municipal Manager, Mr April Ntuli who is supported by the Executive Committee Members as described in Chapter 2 under Administrative Governance of this report. The functions performed from and coordinated by the office of the Municipal Manager are either of a political or a governance nature. The political functions coordinated by the office of the Municipal Manager are:

- ❖ The office of the Executive Mayor,
- ❖ The office of the Speaker including Public Participation, and
- ❖ The office of the Chief Whip.

3.18.1 Governance

The governance related functions performed by the office of the Municipal Manager are:

- ❖ Integrated Development Planning.
- ❖ Performance Management.
- ❖ Risk Management, Anti-fraud, and Anti-corruption.
- ❖ Information and Communications Technology.
- ❖ Monitoring and Evaluation.
- ❖ Intergovernmental Relations, and
- ❖ Communications, Branding, and Marketing,

3.19 HUMAN RESOURCES

3.19.1 Introduction

The Human Resources Management's 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 also provides a strategic organizational development function aimed at promoting the future growth and sustainability of ELM as an institution.

HRM is positioning itself to be a strategic partner that influences human capital planning decisions at the highest level of management within ELM. Globalisation coupled with the technological and information revolution has changed the traditional world of work and HRM is positioning itself to evolve with the changing times and improve its service offering to the institution and its staff.

The functions of the HRM comprise of the following:

- Benefits Administration.
- Personnel Administration.

- Recruitment and Selection.
- Leave Management.
- Training and Development;
- Human Resource Policy Development.
- Strategic input regarding human capital planning.

3.19.2 Service Statistics of Human Resources Services

For the year under review, the following employees exited the employ of the municipality:

Resignations	Dismissals	Medical Boarding	Deaths	Retirements	Contract terminations	Total
15	1	2	11	41	0	70

3.19.3 The Workplace Skills Plan

The 2022/2023 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 257 employees were successfully trained through 10 different training interventions during the period under review.

The following were milestones for the Training Unit in the last financial year:

- Municipal Finance Management Programme Graduates - 22
- Qualified Plumbers from Metsi-a-Lekoa - 20
- Horticulture Graduates – 19
- National Diploma in HR/Public Management – 25
- Qualified Electricians – 10
- Hosting of Interns, Learnerships and Work-Integrated-Learning for 88 Learners
- Collaborative Training Project for the skills training of 250 youth from ELM communities in bricklaying and community house building.

3.19.4 Key Programmes for 2022/2023

Key Policies for Development and Reviews viz. Recruitment and Selection, Leave Administration, Retention, Succession Planning, Placement, Shift System, Cellular Phones, Car allowance, Training Development that have been necessitated by the promulgation of the amended Municipal Systems Act.

The amended legislation compels municipalities to align all HR Policies with the Municipal Staff Regulations (MSR) as gazetted. HR has completed the first phase of actual alignment with the MSR, and HR will be sending reviewed policies to Council for approval during the new financial year i.e. 2023/24.

In addition, the two following projects were initiated and continues into the new financial year:

- ❖ Updating and digitization of personnel files is an ongoing project.
- ❖ Comprehensive institutional skills audit.

3.19.5 Human Resources Service Policy Objectives Taken from IDP

Human Resources Service Policy Objectives Taken From IDP						
Service Objectives	Outline Service Targets	2020/21	2021/22	2022/23		2023/24
		Actual	Actual	Target	Actual	Target
				Releasing Human Potential	Number of priority HR policies developed/reviewed and submitted to Council for approval	-
	Percentage budgeted priority critical vacancies filled	15%	24%	20%	69%	60%
	Percentage funded Training Plan and Ad-hoc programs budget spent	80%	117%	100%	107%	100%

3.19.6 Employees: Human Resources

EMPLOYEES: HUMAN RESOURCES SERVICES						
Job Level	Total Posts	Employees 2020/21	Employees 2021/22	Employees 2022/23	Vacancies Fulltime	Vacancies as %
0 - 3	3	3	3	3	0	0%
4 - 6	18	13	12	10	8	44%
7 - 9	25	15	15	15	10	40%
10 - 12	1	0	0	0	1	100%
13 - 15	0	0	0	0	0	0%
16 -	1	1	1	1	0	0%
	48	32	31	29	19	40%

3.19.7 Financial Performance: Employees

Employees: Human Resource Services					
Financial Performance 2022/23: Human Resource Services					
R'000					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	2,450	5,500	4,445	3,745	-47%
Expenditure:					
Employees	19,082	21,241	20,805	19,724	-8%
Repairs and Maintenance					
Other	39,514	26,633	32,884	44,471	40%
Total Operational Expenditure	58,595	47,874	53,689	64,194	25%
Net Operational (Service) Expenditure	-56,145	-42,374	-49,244	-60,449	30%

Overall Performance

The following performance was registered during the period under review:

The Department recorded the appointment of 42 officials from the critical priority vacancies while an additional 3 critical positions were interviewed and are pending the conclusion of the vetting of qualifications and the competency-based assessments.

Successfully processed 70 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 BUILDING CONTROL

3.20.1 Introduction

Building Controls function ensures that compliance with the requirements of National Building Regulations and Standard Act 103 of 1977 is achieved in the municipal-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 ranges from houses, commercial buildings, cell mast up to temporary Structures. The plans that are not approved are archived for a period of a year only and all plans that have lapsed in the system must be resubmitted again. The annual number of applications submitted to building control for approval fluctuates, and the 219 building plans were approved for the year under review.

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.

3.20.2 Applications for Approval of Building Plans

Activity	2018/19	2019/20	2020/21	2021/22	2022/23
Building Plan applications received for approval	979	997	1509	1065	895
Determination made in year of receipt	681	390	1245	892	592
Applications not approved	215	512	120	100	219
Applications outstanding at year end	83	95	144	73	84

The table 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.

3.20.3 Service standards

The following services were provided:

- 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 were 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.

3.21 PROPERTY

3.21.1 Introduction

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.

3.21.2 Achievements

Under the Land Regularisation programme, municipality transferred property to beneficiaries through the Conversions Act facilitated by the Gauteng Department of Human Settlements, 18 title deeds were issued to beneficiaries.

3.21.3 Statistics

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

The Property Department objective's is to maximize the Municipal property portfolio. This includes leasing and alienation of municipal-owned property, while generating financial returns. During the financial year 2022/23 various categories of properties were leased, these are properties that stimulate the social and economic development that required to create jobs.

During this financial year the 24-lease agreement were enter upon. The impact of renewed leases will ensure income generation for the municipality, which will ensure financial stability. The municipality did not auction any property during 2022/23 financial year.

3.21.4 Overall performance

The Property section's vision is the effective facilitation of lease and purchase applications and registration of servitudes over Council owned land and access control applications as well as the effective and efficient managing of Council fixed assets. In this financial year department enter 24 leases which will have a positive impact to the community and municipal revenue.

The Section liaises on a regular basis with applicants/developers who intend leasing and purchasing Council property, professionals, and governmental departments to utilize our properties for service delivery.

A land audit contained all immovable properties owned by the municipality and should be updated at least once every financial year. This audit process will verify occupation, legal agreements, and other commitments, for example applications in terms of the Conversion Act of 1988. Emfuleni Municipality. The Properties department, in its effort to reverse the past, through the conversion Act, transfer 18 properties to the beneficiaries of Emfuleni municipality.

The transfer of certain properties (businesses, crèches and churches) in the townships into the name of the legal owners is continuing. The Property section will now embark on a process to finalize the transfers.

3.22. LEGAL SERVICES

3.22.1 Introduction

Legal Services is one of the departments forming the Corporate Services Cluster. The department offers legal support and advice to the municipality. The support offered includes but not limited to:

- o vetting of contracts.
- o provision of legal opinions.
- o development of policy and provision of advice in this regard.
- o provision of advice on legislation and its application/implication.
- o drafting and advising on by-laws, and
- o maintenance of Legal Materiality Compliance Register – to this end a legal compliance monitoring checklist has been developed.

3.22.2 Service Statistics

Matters and progress made by 30 June 2023:

Status Quo On Cases	Number Of Cases
Total matters	79
Rulings in favor of ELM	49
Rulings against ELM	04
Pending	21
Abandoned	05
Total	158

3.22.3 Employees: Legal Services

EMPLOYEES: LEGAL SERVICES						
Job Level	Total Posts	Employees 2020/21	Employees 2021/22	Employee 2022/23	Vacancies Fulltime	Vacancies as %
0 - 3	4	2	2	4	0	0%
4 - 6	14	1	1	1	13	93%
7 - 9	4	1	1	1	3	75%
10 - 12	0	0	0	0	0	0%
13 - 15	0	0	0	0	0	0%
16 -	0	0	0	0	0	0%
	22	4	4	6	16	73%

3.2.4 Financial Performance: Legal Services

Legal Services					
Financial Performance 2022/23: Legal Services					
R'000					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)					
Expenditure:					
Employees	3,380	4,856	3,566	3,058	-59%
Repairs and Maintenance					
Other	49,103	25,538	20,657	29,597	14%
Total Operational Expenditure	52,483	30,393	24,223	32,655	7%
Net Operational (Service) Expenditure	-52,483	-30,393	-24,223	-32,655	7%

3.2.2.5 Overall Performance

The following achievements were registered by the Department:

- ❖ Developed five draft By-laws.
- ❖ Successfully defended and resolved 49 litigations.
- ❖ In collaboration with Internal Audit developed the Legal Materiality Compliance Register Checklist for monitoring of compliance.
- ❖ Gave a legal opinion on 28 policies of which 20 were approved by Council.
- ❖ Successfully drafted 95 Service Level Agreements, and
- ❖ Facilitated the drafting and approval of the systems delegation by Council.

The municipality is in the process of finalizing the following key interventions:

- ❖ Monitoring of the Legal Material Compliance Check list.
- ❖ Development and approval of the sub-delegation's systems for levels 02 – 06 and review of high-level Delegations.
- ❖ Reviewal of the establishment of the Panels of Attorney.
- ❖ Promulgation of By-laws, and
- ❖ The setting up of a fully functional Law Library.

3.2.3 INFORMATION TECHNOLOGY

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

3.23.1 Service Delivery Priorities and Services

ICT Strategic Planning

The development of five-year ICT Strategy is done. The Strategy is aligned to the developed IDP, SDBIP.

Service Statistics for ICT Services

The ICT department provide services to about 2100 users in the Municipality spread across Emfuleni Jurisdiction.

All the outside offices have related to all new radios.

21 ICT staff members still awaits the macro structure to be finalised for proper placement of the ICT Staff.

The following milestones were noticeable during 2022/2023 as set out in the ICT Strategy:

- Installation of Wi-Fi's.
- Fiber optic network was updated and connected in the new building; all though in the same breath some areas Fiber got broken at some sites such as main office and facilities.
- Network security was successfully implemented.
- Web Content Management System was set up.
- SLA was established on virtual meeting platform.

3.23.2 Service Statistics for ICT Services (please update)

The Department provided services to about 2100 users within the Municipality. These users were spread across the following areas:

Sites	Specific Area
Vanderbijlpark	Boipatong, Bophelong, Sedibeng Evaton Residencia, PMU and Fire, Sewer, Traffic, Langehowen, Rietspruit, Electrical, Facilities, SE 2 Swimming Pool.
Vereeniging	Roshnee, Rus-ter-Vaal, Duncanville, Traffic Sedibeng Building and Leeuwuil, Sharpeville, Driehoek
Vereeniging	Metsi, Sebokeng all sites, Evaton all sites, Houtkop,

There also 16 libraries that IT is attending into. All those libraries are connected to the municipal network and Gauteng Broad Network (GBN).

The access, installation, maintenance and support services that were granted to users on a need-to-use basis during the period under review ranged from:

- Email;
- Internet and intranet;

- Voice Over Internet Protocol (VOIP);
- Salar, and
- Payday,
- Zoom Virtual Meeting platform. etc.

3.23.3 Financial Performance: Information Technology

Information Communication Technology					
Financial Performance 2022/23:					
R'000					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	54	-	-	26	100%
Expenditure:					
Employees	7,776	9,180.00	7,806	7,780	-18%
Repairs and Maintenance	1,309	1,572	372	10	-16113%
Other	6,467	7,609	7,434	7,771	2%
Total Operational Expenditure	22,920	26,912	25,300	25,106	-7%
Net Operational (Service) Expenditure	-22,866	-26,912	-25,300	-25,081	-7%

3.23.4 Capital Programme by Project: Information Technology

Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
ICT and Other	7,800,000.00	13,742,352.00	565,881.58		
MEDIUM PUMPER FIRE ENGINE WITH EQUIPMENT	6,900,000.00	6,900,000.00	-	0%	0%
RADIO COMMUNICATION EQUIPMENT	300,000.00	300,000.00	-	0%	0%
RADIO COMMUNICATION EQUIPMENT	300,000.00	300,000.00	-	0%	0%
RADIO COMMUNICATION EQUIPMENT	300,000.00	300,000.00	-	0%	0%
REFURBISHMENT OF VANDERBIJLPARK LIBRARY	-	2,150,000.00	-	0%	0%
LAPTOPS & SOFTWARE FOR NEW INTERNS	-	792,352.00	565,881.58	-40%	100%
EDP BUILDING CONTROL SYSTEM	-	3,000,000.00	-	0%	0%

CHAPTER 4: ORGANIZATIONAL DEVELOPMENT PERFORMANCE

4.1 INTRODUCTION

The municipality currently employs 2170 employees, who individually and collectively contribute to the achievement of the broader municipal objectives.

4.2 MUNICIPAL ESTABLISHMENT

4.2.1 Post establishment

The Municipality uses Org-Plus software system as a tool for the maintenance of its organogram. The benefits of Org-Plus are, among others, it ensures the professionalization of the structure, it minimizes the chances of manipulation, it assists with costing of posts, and it further contributes to the completeness of employee related expenditure.

A total number of 110 employees have exited the institution: either through resignations, dismissals, retirements, or ill health. The municipality is utilising the Head-Hunting Policy to assist in expediting the recruitment of people with special skills, expertise, and talents. It is Council's policy objective to fill all vacancies within a period of three months of them becoming available.

Post Establishment

Descriptions	2021/22			2022/23		
	Employee s No.	Variance No.	Vacancy Rate %	Employee s No.	Variance No.	Vacancy Rate %
Water (Water, Water Care Works and Maintenance)	178	237	57%	173	242	58%
Sanitation Services	82	120	59%	79	123	61%
Electricity	131	108	45%	128	111	46%
Waste Management	300	196	40%	291	110	27%
Housing	13	39	75%	13	39	75%
Roads and Stormwater	179	1211	87%	175	1215	87%
Planning (LUM and Building Control)	40	50	56%	40	50	56%
Local Economic Development	14	10	42%	14	10	42%
Community & Social Services (Libraries, Parks & Cemeteries and Social Development)	214	1022	83%	199	1037	84%
Environmental Protection (Envir. Management)	5	7	58%	5	7	58%
Health (PHC and Environmental Health)	75	174	70%	93	156	63%
Security and Safety (Traffic and Fire)	248	353	59%	254	347	58%
Sports and Recreation	94	98	51%	93	99	52%
CORPORATE POLICY OFFICES						
Executive and Council (MM's Office and Political Offices)	59	17	22%	58	18	24%
Financial Services	175	174	50%	175	174	50%
Human Resource Services	31	17	35%	29	19	40%
Property	7	6	46%	7	6	46%
Legal Services	4	18	82%	6	16	73%
Risk Management	11	8	42%			
OTHERS						
ED's Office: Shared Services	4	0	0%	4	0	0
Labour Relations	8	5	38%			
Organizational Development	7	12	63%	6	13	68%
Secretariat & Administration	21	28	57%	19	30	61%
Fleet Management	35	44	56%	35	44	56%
Facilities Management	40	46	53%	37	49	57%
Employment Equity	1	0	0%	1	0	0
EXECUTIVE CLUSTER						
Communications	6	8	57%	6	8	57%
IDP	5	5	50%	5	5	50%
Performance Management	3	5	63%	3	5	63%
Monitoring & Evaluation	4	4	50%	3	5	63%
IGR	1	0	0%	0	1	100%
ED: IPD Office	2	2	50%	5	-1	-25%
Programme and Administration	9	10	53%	9	10	53%
Project Planning and Construction	2	17	89%	2	17	89%
CD: Utilities and Strategic Projects Office	5	16	76%	6	15	71%
Customer Care	10	14	58%	10	14	58%
Project and Planning	5	16	76%	5	16	76%
ED: Community Service Office	3	6	67%	3	6	67%
By-Law	3	1	25%	3	1	25%
Municipal Court (include Office of the Manager: PS)	28	81	74%	27	82	75%
GEYODI	7	2	22%	7	2	22%
ED: Public Works Office	5	7	58%	7	5	42%
ED: EDP Office	4	2	33%	5	1	17%
AUDIT	15	11	42%	14	12	46%
TOTAL	2093	4207	67%	2054	4246	67%

4.3 DISCIPLINARY ACTIONS

Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action Taken or Status Of Case And Reason Why Not Finalized	Date Finalized
Employee Relations Officer	Gross dishonesty	28/11/2018	<p>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. Matter set down on 5th 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.</p> <p>Employee suspension uplifted on the 8th of June 2023. A settlement agreement was entered into wherein employee will be transferred to another Public Works Department as administrative officers (CTI)</p>	<p>Matter finalised.</p> <p>Matter finalised</p>
Supervisor Metsi-α-Lekoa	Allegations of fraud and corruption	22/08/2019	<p>Suspension letter issued to employee on the 22/08/2019. Charge sheet issued to the employee on the 13/09/2019. Matter initially set down for 01/10/2019. Matter scheduled for 8/11/2019 but did not sit due to the building evacuation. Matter scheduled to sit on 4th December 2019. Matter sat on the 18/02/2020. Charges were read and the employee made his plea. Matter couldn't continue because the employer witness was not feeling well. Therefore, matter is set to continue the 3&4/03/2020. Matter</p>	Matter ongoing.

			<p>was set to sit on 25/03/2020 but due to the commencement of the lockdown it was postponed sine die.</p> <p>Employee suspension uplifted on the 6th of April 2022, disciplinary hearing ongoing.</p>	Matter finalised.
Revenue accountant	Allegations of fraud and corruption	23 August 2019	<p>Pre-suspension meeting sat on the 12/08/2019 and ruled that employees be suspended. Employees suspended on the 23/08/2019. Charge sheet issued on the 06/11/2019 and 1st sitting scheduled for 06/11/2019. Matter postponed as one of the employees had a funeral. Matter scheduled to sit on 28/11/2019, parties to submit written substantive points in line. Matter sat on the 04/03/2020 and a ruling on the points in line was issued in favour of the employer. Matter scheduled to sit on the 10&11/03/2020. Matter was set to sit on 25/03/2020 but due to the commencement of the lockdown it was postponed sine die.</p> <p>Employee remains on suspension, indulgence was given to the employer to solicit evidence of Ms. Zwane (the complainant).</p> <p>The initiator in the matter has resigned and the employer is to appoint a new Initiator.</p>	<p>Matter ongoing, postponed sine die.</p> <p>Matter ongoing, postponed sine die</p>
Revenue clerk Senior	Allegations of fraud and corruption	23 August 2019	<p>Pre-suspension meeting sat on the 12/08/2019 and ruled that employees be suspended. Employees suspended on the 23/08/2019. Charge</p>	

			<p>sheet issued on the 06/11/2019 and 1st sitting scheduled for 06/11/2019. Matter postponed as one of the employees had a funeral. Ms Masooane 's case will be dealt with separately because she is still on bereavement leave. Matter was set to sit on 25/03/2020 but due to the commencement of the lockdown it was postponed sine die.</p> <p>Employee is deceased.</p>	Matter closed
General worker	Allegations of selling council property (files) were brought against the mentioned employees	23 October 2019	<p>Pre-suspension meeting sat on the 8/10/2019 and ruled that the employees be suspended. Employees were suspended on the 23/10/2019. Charge sheet issued on the 18/11/2019, 1st sitting sat on the 26/11/2019. Matter scheduled to sit on the 05/12/2019. 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.</p> <p>Employee was dismissed, however the arbitration ruling ordered that employee be reinstated.</p>	<p>Matter concluded.</p> <p>Awaiting sanction from chairperson.</p> <p>Matter concluded.</p>
General worker	Allegations of selling council property (files) were brought against the mentioned employees.	23 October 2019	<p>Pre-suspension meeting sat on the 8/10/2019 and ruled that the employees be suspended. Employees were suspended on the 23/10/2019. Charge sheet issued on the 19/11/2019, 1st sitting sat on the 26/11/2019. Matter scheduled to sit</p>	<p>Matter concluded.</p> <p>Awaiting sanction from chairperson.</p>

			<p>on the 05/12/2019. Mater sat on the 18/02/2020 where the employee representative lead evidence through one witness. Heads of arguments are to be submitted on the 24/02/2020. We are awaiting the outcome of the DC.</p> <p>Employee was dismissed, however the arbitration ruling ordered that employee be reinstated.</p>	Matter concluded.
Senior administrative officer in IGR	Allegations of fraud and corruption were brought against the mentioned employee.	29 October 2019	<p>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.</p> <p>Matter was withdrawn since the complainant was no longer available.</p>	<p>Matter not yet set or heard.</p> <p>Matter concluded</p>
By-law officer	Allegations of misuse of Council vehicle investigation.	23 October 2019	<p>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.</p>	<p>Matter concluded.</p> <p>Employee found guilty, now awaiting sanction outcome.</p>

			Employee was dismissed, however the arbitration ruling ordered that employee be reinstated	Matter concluded.
By-law officer	Allegations of misuse of Council vehicle investigation.	23 October 2019	<p>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.</p> <p>Employee was dismissed, however the arbitration ruling ordered that employee be reinstated</p>	<p>Matter concluded.</p> <p>Employee found guilty, now awaiting sanction outcome.</p> <p>Matter concluded.</p>
Employee Relations Officer	Gross dishonesty	12 October 2018	<p>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 was not honoured by the employee as her IMATU representative fell ill for quite a long period of time.</p> <p>Employee suspension uplifted on the 8th of June 2023. A settlement agreement was entered into wherein employee will be transferred to another Public Works Department as administrative officers (CTI)</p>	<p>Matter ongoing.</p> <p>Matter finalised</p>

4.3.1 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> . Employee suspension uplifted on the 6 th of April 2022; disciplinary hearing ongoing.	Matter ongoing. Matter finalised.
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 a settlement with the municipality in which one 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. Employee remains on suspension. Indulgence was given to the employer to solicit evidence of Ms. Zwane (the complainant). The initiator in the matter has resigned and the employer is to appoint a new Initiator.	Matter finalised. Matter ongoing, postponed <i>sine die</i>
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. Matter ongoing, postponed <i>sine die</i>

Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalized
		Employee remains on suspension. indulgence was given to the employer to solicit evidence of Ms. Zwane (the complainant). The initiator in the matter has resigned and the employer is to appoint a new Initiator.	
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. Employee is deceased.	Matter ongoing. Matter closed
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 was withdrawn since the complainant was no longer available	Matter not heard yet. Matter concluded

4.3.2 Local Labour Forum (LLF)

LLF meetings are held continuously on monthly bases building a healthy relationship between the employer and Organised Labour. In the said meetings issues of collective bargaining are addressed.

Meetings
23 February 2023
23 May 2023
30 May 2023
09 June 2023
09 June 2023
07 July 2023

4.4 EQUITY

4.4.1 Introduction

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

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

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

4.4.2 Achievements

The department 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 2023 and will remain effective until 30 June 2025. 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 department arranged for the forum to meet on numerous occasions, but the attendance turned out to be very poor. The establishment of this forum is aimed at contributing to the harmonization of relations with trade union and other stakeholders.

4.4.3 Appointments made against the employment equity targets.

Out of the 38 appointments effected and analysed against employment equity targets 76% were in line with Employment Equity targets whereas 24% 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 a commitment to the effect that the appointment of African Females at top and senior level would be a priority during recruitment and selection processes. A significant number of positions have been advertised and we endeavor to use the filling of these posts as an opportunity to comply with employment equity targets as reflected in the plan.

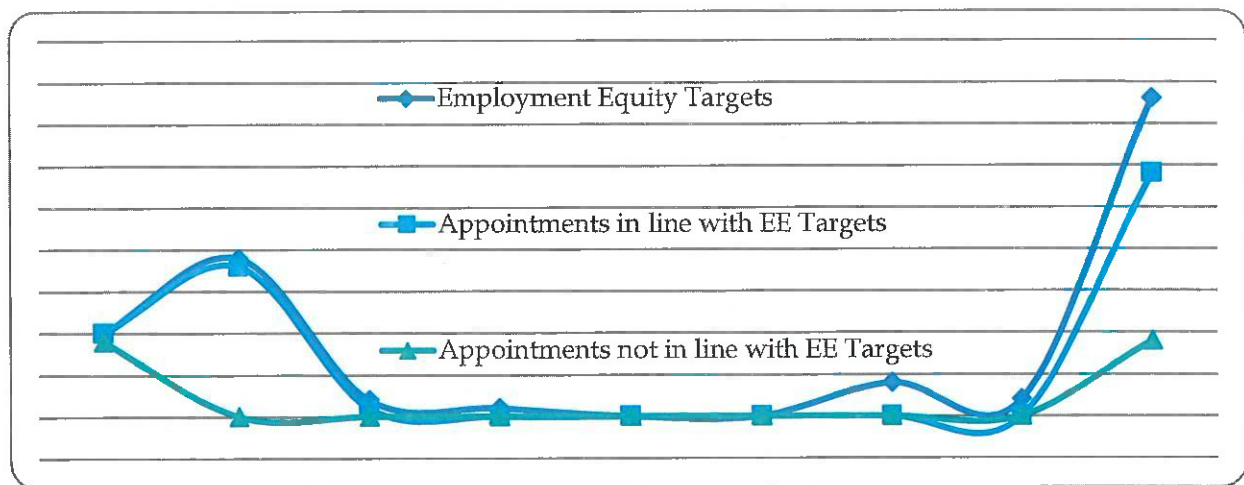
Legends: Appointments Assessed Against Employment Equity Targets

Appointments Assessed Against Employment Equity Targets									
Gender & Race	AM	AF	CM	CF	IM	IF	WM	WF	TOTAL
Employment Equity Targets	10	19	2	1	0	0	4	2	38
Appointments in line with EE Targets	10	18	1	0	0	0	0	0	29
Appointments not in line with EE Targets	9	0	0	0	0	0	0	0	9

The table above reflects the total employment Equity targets for the reporting period 2022/2023.

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:



4.4.5 Overall Performance

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 Labor for the period 2022.

Processed 38 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

We continue to participate and make an impact in the recruitment and selection processes within the organization.

CHAPTER 5: STATEMENTS OF FINANCIAL PERFORMANCE

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Financial Summary R' 000						
	2021/22	Current Year 2022/23			2022/23 Variance to actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance						
Property rates	1,016,800	970,066	1,148,821	1,148,821	0%	0%
Service charges	4,321,935	4,660,846	4,539,914	4,369,049	-4%	-4%
Investment revenue	91,669	72,047	139,192	117,090	-16%	-16%
Transfers recognised - operational	915,394	739,504	739,504	1,016,918	38%	38%
Other own revenue	584,506	549,827	549,827	592,609	8%	8%
Total Revenue (excluding Capital transfers & contributions)	6,930,304	6,992,290	7,117,257	7,244,488	2%	2%
Employee costs	1,205,456	1,353,772	1,253,209	1,246,953	0%	0%
Remuneration of councillors	56,828	62,391	66,335	63,542	-4%	-4%
Depreciation & asset impairment	635,200	487,511	487,511	617,456	27%	27%
Finance charges	406,337	95,757	95,757	628,269	0%	0%
Materials and bulk purchases	3,583,891	2,988,366	2,988,366	4,124,869	38%	38%
Transfers and grants	0	0	0	0	0%	0%
Other expenditure	2,733,714	1,819,283	2,057,448	2,448,535	19%	19%
Total Expenditure	8,621,426	6,817,079	6,958,626	9,129,623	31%	31%
Surplus/(Deficit)	-1,691,122	175,211	158,631	-1,885,136		
Transfers recognised - capital	78,961	249,808	249,808	147,586	0%	0%
Contributions recognised - capital & contributed assets	0	0	0	0	0%	0%
Surplus/(Deficit) after capital transfers & contributions	-1,612,161	425,019	408,439	-1,737,550	-525%	-525%
Share of surplus/ (deficit) of associate						
Surplus/(Deficit) for the year	-1,612,161	425,019	408,439	-1,737,550	-525%	-525%
Capital expenditure & funds sources						
Capital expenditure						
Transfers recognised - capital	78,961	249,808	249,808	147,586	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	78,961	249,808	249,808	147,586	-41%	-41%
Financial position						
Total current assets	2,065,400	281,120	6,435,706	2,652,972	-59%	-59%
Total non current assets	11,689,785	11,001,742	12,125,183	11,422,572	-6%	-6%
Total current liabilities	7,574,443	4,313,963	7,160,936	9,595,714	34%	0%
Total non current liabilities	391,554	295,021	407,475	428,190	5%	0%
Community wealth/Equity	5,789,189	6,673,878	10,992,477	4,051,639	-63%	-63%
Cash flows						
Net cash from (used) operating	127,266	1,089,825	1,089,825	280,914	-74%	-74%
Net cash from (used) investing	-270,922	20,500	20,500	-328,142	-1701%	-1701%
Net cash from (used) financing	3,581	0	0	2,988	100%	100%
Cash/cash equivalents at year end	129,404	309,633	391,467	85,164	-78%	-78%
Cash backing/surplus reconciliation						
Cash and investments available	-140,076	971,187	971,187	-44,240	0%	2295%
Application of cash and investments	269,479			129,404		100%
Balance - surplus (shortfall)	129,404	971,187	971,187	85,164	0%	-1040%
Asset management						
Asset register summary (WDV)	13,755,186	11,282,862	18,560,889	14,075,544	-24%	-32%
Depreciation and asset impairment	635,200	487,511	487,511	617,456	27%	21%
Renewal of Existing Assets	0	0	0	0	0%	0%
Repairs and Maintenance	329,022	106,092	106,092	92,573	-13%	-15%

The municipality closed off the 2022/23 financial year with a deficit Of R1 737b. The main contributor to the deficit is bulk purchases as well as other expenditure which performed above projections. Non-cash items (depreciation and debt impairments continue to increase year on year mainly due to This is due to new addition of assets in the form of donated assets / indirect grant capitalisation which will include their depreciation as well as provision which must 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, unmetred households and water leakages due to old infrastructure.

5.1.1 Financial Performance of Operational Services

Financial Performance of Operational Services						
R '000						
Description	2021/22	2022/23		2022/23 Variance		
	Actual	Original Budget	Adjustment s Budget	Actual	Original Budget	Adjustment s Budget
Operating Cost						
Water	(271,760)	(241,227)	(229,913)	(644,337)	62.56%	64.32%
Waste Water (Sanitation)	243,148	261,093	245,315	268,600	2.79%	8.67%
Electricity	(2,858,878)	959,064	835,687	(16,926)	5766.28 %	5037.36%
Waste Management	61,577	83,472	98,488	66,548	-25.43%	-47.99%
Housing	827,414	(77,540)	(72,838)	(91,755)	15.49%	20.62%
Component A: sub-total	(1,998,499)	984,862	876,739	(417,869)	335.69%	309.81%
Waste Water (Stormwater Drainage)	(40,424)	(45,287)	(40,415)	(32,113)	-41.02%	-25.85%
Roads	67,227	(317,089)	(265,611)	(366,863)	13.57%	27.60%
Transport	(22,252)	(34,953)	(18,524)	(21,389)	-63.41%	13.40%
Component B: sub-total	4,551	(397,329)	(324,550)	(420,365)	5.48%	22.79%
Planning Local Economic Development	(3,717)	(4,517)	(5,244)	(3,900)	-15.82%	-34.47%
	40,898	43,403	47,679	48,662	10.81%	2.02%
Component B: sub-total	37,181	38,886	42,434	44,762	13.13%	5.20%
Planning (Strategic & Regulatory) Local Economic Development	(43,878)	(37,057)	(43,260)	(46,309)	19.98%	6.59%
Component C: sub-total	(43,878)	(37,057)	(43,260)	(46,309)	19.98%	6.59%
Community & Social Services	(7,280)	(7,894)	(17,489)	(12,780)	38.23%	-36.85%

Environmental Protection	(43,782)	(37,057)	(43,260)	(46,306)	19.97%	6.58%
Health	20,118	5,022	9,160	21,774	76.94%	57.93%
Security and Safety	(173,973)	(106,445)	(151,696)	150,651	170.66%	200.69%
Sport and Recreation Corporate Policy Offices and Other	(41,255) 634,657	(45,352) 27,385	(43,821) 104,182	(43,838) (967,269)	-3.46% 102.83%	0.04% 110.77%
Component D: sub-total	388,485	(164,343)	(142,925)	(897,767)	81.69%	84.08%
Total surplus/(deficit)	(1,612,161)	425,019	408,439	(1,737,550)	124.46%	123.51%

5.2 Grants

Details	Budget	Adjustments Budget	Actual	Variance	
				Budget	Adjustments Budget
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]	1,799,000.00	1,799,000.00	1,799,000.00	0%	0%
Library Grant	-	2,150,000.00	-		
INEP Grant	38,066,000.00	14,323,000.00	12,455,782.61	-206%	-15%
Fire Grant (Cogta Grant)	7,800,000.00	7,800,000.00	-		
FMG	-	792,352.00	565,881.58	100%	-40%
NDPG	10,000,000.00	-	-		
Total	57,665,000.00	26,864,352.00	14,820,664.19	-289%	-81%

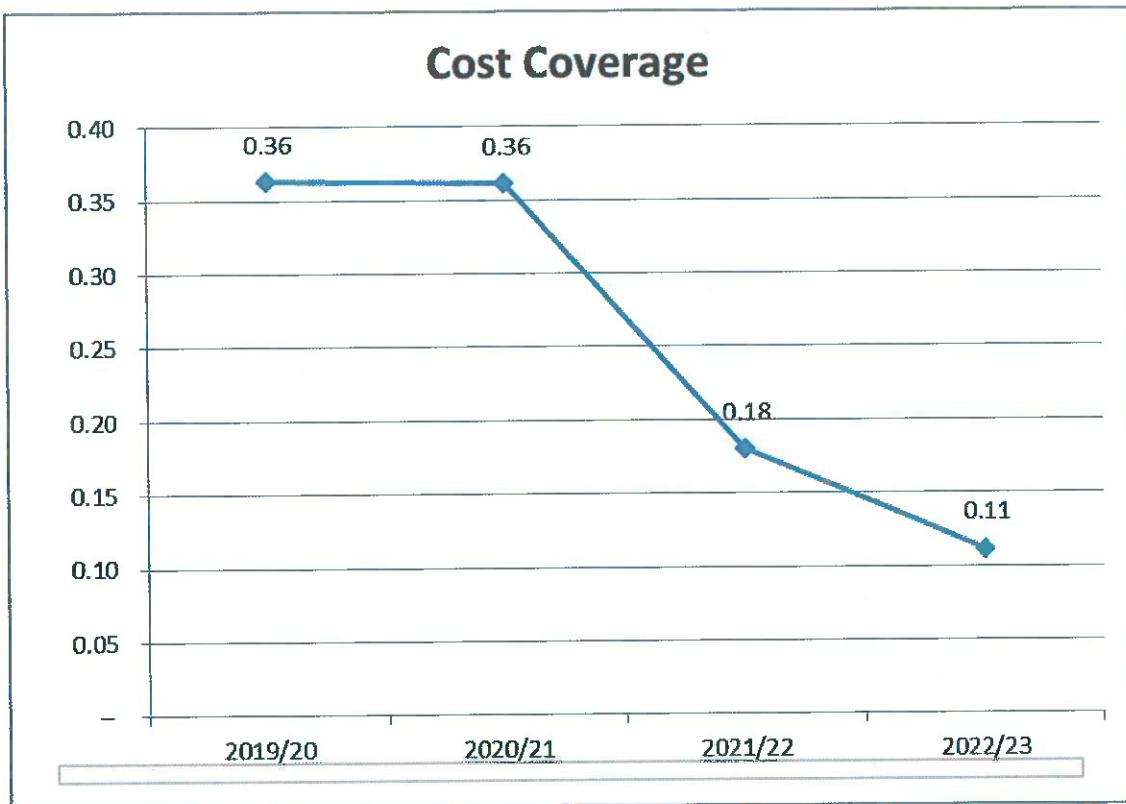
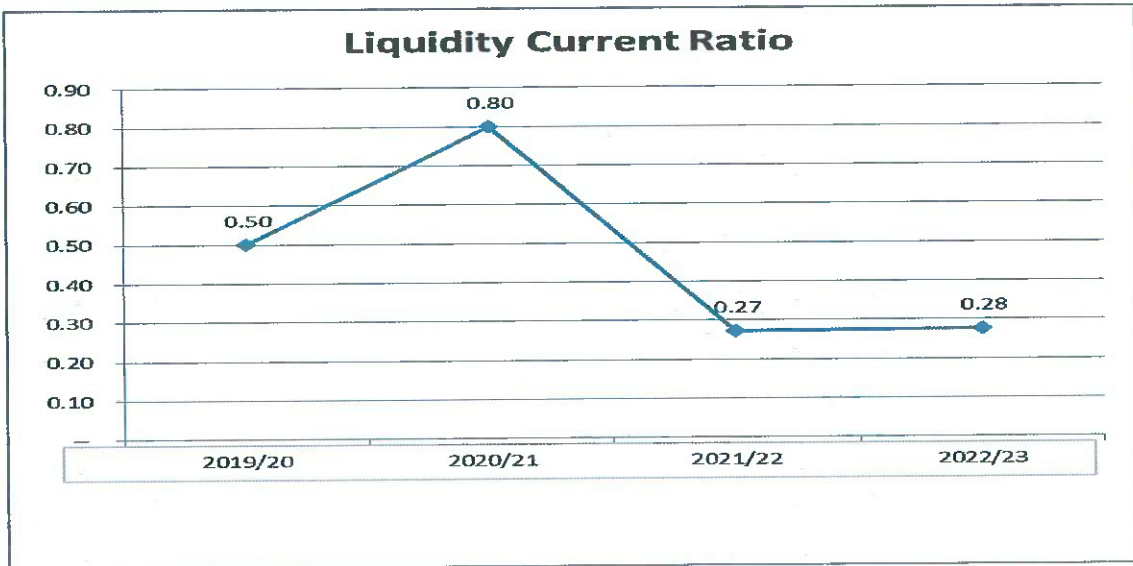
5.2.1 Grants Received From Sources Other Than Division of Revenue Act (DoRA)

Grants Received From Sources Other Than Division of Revenue Act (DoRA)		
		R' 000
Details of Donor	Actual Grant Year 0	Nature and benefit from the grant received, include description of any contributions in kind
Parastatals		
National Departmental Agencies:National Library South Africa	360	Furniture and equipment
Provincial Government:Gauteng:Infrastructure:COGTA	159	Electricity meter project
Provincial Government:Gauteng:Infrastructure:Human Settlements	6,170	Land
Provincial Government:Gauteng:Infrastructure:Water and Sanitation	39,205	Section 63 project
	45,894	
Private Sector / Organisations		
Private Enterprises:Subsidies from Private Enterprises:Product	25	Desktops
Private Enterprises:Subsidies from Private Enterprises:Product	380	Roads and stormwater infrastructure
Private Enterprises:Subsidies from Private Enterprises:Product	137	Water infrastructure
Private Enterprises:Subsidies from Private Enterprises:Product	3,549	Sanitation infrastructure
Operational Allocations In-kind:Private Enterprises:Arcelor Mittal	3,115	Curb cleaning, Grass cutting , Pothole patching signboards repair and street lights repair
	7,206	
Total	53,100	

5.2.2 Repair and Maintenance Expenditure

Repair and Maintenance Expenditure: Year 0				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	197,212	73,614	295,978	-9%
				T 5.3.4

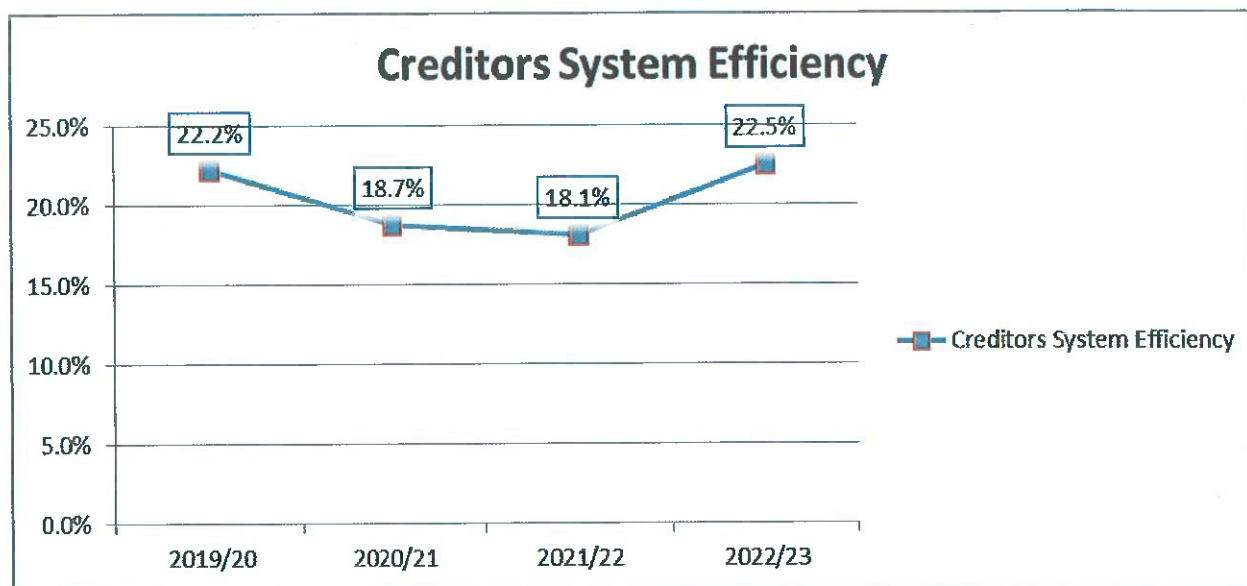
5.3 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



Ratio	Basis of calculation	2019/20	2020/21	2021/22	2022/23
Liquidity Current Ratio	Current assets/current liabilities	0.50	0.80	0.27	0.28
Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.36	0.36	0.18	0.11

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 (2022/23 - 0.28:1) 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.

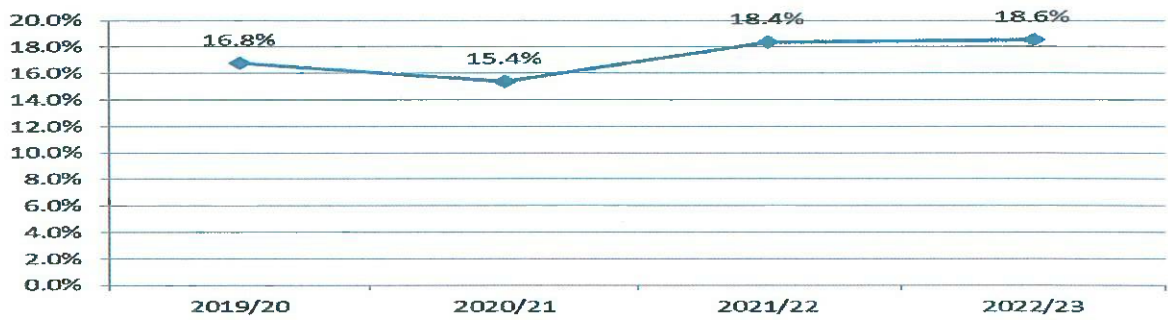
The cost coverage ratio is also not favourable, indicating that the challenge faced by the municipality to cover its monthly fixed costs with the available reserved funds. The norm for this ratio is 90days (three months) and the municipality was sitting at less than a month, meaning the municipality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

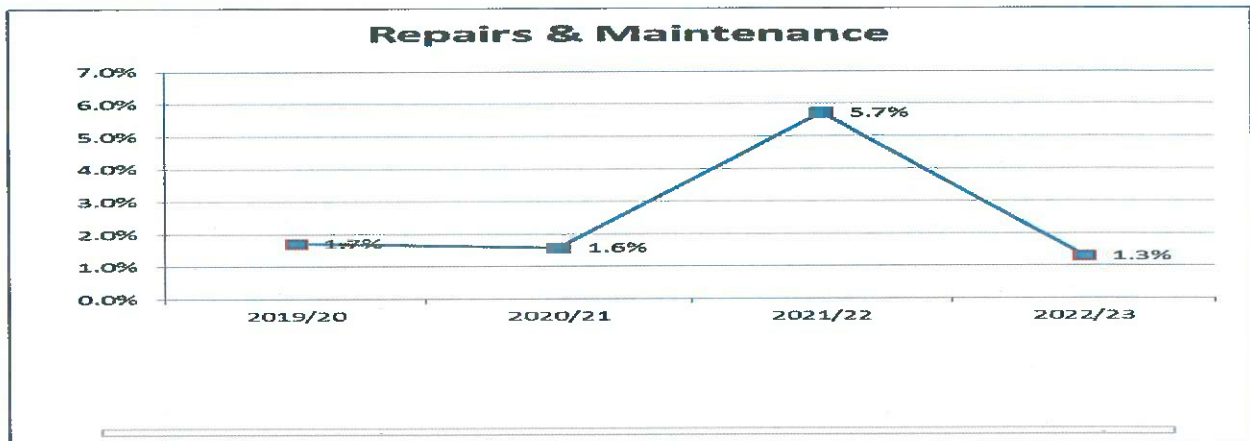


Capital Charges to Operating Expenditure



Employee Costs



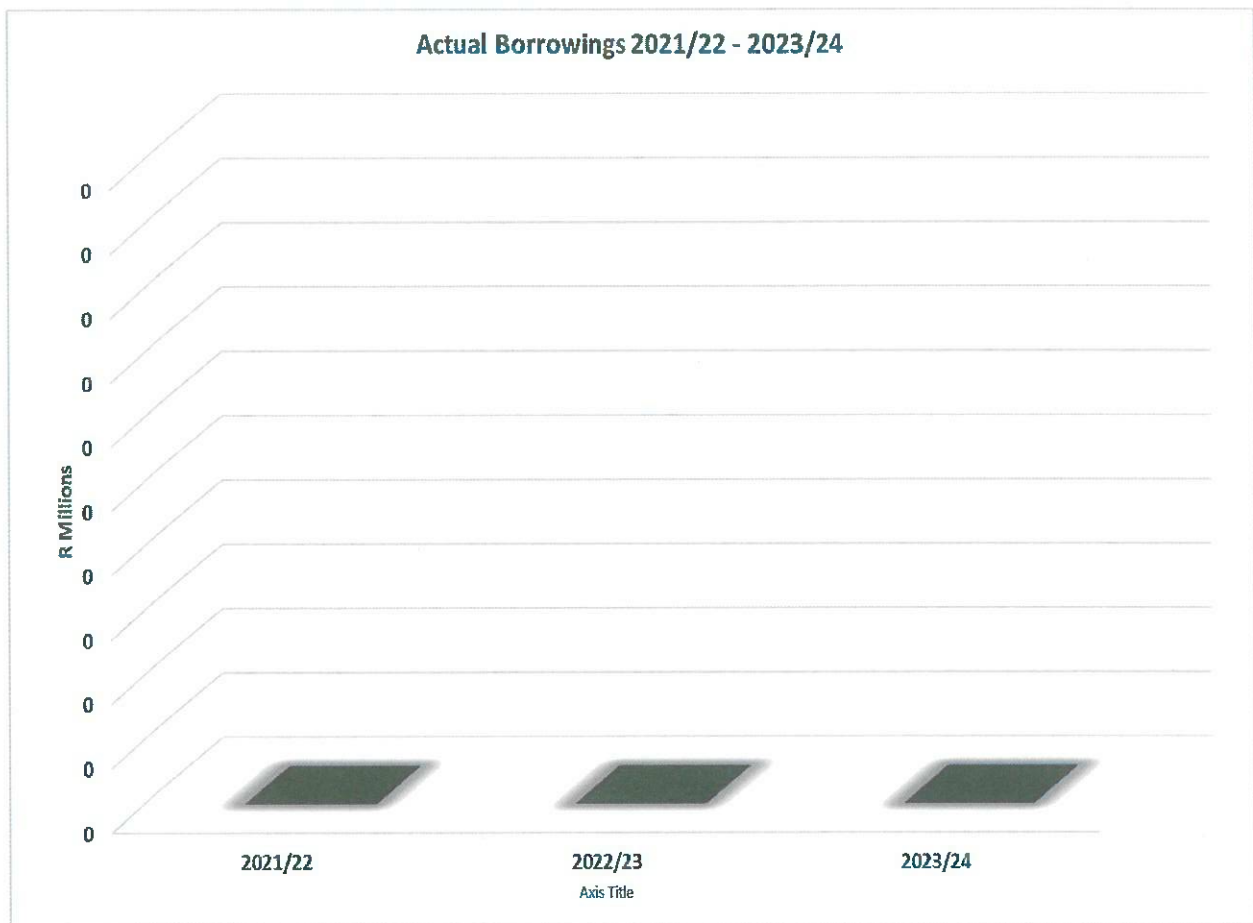


5.4 CASH FLOW

Cash Flow Outcomes					R'000
Description	2021/22	Current Year 2022/23			
	Audited Outcome	Original Budget	Adjusted Budget	Actual	
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Ratepayers and other	2,982,533	4,204,726	4,004,726	3,029,270	
Government - operating	915,394	733,960	733,960	1,016,918	
Government - capital	78,961	260,075	162,590	147,583	
Interest	28,322	63,268	69,175	25,084	
Other receipts	1,242,410	136,426	136,426	983,122	
Payments					
Suppliers and employees	-4,733,517	-4,285,976	-4,285,976	-4,322,962	
Finance charges	-386,837	-12,472	-12,672	-598,102	
NET CASH FROM/(USED) OPERATING ACTIVITIES	127,266	1,090,007	808,229	280,914	
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of PPE	-270,635			-327,772	
Proceeds on disposal of assets	0	0	0		
Purchase of intangible assets	-287			-370	
NET CASH FROM/(USED) INVESTING ACTIVITIES	-270,922	0	0	-328,142	
CASH FLOWS FROM FINANCING ACTIVITIES					
Borrowing long term/refinancing	0	0	0	0	
Increase (decrease) in consumer deposits	3,581	0	0	2,988	
Finance lease		0	0		
NET CASH FROM/(USED) FINANCING ACTIVITIES	3,581	0	0	2,988	
NET INCREASE/ (DECREASE) IN CASH HELD	-140,076	1,090,007	808,229	-44,240	
Cash/cash equivalents at the year begin:	269,479	123,982	76,456	129,404	
Cash/cash equivalents at the year end:	129,404	1,213,989	884,685	85,164	

5.5 BORROWING AND INVESTMENTS

Actual Borrowings 2021/22 - 2022/23			
R' 000			
Instrument	2021/22	2022/23	2023/24
Municipality			
Long-Term Loans (annuity/reducing balance)	0	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	0	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	2020/21	2021/22	2022/23
	Actual	Actual	Actual
Municipality			
Securities - National Government	0	0	0
Listed Corporate Bonds	0	0	0
Deposits - Bank	269,479	129,403	85,164
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	269,479	129,403	85,164

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 2022/23 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: ACTION PLANS TO ADDRESS AUDITOR-GENERAL SOUTH AFRICA (AGSA)

6.1 ACTION PLAN TO ADDRESS AGSA FINDINGS: 2022/23.

6.1.1 Non-compliance with section 62(1)(d) of the MFMA

COAF 3 during the audit we noted that the accounting officer did not take reasonable steps to prevent unauthorised, irregular, fruitless and wasteful expenditure (UIFW).

Remedial action

Critical appointments have been made, including the following:

- The municipal manager on 1 June 23
- The head of legal 12 June 23
- Chief Audit Executive 21 August 2023

The case against the suspended CFO was resolved after the financial year and the CFO post is currently being advertised.

The recent Manager of Legal and Chief Audit Executive will be responsible to ensure that the Disciplinary Board becomes functional.

The term of the current Audit Committee is expiring and the new Audit Committee, together with the Manager of Legal and the Chief Audit Executive will be responsible for ensuring the transition of investigations from MPAC to the Disciplinary Board.

The provincial Department of Cooperative Government and Traditional Affairs (CoGTA) has provided a resource to assist with unauthorised, irregular, fruitless and wasteful expenditure. A UIF&W Reduction Strategy has been prepared and is due to be presented at Exco and thereafter to Council for approval. Training will thereafter be provided as per the Implementation Plan.

6.1.2 Suppliers not paid within 30 Days.

COAF 24: Non-Compliance: Payments to supplier not made within 30 days.

Remedial action

There are intervention measures that have been implemented by the municipality to improve the cash flow constraints. Such as the cost containment policy approved by council.

6.1.3 No investigations were conducted for identified instances of unauthorized, irregular and fruitless and wasteful expenditure.

COAF 7 No investigations were conducted for identified instances of unauthorized, irregular and fruitless and wasteful expenditure.

Remedial action

Establishment of the financial misconduct disciplinary board in terms of regulations 4 of the MFMA.

6.1.4 Performance indicators are not measurable and verifiable as required by FMPPI – KPA 2: Basic services and infrastructure.

COAF 5 1. Performance indicators under the basic services and infrastructure key performance area listed below are not measurable, as a result the performance indicator is not verifiable.

Remedial action

None, management doesn't agree.

6.1.5 non-adherence to paragraph 3.3 of FMPPI (Baseline) – Basic services and infrastructure

COAF 6 Base line for the following indicators did not adhere to the requirement of National Treasury Framework for managing programme performance information (FMPPI) paragraph 3.3 which relates to setting of baselines/ performance targets for performance indicators. Management set baselines below their prior year reported performance achievement. Consequently, management did not adhere to paragraph 3.3 of the FMPPI framework.

Remedial action

None, no responses

6.1.6 Discrepancies not in line with Section 46 of Municipal System Acts relating to presentation and disclosure of reported performance information – APR is not Comparable and understandable.

COAF 11 Discrepancies not in line with Section 46 of Municipal System Acts relating to presentation and disclosure of reported performance information – APR is not Comparable and understandable.

Remedial action

None, no responses

6.1.6 Misstatements identified in the annual performance report.

COAF 13 AOPO - Misstatements identified in the annual performance report.

Remedial action

The remedial actions will depend on the type of project being implemented.

6.1.7 Average percentage of compliance with the landfill sites operations requirements implemented performance indicator not accurate.

COAF 22 Discrepancies have been identified on reliability testing of the following reported indicator in the annual performance report provided for audit. Consequently, municipality did not comply with section 121 of MFMA. Refer to the table below for details:

Remedial action

Quality controls to be strengthened to ensure all evidence is timeously submitted.

6.1.8 Number of Electrical network refurbished/ repaired/ maintained reported performance achievement not accurate.

COAF 44 AoPO Discrepancies have been identified on reliability testing of the following reported indicators in the annual performance report provided for audit. Consequently, municipality did not comply with section 121 of MFMA.

Remedial action

None, management doesn't agree with finding.

Procurement and Contract Management

6.1.9 COAF 28 Local Content - Minimum requirement not specified.

During the audit of Local content, we identified that the minimum requirement for local content was not stipulated in the bid invitation and as a result the bidders were not evaluated on the local content requirement.

Remedial action

None, management doesn't agree with finding.

6.1.10 COAF 31 SCM Performance Management - Performance monitoring not performed.

During the performance of the audit, we noted that the certain contracts were not monitored and evaluated on performance monthly as required by MFMA section 62(2)

Remedial action

None, management doesn't agree with finding.

6.1.11 Deviations that do not the requirements per SCM Regulations 36

COAF 36 Deviations that do not meet the requirements per SCM Regulations 36

Remedial action

None, management doesn't agree with finding.

Property, Plant and Equipment

6.1.12 Impairment assessment on fixed assets

COAF 34: PPE: Impairment assessment not done by management.

Remedial action

None, management doesn't agree with finding.

Disclosure

6.1.13 Differences noted on the cash flow statement and cash generated from operations note.

COAF 23 Material differences have been noted between auditor's recalculation of the cash flow statement and cash flow statement presented in the annual financial statement provided for audit. Furthermore, differences have been noted in the note 28 to the cash flow statement. As a result, annual financial statement provided for audit were not free from errors as required by section 2 (1) of MFMA. Refer to the table below for details.

Remedial action

The cash flow statements will be adjusted where we agree with the correct proposed adjustments. We have also enclosed the calculations and the revised cash flow statements to indicate how the statement will be presented after the adjustments.

6.2 ACTION PLAN TO ADDRESS AGSA FINDINGS: 2021/22

6.2.1 Invoices for expenditure incurred in the current year could not be traced to the general ledger.

During the performance of the audit, certain invoices were selected from the floor and traced to the general ledger to confirm completeness of expenditure. However, those invoices could not be traced to the general ledger.

Remedial Action

The invoices not traced will be captured and accrued.

6.2.2 Suppliers not paid within 30 days.

During the understanding of the business process, it was noted that certain suppliers were not paid within the prescribed period of 30 days.

Remedial Action

Management agrees with the audit finding. It is the intention of management to pay within 30 days and every effort is made to comply with section 65 (2)(e) of the Municipal Finance Management Act (MFMA). However, the municipality is experiencing cash flow challenges due to poor collection rate which is influenced by the poor economic situation of the area. There is a committee (BMCC) which consists of the Executive mayor, MMC Finance and the CFO to control expenditure and to improve the cash flow situation.

6.2.3 Completeness of fruitless and wasteful expenditure

During the performance of the audit, we noted that an amount of R452 501 509.87 which was paid over to a certain supplier was not disclosed as fruitless and wasteful expenditure. In assessing the settlement agreement, we noted that the legal dispute arose because of ELM's breach of contract. There is also no evidence that the municipality received goods and services amounting to R452 501 509.87 which means the expenditure was made in vain. The expenditure could have also been avoided had the municipality not been in breach of the contract.

Remedial Action

Management agrees with the finding the amount in question will be disclosed as fruitless and wasteful expenditure.

6.2.4 Revenue and the related expense for indigents recognised in the statement of financial performance.

During the performance of the audit, it was noted that the municipality recognised revenue and the related expense from indigents in the statement of financial performance, when there is no intention to collect the revenue from the consumers or households as they are indigents thus there is no evidence that future economic benefits will be realised by the municipality.

Remedial Action

Management does not agree with the finding.

The approved indigents are subsidised, however, should they utilize more than the subsidized services, or it is found, upon verification, that they have another income apart from that they have disclosed, they are held responsible to pay the excess and if they have another income, they are taken off the indigent lists.

6.2.5 Goods and services procured through the deviation process do not meet the definition of deviations.

During the audit of deviations, it was noted that the following goods and services were procured through the deviation process. However, on evaluation of the reasons for deviating from the SCM processes it was noted that the procurement of these goods and services does not meet the criteria for deviations as required by the SCM reg 36 and the National Treasury instruction note 3 of 2016/17.

Remedial Action

Expenditure incurred through deviation process that doesn't meet the criteria or definition of a deviation will be disclosed as irregular expenditure. Municipality have appointed various panel of contractors through competitive bidding on as an when required basis, this will reduce or eliminate emergency procurement through deviation process. In future the awarding and appointment will be in time.

6.2.6 High level review of financial statements

During the high-level review of the financial statements, the financial instruments were not disclosed.

Remedial Action

The statements will be sent to Gauteng Provincial Treasury and Internal Audit for High Level review before submission to the Auditor General

6.2.7 The accounting officer did take reasonable steps to prevent UIFW.

During the audit it was noted that the accounting officer did not take reasonable steps to prevent unauthorised, irregular, fruitless and wasteful expenditure (UIFW). As a result, UIFW has increased in the current year.

Remedial Action

The unauthorized expenditure has been finalized with the preparation of the Annual Financial Statements. The report has served in Exco and process plan to deal with the expenditure has been tabled. Once the AFS has been tabled to the Council. Council will refer the report to MPAC for processing and recommendation on action to be followed. The high level of expenditure as can be is mainly bulk purchases and interest on outstanding bulk service supplier debt which is not fully recovered due to high losses.

6.2.8 No evidence that investigations and consequence management were performed on the UIFW identified.

During the performance of the audit, it was noted that there were no investigations and there is no evidence consequence management was performed on the Unauthorised, Irregular and fruitless and wasteful that was incurred in the prior year.

Remedial Action

The findings are incorrect, absolutely information has been served on disciplinary matters investigated and individuals/employees subjected to hearings. The report also touches in matter of the forensic investigation conducted by Comperio Forensic progress has been submitted to committee of the Municipality including MPAC meeting. Senior Managers including the erstwhile Municipal Manager and the suspended CFO have been subjected to consequence Management processes.

6.2.9 Job cards performed for the provision of new connections could not be traced to the APR listing.

In assessing the completeness of BS 02 reported dwellings provided with electric connections the auditors selected a sample of 14 job cards from the electricity connections department to trace back to the performance indicator schedules to verify whether they were correctly included.

It was noted that certain job cards selected as new connections provided to residents in FY21/22 were not included in the performance indicator schedule report.

Remedial Action

Management has started the process of job cards been done and filed properly for all connections done.

Performance department will be working with Monitoring and Evaluation department to ensure job cards are readily verified.

6.2.10 BS 05 Repairs and maintenance work was incorrectly recorded as refurbishments made.

In the performance of procedures to verify the accuracy of performance indicator BS 05 for refurbishments, renewals and upgrades (RRU), the auditors obtained the schedule of RRUs recorded in the annual performance report and inspected the related proof of work to determine whether they brought the substation to its original condition or improved it.

As per the work performed it was noted that two out of the reported five RRUs did not meet the definition and thus should not have been included in the performance report.

Remedial Action

User department will report correct information as clarity was provided.

Performance department, monitoring and evaluation and internal audit to verify information submitted by user department to ensure it is accurate and complete.

6.2.11 BS 03. No evidence was submitted to support the electric meters which were reported as replaced per the schedule.

In performing procedures to verify the accuracy, auditors obtained a schedule of installations making up the reported annual performance reported and selected a sample of 14 replacement installations which we verified against the Onteck Activation System to determine whether the meters were installed and active.

On verifying against the Onteck system, certain meter numbers were noted as not installed. The electricity department were unable to obtain job cards proving that the meter numbers had been installed.

Remedial Action

Management has started the process of job cards been done and filed properly for all connections done.

Performance department will be working with Monitoring and Evaluation department to ensure job cards are readily verified.

6.2.12 The job cards for meters replaced could not be traced to the BS 03 annual performance report schedule.

In assessing the completeness of BS 03 reported meter replacement installations, a sample of 14 job cards was selected from the electricity department to trace back to the performance indicator schedules to verify that the jobs performed were correctly reported in the annual performance report.

It was noted that certain job cards for meters installed in 2021/22 were not included in the annual performance report.

On inspection of the job cards held in the electric department, it was noted that management did not keep job cards for replacement installations for periods leading up to December 2021. As a result, the auditors could not verify the completeness of jobs performed before December 2021.

Remedial Action

Management has started the process of job cards been done and filed properly for all connections done.

Performance department will be working with Monitoring and Evaluation department to ensure job cards are readily verified.

6.2.13 The performance is incorrectly calculated by considering information relating to prior years.

Indicator 15 measures the percentage achievement to restore reported potable water service interruptions in 48 hours from report date in financial year 2021/2022. The calculation should be performed by

- taking all jobs reported in FY2021/2022 completed in 48 hours (2 days) and
- dividing it by all job cards reported in FY2021/2022, whether completed or not.

Management incorrectly calculated this indicator by

- taking all jobs completed in FY2021/2022 within 48 hours of report date and
- dividing it by all service interruptions reported in FY 2021/2022 plus all other unresolved interruptions that were open from prior periods.

As a result, management calculations considered interruption that were reported in prior periods which were only resolved in the current financial year. This would mean that the indicator does not reflect the current year performance.

Remedial Action

The system is outdated and needs to be upgraded or a new system be procured. A process has been started at Exco level to address an upgrade of the system. Management to consider upgrading the system or procuring a new one.

6.2.14 Employee Cost-Overtime not approved.

During the performance of the audit, it was noted that there were no written agreements prior to overtime being worked which is in contravention with the approved overtime policy.

Certain employees were identified to have worked overtime without any prior written overtime agreement.

Remedial action

All divisional or departmental heads to ensure that there are written agreements prior to overtime worked.

6.2.15 Employee cost: Provision for leave accrued leave pay.

During the performance of the audit, the leave liability provision was inspected and noted that 1426 employees accrued leave days that are more than the limit of forty-eight (48) days, as per paragraph 5.1.3 of the leave administration policy.

Remedial action

Human Resources Department will issue directive through the office of the Acting Executive Director: SS to management to ensure that their employees go on leave within the prescribed period.

Human Resources is in the process of amending the leave Administration Policy to introduce an automatic limit on the payday system. This review will automatically forfeit employees leave beyond 48 days.

6.2.16 non-disclosure of subsequent events in the financial statements

During the performance of the audit, it was noted that certain events occurred after financial year end, and they were not disclosed in the financial statements as subsequent events.

Remedial action

Management will evaluate the management and council minutes for any resolution that might give rise to subsequent after year end and disclose those that are non-adjusting events and adjust for those that are adjusting events after reporting period.

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

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Emfuleni Local Municipality set out on pages ... to 1.74 which comprise the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matter described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Emfuleni Local Municipality as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (Dora).

Basis for qualified opinion

Property, plant and equipment

3. Not all assets forming part of item Property, Plant and Equipment included in the annual financial statements relating to electricity, roads, water and storm water infrastructure assets, as well as community assets were not assessed for impairment in accordance with GRAP 21: *Impairment of non-cash generating assets*. I could not determine the value of the misstatements as it was impracticable to do so. This also has an impact on the surplus for the year and on the accumulated surplus.

Context for opinion

4. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
5. 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.

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

Material uncertainty relating to going concern

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.
8. I draw attention to note 35 to the financial statements, which indicates that the Gauteng Provincial Executive has intervened at the municipality in terms of Section 139(1)(b) and Section 139(5)(a) of the Constitution. As stated in note 35, these events or conditions, along with the other matters as set forth in note 35, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

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

Restatement of corresponding figures

10. As disclosed in note 33 to the financial statements, the corresponding figures for 30 June 2022 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2023.

Contingencies – litigations/claims

11. 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.

Material losses/Impairments – trade debtors

12. As disclosed in note 3 to the financial statements, material losses of R541 510 539 were incurred as a result of allowance for impairment of total trade and other receivables from exchange transactions.
13. As disclosed in note 3 to the financial statements, material losses of R1 646 357 359 were incurred as a result of allowance for impairment of total trade and other receivables from non-exchange transactions.

Distribution losses

14. As disclosed in note 40 to the financial statements, material electricity losses of the total electricity purchased R588 516 384 (2021-22: R598 556 898) were incurred.
15. As disclosed in note 40 to the financial statements, material water losses of total water purchased R774 042 073 (2021-22: R733 720 550) were incurred.

Other matter

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

Unaudited disclosure notes

17. In terms of section 125(2) (e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

18. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA; 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.

19. 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.

Responsibilities of the auditor-general for the audit of the financial statements

20. 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.

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

Report on the audit of the annual performance report

22. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected key performance area presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

23. I selected the following key performance area presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected a key performance area that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

Key performance area	Page numbers	Purpose
Basic services and infrastructure	[XX] 7-24	Ensure quality basic service delivery to communities

24. I evaluated the reported performance information for the selected key performance area against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

25. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives.
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements.
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents.
- the reported performance information is presented in the annual performance report in the prescribed manner.
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets taken to improve performance .

26. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

27. The material findings on the reported performance information for the selected key performance area are as follows:

Basic services and infrastructure

Various indicators

28. I could not determine if the reported achievements were correct, as adequate supporting evidence was not provided for auditing and adequate measurement processes did not exist. Consequently, the reported achievements might be more or less than reported and were not reliable for determining if the targets had been achieved. The measures taken to improve performance against the targets were not reported in the annual performance report. This would make it difficult for users to determine what actions will be taken to improve service delivery.

Indicator	Target	Reported achievement
BS. 28 - Percentage maintenance and upgraded cemeteries achieved	60%	142%
BS. 30 - Percentage: Upgrading of Moshoeshoe Road (Phase 2A1) multi-year (800m)	10%	0%
BS.31 - Percentage construction of Van Schalkwyk Street	65%	90%
BS. 32 - Percentage: Construction of Dhlamini Str-Umzimvubu to Moshoeshoe Str (270m)	100%	100%
BS. 33 - Percentage: Construction of Pitseng and Uranium Street (860m)	100%	100%
BS. 34 - Percentage: Construction of Lakeside Block A Roads (680m)	10%	10%
BS. 35 - Percentage: Upgrading Union Str Bulk Sewer Line in Vereeniging	50%	26%
BS. 36 - Percentage: Upgrading outfall sewer on Northern Area	10%	0%
BS. 37 - Percentage Upgrading of a sewer pipeline from PS8: Rising main to stilling box	50%	95%
BS. 38 - Percentage sewer line Houtkop & Unitaspark North Leeuwkuil - Phase 2	10%	10%
BS. 39 - Percentage sewer line 3 Rivers, 3 Rivers East & Sonlandpark	100%	100%
BS. 40 - Percentage gravity sewer pipeline from Industrial Through Boipatong/ Tshepiso to PSA	30%	22%
BS. 42 - Percentage: Bulk water supply from Tshepiso to Sharpville (W&S) (multi-year Implementation)	10%	0%
BS. 43 - Percentage: Bulk water supply from Evaton Reservoir to Dadville (W&S) (multi-year implementation)	10%	0%

Various Indicators

29. I could not determine how the planned indicators would be measured and what evidence would be needed to support the achievement, as adequate supporting evidence was not provided for auditing. This was due to a lack of measurement definitions and processes. Consequently, the reported achievements might be more or less than reported and were not reliable for determining if the targets had been achieved. The measures taken to improve performance against the targets were not reported in the annual performance report. This would make it difficult for users to determine what actions will be taken to improve service delivery.

Indicator	Target	Reported achievement
BS.04 - Length in metre of concrete canals, gravel canals and pipes cleaned	4 813m	5 592m
BS.05 Length of kilometres resealed/ rehabilitated on municipal roads and streets	10km	14,68km
BS.06 - Number of square metres of potholes patched on municipal roads and streets	11 528m ²	8 430,53m ²
BS.07 - Length of kilometres of municipal gravel roads maintained	272,7km	480km

Total metre cubes of waste removed from mini dumps on weekly basis per schedule

30. An achievement of 157 7688m³ was reported against a target of 135 318m³. I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved. Furthermore, comparison of the planned and actual performance of the previous year was not included in the annual performance report. This would make it difficult to track the achievements of service delivery goals.

Number of Electrical network refurbished/ repaired/ maintained.

31. An achievement of 5 was reported against a target of 3. However, the audit evidence showed the actual achievement to be only 2. Consequently, the target was not achieved. Furthermore, comparison of the planned and actual performance of the previous year was not included in the annual performance report. This would make it difficult to track the achievements of service delivery goals.

Other matters

32. I draw attention to the matter below.

Achievement of planned targets

33. The annual performance report includes information on reported achievements against planned targets and provides explanations for underachievement and measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

34. The municipality plays a key role in delivering services to South Africans. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of key service delivery indicators are included in the annual performance report on pages [xx to xx].

Targets achieved: 50%		
Budget spent: The budget is not linked to the specific indicators, therefore, the budget spent could not be determined		
Key service delivery indicators not achieved	Planned target	Reported achievement
BS 01: Percentage reduced electricity distribution losses (Reduced from 24% to 20%)	20%	22.2%
BS 03: Number of electrical projects completed	4	0
BS 08: Percentage of waste integrated strategy developed	50%	25%
BS 12: Number of alternative service delivery methods implemented (electricity, roads and waste)	2	1
BS 13: Percentage development and implementation of technical support infrastructure for new water meters installed or replaced	30%	0%
BS 14: High levels of service continuity maintained	50%	0%
BS 16: Percentage reduction of water distribution losses	60%	62,76%
BS 17: Percentage compliance standards with discharge license requirements on effluent quality at Sebokeng waste water care works	60%	56%
BS 20: Percentage turnaround time taken to resolve sanitation complaints within 48 hours after being reported	50%	0%

Material misstatements

35. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for basic services and infrastructure. Management did not correct all of the misstatements and I reported material findings in this regard.

Report on compliance with legislation

36. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting is responsible for the municipality's compliance with legislation.
37. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
38. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
39. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

40. 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.
41. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a qualified opinion.

Expenditure management

42. Money owed by the municipality was not always paid within 30 days, as required by section 65(2) (e) of the MFMA.
43. Reasonable steps were not taken to prevent irregular expenditure amounting to R92 323 720 as disclosed in note 40 to the annual financial statements, as required by section 62(1) (d) of the MFMA. All the irregular expenditure was caused by contravention of SCM regulation 19(a), due to no competitive bidding processes for goods and services procured, non-compliance with SCM regulations 36(1) on procurement of goods and services under contracts secured by other organs of state and unjustified deviation from supply chain management regulations, respectively.

44. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R598 102 135, as disclosed in note 39 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The fruitless and wasteful expenditure relates to interest charge by suppliers.
45. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R2 214 091 190 as disclosed in note 38 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.

Consequence Management

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

Procurement and contract management

49. 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.
50. The performance of some of the contractors or providers was not monitored monthly, as required by section 116(2) (b) of the MFMA. Similar non-compliance was also reported in the prior year.
51. Invitation to tender for procurement of commodities designated for local content and production, did not stipulated the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(2). Similar non-compliance was also reported in the prior year.
52. Commodities designated for local content and production, were procured from suppliers who did not submit a declaration on local production and content as required by the 2017 Preferential Procurement Regulation 8(5). Similar non-compliance was also reported in the prior year.

Strategic management and Performance

53. The performance management system and related controls were not maintained as it did not describe how the performance measurement processes should be conducted and/or organised, as required by municipal planning and performance management regulation 7(1).

Other information in the annual report

54. The accounting officer is responsible for the other information included in the annual report, which includes the audit committee's report. The other information referred to does not include the financial statements, the auditor's report and those selected key performance area presented in the annual performance report that have been specifically reported on in this auditor's report.
55. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
56. My responsibility is to read this other information and, in doing so, consider whether it 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.
57. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am 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 may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

58. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
59. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the disclaimer of opinion and the material findings on the annual performance report and the material findings on compliance with legislation included in this report
60. The accounting officer did not exercise effective oversight to ensure that the annual financial statements and performance report are properly reviewed by senior management for completeness and accuracy before submitting for auditing and that there is consequence management for contravening applicable laws and regulations.
61. The accounting officer did not ensure that commitments made in prior year were actioned as evidenced by repeat audit findings on performance information and compliance with laws and regulations.
62. Senior management did not adequately implement action plans designed to prevent the recurring instances of non-compliance. Consequence management relating to deviating from policies and procedures relating to compliance with laws and regulations were not implemented adequately, consistently and effectively.

Material irregularities

63. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

Status of previously reported material irregularities

Value-added tax (VAT) return not submitted in time

64. The municipality did not submit the VAT return for the month of April 2021 on time, as required by section 28(1) (b) (iii) of the VAT Act.

65. The late submission of a VAT return resulted in a penalty of R1 929 571, which, if not recovered, is likely to result in a material financial loss.

66. The accounting officer was notified of the material irregularity on 15 December 2021.

67. The accounting officer has taken the following action to address the material irregularity:

- o Filed a request for remission for the penalty charged with the South African Revenue Service (SARS) in April 2022. SARS has not responded to the request for remission
- o A preliminary assessment performed by the accounting officer concluded that the VAT return was not submitted on time due to failure by the municipal system to perform its functions properly.

68. I will follow up on the progress of the request for remission with SARS during my next audit.

Eskom invoices not settled within 30 days

69. Money owed by the municipality to Eskom was not always paid within 30 days in the 2019-20, as required by section 65(2) (e) of the MFMA.

70. Interest was charged by Eskom as a result of the late payment of the accounts, resulting in a material financial loss by the financial year-ended 30 June 2020.

71. The material financial loss cannot be recovered from any party as the assessment performed by the accounting officer concluded that the municipality could not make the payments due to poor cash flow.

72. The accounting officer was notified of the material irregularity on 15 July 2022.

73. The accounting officer has taken the following actions to address the material irregularity:

- o Submitted a debt relief application to the National Treasury in May 2023 for the write off of Eskom debt over a period of three years. The National Treasury has not responded to the debt relief application.
- o Monitors payments to Eskom based on cash available at the end of each month.

74. I will follow up on the progress on the implementation of these actions during my next audit.

Rand water invoices not settled within 30 days

75. Money owed by the municipality to Rand Water was not always paid within 30 days in the 2019-20, as required by section 65(2) (e) of the MFMA.
76. Interest was charged by Rand Water as a result of the late payment of the accounts, resulting in a material financial loss by the financial year-ended 30 June 2020.
77. The material financial loss cannot be recovered from any party as the assessment performed by the accounting officer concluded that the municipality could not make the payments due to poor cash flow.
78. The accounting officer was notified of the material irregularity on 15 July 2022.
79. The accounting officer has taken the following actions to address the material irregularity:
- o Prepared a funded budget plan for the 2023-24 financial year until 2025-26 financial year. The purpose of the funded budget plan is to increase revenue collection and decrease water and electricity losses among others.
 - o Monitors payments to Rand Water based on cash available at the end of each month.
80. I will follow up on the progress on the implementation of these actions during my next audit.

Auditor-General

Johannesburg

30 December 2023



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected key performance area and on the [type of auditee]'s compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure Section 1 - Definition: service delivery and budget implementation plan Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1), Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), 32(6)(a), Sections 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), 62(1)(f)(ii), Sections 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), Sections 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), Sections 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), 126(1)(b), Sections 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), Sections 133(1)(c)(i), 133(1)(c)(ii), 170, 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulation 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a), 17(1)(b), Regulations 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), Regulations 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a) and (b), 29(5)(a)(ii), 29(5)(b)(ii), Regulations 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), Regulations 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Sections 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulations 17, 25(7A)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), Regulations 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

2022-2023 ANNUAL PERFORMANCE REPORT

KPA 1: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (FINANCE, SUPPLY CHAIN, REVENUE AND INFRASTRUCTURE PLANNING AND DEVELOPMENT)

IDP SO and GDS	Ref No (IDP Code)	Outcome Statement	Output Indicators	2021/22 Baseline	Annual Target 2022/23	Annual Performance Actual	Explanation of Performance	Corrective Measure	Budget
Financial Sustainability and Good and Deepening Democracy	MF.01	To ensure good and sustainable municipal financial management	Percentage adoption of the 2023/24 MTREF by Council	100% Adoption of the 22/23 MTREF by Council	100%	100%	Target Achieved	None	OPEX
	MF.02		Percentage adherence to 2022/23 budget funding plan	New Indicator	100%	100%	Target Achieved	None	OPEX

	MF.03		Percentage developed and Implemented Revenue Enhancement Plan	New Indicator	75%	25%	Target Not Achieved. The attached bank account affected the delivery of services. Consequently the payment of the services by the residents continue to be affected negatively	Revenue enhancement plan to be revised and intensified in line with new developments of metering and other streams to be implemented in the 2023/24	OPEX
	MF.04		Percentage budget collection rate achieved	86%	83%	80%	Target Not Achieved. The attached bank account affected the delivery of services. Consequently the payment of the services by the residents continue to be affected negatively	Revenue enhancement plan to be revised and intensified in line with new developments of metering and other streams to be implemented in the 2023/24	OPEX

MF.05	Percentage paid current account on bulk purchases without default. (Rand Water and Eskom)	New Indicator	50%	42%	Target Not Achieved. This percentage was achieved by only taking into account of Rand Water set-offs and Eskom Large Power Users direct payments, since the municipality's bank account has been attached. Hence we could not achieved the set targets	Emfuleni is currently on the negotiations with both parties where one of the conditions is paying the current invoices, and should this be the case we anticipate to meet our targets	OPEX
MF.06	Percentage milestone of the plan achieved in addressing historical debts (Rand Water and Eskom)	New Indicator	50%	25%	Target Not Achieved. Due to bank attachment, progress is lagging behind, R100 million was paid to Eskom to address historical debts	It is anticipated that the implementation of stringent action plan to reduce both electricity and water losses will change current challenges	OPEX

Financial Sustainability and Good and Deepening Democracy	MF.07	Compliance with Supply Chain Management processes	Percentage achievement of Tenders awarded within 120 days after date of advert closure (Tenders above R200 000)	New Indicator	50%	38%	Target Not Achieved. There are competing activities in the municipality which contributes negatively to the performance of the bid committees	A clear business cycle will be workshopped with all committees where roles and responsibilities must be defined for each bid committee to avoid blames and delays to either committee members because some of the delays are systematic because of lack of uniformity	OPEX
	MF.08		Percentage achievement of the implementation of 2022/23 demand management plan	New Indicator	75%	20%	Target Not Achieved. Projects on the Procurement Plan are not prioritised by user departments. The successful implementation of the procurement plan depends	Seamless integration of all SCM Committees	OPEX

						<p>on the collaboration of all departments working together towards the same strategic goal of the municipality</p>		OPEX
MF.09	To ensure that municipal financial system is compliant and free from material misstatements	Number of compiled annual and quarterly financial statements which are reviewed by the external audit committee	2020/21 Unaudited Annual Financial statements and 2021/22 Quarterly financial statements	2022/2023 Unaudited Annual Financial statements (1) and 2022/2023 Quarterly financial statements (1)	1	Target Not Achieved. End of year processes affected the timely submission	The process plan will be amended to address the time factor	R194 208 000
MF.10	To ensure that all grant funding is spend in line with grant conditions	Percentage of Municipal Infrastructure Grant (MIG) budget allocation spent	77%	100%	54%	Target Not Achieved. The expenditure performance of the MIG allocation was negatively impacted by the attachment of municipal bank accounts since April 2023 by Rand Water and Eskom until	The IPD cluster had submitted projections including acceleration plans to improve the performance of the grant. During the months of March and April 2023, the cluster	R194 208 000

<p>Financial Sustainability and Good and Deepening Democracy</p>	<p>MF.11</p>	<p>To ensure that all grant funding is spend in line with grant conditions</p>	<p>Percentage of Expanded Public Works Programme (EPWP) Grant budget allocation spent</p>	<p>New Indicator</p>	<p>100%</p>	<p>100%</p>	<p>Target Achieved</p>	<p>None</p>	<p>R1 799 000</p>
							<p>the end of Quarter 4 resulting in contractors stopping work on site for more than a month. - The IPD cluster had projected to spend R34 million in May 2023 and R31 million in June 2023, but due to the attachments of the accounts which prompted suspension of projects by contractors, the projection could not be achieved</p>	<p>managed to achieve its targets but most of the invoices submitted in April have not been paid to date due to the attachments of bank accounts</p>	

KPA 2: BASIC SERVICES AND INFRASTRUCTURE PUBLIC WORKS, UTILITIES AND SANITATION, COMMUNITY SERVICES AND INFRASTRUCTURE PLANNING AND DEVELOPMENT

IDP SO and GDS	Ref No (IDP Code)	Outcome Statement	Output Indicators	2021/2022 Baseline	2022/2023 Annual Target	Annual Performance Actual	Explanation of Performance	Corrective Measure	Budget
Ensure Quality Basic Service Delivery to Communities	BS.01	Reduce Electricity losses	Percentage Reduced electricity distribution losses (Reduced from 24% to 20%)	23.00%	20%	22.2%	Target Not Achieved. Consumption of un-metered areas, by passes and vandalised infrastructure	Continue to intensify and increase controls on electricity losses and implement loss reduction plan	R13 000 000
	BS.02	Strengthening of Electricity Network	Number of Electrical network refurbished / repaired / maintained	5	3	5	Target Achieved	None	R65 000 000

BS.03	INEP Programme	Number of electrical projects completed.	New Indicator	4	0	Target Not Achieved. Service Providers have withdrawn from site due to delayed payments	Service providers will be called back to site once payment challenges are resolved	R64,400,000.00
BS.04	Well maintained Storm water and roads infrastructure	Length in metre of concrete canals, gravel canals and pipes cleaned	3508 m	4813m	5592m	Target Achieved.	None	R15 000 000
BS.05		Length of kilometres resealed/rehabilitated on municipal roads and streets	5,04km	10km	14.68km	Target Achieved	None	R46 112 000
BS.06		Number of square metres of potholes patched on municipal roads and streets	11 528 m ²	4 347m ²	8430.53m ²	Target Achieved	None	R4,068,547.00

Ensure Quality Basic Service Delivery to Communities	BS.07		Length of kilometres of municipal gravel roads maintained	272.7 km	373km	480km	Target Achieved	None	R7 336 000
	BS.08	To ensure a sustainable waste integrated plan responsive to municipal needs.	Percentage of Waste integrated strategy developed	New indicator	50%	25%	Target Not Achieved. Draft Waste Integrated Strategy is in place however expertise are being sourced to finalise the strategy responsive to ELM challenges	Prompt finalisation of the Waste Integrated Strategy in the 2023/24 financial year	OPEX
	BS.09		Average percentage of waste collection services completed on weekly basis as per schedule	51%	50%	70%	Target Achieved	None	R16 000 000

BS.10	Total m³ of waste removed from mini dumps on a weekly basis as per schedule	194 101m³	135 318m³	157 768m³	Target Achieved	None	R6 000 000
	Average percentage of compliance with the landfill sites operations requirements implemented	83%	80%	84%	Target Achieved	None	R19 008 050
BS.12	Number of alternative service delivery methods implemented (Electricity, Roads and Waste)	New Indicator	2	1	Target Not Achieved. This KPI was initiated to promote creative ways to offset some items on the balance sheet. Consequently one initiative was realised	Heightened efforts will be continued to realise means of producing initiative ways to promote service delivery	OPEX
BS.13	Increased water management efficiencies	New Indicator	30%	0%	Target Not Achieved. Development and Implementation of Technical	Service providers to provide project programme to start implementing	R 15,000,000
Ensure Quality Basic Service Delivery to Commun							

<p>ifies</p>			<p>infrastructure for new water meters installed or replaced</p>	<p>36%</p>	<p>50%</p>	<p>0%</p>	<p>Support infrastructure for new water meters installed or replaced could not be achieved due to the delays in procurement process</p>	<p>g the project in the new financial year</p>	
	<p>BS.14</p>	<p>High levels of service continuity maintained</p>	<p>Percentage turnaround time taken to resolve potable water complaints within 48 hours after being reported</p>	<p>36%</p>	<p>50%</p>	<p>0%</p>	<p>Target Not Achieved. The department is reactively attending to complaints including backlogs. Most of the backlog's complaints have exceeded the 48-hour turnaround time. The material is not readily available at stores. The Water Management System is not compatible to produce</p>	<p>The department is reactively attending to complaints including backlogs. Most of the backlog's complaints have exceeded the 48-hour turnaround time. Stores will ensure that material is readily available at stores. The department is in the process of acquiring water</p>	<p>R4 398 468</p>

									reliable information. Challenges of vehicle availability	management system for new financial year	
BS.15	Increase compliance to health standards by providing compliant water quality	Percentage compliance with the South African National Standards (SANS 241) on average for potable water quality	50%	60%	96%	Target Achieved	None	Section 63 O&M Budget			
BS.16	Reduce Water losses	Percentage reduction of water distribution losses	New indicator	60%	62.76%	Target Not Achieved. Insufficient budget for Water Conservation and Demand management project for reduction of water losses. Lack of stock material and fuel are available at all times for repairs and maintenance	ELM to provide increased budget for Water Conservation and Demand management project for reduction of water losses. Sufficient stock material and fuel are available at all times for	R 0			

							<p>teams to attend to water leaks</p>	<p>repairs and maintenance teams to attend to water leaks</p>	<p>R0 plus section 63 O&M</p>
<p>BS.17</p>	<p>To improve compliance levels of waste water treatment in accordance with the standards</p>	<p>Percentage compliance standards with discharge license requirements on effluent quality at Sebokeng waste water care works</p>	<p>New Indicator</p>	<p>60%</p>	<p>56%</p>	<p>Target Not Achieved. Cable theft and Infrastructure Vandalism, which affect the Operation of WWTW's. Non-Operational Chlorine Dosing System in All the Works. Critical Equipment Failure. 4Unavailability of Budget and As & When Service Providers for Both Electrical & Mechanical Equipment</p>	<p>Appointment of Mechanical & Electrical Service Providers. 2 Section 63 Intervention must be more on the ground and be effective. 3 Appointment of M&E Contractors through RFQ Process</p>		

Ensure Quality Basic Service Delivery to Communities	BS.18	To improve compliance levels of waste water treatment in accordance with the standards	Percentage compliance standards with discharge license requirements on effluent quality at Leeuwkuil waste water care works	New Indicator	60%	74%	Target Achieved	None	R0 plus section 63 O&M
	BS.19	To improve compliance levels of waste water treatment in accordance with the standards	Percentage compliance standards with discharge license requirements on effluent quality at Rietspruit waste water care works	New Indicator	60%	74%	Target Achieved	None	R0 plus section 63 O&M
	BS.20	Improved management of sanitation networks	Percentage Turnaround time taken to resolve sanitation complaints within 48 hours after being reported	45.00%	50%	0%	Target Not Achieved. Section 63 intervention. The Water Management System is not compatible to produce reliable information. Challenges of	More resources to be provided, vehicles, staff and tools of trade. The department is in the process of acquiring water	R 0

								vehicle availability	management system for new financial year	
BS.21	Improved Indigent register	Number of Updated Indigent register report submitted	New indicator	4	4	4	Target Achieved	None	OPEX	
BS.22	To implement SRACLIS program in order to promote social cohesion to the community	Number of social cohesion programs implemented	New indicator	49	53	53	Target Achieved	None	Conditional grant and OPEX	
BS.23	To maintain compliance and enforcement of municipal By-laws to enhance revenue collection	Number of By-Law operations conducted in line with the submitted process plan for 2022/2023	43	36	36	36	Target Achieved	None	OPEX	
Ensure Quality Basic Service Delivery to Communities										

BS.24	Compliance to the SANS Codes 10190 turnaround time (23 Minutes) for fire and rescue in 2022/2023. (From initial Call received until arrival on scene)	Percentage compliance to SANS code turnaround time (23 minutes) required for fire and rescue incidents	66%	60%	56%	Target Not achieved. Due to the unavailability of fire trucks, only one fire truck for the three regions.	Procurement of additional fire trucks and maintenance of existing ones will be done in the 2023/24 financial year	OPEX
BS.25	To promote a safe and secure environment	Number of community safety programmes implemented	45	64	86	Target Achieved	None	OPEX
BS.26	To maintain compliance with environment health norms and standards within the allocated resources	Number of inspections conducted to comply with national environmental health norms and standards at any period	2716	2517	2 530	Target Achieved	None	OPEX

	BS.27	To provide a safe and secure developed and undeveloped public open spaces and municipal owned property	Percentage implementation of horticultural and arboriculture maintenance program achieved	396%	60%	286%	Target Achieved	None	CAPEX
Ensure Quality Basic Service Delivery to Communities	BS.28		Percentage maintenance and upgraded cemeteries achieved	New Indicator	60%	142%	Target Achieved	None	OPEX
	BS.29	To promote implementation of Military Veterans Policy	Number of reports submitted to support the implementation of Military Veterans Policy	New Indicator	2	2	Target Achieved	None	OPEX
	BS.30	Increased accessibility and efficient reliable road network	Percentage: Upgrading of Moshoeshoe Road (Phase 2A1) Multiyear (8000m)	New Indicator	10% Upgrading of Moshoeshoe Road	0%	Target Not Achieved. Project design could not be finalised for implementation due to the delays in payment affected by bank attachment	Design stage to be completed by 1st quarter of new financial year	R 0

BS.31	Percentage Construction of Van Schalwyk Street	New Indicator	Construction Stage: Progress @ 65%	90%	Target Achieved	None	R 38,383,375
BS.32	Percentage: Construction of Dhlamini Str - Umzimvubu to MoshoeshoeStr (270m)	New Indicator	Construction Stage: Progress @ 100%	100%	Target Achieved	None	R3 725 591
BS.33	Percentage: Construction of Pitseng and Uranium Street (860m)	New Indicator	Construction Stage: Progress @ 100%	100%	Target Achieved	None	R8 994 000
BS.34	Percentage: Construction of Lakeside Block A Road (680m)	New Indicator	Construction of Lakeside Block A Road: Progress @ 10%	10%	Target Achieved	None	R 3,703,820
BS.35	Percentage: Upgrading Union Str Bulk Sewer Line in Vereeniging	New Indicator	Construction Stage: Progress @ 50%	26%	Target Not Achieved. The project was suspended by the contractor due to non-payment of	The project will be fully resumed as soon as the bank accounts of the	R 14,313,530.00

						<p>invoices by the municipality alluded to the Bank Account Attachment by Rand Water and Eskom. As at 30 June 2023, the project is still on hold because the municipality is still unable to pay the contractor</p>	<p>municipality have been released by both Rand Water and Eskom</p>	
BS.36	Increased Reliable Sanitation Distribution Network	Percentage: Upgrading Outfall Sewer on Northern Area	New Indicator	Upgrading Outfall Sewer on Northern Area: Progress @ 10%	0%	<p>Target Not Achieved. The project was suspended by the contractor due to non-payment of invoices by the municipality alluded to the Bank Account Attachment by Rand Water and Eskom. As at 30 June 2023, the project is still on hold because the</p>	<p>The project will be fully resumed as soon as the bank accounts of the municipality have been released by both Rand Water and Eskom</p>	R 10,020,390

	BS.37		Percentage Upgrading of Sewer pipeline from PS8: Rising main to Stilling box	New Indicator	2. Construction Stage: Progress @ 50%	95%	municipality is still unable to pay the contractor	None	R 25,215,125
	BS.38		Percentage Sewer Line Houtkop&Unitaspark North Lewkuil - Phase 2	New Indicator	2. Construction of Sewer Line Houtkop and Unitaspark North Leewkuil: Progress @ 10%	10%	Target Achieved	None	R 8,000,000
	BS.39	Increased Reliable Sanitation Distribution Network	Percentage Sewer Line 3 Rivers , 3 Rivers East & Sonlandpark	New Indicator New Indicator	Construction Stage: Progress @ 100%	100%	Target Achieved	None	R5 135 100

Ensure Quality Basic Service Delivery to Communities	BS.40		Percentage Gravity Sewer Pipeline from Industrial Through Boipatfing/ Tshepiso to PS4	New Indicator	Construction Stage: Progress @ 30%	22%	<p>Target Not Achieved. The project was suspended by the contractor due to non-payment of invoices by the municipality alluded to the Bank Account Attachment by Rand Water and Eskom. As at 30 June 2023, the project is still on hold because the municipality is still unable to pay the contractor</p> <p>The project will be fully resumed as soon as the bank accounts of the municipality have been released by both Rand Water and Eskom</p>	R 30,020,010.50
	BS.41	Percentage Investigate and Develop New general Landfill Sites (Yakani Landfill)	New Indicator	EIA Approval 100%	100%	Target Achieved	None	R54 909

BS.42	Percentage: Bulk Water Supply from Tshepiso to Sharpeville (W&S) (Multiyear Implementation)	New Indicator	Construction of Bulk Water Supply from Tshepiso to Sharpeville: Progress @ 10%	0%	Target Not Achieved. Consultant delayed the conclusion of the design documents including the tender document for the appointment of a contractor due to delays in payments by the municipality. The payment delay is attributed to the attachment of bank accounts by Rand Water and Eskom	The project will be fully resumed as soon as the bank accounts of the municipality have been released by both Rand Water and Eskom. In the interim, the consultant has agreed to work on a go slow to avoid incurring further expenses	R4 767 631.49
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BS.43	Percentage: Bulk Water Supply from Evaton Reservoir to Dadeville (W&S) (Multi Year Implementation)	New Indicator	Construction of Bulk Water Supply from Evaton Reservoir to Dadeville: Progress @ 10%	0%	Target Not Achieved. Consultant delayed the conclusion of the design documents including the tender document for the appointment of a contractor due to delays in payments by the municipality. The payment delay is attributed to the attachment of bank accounts by Rand Water and Eskom	The project will be fully resumed as soon as the bank accounts of the municipality have been released by both Rand Water and Eskom. In the interim, the consultant has agreed to work on a go slow to avoid incurring further expenses	R5 800 000
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KPA 3: LOCAL ECONOMIC DEVELOPMENT AND SPATIAL PLANNING (ECONOMIC DEVELOPMENT PLANNING AND HUMAN SETTLEMENT)

IDP SO and GDS	Ref No (IDP Code)	Outcome Statement	Output Indicators	2021/2022 Baseline	2022/2023 Annual Target	Annual Performance Actual	Explanation of Performance	Corrective Measure	Budget
Re-inventing our economy and Renew our communities	LED.01	Create an enabling environment for Local Economic Development	Percentage building plans adjudicated within the timeframe (30 days) for smaller than 500m ² and (60 days) for greater than 500m ²	74%	85%	0%	Target not Achieved. The department has a challenge of resources relating to the system for capturing of building plans and vehicles for inspections.	The department is in the process of acquiring a system to address this discrepancy. The department also needs vehicles and staff for inspections to be fully conducted	OPEX
	LED.02	Guiding the strategic spatial developments of the Emfuleni Local Municipality	Percentage Key milestones realised of the municipality's Spatial Development Framework	50%	100%	100%	Target Achieved	None	OPEX

LED.03	Stimulating a competitive, inclusive and sustainable economies in Emfuleni	Number of Implemented LED initiatives	4	4	5	Target Achieved	None	OPEX
LED.04	Converting leasehold to title deed ownership	Number of title deeds issued	55	40	203	Target Achieved	None	OPEX
LED.05	Drive Job creation through service delivery projects	Number of Job opportunities created through implementation of infrastructure, Social and Environment projects	New Indicator	100	598	Target Achieved	None	R1 799 000

	LED.06	Strategic positioning of LED policies	Percentage Developed Outdoor policy	New Indicator	50%	25%	Target Not Achieved. Public participation could not be conducted due to unavailability of funds to advertise on the local newspapers and also the municipality could not advertise on the website as it was not working since from November 2022. The draft for Outdoor policy is finalised	To seek funds and conduct public participation during 3 rd quarter	OPEX
	LED.07		Percentage Developed Informal Trading Policy.	New Indicator	100%	75%	Target Not Achieved. The Informal Trading policy is not yet approved at Section 80. The Section 80 committee	The Informal Trading Policy will be approved in the next financial year	OPEX

							requested the policy to be workshopped before approval		
LED.08	Accountability of Municipal Land	Number of Updated Land Audit report submitted	New Indicator	1	0	Target Not Achieved. External processes affected the submission of Land Audit report to EXCO on time	The Land Audit report will be reported to EXCO during the first quarter of the new financial year	OPEX	

KPA 4: MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT (SHARED SERVICES)

IDP SO and GDS	Ref No (IDP Code)	Outcome Statement	Output Indicators	2021/22 Baseline	2022/2023 Annual Target	Annual Performance Actual	Explanation of Performance	Corrective Measure	Budget
Releasing Human Potential	MT.01	To review needs of the organisation structure that is aligned to the Service Delivery Model and IDP	Percentage Audited tools of trade as per approved/current organisational structure	New indicator	Audited results of tools of trade per cluster: 1. Public Works and Finance 2. USP and Internal Audit 3. Shared Services, MM and EDP 4. Community Services 100%	100%	Target Achieved	None	(OPEX)

MT.02	To improve the institutional operational efficiency due to competent and skilled workforce.	Percentage Skills audit conducted on identified clusters	New Indicator	Audited results of skills audit per cluster: 1. Public Works and Finance 2. USP and Internal Audit 3. Shared Services, MM and EDP 4. Community Services 100%	0%	Target Not Achieved. COGTA delayed the usage of the GAPSILLS Tool that all Municipalities had to utilise for the skills audit. The GAPSILLS Tool was found to be inadequate for its purpose and was subsequently discarded. A new service provider is being appointed. Municipalities were told to use whatever method in the meantime. This has resulted in a loss of 3 months work	ELM has adopted a combined manual and electronic method to conduct the Skills Audit after the fiasco with the GAPSILLS Tool, process is underway. The attached narrative Report elaborates. MM is going to be approached to issue a Circular to All Employees and in particular line managers in which he instructs them to engage in the skills audit process with their	(OPEX)
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	MT.03			117%	100%	107%	<p>that was done using the GAPSKILL Tool. The second reason for not achieving set targets is the non-responsive behaviour of Line Management and employees in general who were issued with skills audit forms but simply ignored with impunity</p>	<p>subordinates as this is a compliance exercise driven by COGTA nationally</p>	
		Percentage of funded Training Plan and Ad hoc programs budget spent					Target Achieved	None	Internal Budget : R5 000 000; External Mandatory Grant: R1 500 000

	MT.04	To improve personnel resources availability in order to enhance service delivery and reduce operational costs	Percentage of Budgeted priority critical vacancies filled	24%	20%	69%	Target Achieved	None	(OPEX)
Releasing Human Potential	MT.05	Strategic positioning of HRM through the development and implementation of HR strategy and policies	Number of Priority HR policies developed or reviewed and submitted to Council for approval	2 policies approved by council	5 HR Policies approved by Council	5	Target Not Achieved. 5 HRM Policies have been submitted to the LLF and to date LLF has not set	Policies development or reviews are depended on constant sitting of Committees. Therefore, Consultation Committees should sit as per their annual meeting plans to avoid delay in policy reviews	(OPEX)

MT.06	To ensure that ELM complies with the requirements of the Employment Equity Act 55 of 1998	Percentage of employment equity targets achieved as per the EE plan	45%	15%	0%	Target Not Achieved. Fill the position that were still pending and captured them in the next financial year	Fill the position that were still pending and captured them in the next financial year (OPEX)
MT.07	Improved delivery of basic services	Percentage of Fleet Purchased as per business plan	New Indicator	100%	0%	Target Not Achieved. 95,6% of the allocated Capex R35 000 000,00 for fleet procurement per fleet procurement plan. (Procurement of 6 Compactor, 5 Crew Cabs, 3 Cherry pickers) of the budget is procurement of various types of bakkies which purchase orders will be issued in the	95,6% of the allocated Capex R35 000 000,00 for fleet procurement per fleet procurement plan. (Procurement of 6 Compactor, 5 Crew Cabs, 3 Cherry pickers) of the budget is procurement of various types of bakkies which purchase orders will be issued in the CAPEX

							orders will be issued in the next financial year	next financial year	
	MT.08	Percentage of Fleet Management Strategy developed and approved by Council	New Indicator	Percentage of Fleet Management Strategy developed and approved by Council (100%)	0%	Target not Achieved	Fleet strategy will be re submitted to different stakeholders during next financial year	(OPEX)	
	MT.09	Percentage of vehicles repaired/maintained within 90 days	New Indicator	50% repairs of vehicles within 90 days	0%	Target not Achieved	The work was done however lack of recording of PoE has hampered achieved of target	OPEX	
Releasing Human Potential	MT.10	To improve accountability Number of reports on Council resolutions implemented (Action Lists)	New Indicator	4 Reports	0	Target Not Achieved. Action list updated by Cluster however no ordinary Council Sitting during this period	Submitted reports must be considered	OPEX	

			<p>MT.11</p>	<p>Reduce the legal costs by improving the management of litigation and labour cases</p>	<p>Percentage reduction of labour cases / disciplinary cases in the current labour disputes register</p>	<p>3.30%</p>	<p>60%</p>	<p>32%</p>	<p>Target not Achieved</p>	<p>only Special.</p>	<p>Training of Presiding Officers and Investigating Officers to speed up disciplinary matters</p>	<p>OPEX</p>
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KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION (MUNICIPAL MANAGER, INTERNAL AUDIT AND POLITICAL OFFICES)

IDP SO and GDS	Ref No (IDP Code)	Outcome Statement	Output Indicators	2021/22 Baseline	Annual Target 2022/23	Annual Performance Actual	Explanation of Performance	Corrective Measure	Budget
Ensuring Good governance and Deepening Democracy	GG. 01	A more transparent and credible governance culture reported to communities	100% Approved Compliant integrated development plan (IDP)	100% Approved Compliant integrated development plan (IDP)	100% Approved Compliant Integrated Development Plan (IDP)	100%	Target Achieved	None	OPEX
	GG. 02		Percentage of Submission of 2022/23 Reviewed SDBIP to Council and Submit to the Executive Mayor the 2023/24 draft and final SDBIP for consideration by no later than 28 days after the approval of the annual budget	New indicator	100% submission of the 2023/24 draft and final SDBIP to the Executive Mayor no later than 28 days after approval of Annual Budget	100%	Target Achieved	None	OPEX

GG.03		<p>Percentage Concluded signed performance agreements in terms of Section 57 of the Local Government: Municipal Systems Act, No. 32 of 2000 for the Municipal Manager and Managers directly accountable to the Municipal Manager</p>	New indicator	<p>100% concluded signed performance agreements for Municipal manager and managers directly accountable to municipal manager 2022/2023 (initial and reviewed)</p>	94%	<p>Target Not Achieved. Only 4 out of 9 (44%) Reviewed Performance Plans had been signed due to lot of acting positions. Outstanding: AMM (Ntuli); AED: SS (Phatlane); ACAE (Masemola); AED: IPD (Nxumalo) and AED: EDP (Human)</p>	<p>A meeting has been scheduled to finalise signing of Performance Plans</p>	OPEX
GG.04		<p>Percentage Concluded Individual Performance Assessments of all Executive Directors</p>	New indicator	<p>100% Concluded Individual Annual Performance Assessment 2021/2022 and concluded Midyear Individual Performance Assessment 2022/2023 of all Executive Directors</p>	0%	<p>Target Not Achieved. Annual assessments 2021/22 outstanding - postponement by Chair (did not want short term acting positions to be assessed and 4 EDs were acting. Issue that MM was ED: IPD, MM</p>	<p>The Chairperson of the Performance audit committee met with the Municipal Manager to finalise outstanding assessments</p>	OPEX

							discussed postponement issues with Chair. ED: PW left and cannot be assessed. All outstanding assessments, including acting positions would be finalized during August/September with the Midyear 2022/23 assessments at the same period as agreed with the Chair. Assessment of MM scheduled for 1 August whereafter EDs will follow	None	OPEX
GG.05			Percentage Develop and submit the 2021/2022 Annual Performance Report (APR) to the Auditor-General of South Africa (AGSA) by end-August	New indicator	100% Developed and submitted the 2021/2022 Annual Performance Report (APR) to the Auditor-General of South Africa (AGSA) by end-August	100%	Target Achieved		

GG.06		Percentage Cascaded of performance management framework and policy to employees on level 1 and level 2	New indicator	100% cascaded of performance management framework and policy to employees on level 1 and level 2	100%	Target Achieved	None	OPEX
GG.07	Improved Management Report and Service Delivery towards obtaining Clean Audit	Percentage AGSA (2021/2022 OPCA) audit findings resolved	New indicator	80% of AGSA (2021/2022 OPCA) Management Letter findings resolved	33%	Target Not Achieved. The following Clusters have outstanding findings to be resolved: SS (12 findings); Fin (33 findings), PW (4 findings), USP (19 findings), MM (2 findings). A total of 43 (41% of findings) had been Partially resolved and need finalization. 17 (16% of findings) were not addressed and 10% findings still need to be verified	Management to resolve outstanding findings	OPEX

Ensuring Good governance and Deepening Democracy	GG. 08	To ensure that the Municipality's objective is achieved, minimises risk and all kinds of risks are identified and mitigated	Number of Reviewed Risk Management Report	2	4 Risk Management Reports submitted to RMAAC	4	Target Achieved	None	OPEX
	GG. 09	To ensure that the Municipality's objective is achieved, minimises risk and all kinds of risks are identified and mitigated	Percentage Approved Risk Implementation Plan	New indicator	100% Approved Risk Implementation Plan 2023/2024 by RMAAC	100%	Target Achieved	None	OPEX
	GG. 10		Number of Verified reports on the project activities as contained in the 2022/23 SDBIP	1	4	2	Target not Achieved	Verification reports to be timely signed off by MM and submitted to EXCO	OPEX

GG. 11		Percentage Developed and implemented Corporate Communication Plan	New indicator	100%	25%	Target not Achieved.	The corporate Communication plan to be approved during 1st half of the next financial year	OPEX
GG. 12		Percentage reduction of Overtime amount achieved at Public Works, Water and Sanitation, Community Services and Economic Development Planning	R124 489 337	30%	0%	Target Not Achieved. None adherence to overtime	Increase controls on overtime usage	OPEX
GG. 13	To ensure that the Municipality's objective is achieved, minimises risk and all kinds of risks are identified and	Percentage Reviewed 3 year Strategic Internal Audit rolling plan and 1 year Internal Audit Plan 2023/2024	100%	100% Approved 3 year Strategic rolling plan and 1 year Internal Audit Plan by Audit Committee 2023/2024	100%	Target Achieved	None	OPEX

	minimised, corruption is reduced											
GG. 14	Improved and effective risk management, control and governance processes	Percentage of audit reports issued to audit committee	16	100% Implementation of the Internal Audit Process Plan 2022/2023	100%	Target Achieved	None	OPEX				
GG. 15	Increased Public Confidence as compliance is verified and published by the Executive Mayor	Number of Individual Performance Assessments of Municipal Manager concluded by Executive Mayor	New indicator	50% Annual Individual Performance Assessments of Municipal Manager	100%	Target Achieved	None	OPEX				
GG. 16		Number of Executive Mayor's consultative meetings held with business, NGOs, Imbizo's and the community	10	8 Executive Mayor's consultative meetings held with business, NGOs and the community	10	Target Achieved	None	OPEX				
Ensuring Good governance and Deepening Democracy												

GG. 17	To ensure and promote effective political oversight over the Executive and Legislative Arms of Council in the Municipality	Number of Executive Mayor's Special Projects	2	4 Executive Mayor Special Projects implemented	4	Target Achieved	None	OPEX
GG. 18		Number of Compliance by Speaker's Office to all its public consultations	4 Petitions meetings	4 Petitions meetings	4	Target Achieved	None	OPEX
GG. 19		Number of Council Meetings	13	4 Ordinary Council Meetings	3	Target Not Achieved. A lot of special council meetings took place	Council to priorities ordinary meetings at least once a quarter	R1 500 000
GG. 20		Number of MPAC oversight and programmes meetings held	7	4 MPAC oversight meetings and sectoral meetings	7	Target Achieved	None	R305 000
GG. 21		Number of councillors public participation programmes held	109	180 public participation programmes held	229	Target Achieved	None	R300 000

GG. 22	Number of ward committee programmes conducted	181	444 implemented ward committee programmes	495	Target Achieved	None	R500 000
GG. 23	Number of workshops/trainings for Councillors on different issues of the departments of the municipality. Councillors to enrol in different education institutions for skills development	14	16 Workshops/trainings held	16	Target Achieved	None	R500 000
GG. 24	Number of Planned Oversight Visits coordinated	4	4 Oversight visits planned and coordinated	4	Target Achieved	None	OPEX
GG. 25	Number of planned Political Management Team (PMT) Meetings coordinated	17	8 Political Management Team (PMT) Meetings planned and coordinated	10	Target Achieved	None	OPEX

	GG. 26		Number of Planned Strategic Planning Lekgotla Meetings coordinated	1	1 Strategic Lekgotla Held	1	Target Achieved	None	OPEX
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EMFULENI
LOCAL MUNICIPALITY

Vaal River City, the Cradle of Human Rights
Emfuleni Local Municipality
Annual Financial Statements
for the year ended 30 June 2023

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

General Information

Mayoral committee

Executive Mayor	SMS. Radebe
Speaker	SD. Soxuza
Chief whip	MB. Jantjie
Members of mayoral committee	
MMC - Infrastructure planning and development	E. Nzima
MMC - Public safety	ER. Mokoena
MMC - Shared services	MM. Serapelo
MMC - Health and social development	MR. Lesaoana
MMC - Finance and revenue	HM. Mako
MMC - Environmental management and planning	J. Radebe

Accounting Officer

A. Ntuli

Acting Chief Finance Officer (CFO)

M. Maseanoka

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 number

016 950 5000

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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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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Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Officer's responsibilities and approval

I am responsible for the preparation of these financial statements which are set out on pages 4 to 110, 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 24 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearer's act, 1998 (Act no. 20 of 1998) and the Minister of Cooperative Governance and Traditional Affairs determination in accordance with this Act.

A. Ntuli
Accounting Officer

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Position as at 30 June 2023

	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Cash and cash equivalents	2	85,163,617	129,403,797
Receivables from exchanged transactions	3	822,671,367	602,273,637
Receivables from non-exchange transactions	4	326,017,656	231,129,302
Inventories	5	38,793,979	33,367,208
Value added tax	6	1,380,325,164	1,069,226,140
		2,652,971,783	2,065,400,084
Non-Current Assets			
Property, plant and equipment	7	10,418,878,076	10,682,457,048
Investment property	8	987,884,552	990,468,176
Intangible assets	9	15,736,662	16,788,928
Heritage assets	10	57,016	57,016
Sanlam shares		15,755	14,275
		11,422,572,061	11,689,785,443
Total Assets		14,075,543,844	13,755,185,527
Liabilities			
Current Liabilities			
Payables from exchange transactions	11	9,519,733,285	7,534,289,226
Unspent conditional grants and receipts	12	48,633,816	19,268,867
Employee benefit obligation	13	27,347,000	20,885,000
		9,595,714,101	7,574,443,093
Non-Current Liabilities			
Provisions	14	175,790,481	116,615,316
Consumer deposits	15	63,483,000	60,495,312
Employee benefit obligation	13	188,917,000	214,443,000
		428,190,481	391,553,628
Total Liabilities		10,023,904,582	7,965,996,721
Net Assets		4,051,639,262	5,789,188,806
Accumulated surplus		4,051,639,262	5,789,188,806
Total Net Assets		4,051,639,262	5,789,188,806

* See Note 34

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Performance

	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	16	4,369,049,195	4,321,935,248
Landfill sites gains		-	62,131,767
Rental of facilities and equipment	17	15,437,113	14,472,591
Trade and other licenses		160,665	123,110
Other income	18	90,427,419	100,680,393
Finance income	19	117,090,307	91,669,033
Fair value adjustments		-	38,157,613
Actuarial gains		31,308,987	-
Total revenue from exchange transactions		4,623,473,686	4,629,169,755
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	20	1,148,120,473	1,016,799,884
Donations		53,100,877	319,766,185
Fines	21	408,342,724	49,174,118
Transfer revenue			
Government grants & subsidies	22	1,164,504,347	994,355,369
Total revenue from non-exchange transactions		2,774,068,421	2,380,095,556
Total revenue		7,397,542,107	7,009,265,311
Expenditure			
Employee related costs	23	(1,246,953,392)	(1,205,455,640)
Remuneration of councillors	24	(63,541,721)	(56,828,410)
Landfill site losses		(55,713,530)	(24,263,716)
Depreciation and amortisation		(617,455,767)	(635,200,136)
Finance costs	26	(628,268,780)	(406,337,288)
Debt Impairment		(1,514,134,138)	(1,355,131,674)
Loss/gain on sale of assets		(26,549,429)	(39,049,048)
Bulk purchases	25	(4,124,868,885)	(3,583,890,774)
Contracted services		(430,894,483)	(445,671,339)
Imputed interest		8,171,715	4,233,745
Fair value adjustments		(4,797,697)	-
Actuarial losses		-	(3,092,765)
General Expenses	27	(430,085,544)	(870,739,130)
Total expenditure		(9,135,091,651)	(8,621,426,175)
Deficit for the year		(1,737,549,544)	(1,612,160,864)

* See Note 34

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Changes in Net Assets

	Accumulated surplus / deficit	Total net assets
Balance at 01 July 2022	7,401,349,670	7,401,349,670
Changes in net assets		
Surplus for the year	(1,612,160,864)	(1,612,160,864)
Total changes	(1,612,160,864)	(1,612,160,864)
Restated* Balance at 01 July 2022	5,789,188,806	5,789,188,806
Changes in net assets		
Surplus for the year	(1,737,549,544)	(1,737,549,544)
Total changes	(1,737,549,544)	(1,737,549,544)
Balance at 30 June 2023	4,051,639,262	4,051,639,262
Note(s)		

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Cash Flow Statement

	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		3,029,270,435	2,982,532,664
Grants		1,161,694,381	952,631,167
Interest income		25,083,960	28,321,998
Other receipts		985,929,172	1,284,134,322
		<u>5,201,977,948</u>	<u>5,247,620,151</u>
Payments			
Employee costs		(1,346,523,113)	(1,273,303,050)
Suppliers		(2,478,314,232)	(2,572,765,149)
Finance costs		(598,102,035)	(386,837,243)
Other payments		(498,124,930)	(887,449,037)
		<u>(4,921,064,310)</u>	<u>(5,120,354,479)</u>
Net cash flows from operating activities	28	<u>280,913,638</u>	<u>127,265,672</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(327,771,669)	(270,635,368)
Purchase of other intangible assets	9	(369,837)	(287,000)
Net cash flows from investing activities		<u>(328,141,506)</u>	<u>(270,922,368)</u>
Cash flows from financing activities			
Movement in Consumer Deposits		2,987,688	3,581,086
Net cash flows from financing activities		<u>2,987,688</u>	<u>3,581,086</u>
Net increase/(decrease) in cash and cash equivalents		<u>(44,240,180)</u>	<u>(140,075,610)</u>
Cash and cash equivalents at the beginning of the year		129,403,797	269,479,407
Cash and cash equivalents at the end of the year	2	<u>85,163,617</u>	<u>129,403,797</u>

The accounting policies on pages 10 to 33 and the notes on pages 34 to 74 form an integral part of the annual financial statements.

* See Note 34

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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	4,660,845,991	(120,932,407)	4,539,913,584	4,369,049,195	(170,864,389)	43
Rental of facilities and equipment	5,912,288	29,650,407	35,562,695	15,437,113	(20,125,582)	43
Trade and other licenses	61,402	87,650	149,052	160,665	11,613	43
Other income	109,069,779	(32,500,861)	76,568,918	90,427,419	13,858,501	43
Finance income	72,047,224	67,144,612	139,191,836	117,090,307	(22,101,529)	43
Total revenue from exchange transactions	4,847,936,684	(56,550,599)	4,791,386,085	4,592,164,699	(199,221,386)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	970,065,671	178,754,865	1,148,820,536	1,148,120,473	(700,063)	43
Donations	7,213,000	(7,213,000)	-	53,100,877	53,100,877	43
Fines	113,588,967	(7,800,159)	105,788,808	408,342,724	302,553,916	43
Transfer revenue						
Government grants & subsidies	1,303,293,485	(66,570,883)	1,236,722,602	1,164,504,347	(72,218,255)	43
Total revenue from non-exchange transactions	2,394,161,123	97,170,823	2,491,331,946	2,774,068,421	282,736,475	
Total revenue	7,242,097,807	40,620,224	7,282,718,031	7,366,233,120	83,515,089	
Expenditure						
Employee related costs	(1,353,771,763)	100,562,383	(1,253,209,380)	(1,246,953,392)	6,255,988	43
Remuneration of councillors	(62,390,904)	(3,944,295)	(66,335,199)	(63,541,721)	2,793,478	43
Landfill site losses	-	-	-	(55,713,530)	(55,713,530)	43
Depreciation and amortisation	(487,511,132)	-	(487,511,132)	(617,455,767)	(129,944,635)	43
Finance costs	(95,756,529)	-	(95,756,529)	(628,268,780)	(532,512,251)	43
Debt Impairment	(930,230,888)	(145,330,365)	(1,075,561,253)	(1,514,134,138)	(438,572,885)	43
Loss/gain on sale of assets	-	-	-	(26,549,429)	(26,549,429)	43
Bulk purchases	(2,998,365,959)	-	(2,998,365,959)	(4,124,868,885)	(1,126,502,926)	43
Contracted Services	(287,389,388)	(66,599,263)	(353,988,651)	(430,894,483)	(76,905,832)	43
Imputed interest	-	-	-	8,171,715	8,171,715	43
General Expenses	(601,662,644)	58,111,311	(543,551,333)	(430,085,544)	113,465,789	43
Total expenditure	(6,817,079,207)	(57,200,229)	(6,874,279,436)	(9,130,293,954)	(2,256,014,518)	
Operating deficit	425,018,600	(16,580,005)	408,438,595	(1,764,060,834)	(2,172,499,429)	
Fair value adjustments	-	-	-	(4,797,697)	(4,797,697)	43
Actuarial gains/losses	-	-	-	31,308,987	31,308,987	43
	-	-	-	26,511,290	26,511,290	
Deficit for the year	425,018,600	(16,580,005)	408,438,595	(1,737,549,544)	(2,145,988,139)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	425,018,600	(16,580,005)	408,438,595	(1,737,549,544)	(2,145,988,139)	

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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						
Inventories	34,851,706	56,187,763	91,039,469	38,793,979	(52,245,490)	
Receivables from non-exchange transactions	628,227,116	(402,534,458)	225,692,658	326,017,656	100,324,998	
Receivables from exchanged transactions	491,956,263	4,272,606,117	4,764,562,380	822,671,367	(3,941,891,013)	
Value added tax	(1,530,745,204)	2,537,165,181	1,006,419,977	1,380,325,164	373,905,187	
Cash and cash equivalents	656,830,052	(308,838,606)	347,991,446	85,163,617	(262,827,829)	
	281,119,933	6,154,585,997	6,435,705,930	2,652,971,783	(3,782,734,147)	
Non-Current Assets						
Investment property	1,006,950,719	(9,072,543)	997,878,176	987,884,552	(9,993,624)	
Property, plant and equipment	9,976,249,598	1,133,694,698	11,109,944,296	10,418,878,076	(691,066,220)	
Intangible assets	18,468,233	(1,179,307)	17,288,926	15,736,662	(1,552,264)	
Heritage assets	57,016	-	57,016	57,016	-	
Sanlam shares	16,570	(2,295)	14,275	15,755	1,480	
	11,001,742,136	1,123,440,553	12,125,182,889	11,422,572,061	(702,610,628)	
Total Assets	11,282,862,069	7,278,026,550	18,560,888,619	14,075,543,844	(4,485,344,775)	
Liabilities						
Current Liabilities						
Payables from exchange transactions	4,145,924,389	3,007,734,625	7,153,659,014	9,519,733,285	2,366,074,271	
Unspent conditional grants and receipts	154,153,217	(151,839,619)	2,313,598	48,633,816	46,320,218	
Provisions	13,885,861	(8,922,136)	4,963,725	-	(4,963,725)	
Employee benefit obligation	-	-	-	27,347,000	27,347,000	
	4,313,963,467	2,846,972,870	7,160,936,337	9,595,714,101	2,434,777,764	
Non-Current Liabilities						
Provisions	-	111,651,591	111,651,591	175,790,481	64,138,890	
Consumer deposits	63,140,991	(2,645,679)	60,495,312	63,483,000	2,987,688	
Employee benefit obligation	231,879,944	3,448,056	235,328,000	188,917,000	(46,411,000)	
	295,020,935	112,453,968	407,474,903	428,190,481	20,715,578	
Total Liabilities	4,608,984,402	2,959,426,838	7,568,411,240	10,023,904,582	2,455,493,342	
Net Assets	6,673,877,667	4,318,599,712	10,992,477,379	4,051,639,262	(6,940,838,117)	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	6,673,877,667	4,318,599,712	10,992,477,379	4,051,639,262	(6,940,838,117)	

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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. The basis presumes that funds will be available for future operations and that the realisation of assets and settlement of liabilities, contingent liabilities and commitments will occur in the ordinary course of business.

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.

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

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting policies

1.3 Significant judgements and sources of estimation (continued)

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 specific GRAP Accounting Standard prescribing the accounting of traffic fines, the following assumptions are done based on management best estimation:

The total outstanding amount as per Municipal Court statistics, 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 off.

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 2022 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 consumer debtors and other receivables

The calculation in respect of the impairment of debtors is based on the payment ratio of each debtor 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, which is as per the prime lending rate issued by the Reserve Bank, at reporting date computed at initial recognition. The risk-free rate is adjusted with a premium per risk category as per GRAP 104 – Financial Instruments

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.

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting policies

1.3 Significant judgements and sources of estimation (continued)

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.

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, its cost is its fair value as at the date of acquisition. A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

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

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting policies

1.5 Property, plant and equipment (continued)

The criteria used for determining significant asset components are:

- Any component with a useful life of longer than 12 months with economic or service potential;
- The value of the component itself can be fairly accurately determined;
- Its useful life can be distinguished from that of the parent asset;
- The value of the component is material in relation to its parent asset;
- It carries a significant risk profile;
- It is a maintenance significant item, and
- For which there may be specific requirements for significant statutory tests or licensing.

Initial measurement

Property, plant and equipment is initially measured at cost.

Assets acquired by grant or donation are newly identified assets.

Property, plant and equipment are measured at fair value at the date of acquisition, where assets have been acquired by donation or grant and for assets that are newly identified through formal assets verification procedures for which cost records are not available or not reliable at the date of acquisition.

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

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

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

Subsequent measurement

After initial recognition property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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
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Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting policies

1.5 Property, plant and equipment (continued)

Infrastructure

• Roads and paving	25-30
• Electricity	50-60
• Water	50
• Sewerage	40
• Housing	30

Community assets

• Buildings	30
• Recreational facilities	30
• Security	5

Other assets

• Buildings	30
• Specialised vehicle	15
• Other vehicles	5
• Office equipment	5
• Furniture and fittings	15
• Bins and containers	5
• Specialised plant and equipment	10-15
• Other items of plant and equipment	5-10
• Landfill sites	30-55
• Computer software	3-5
• Art, paintings, sculptures and ornaments	10

An asset only has a residual value when the useful life of the asset (the period the asset is used or available for use) is shorter than the economic life of the asset (the period the asset is used or available for use by all users or owners of the asset). As the municipality plans to use the assets for the entire economic lives, the residual value is considered to be negligible or even zero.

Land is not depreciated as it is deemed to have an indefinite life.

The residual value and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The municipality is utilizing the straight-line depreciation method.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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.

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting policies

1.6 Intangible assets (continued)

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Initial measurement

Intangible assets are initially recognised at cost.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

If an intangible asset is acquired through a non-exchange transaction, the cost shall be its fair value as at the date of its acquisition.

Subsequent measurement

After the initial recognition intangible assets with finite useful lives are carried at cost less accumulated amortisation.

Computer software is capitalised to computer equipment where it forms an integral part of computer equipment.

Internally generated intangible assets

Websites

Initial recognition.

Website are internally generated intangible assets that are initially recognised at the value of improvement/development costs in terms of IGRAP16.

The cost of an internally generated intangible asset (website) is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. After initial recognition, and intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss.

Subsequent measurement

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.

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting policies

1.6 Intangible assets (continued)

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
Servitudes	Indefinite

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 9).

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

By their nature, servitudes confer upon the holder a right in perpetuity over the property and as these rights have an indefinite useful life, they are not amortised

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.

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting policies

1.7 Heritage assets (continued)

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.

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.

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting policies

1.8 Financial Instruments (continued)

Impairment of financial assets

The municipality assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence that financial assets are impaired can include:

- default or delinquency by a debtor;
- restructuring of an amount due to the municipality on terms that the municipality would not consider otherwise, indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers in the municipality;
- economic conditions that correlate with defaults, or
- the disappearance of an active market for a security

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly or by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

The municipality de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the municipality is recognised as a separate asset or liability.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is de-recognised or impaired, or through the amortisation process.

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting policies

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 the payment ratio of each debtor. This was performed per service identifiable category across all classes of debtors.

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: Traffic fines are accounted for in terms of GRAP 108 – Statutory Receivables and GRAP 23— Revenue from non-exchange transactions, as well as iGRAP 1 – Applying the probability test on the initial recognition of revenue and GRAP 104 – Financial Instruments which stipulates the present value of future cashflow at initial recognition.

The outstanding traffic fines as per the traffic Management System and the payment ratios over the 3year period are used to determine the possible recoverable traffic fines amount. The impairment of fines is then done from the difference between therecoverable amount and the total outstanding amount. The calculated recoverable amount of fines is utilized to perform the present value of expected future cashflow.

In terms of GRAP 108 — Statutory Receivables, especially referring to the reducing of traffic fines regulated by the Road Traffic Act, the reducing of a disputed traffic offense fine, should be accounted as a change in accounting estimate as result of new information that became known. The effect of the change in the accounting estimate is accounted for in the current period's surplus and deficit, even is the municipality accounted for the traffic fine in the previous period The accounting is therefore done prospectively.

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting policies

1.8 Financial Instruments (continued)

As the measurement of statutory receivables is based on applicable legislative framework, initial measurement does not include any other elements such as the consideration of the time value of money or financing.

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 3 years. The average percentage payment of fines versus fines issued of the past 3 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 2023, resulting in the calculated impairment (non-recoverable fines) of fines.

The total outstanding amount, 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

Fines

Fines are issued in terms of the Criminal Procedures Act. Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality. The municipality offer reductions in the amount of the fines when the offender qualifies for reductions.

The municipality will therefore estimate the likelihood of these discounts being taken up by offenders when measuring the asset (receivable) and amount of revenue that should be recognised at initial recognition

Following legal processes in the event of non-payment, the fines may be withdrawn.

Fines are impaired based on the "percentage average collection rate" in the previous three financial years.

Subsequent measurement

IGRAP1 states that the assessment and recognition of an impairment is an event that takes place after the initial recognition of revenue charged. An entity assesses the probability of collecting revenue when accounts fall into arrears. Such an assessment should not be made at the time of initial recognition.

The present value of the expected future cashflow is calculated by allocating the risk category of the calculated total recoverable debt and utilising the discount rate as per the prime lending rate of the Reserve Bank. The risk-free rate is adjusted with a premium per risk category.

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. Cash and cash equivalents are carried at amortised cost. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are carried at amortised cost.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts.

Bank overdraft and borrowings

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

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1.9 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

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.

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.

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1.11 Leases (continued)

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

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

1.12 Inventories

Inventories include consumable stores, maintenance materials, spare parts for the plant and equipment, work in progress, water, the ash and land and property held for sale.

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

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

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

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

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

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.

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1.13 Impairment of cash generating assets (continued)

The fair value represents the amount obtainable from the sale in an arm's length transaction between knowledgeable and willing parties

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the assets belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash flows from other assets or group of assets. An impairment loss is recognised whenever the recoverable amount of a cash-generating unit is less than its carrying amount.

The impairment loss is allocated to reduce the carrying amount of the asset. The carrying amount of individual assets are not reduced below the higher of its value in use, zero or fair value less cost of disposal.

Reversal of impairment loss

A previously recognised impairment loss related to assets is reversed if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognised in prior periods.

After the recognition of an impairment loss, any depreciation charge for the asset is adjusted for future periods to allocate the assets' revised carrying amount on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

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.

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1.16 Provisions and contingencies (continued)

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

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 32.

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

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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 issued in terms of the Criminal Procedures Act

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality. The municipality offer reductions in the amount of the fines when the offender qualifies for reductions

Following legal processes in the event of non-payment, the fines may be withdrawn.

Fines are impaired based on the "average collection rate" in the previous three financial years.

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.

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Accounting policies

1.19 Revenue from non-exchange transactions (continued)

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).

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.

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1.22 Accounting by principals and agents (continued)

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
- 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);

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1.28 Segment information (continued)

- 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.

Segments were identified based on the MFMA S71 monthly budget statements that are reviewed by the executive management and council to make strategic decisions and in monitoring segment performance. The disclosure of information about segments in these reports are organised around the type of service delivered and the target market, in a standardised format, and is considered appropriate for external reporting purposes to achieve the objectives of GRAP 18 Management uses these same segments for determining strategic objectives..

Accounting policy and measurement basis:

The accounting policies of the reportable segments are the same as the municipality's accounting policies

Aggregation

Segments are aggregated for reporting purposes when management considered that the economic characteristics and nature or services are similar to warrant aggregation

There are two types of segments:

- Reportable segments

Reportable segments are identified based on activities of the municipality that generates economic benefits or service potential including internal services that contribute to achieving the municipality's objectives without necessarily generating net cash inflows

- Geographical segments

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

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

Change from prior periods in measurement methods

Nature and effect of asymmetrical allocations to reportable segments.

Reconciliations of total reportable segments to entity:

- revenue

- surplus/deficit

- assets

- liabilities

- every other material item

Disclosures of geographical segments

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1.28 Segment information (continued)

- Geographical areas of operation

All the municipality's operations are in the Vaal Triangle area. Information to report on different geographical areas is not available and the cost to develop it would be excessive

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
- 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

Emfuleni Local Municipality

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Accounting policies

1.32 Taxes (property rates) GRAP 108 – Statutory receivables (continued)

The municipality recognises statutory receivables as follows:

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

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.

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Accounting policies

1.33 Accounting by principals and agents – GRAP 109 (continued)

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 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

Annual Financial Statements for the year ended 30 June 2023

Accounting policies

1.34 Service concession arrangements: Grantor

A service concession arrangement is a contractual arrangement between a grantor (the municipality) and an operator in which:

- the operator uses the service concession asset to provide a mandated function on behalf of the municipality for a specified period of time; and
- the operator is compensated for its services over the period of the service concession arrangement.

A service concession asset is an asset used to provide a mandated function in a service concession arrangement that:

- is provided by the operator which:
 - the operator constructs, develops, or acquires from a third party; or
 - is an existing asset of the operator
- is provided by the grantor (municipality) which:
 - is an existing asset of the municipality; or
 - is an upgrade to an existing asset of the municipality

An asset is provided by the operator, or an upgrade to an existing asset of the municipality is recognised as a service concession asset if:

- the municipality controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price;
- the municipality controls, through ownership, beneficial entitlement or otherwise, any significant residual interest in the asset at the end of the arrangement

The municipality measures initially a service concession asset at its fair value.

The municipality recognises a liability where a service concession asset is recognised.

The liability is initially recognised at the same amount as the service concession asset, adjusted by the amount for any consideration from the municipality to the operator, or from the operator to the municipality.

Where the municipality has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition or upgrade of a service concession asset, the liability is accounted for as a financial liability in accordance with GRAP 104.

The payments made to the operator are accounted for according to their substance as:

- a reduction in the liability recognised;
- a finance charge; and
- charges for services provided by the operator.

Where the asset and service components of a service concession arrangement are separately identifiable, the service components of payments are allocated by reference to the relative fair values of the service concession asset and the services. If not, the service component of payments is determined using valuation techniques.

Where the municipality does not have an unconditional obligation to pay cash or another financial asset to the operator, and grants the operator the right to earn revenue from third-party users or another revenue-generating asset, the liability is accounted for as the unearned portion of revenue arising from the exchange of assets between the municipality and the grantor.

The liability is reduced and revenue recognised according to the substance of the service concession arrangement.

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting policies

1.35 Changes in accounting policies and accounting estimates

Changes in accounting policies are applied retrospectively in accordance with GRAP 3, except where it is impractical to determine the cumulative effect of the change in accounting policy. In such events, the municipality restate the opening balances of assets, liabilities and net assets for the earliest period for which the retrospective restatements is practical.

Changes in accounting estimates are applied prospectively in terms of GRAP 3. The detail of the changes is then disclosed in the relevant notes

Accounting for adjustments in revenue - iGRAP 20- are done prospectively in the case of traffic offences being reduced upon successful appeals/disputes

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
2. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	4,200	7,171
Bank balances	84,441,366	34,889,743
Short-term deposits	718,051	94,506,883
	85,163,617	129,403,797

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
ABSA BANK - current account - 530-000-087	1,879,210	5,906,638	1,879,210	5,904,038
ABSA BANK - Salary account - 405-774-9059	6,604	217,481	6,605	217,481
ABSA BANK - Fines - 407-683-0782	10,000	10,000	10,000	10,000
Standard BANK - Current account - 080-488-129	-	824	-	824
FNB BANK - Current account - 628-657-05746	77,992,811	27,510,158	79,121,491	23,712,516
FNB BANK - Current account - 628-657-06083	280,317	4,184,437	280,317	4,184,437
FNB BANK - Current account - 628-657-06538	3,143,744	860,448	3,143,744	860,448
Total	83,312,686	38,689,986	84,441,367	34,889,744

Invested with	01 July 2022	Invested	Interest capitalised	Withdrawn	Total
ABSA - 9208236189	603,392	-	31,130	-	634,522
ABSA - 4104154533	8,083,196	-	173,419	(8,250,000)	6,615
ABSA - 4096216150	(483)	483	-	-	-
STD Bank - 028606817#75	436	-	-	-	436
STD Bank - 028606817#72	5,381,501	-	183,057	(5,564,469)	89
STD Bank - 028606817#60#62	23,308,690	-	599,635	(23,908,047)	278
Standard Bank - 028606817#79	34,905,730	-	566,056	(35,435,002)	36,784
STD Bank 028606817#80	7,112,537	-	480,141	(7,556,809)	35,869
STD Bank -028606817#81	639,481	-	43,169	(679,425)	3,225
STD Bank - 028606817#77	23,846	-	399	(24,245)	-
Nedbank - 03/788/1044284/0025	-	6,388,639	-	(6,388,639)	-
Nedbank - 03/7881044284/0036	-	495,836	5,280	(501,116)	-
Nedbank - 03/7881044284/0038	897,770	-	26,676	(924,446)	-
Nedbank - 03/7881044284/0039	-	5,570,000	59,312	(5,629,312)	-
Nedbank - 03/7881044284/0015	1,504,066	-	-	(1,504,066)	-
Nedbank - 03/7881044284/0048	7,431,085	-	29,514	(7,460,599)	-
FNB - 63021882550	-	5,000,000	77,545	(5,077,455)	90
FNB - 63027137686	-	3,900,000	36,783	(3,936,713)	70
FNB - 63021883368	-	2,200,000	34,119	(2,234,080)	39
FNB - 62942054818	1,890,428	-	4,765	(1,895,193)	-
FNB - 62942053646	2,022,352	-	5,352	(2,027,704)	-
FNB - 62942054420	2,379	1,000,000	9,498	(1,011,859)	18
FNB - 63008226119	699,966	99,600	20,631	(820,182)	15
	94,506,372	24,654,558	2,386,481	(120,829,361)	718,050

Unlimited cession dated 25/07/2008 of an 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 2023

Notes to the Annual Financial Statements

	2023	2022
3. Trade and other receivables from exchange transactions		
Gross balances		
Electricity	2,037,577,246	1,629,808,660
Water	2,898,924,180	2,372,967,570
Sewerage	795,500,195	631,212,132
Refuse	492,180,285	385,895,548
	6,224,181,906	5,019,883,910
Less: Allowance for impairment		
Electricity	(1,622,122,107)	(1,395,379,212)
Water	(2,614,894,290)	(2,114,744,837)
Sewerage	(717,677,954)	(564,376,437)
Refuse	(446,816,188)	(343,109,787)
	(5,401,510,539)	(4,417,610,273)
Net balance		
Electricity	415,455,139	234,429,448
Water	284,029,890	258,222,733
Sewerage	77,822,241	66,835,695
Refuse	45,364,097	42,785,761
	822,671,367	602,273,637
Included in above is receivables from exchange transactions		
Current (0-30 days)	303,084,386	251,820,564
31 - 60 days	234,458,309	256,406,305
61 - 90 days	218,246,251	244,536,649
91 days +	5,468,392,959	4,267,120,392
	6,224,181,905	5,019,883,910
Reconciliation of allowance for impairment		
Balance at beginning of the year	(4,417,610,273)	(8,671,786,693)
Contributions to allowance	(901,198,914)	(964,106,985)
Vat contributions	(114,426,643)	(148,871,964)
Debt impairment written off against allowance	31,725,291	5,367,155,369
	(5,401,510,539)	(4,417,610,273)

Credit quality of consumer debtors

The credit quality of consumer debtors that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Collectable debt

Government accounts - Ratio - debt on current, previous,30days, 60days, 90days

Indigent accounts - 0% of outstanding accounts

Sundry accounts - Ratio - debt on current, previous,30days, 60days, 90days

Business/industrial - Ratio - debt on current, previous,30days, 60days, 90days

All other accounts - Ratio - debt on current, previous,30days, 60days,90 days

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

2023 2022

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

Bad debt

Government accounts : 100% from 91days and more plus balance on collectable debt on ratios that are less than 100%

Indigent accounts - 100% of outstanding accounts

Sundry accounts - 100% from 91days and more plus balance on collectable debt on ratios that are less than 100%

Business/industrial - 100% from 91days and more plus balance on collectable debt on ratios that are less than 100%

All other accounts - 100% from 91days and more plus balance on collectable debt on ratios that are less than 100%

4. Receivables from non-exchange transactions

Property rates	1,104,292,636	859,566,104
Impairment property rates	(939,433,997)	(758,676,776)
Other receivables - fines	388,604,799	55,388,090
Impairment fines	(369,138,317)	(53,065,668)
Other debtors	479,477,579	419,962,625
Impairment other debtors	(337,785,044)	(292,045,073)
	326,017,656	231,129,302

Statutory receivables included in receivables from non-exchange transactions above are as follows:

Property rates	1,104,292,637	860,678,408
Fines	388,604,799	55,388,090
	1,492,897,436	916,066,498

Age analysis:

Current(0 to 30 Days)	253,854,670	82,614,339
31 - 60 Days	81,780,627	275,019,392
61 to 90 days	85,455,171	51,433,842
91 days+	1,551,284,548	925,849,247

Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	(1,103,787,516)	(1,801,935,154)
Contribution to allowance	(612,935,224)	(391,024,689)
Vat contribution	4,743,957	(8,687,451)
Amounts written off against allowance	65,621,424	1,097,859,778
	(1,646,357,359)	(1,103,787,516)

Debtors are payable within 30days. This credit period granted is 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.

All debtors accounts are assessed for impairment, where applicable the municipality impairs debtors over 90days.

5. Inventories

Consumable stores	37,437,416	31,619,631
Water for distribution	1,356,563	1,747,577
	38,793,979	33,367,208

6. Value added tax

VAT Recievable	1,380,325,164	1,069,226,140
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Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

7. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Infrastructure	14,475,979,612	(6,181,433,058)	8,294,546,554	14,184,104,681	(5,700,840,524)	8,483,264,157
Community	1,538,499,746	(353,700,580)	1,184,799,166	1,535,880,467	(325,810,154)	1,210,270,313
Buildings	1,038,352,731	(206,485,464)	831,867,267	1,038,352,731	(156,835,083)	881,517,648
Other property, plant and equipment	421,237,383	(313,572,284)	107,665,089	384,974,184	(277,569,254)	107,404,930
Total	17,474,069,472	(7,055,191,396)	10,418,878,076	17,143,312,063	(6,460,855,015)	10,682,457,048

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Donations	Depreciation	Impairment loss	Provision adjustment	Total
Infrastructure	8,483,264,157	289,157,277	(22,794,675)	43,430,874	(496,959,552)	(5,013,162)	3,461,635	8,294,546,554
Community	1,210,270,313	2,634,256	(261)	-	(24,889,311)	(3,215,831)	-	1,184,799,166
Buildings	881,517,648	-	-	-	(49,650,381)	-	-	831,867,267
Other assets	107,404,930	35,980,137	(74,751)	385,498	(27,902,367)	(8,128,358)	-	107,665,089
Total	10,682,457,048	327,771,670	(22,869,687)	43,816,372	(599,401,611)	(16,357,351)	3,461,635	10,418,878,076

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfers	Donations	Depreciation	Impairment loss	Provision adjustment	Total
Infrastructure	8,566,743,873	214,094,285	(23,527,057)	-	275,817,254	(343,170,413)	(202,060,209)	(4,633,576)	8,483,264,157
Community	1,231,481,303	2,410,809	(12,716)	(3,160,867)	5,916,547	(24,991,851)	(1,352,912)	-	1,210,270,313
Buildings	919,059,771	260,847	-	863	-	(37,803,833)	-	-	881,517,648
Other assets	78,076,107	53,869,427	(160,858)	-	53,991	(24,433,737)	-	-	107,404,930
Total	10,795,341,054	270,635,368	(23,700,631)	(3,160,004)	281,787,792	(430,399,834)	(203,413,121)	(4,633,576)	10,682,457,048

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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7. Property, plant and equipment (continued)

Provision adjustment

Provision has been made for the estimated cost of rehabilitating waste landfill sites. The amount of the provision is included in Solid waste infrastructure. A net increase adjustment of R59 175 165,71 was made to the provision, with R17 573 960,45 increase in the provision because of interest at an effective rate of 15,74%, and an increase of R35 027 745,39 as result of the adjustment in the value of the provision. A net adjustment of R3 461 635,05 was made to the Palm Springs landfill asset as the related landfill assets at Waldrift and Boitshepi were already fully depreciated, thus the net provision movements for these have been accounted for through the surplus/ loss.

A closure directive was issued in July 2022 by the Department of Agriculture and Rural development for the closure of Waldrift and Boitshepi landfill sites in accordance to Section 24G of the National Environmental Management Act of 1998. The municipality has seized operations at both landfill sites in April 2023. Therefore, the estimated costs of rehabilitation for both landfill sites are inclusive of costs. Thus, although the estimated remaining useful life of the Boitshepi landfill site was estimated as 1,86 years according to its remaining airspace, the remaining useful life is estimated at 2 years, which is the fallow period wherein the landfill sites will not be operating and rehabilitation will take place. The same remaining useful life of 2 years has been estimated for Waldrift as operations have seized there as well.

The Palm springs landfill site is now classified as a G:M:B:- which states that no progressive rehabilitation may be stipulated or required but the license holder is responsible for any environmental damage caused by the site in the long term:

Reconciliation of Work-in-Progress 2023

	Included within Infrastructure	Included within Community	Total
Opening balance	154,046,858	7,903,548	161,950,406
Prior year error corrections	(55,424)	-	(55,424)
Additions: Capital Expenditure	178,335,309	2,634,256	180,969,565
Transferred to completed items	(47,590,893)	-	(47,590,893)
	284,735,850	10,537,804	295,273,654

Reconciliation of Work-in-Progress 2022

	Included within Infrastructure	Included within Community	Total
Opening balance	75,989,144	11,837,022	87,826,166
Additions/capital expenditure	92,638,836	-	92,638,836
Transferred to completed items	(14,636,546)	(3,933,473)	(18,570,019)
	153,991,434	7,903,549	161,894,983

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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7. Property, plant and equipment (continued)

Projects in progress as at 30 June 2023

Project UID	Vote number	Project name	Asset Class	Closing WIP	Comments on status
EX0050	35956473520F9 C02ZZVR	EXPANSION OF RUST TE VAAL CEMETERY PTN 4	Community Facilities	525,779	Design phase. The project started in 2016/2017 financial year and the design phase was halted in 2017/2018. Design is done to ensure that the project can be implemented when funding is available. Due to funding shortages and delays procurement, the project is in the process of appointing a contractor for fencing activities which will commence in the 2023/2024 financial year.
EX0289	35956450020F9 C41ZZSB	N:Investigate & Dev General Landfill Site	Community Facilities	2,030,879	EIA process completed & ROD issued. Deed of donation will be activated for old Yakani Brickvelde borrow pits to be used as a Waste Management Site in 2023/2024. Appointment of Consultants to finalise detailed design in 2023/2024 and construction expected to start late in 2023/2024 or early 2024/2025.
EX0328	35956473520F9 D14ZZVA	R:VANDERBIJLP ARK CEMETERY	Community Facilities	3,082,333	Design phase. The project started in 2016/2017 financial year and the design phase was halted in 2017/2018. Design is done to ensure that the project can be implemented when funding is available. Due to funding shortages and delays procurement, the project. Due to funding shortages, the project has been put on hold
EX0376	35956473520F9 C92ZZV	R:VANDERBIJLP ARK CEMETERY	Community Facilities	1,515,910	Design phase. The project started in 2016/2017 financial year and the design phase was halted in 2017/2018. Design is done to ensure that the project can be implemented when funding is available. Due to funding shortages and delays procurement, the project is in the process of appointing a contractor for fencing activities which will commence in the 2023/2024 financial year.
EX0377	35956473520F9 C96ZZVA	R:FENCING OF TSHEPISO CEMETERY	Community Facilities	796,394	Design phase. The project started in 2016/2017 financial year and the design phase was halted in 2017/2018. Design is done to ensure that the project can be implemented when funding is available. Due to funding shortages the project had to be moved to the outer years pending completion of the fencing on the other cemetery projects
EX0755	35966473520G6 E73ZZVA	REFURBISHMENT OF BOPHELONG STADIUM	Community Facilities	2,586,509	Design Phase started in 2022/2023 and construction planned to start in 2023/2024
EX0757(704)	35426430420FJ G14ZZWM	TRANSFORMER S HV (Opex to Capex)(DS)	Electricity	15,683,137	Upgrading of the 31-45MVA Transformer for DS Substation started in 2021/2022 and expected to be completed in 2023/2024 when final payment can be made
EX0790	35426433020FJ G37ZZWM	LV CABLES	Electricity	1,739,130	This is the replacement of various temporary connections with formal connections and was not completed by end of June 2023
EX0807	35426430420FJ F98ZZVA	UPGRADING OF VERDI SUBSTATION	Electricity	635,477	Design phase completed. Construction phase should have started in 2022/2023, but could not due to the attachments of the bank account. Construction planned to be started in 2023/2024.
EX0809	35426430420FJ G47ZZVA	UPGRADING OF TOWN SUBSTATION - PHASE 1	Electricity	28,754,662	Upgrading of Town Substation continued in 2022/2023 but the nonpayment and attachment of the bank account the contractor has left site. The contract to continue in 2023/2024 once the account is uplifted and the contractor outstanding payment certificates can be submitted
EX0810	35426430420FJ G48ZZVR	UPGRADING OF POWERVILLE SUB-PHASE 1	Electricity	2,866,990	Design started for the refurbishment & upgrade of the substation building in 3 Phases to a total cost ± R59 million and will be a multiyear project depending on funding availability, but could not due to the attachment of the bank account. Construction planned to be started in 2023/2024.
EX0860	35426434020FJ G57ZZWM	SUPPLY AND INSTALL METERS FOR LPU	Electricity	4,537,312	Mainly for the procurement of electricity meters to be installed were new- or replacement meters are required and is projected to be used over the next 3–5-year period

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

					2023	2022
7. Property, plant and equipment (continued)						
EX0861	35426434020FJ G83ZZWM	SUPPLY & INSTALL METERS COMMERCIAL/B USI	Electricity	2,133,046	The movement here is for emergency work carried out on Verref substation and is expected to be completed by end Sep 20223	
EX0863	35426430420FJ E07ZZVR	R:20MVA 88/11KV T/FORMER VESCO S/STATION	Electricity	3,627,968	Design stage for the refurbishment of the upgrade & refurbishment of the Structure & electrical hardware of the substation over the next 3-5 years	
EX0864	35426430420FJ G58ZZVA	UGRADING OF TOWN SUBSTATION PHASE 2	Electricity	8,692,811	Linked to EX0809	
EX0884	35426430420FJ G65ZZVA	REFURBISHMEN T OF VERREF SUBSTATION	Electricity	3,886,058	Refurbishment of the 20 MVA Transformer for this substation and is expected to be completed and installed during 2023/2024 once final payment can be made.	
EX0885	35426430420FJ G67ZZVA	UPGRADE MUNIC SUBSTATION	Electricity	13,973,173	Refurbishment of the 30 MVA Transformer for this substation and is expected to be completed and installed during 2023/2024 once final payment can be made.	
EX0706 (917)	35426432420FJ E99ZZSB	TSHEPONG PHASE 3 ELECTRIFICATI ON (ELM)	Electricity	13,559,317	Construction Phase of the internal reticulation. 2nd Contractor appointed after 1st contactor was terminated due to dispute about price escalation. Project halted due to non-payment and is expected to continue in 2023/2024, once the bank attachment of the bank account is lifted and outstanding payments can be made	
EX0917 (706)	35426432420G1 E99ZZSB	INEP - TSHEPONG PHASE 3 ELECTRIFICATI ON	Electricity	4,946,009	INEP Grant portion. Linked to EX0706	
EX0887 (930)	35426432420FJ F02ZZSB	TSHEPONG PHASE 3 BULK (ELM)	Electricity	6,283,159	Construction Phase of bulk supply, delayed to the land dispute that took 3 months to resolve and stoppages by contractor due to non-payment and is expected to continue in 2023/2024, once the bank attachment of the bank account is lifted and outstanding payments can be made	
EX0930 (887)	35426430020G1 G61ZZSB	INEP- TSHEPONG PHSE 3 SWITCH STATION AND FEED	Electricity	6,432,349	INEP Grant portion. Linked to EX0887	
EX0812 (918)	35426432420FJ F04ZZSB	SEBOKENG EXT 30 ELECTRIFICATI ON (ELM))	Electricity	8,157,153	Design Phase for electrification and contractor appointed end June 2022	
EX0918 (812)	3542643242021F 82ZZSB	INEP-Sebokeng ext 30 Electrification	Electricity	800,000	Linked to EX0812	
EX0754	35426430420FJ G11ZZWM	BTU-HV(Opex to Capex	Electricity	21,500	1XBTU not installed as yet. and will be installed during the 2023/24	
EX0755(5 15)	3542643142FJG 12ZZWM	BTU-HV(Opex to Capex	Electricity	84,000	2XBTUs not installed as yet and will be installed during the 2023/24	
EX0865 (937)	35956435020F8 C39ZZVR	N:NEIGHBOURH OOD PARTNERS HIP GRANT PHASE 2A1	Roads and stormwater	5,753,832	Construction stage. Bulk infrastructure but halted due to non-payment	
EX0937 (865)	35716472420DP H29ZZWM		Roads and stormwater	6,940,012	Linked to EX0812	

Emfuleni Local Municipality

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Notes to the Annual Financial Statements

				2023	2022
7. Property, plant and equipment (continued)					
EX0919 (952 & 960)	35716472420DP H31ZZWM	N: NEIGHBOURHO OD PARTNERSH IP GRANT PHASE 3B1-3	Roads and stormwater	436,901	Construction stage for the internal electrification. Project halted due to non-payment
EX0862 (920, 959 & 967)	35426432420FJ F83ZZSB	Lethabong Bulk(ELM)	Electricity	4,352,436	Construction stage for the bulk infrastructure. project halted due to non-payment
EX0959(9 20,862&9 67)	35426432420G1 H20ZZWM	INEP - Lethabong Bulk - Feeder Line	Electricity	3,392,099	Linked to EX0862
EX0960(9 19&952)	35426433020G1 H22ZZWM	INEP - Lethabong Phase 2B	Electricity	5,249,565	Linked to EX0919
EX0967(8 62,920&9 59)	35426432020G1 H21ZZWM	INEP - Lethabong Switching Station Phase 1	Electricity	3,814,118	Linked to EX0862
EX0970	35426432420FJ E02ZZVR	R:Upgrading of Rural lines	Electricity	2,058,290	Replacement of OHL Lines that went faulty, project expected to be completed in quarter 1 of 2023/24
EX0963	35426430420FJ E09ZZWM	R:Retrofit S/Station, mini bus and D/pillar	Electricity	539,428	For the replacement of faulty hardware 1Xmini-sub still to be installed
EX0714(0 713)	35966472520G6 E32ZZSB	N:Tarring of Bhekisha str, Zone 12	Roads and stormwater	1,767,724	Project construction completed as built and close out information awaited
EX0349	35956472420F9 C73ZZVA	N:TARRING OF PITSENG AND URANIUM STREETS	Roads and stormwater	12,489,255	Project basically completed and as built and closed out to be completed early in 2023/24
EX0352	35956473020F9 C28ZZSB	N:TARRING OF ROAD IN LAKESIDE PROPER BLO	Roads and stormwater	1,506,746	Construction Phase. Construction started May 2022, due to non performance by the contractor, the municipality terminated the contract. New contractor has been appointed, commencement is scheduled for 2023/24 financial year.
EX0528	35956472420F9 C09ZZVA	BLACKTOP ROADS AND SW CHRIS HANI STR	Roads and stormwater	1,287,569	Design complete. Awaiting funding approval for the construction phase and is planned to be implemented after 2025/26 FY.
EX0529	35956472420F9 C13ZZVA	CONSTRUCTIO N OF THOMAS NKOBI	Roads and stormwater	561,531	Design complete. Awaiting funding approval for the construction phase and is planned to be implemented after 2023/24 FY.
EX0534	35956472420F9 C65ZZSB	R:CONCRETIN G-STORMWATE R CHANNEL- ZONE 10	Roads and stormwater	1,191,721	Design complete. The project is currently on hold due to funding limitations. The determination of the commencement will be resolved once funding is confirmed.
EX0616	35956472420G6 D40ZZVA	N:TARRING OF BEGONIA STREET	Roads and stormwater	1,747,697	Design complete. Awaiting funding approval for the construction phase and is planned to be implemented after 2025/2026 FY.
EX0625	35956472420G6 D77ZZVA	N:R & S PIPE AT DR NKOMO IN BOIPATONG	Roads and stormwater	1,550,036	Design complete. Awaiting funding approval for the construction phase and is planned to be implemented after 2025/2026 FY.
EX0628(E X0949)	35956472420G6 D81ZZSB	N:CONSTR OF V/SCHALKVYK STR	Roads and stormwater	38,069,029	Construction Phase. Construction started April 2022 and completion planned for February 2024. First contractor terminated in June 2022. Construction by new contractor started in October 2022, completion planned for November 2023
EX0678	35956473020F9 D97ZZSB	N:IRONSIDE ROAD 1 STORMWATER & SIDEWALKS	Roads and stormwater	1,060,314	Design complete. Awaiting funding approval for the construction phase and is planned to be implemented after 2023/24 FY.
EX0333.1	35956435020F8 C39ZZVR	N: Neighbourhood Partnership grant Phase 2A1	Roads and Storm Water	4,878,941	New consultant appointed in February 2022 with revised scope design from National Treasury and the preliminary additional scope report due August 2022. Construction to commence in 2023/24.
EX0333.3	35716472420DP H29ZZWM	N: Neighbourhood Partnership grant Phase 2A2	Roads and Storm Water	905,223	Project is depended on funding from National Treasury and is done in phases to reduce budget demands. Project to be implemented in the outer year as Phase 2A1 will be implemented until 2025/26.

Emfuleni Local Municipality

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					2023	2022
7. Property, plant and equipment (continued)						
EX0333.5	35716472420DP H31ZZVWM	N: Neighbourhood Partnership grant Phase 3B1- 3	Roads and Storm Water	258,164	Project is depended on funding from National Treasury and is done in phases to reduce budget demands. Project to be implemented in the outer year as Phase 2A1 will be implemented until 2025/26.	
EX0721(9 50)	35966449420G6 E53ZZVR	UPGR UNION STR BULK SEWER IN VEREENIGIN	Sanitation	5,770,689	Design completed and service provider appointed on Turnkey basis in March 2021, but service provider wanted escalated prices and terminated in Nov 2021. New service provider appointed Jul 2022 and completion expected towards end of 2022/2023 FY	
EX0817(9 47)	35966449420G6 F51ZZSB	UPGRADING OUTFALL SWERE ON NORTHEN AREA	Sanitation	1,847,431	Design completed and service provider appointed on Turnkey basis in March 2021, but service provider wanted escalated prices and terminated in Nov 2021. Procurement for replacement service provider expected to be completed in the 2023/24 financial year.	
EX0818(9 51)	35966449420G6 F52ZZWM	UPGRADING SEWER PIPELINE PS8: STILLBOX	Sanitation	22,960,552	Design completed and service provider appointed on Turnkey basis in March 2021, but service provider wanted escalated prices and terminated in Nov 2021. New contractor is on-site and is still within schedule. Project plan for completion during the 2023/24 financial year.	
EX0819(9 48)	35966449420G6 F53ZZVA	SEWERLINER FROM INDUS; BOIP/TSHEPO TO PS4	Sanitation	13,893,056	Design completed and service provider appointed on Turnkey basis in March 2021, but service provider wanted escalated prices and terminated in Nov 2021. Replacement Contractor started in November 2022.	
EX0298	35956446020F9 D02ZZVA	R:WATER SUP FRM EVATON RES TO DADEVILLE	Water	3,149,245	Design complete. The project was planned for construction in 2020/21. Appointments were concluded but the service provider declined the appointment due to error in their pricing. The municipality appointed a consultant to conduct design review and conclude EIA application process before the implementation can commence. The project is planned for construction in the 2023/24 financial year.	
EX0299	35956446020F9 D01ZZVR	N:CONSTR WATER PIPE LETHABONG TO HOUTKOP	Water	1,840,185	Design complete. Awaiting funding approval for the construction phase and is planned to be implemented after 2025/26 financial year.	
EX0300	35956446020F9 C16ZZVR	N:CONSTR BULK WATER SUP HOUTKOP UNITAS	Water	2,023,165	Design complete. Awaiting funding approval for the construction phase and is planned to be implemented after 2025/26 FY.	
EX0301	35956446020F9 D06ZZVA	N:WATER SUP WESTERN AREA AND VAALOEWER	Water	2,993,204	Design complete. Design review to be conducted during the 2023/24 financial year before the contractor appointment	
EX0314	35956446020F9 D04ZZVA	N:BULK WATER SUPPLY TSHEPISO TO SHARPVILLE	Water	1,842,849	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. Technical Report in progress for DWVS and then appointment a consultant to conduct design review and conclude the EIA application process before the implementation can commence. The project is planned for construction in the 2023 financial year.	
EX0357	35956446020F9 D05ZZVR	N:BULK WATER SUPPLY FROM UNITAS RESERVIOR	Water	1,616,595	Design complete. Awaiting funding approval for the construction phase and is planned to be implemented after 2025/26 FY.	
				<u>295,098,656</u>		

Emfuleni Local Municipality

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7. Property, plant and equipment (continued)

Maintenance of property, plant and equipment

Maintenance work executed 2022/2023

Service Sector	Maintenance Description	Maintenance Cost(ELM) - 2022/23	Maintenance Cost(ELM) - 2021/22	Maintenance Cost(Section Sect 63 Interventions) - 2021/22
Metsi Water	Maintenance of motors, switchgear, cable work, transformers, servicing telemetry, MCUs pumps, pipes, valves & PRV's, mobile waterbowzers	8,199,801	59,102,889	5,093,144
Metsi Sanitation and Pump Stations	Maintenance of gravity networks, man-holes, cleaning of spillages, pumps motors, MCUs, Telemetry, cabling and valve	40,032,551	29,936,086	32,923
Pump Stations and Raising Mains	Maintenance of Raising Mains, repairs of pums, motor control units, telemetry, pipes and valves	-	-	30,344,031
Metsi Waste Water Treatment Works	Maintenance of motors, switchgear,cable work, transformers, telemetry, mechanical and electrical equipment	3,315,829	-	3,355,206
Electricity	Maintenance of sub-stations, switchgear,BTU batteris, transformers, vegetation control in SS, panels, insulators, links, cables, streetlight, highmast lights, meter boxes, fuses and metters	165,720,290	91,952,557	-
Roads & Stormwater	Maintenance of paved troads, patching of potholes, unpaved roads grading, traffic signs, road marking, storm water pipes and catch pits and cleaning of tunnels	27,609,591	17,699,207	-
EMP(Wate Management)	Maintenance of waste sites, mini transfer stations and street cleaning activities	26,604,119	-	-
Transport Fleet	This is the maintenance of the fleet serving the council's departments	9,206,366	4,366,162	-
Facilities and other	Maintenance via painting of walls, window frames, air conditioners, lifts, partitioning, carpets, tiles, plumbing and roofs	15,290,254	6,354,264	-
		- 295,978,801	209,411,165	38,825,304

Derecognitions

During the financial year certain movable and immovable assets were derecognised amounting to carrying value of R 22 879 429.26. The de-recognitions are accounted for in the current year asset register.

Emfuleni Local Municipality

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Notes to the Annual Financial Statements

2023 2022

8. Investment property

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	987,884,552	-	987,884,552	990,468,176	-	990,468,176

Reconciliation of investment property - 2023

	Opening balance	Disposals	Transfers	Impairments	Fair value adjustments	Total
Investment property	990,468,176	(3,670,000)	6,170,000	(284,448)	(4,799,176)	987,884,552

Reconciliation of investment property - 2022

	Opening balance	Disposals	Transfers	Fair value adjustments	Total
Investment property	964,415,931	(15,267,664)	3,160,000	38,159,909	990,468,176

Details of valuation

For determination of the annual fair value of Investment Property, no changes were effected.

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

Reconciliation of investment property - 2023

Opening Balance	990,468,175	1,003,443,785
Prior period error correction of duplicates	-	(39,027,855)
Impairment	(284,447)	-
Fair value adjustment	(4,799,176)	38,159,908
Addition/change in use	6,170,000	3,160,000
Disposals	(3,670,000)	(15,267,663)
	987,884,552	990,468,175

Emfuleni Local Municipality

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2023 2022

9. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other Servitudes]	36,565,537	(34,678,391)	1,887,146	36,205,444	(33,266,032)	2,939,412
	13,849,516	-	13,849,516	13,849,516	-	13,849,516
Total	50,415,053	(34,678,391)	15,736,662	50,054,960	(33,266,032)	16,788,928

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software, other Servitudes	2,939,412	369,831	(9,737)	(1,412,360)	1,887,146
	13,849,516	-	-	-	13,849,516
	16,788,928	369,831	(9,737)	(1,412,360)	15,736,662

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software, other Servitudes	4,118,718	287,000	(88,874)	(1,377,432)	2,939,412
	13,849,516	-	-	-	13,849,516
	17,968,234	287,000	(88,874)	(1,377,432)	16,788,928

10. Heritage assets

	2023			2022		
	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 2023

	Opening balance	Total
Heritage assets	57,016	57,016

Reconciliation of heritage assets 2022

	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

Annual Financial Statements for the year ended 30 June 2023

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	2023	2022
11. Payables from exchange transactions		
Trade payables	8,798,926,299	6,726,921,930
Payments received in advanced	307,887,740	337,561,897
Accrued leave pay	169,991,414	152,552,341
Accrued bonus	29,966,684	28,552,159
Other payables	4,644,226	46,123,960
Retentions	49,071,001	38,199,463
Imputed interest	(8,171,715)	(4,233,745)
Year end salary creditors	164,712,542	206,012,169
Unclaimed wages	2,705,094	2,599,052
	9,519,733,285	7,534,289,226

12. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Fire and rescue services grant	595,358	595,358
Financial management grant	13,554	-
Education and training (SETA)	-	149,895
Integrated National Electrification grant(INEP)	-	268,157
Project funded ex-Sedibeng District Municipality	1,160,599	1,160,599
Functional Fire and Rescue Services grant	7,802,053	10,903
Municipal Infrastructure grant	38,059,148	16,080,851
Sedibeng Maintenance grant	1,003,104	1,003,104
	48,633,816	19,268,867

See note for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

13. Employee benefit obligation

Post-employment health care benefits

Post employment health care benefits		
Opening accrued liability	136,743,000	144,570,000
Current-service cost	776,000	828,000
Interest cost	15,151,000	11,825,000
Contributions (benefit paid)	(11,224,964)	(11,202,977)
Actuarial loss/(gain)	(18,133,036)	(9,277,023)
	123,312,000	136,743,000

The valuation was performed by Arch Actuarial Consulting

The Projected Unit Credit funding method has been used to determine the past-service liabilities at the valuation date and the projected annual expense in the year following the valuation date

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

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

1. Basis changes: increases in net discount rates : (R11,140,000)
2. Subsidy inflationary increases lower than assumed : (R4,170,000)
3. Changes to membership profile different from assumed.: (R1,709,000)
4. Actual benefits vested, lower than expected : (R1,114,036)

Emfuleni Local Municipality

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2023 2022

13. Employee benefit obligation (continued)

Membership details

In-Service membership at valuation date

	Female	Total
Number of in-service members	18	63
Average age	56	57
Average past service	32	32

Continuation membership at valuation date

	Male	Female	Total
Number of principal members	83	141	224
Average age	77	78	77
Average subsidy per month	4,531	4,103	4,262

Changes in value of obligation

	Current Valuation Date 30-06-2023	1 Year Following the Valuation Date	2 Years Following the Valuation Date
PV of the obligation as at the previous Valuation Date	136,743,000	123,312,000	125,922,000
Current Service Cost	776,000	572,000	637,000
Interest cost	15,151,000	13,404,000	13,694,000
Benefits paid	(11,224,964)	(11,484,000)	(11,484,000)
Actuarial loss/(gain)	(18,133,036)	-	-
	123,312,000	125,804,000	128,769,000

Key financial assumptions used

Assumption	Value p.a.
Discount rates	11.38%
Health care cost inflation rate	7.12%
Maximum Subsidy inflation discount rate	4.97%

Key Demographic assumption

Average retirement age	62
Continuation of membership at retirement	80%
Mortality during employment	85-90
Mortality post employment	1% Mortality improvement per annum from 2010

Withdrawal from service (22/23)

Age	Males
20-24	9%
25-29	8%
30-34	6%
35-39	5%
40-44	5%
45-49	4%
50-54	3%
54+	0%
000	0%

Full details are included in the actuarial valuation report at the municipality.

Emfuleni Local Municipality

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2023 2022

13. Employee benefit obligation (continued)

Long service awards

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

Reconciling and projecting the unfunded accrued liability:

Unfunded Accrued Liability

Opening accrued liability	98,585,000	89,952,000
Current service costs	6,657,000	6,274,000
Interest costs	10,782,000	7,472,000
Benefit vestings	(9,896,049)	(17,482,788)
Actuarial loss	(13,175,951)	12,369,788
	92,952,000	98,585,000

Net Liability to reflect on the Statement of Financial Position:

Net Liability	30 June 2023	30 June 2022
Opening balance	98,585,000	89,952,000
Current Service costs	6,657,000	6,274,000
Interest cost	10,782,000	7,472,000
Actuarial (gain)/loss	(13,175,951)	12,369,788
Employer benefit vesting	(9,896,049)	(17,482,788)
	92,952,000	98,585,000

The benefits paid figure above has been estimated based on the data provided by the municipality.

The Current-Service Cost reflects the additional liability that is expected to accrue in respect of in-service members' service over the corresponding year. The Interest Cost represents the accrual of interest on the Accrued Liability, allowing for benefits vesting, over the corresponding year. This arises because all future LSA benefits are one year closer to payment.

Assumptions

The most relevant actuarial assumptions used in this valuation are discussed below:

Key Financial Assumptions

Discount rate	10.92%
General earnings inflation rate	6.39%
Net effective discount rate	4.26%

Discount rate

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

GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the employee benefit liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 10.92% per annum has been used. The corresponding liability-weighted index-linked yield is 4.78%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 30 June 2023.

Normal salary 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 CPI inflation assumption of 5.39% was obtained from the differential between market yields on index-linked bonds (4.78%) consistent with the estimated terms of the liabilities and those of nominal bonds (10.92%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). Therefore, expected inflation is determined as $((1+10.92\%-0.50\%)/(1+4.78\%))-1$.

Emfuleni Local Municipality

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13. Employee benefit obligation (continued)

Thus, a general earnings inflation rate of 6.39% 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 4.26%.

The next general earnings and monetary award increases were assumed to take place on 1 July 2024.

The annual inflation rates below are in addition to the General Earnings Inflation assumption of 6.39% per annum for all employees

Key demographic assumptions

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

Average Retirement Age

The average retirement age for all active employees was assumed to be 62 years. This assumption implicitly allows for ill-health and early retirements.

Employees who have passed the assumed average retirement age, have been assumed to retire at their next birthday

Normal Retirement Age

The normal retirement age (NRA) for all active employees was assumed to be 65 years.

Mortality rates

Mortality before retirement has been based on the SA 85-90 mortality tables., adjusted down for females

Withdrawal decrements

Age

20-24	9%
25-29	8%
30-34	6%
35-39	5%
40-44	5%
45-49	4%
50-54	3%
55-59	0%
55-54	0%

Analysis of actuarial (gain)/loss

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

	Rand value
Accrued liability as at 30 June 2022	98,585,000
Service Cost	6,657,000
Interest Cost	10,782,000
Expected benefit payments	(9,896,049)
Actuarial loss/(gain)	(13,175,951)
	<u>92,952,000</u>

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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13. Employee benefit obligation (continued)

Main reasons for the actuarial loss can be attributed to the following:

1. Basis changes: increase in net discount rate : (8 995 000) .
2. Earnings increases higher than assumed : 156 000
3. Changes to employee profile different from assumed. : (5 678 000)
4. Actual benefits vesting, greater than expected : 1 350 049

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

Long Service Leave Days Awards for levels of past service

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

Retirement gifts per level of service of retirement

Completed years of service	Retirement gift value for year ending 30 June 2023
10	3,568
15	4,373
20	6,321
25	8,742
30	12,639
35	21,856
40 and every 5yrs thereafter	21,856
	79,355

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.

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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14. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Change in discount factor	Reduction/increase due to re-measurement or settlement without cost to entity	Total
Environmental rehabilitation	111,651,591	17,573,960	41,601,205	170,826,756
Legal proceedings	4,963,725	-	-	4,963,725
	116,615,316	17,573,960	41,601,205	175,790,481

Reconciliation of provisions - 2022

	Opening Balance	Change in discount factor	Reduction due to re-measurement or settlement without cost to entity	Total
Environmental rehabilitation	154,153,217	24,263,717	(66,765,343)	111,651,591
Legal proceedings	4,963,725	-	-	4,963,725
	159,116,942	24,263,717	(66,765,343)	116,615,316

Landfill sites

The discount rate of 15.74% 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 2022 to 30 June 2023, should the design have remained the same.

The amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.

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

Boitshepi : 3.5%

Waldrift : 3.5%

Palm Springs : 3.5%

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 is 24.37Ha. The cost estimated (Rehabilitation provision) to close the entire site, based on value determined at 30th of June 2023 is R88 525 886 excluding VAT of 15%.

Waldrift

The landfill site was licensed in 2011 as a G:L:B- site. The Waldrift landfill site is situated on portion 100 of the Farm Kookfontein 545 IQ. The extent of the property is 31.8842ha and the proposed waste disposal area 18.7946Ha. The area to be closed off is 15Ha. The cost estimated (Rehabilitation provision) to close the entire site, based on value determined at 30th of June 2023 is R51 674 687 excluding VAT of 15%.

Emfuleni Local Municipality

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14. Provisions (continued)

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 66.6384Ha and the waste disposal area is 25,0597Ha. The cost to undertake this closure at 30 June 2023 is R13 334 012 excluding 15% VAT.

On this basis the provisions at 30 June 2023 can be summarised as follows:

i) Waldrift landfill site : R51 674 687

ii) Boitshepi landfill site : R88 525 886

ii) Palm springs landfill site: R13 334 012.

Total for rehabilitation as at 30 June 2023 for all three sites at the respective closure dates is estimated at R 153 534 585:

Total provision for rehabilitation as if closure was at 30 June 2023 in terms of iGRAP 2 for all three landfill sites is:

i) Waldrift landfill site : R32 003 816.07.

ii) Boitshepi landfill site : R128 015 730.85.

iii) Palm springs landfill site R10 807 209.96.

Total : R170 826 756.87.

Provision has been made for the estimated cost of rehabilitating waste landfill sites. The amount of the provision is included in Solid waste infrastructure. A nett increase adjustment of R59 175 165,71 was made to the provision, with R17 573 960,45 increase in the provision because of interest at an effective rate of 15,74%, and an increase of R35 027 745,39 as result of the adjustment in the value of the provision. A nett adjustment of R3 461 635,05 was made to the Palm Springs landfill asset as the related landfill assets at Waldrift and Boitshepi were already fully depreciated, thus the nett provision movements for these have been accounted for through the surplus/ loss. Therefore, the estimated costs of rehabilitation for both landfill sites are inclusive of costs

A closure directive was issued in July 2022 by the Department of Agriculture and Rural development for the closure of Waldrift and Boitshepi landfill sites in accordance to Section 24G of the National Environmental Management Act of 1998. The municipality has seized operations at both landfill sites in April 2023. Therefore, the estimated costs of rehabilitation for both landfill sites are inclusive of costs. Thus, although the estimated remaining useful life of the Boitshepi landfill site was estimated as 1,86 years according to its remaining airspace, the remaining useful life is estimated at 2 years, which is the fallow period wherein the landfill sites will not be operating and rehabilitation will take place. The same remaining useful life of 2 years has been estimated for Waldrift as operations have seized there as well.

15. Consumer deposits

Consumer deposits	63,483,000	60,495,312
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16. Service charges

Sale of electricity	2,969,401,381	2,871,585,807
Sale of water	916,294,646	952,820,279
Sewerage and sanitation charges	303,963,386	307,365,981
Refuse removal	179,389,782	190,163,181
	<u>4,369,049,195</u>	<u>4,321,935,248</u>

17. Rental of facilities and equipment

Premises		
Premises	15,437,113	14,472,591

18. Other income

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
18. Other income (continued)		
Industrial effluent	35,254,817	31,824,562
Reconnection fees	25,245,291	28,677,345
Sundries/unallocated income	11,211,146	18,377,773
Cemeteries	5,770,856	9,711,425
General service fees	3,875,252	5,683,803
Capital contribution	4,512,579	2,664,497
Building plans	2,196,893	1,799,099
Advertising	706,900	492,668
Fire and rescue services	93,438	469,367
Sale of tender documents	785,750	415,781
Refuse dumping landfill site	268,752	328,220
Planning fees	102,502	110,825
Warning services	355,096	100,383
Access to information	47,657	16,183
Entrance fees	490	7,919
Staff recoveries	-	543
	90,427,419	100,680,393
19. Finance income		
Interest revenue		
Bank	5,887,421	3,745,265
Interest on arrears	111,202,886	87,923,768
	117,090,307	91,669,033
20. Property rates		
Rates received		
Rates levied	1,148,120,473	1,016,799,884
Valuations		
Residential	79,490,999,000	67,669,127,000
Business	12,494,703,860	11,073,388,000
State owned properties	3,294,498,001	2,759,806,000
Municipal	1,397,111,000	1,197,062,000
Agricultural	1,586,680,000	1,370,120,000
Industrial	6,313,158,000	5,791,928,000
Other	1,526,384,079	4,099,619,078
	106,103,533,940	93,961,050,078
21. Fines		
Traffic fines	408,160,347	48,550,755
Other fines	182,377	623,363
	408,342,724	49,174,118
22. Government grants and subsidies		
Operating grants		
Equitable share	971,079,611	863,881,233
Financial management grant	2,186,446	2,100,000
Fire and rescue service grant	8,851	7,993,739
Health and environmental subsidies	43,643,476	41,419,205
	1,016,918,384	915,394,177
Capital grants		
Library grant	7,570,000	9,170,000
Expanded public works program(EPWP)	1,799,000	2,016,000
Integrated National Electrification Program	14,323,000	17,975,843
Energy Efficiency demand Site Management Program	4,000,000	4,400,000

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
22. Government grants and subsidies (continued)		
Municipal Infrastructure Grant	116,148,853	42,949,150
Education and training(SITA)	3,745,110	2,450,199
	147,585,963	78,961,192
	1,164,504,347	994,355,369

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 2022/23 financial year was R 971 061 000.

Financial management grant

Current-year receipts	2,200,000	2,100,000
Conditions met - transferred to revenue	(2,186,446)	(2,100,000)
	13,554	-

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

Current-year receipts	7,570,000	9,170,000
Conditions met - transferred to revenue	(7,570,000)	(9,170,000)
	-	-

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.

Education and training SETA

Balance unspent at beginning of year	149,895	648,168
Current-year receipts	3,595,215	1,951,926
Conditions met - transferred to revenue	(3,745,110)	(2,450,199)
	-	149,895

The purpose of the grant are 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.

Intergrated National Electrification Programme Grant(INEP)

Balance unspent at beginning of year	268,157	4,872,223
Current-year receipts	14,323,000	18,244,000
Conditions met - transferred to revenue	(14,323,000)	(17,975,843)
Repayment of unspent	(268,157)	(4,872,223)
	-	268,157

To implement the integrated national electrification programme(INEP) by providing capital subsidies to address the eletrification backlock of permanently occupied residential dwellings, the installation of bulk infrastructure and rehabilitation of electrification infrastructure in order to improve the quality of supply..

Project funded ex-Sedibeng District Municipality

Balance unspent at beginning of year	1,160,599	1,160,599
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Conditions still to be met - remain liabilities (see note 12).

Provide explanations of conditions still to be met and other relevant information.

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
22. Government grants and subsidies (continued)		
Municipal Infrastructure Grant		
Balance unspent at beginning of year	16,080,851	50,471,732
Current-year receipts	154,208,000	59,030,000
Conditions met - transferred to revenue	(116,148,853)	(42,949,150)
Repayment of unspent	(16,080,850)	(50,471,731)
	38,059,148	16,080,851
Conditions still to be met - remain liabilities (see note 12).		
Provide explanations of conditions still to be met and other relevant information.		
Sedibeng Maintenance Grant		
Balance unspent at beginning of year	1,003,104	1,003,104
Provide explanations of conditions still to be met and other relevant information.		
Health and environmental subsidies		
Current-year receipts	43,646,476	41,419,204
Conditions met - transferred to revenue	(43,646,476)	(41,419,204)
	-	-
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. These amounts are not the actual receipts but the billing from the function by the municipality.		
Fire & Rescue services grant		
Balance unspent at beginning of year	595,358	1,600,000
Conditions met - transferred to revenue	-	(1,004,642)
	595,358	595,358
Conditions still to be met - remain liabilities (see note 12).		
The purpose of this grant is to render effective and efficient Fire and Rescue services through improved Fire and Rescue service response capabilities in line with the Fire Brigade Services Act 99 of 1987 and the South African National Standard on Community Protection against Fire Code and SANS:10090..		
Extended public works programme(EPWP)		
Balance unspent at beginning of year	-	1,237,243
Current-year receipts	1,799,000	2,016,000
Conditions met - transferred to revenue	(1,799,000)	(2,016,000)
Other	-	(1,237,243)
	-	-
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.		
Functional Fire and Rescue Services(Roll Over)		
Balance unspent at beginning of year	10,903	-
Current-year receipts	7,800,000	7,000,000
Conditions met - transferred to revenue	(8,850)	(6,989,097)
	7,802,053	10,903
Conditions still to be met - remain liabilities (see note 12).		

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
22. Government grants and subsidies (continued)		
Provide explanations of conditions still to be met and other relevant information.		
Energy Efficiency and Demand Site Management		
Balance unspent at beginning of year	-	(600,000)
Current-year receipts	4,000,000	5,000,000
Conditions met - transferred to revenue	(4,000,000)	(4,400,000)
	<u>-</u>	<u>-</u>

Provide explanations of conditions still to be met and other relevant information.

23. Employee related costs

Basic	697,467,734	647,498,931
Bonus	51,992,337	49,029,394
Medical aid - company contributions	63,219,580	60,895,484
UIF	4,411,176	4,551,806
SDL	6,162,717	(1,030,537)
Leave pay provision charge	23,252,426	53,159,274
Defined contribution plans	129,996,232	124,681,022
Overtime payments	120,129,628	124,489,336
Acting allowances	27,233,857	26,486,486
Car allowance	59,126,957	54,275,828
Housing benefits and allowances	4,435,691	4,335,575
Other allowances	14,506,646	15,742,910
Group insurance	34,338,196	31,267,896
Skills development and casualty contributions	10,680,215	10,072,235
	<u>1,246,953,392</u>	<u>1,205,455,640</u>

Remuneration of executive directors

Municipal manager

Annual remuneration	755,002	1,846,337
Travel, motor car, accommodation, subsistence and other allowances	10,000	24,000
Annual leave	383,219	-
	<u>1,148,221</u>	<u>1,870,337</u>

The contract for Mr. L. Leseane ended on 31 October 2022 and Mr. A Ntuli was appointed to act in the position of the Municipal Manager from 1 November 2022 and eventually appointed permanently on 1 June 2023.

Chief financial officer

Annual remuneration	1,520,711	1,520,711
Travel, motor car, accommodation, subsistence and other allowances	18,000	18,000
	<u>1,538,711</u>	<u>1,538,711</u>

Executive director: shared services

Annual remuneration	-	1,269,283
Travel, motor car, accommodation, subsistence and other allowances	-	282,000
Acting allowance	-	70,256
	<u>-</u>	<u>1,621,539</u>

The position is vacant in the current financial year, and incumbents were appointed on a rotational basis to act in the position.

Executive director: public works

Annual remuneration	1,025,951	1,231,142
Travel, motor car, accommodation, subsistence and other allowances	135,000	162,000
Acting allowance	14,371	-
Annual leave	205,214	-
	<u>1,380,536</u>	<u>1,393,142</u>

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

2023 2022

23. Employee related costs (continued)

The position was vacant as of 1 May 2023 and an incumbent was appointed to act oin the position.r

Executive director: infrastructure development & planning

Annual remuneration	1,175,759	1,212,312
Travel, motor car, accommodation, subsistence and other allowances	48,500	138,000
Actung allowance	138,916	-
Annual leave	268,254	-
	1,631,429	1,350,312

The is vacant from 1 June 2023 and the incumbent is appointed to act in the position.

Chief Risk Officer

Annual remuneration	448,398	-
Travel, motor car, accommodation, subsistence and other allowances	86,000	-
	534,398	-

The position was vacant in the previous financial year and was filled in the current financial year on 1 February 2023.

Chief audit executive

The position was vacant as at 30 June 2023.

Head of revenue

The position was vacant as at 30 June 2023.

Executive Director: Public Safety and Community Development

The position was vacant as at 30 June 2023

Executive Director: Economic Development and Planning

The position was vacant as at 30 June 2023

24. Remuneration of councillors

Executive Mayor	1,589,023	1,329,082
Mayoral Committee Members	11,056,061	9,673,355
Speaker	1,281,415	1,092,457
Councillors	49,615,222	44,733,516
	63,541,721	56,828,410

In-kind benefits

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

The Executive Mayor and the Speaker of the Council have the right of use of Council owned vehicles for official duties.

25. Bulk purchases

Electricity	2,700,545,572	2,540,080,062
Water	1,424,323,313	1,043,810,712
	4,124,868,885	3,583,890,774

26. Finance costs

Interest: Long Service Awards	10,782,000	7,472,000
Interest on medical cost	15,151,000	11,825,000
Imputed interest realised	4,233,745	11,457,535
Interest: External borrowings and creditors	598,102,035	375,582,753

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
26. Finance costs (continued)	628,268,780	406,337,288
27. General expenses		
Advertising	969,649	669,239
Auditors remuneration	7,918,825	7,935,955
Bank charges	4,609,977	4,007,362
Commission paid	24,928	603,409
Consulting and professional fees	43,515,401	520,159,934
Hire	99,239,493	72,595,665
Insurance	34,466,696	33,800,117
Postage and courier	288,043	4,763,306
Printing and stationery	1,506,881	5,565,366
Secretarial fees	18,277,685	14,626,839
Software expenses	4,805,730	6,091,658
Telephone and fax	3,097,601	48,195
Uniforms	8,861,231	2,085,388
Special projects	1,538,287	1,424,363
Departmental charges	4	(3)
Venue expenses	12,978,362	16,455,162
Other expenses	53,485,812	30,080,917
Restructuring	134,500,939	149,826,258
	430,085,544	870,739,130
28. Cash generated from operations		
Deficit	(1,737,549,544)	(1,612,160,864)
Adjustments for:		
Depreciation and amortisation	617,455,767	635,200,136
Fair value adjustments	4,797,697	(38,157,613)
Grant in kind	(53,100,877)	(314,792,188)
Non- Cash relating to repairs and maintenance	3,114,505	41,195,882
Debt impairment	1,514,134,138	1,355,131,674
Loss/gain on sale of assets	26,549,429	39,049,048
Movements in provisions	(19,064,000)	5,439,576
Landfill sites gains	55,713,530	(42,501,626)
Changes in working capital:		
Inventories	(5,426,771)	(8,672,060)
Receivables from exchange transactions	(1,121,596,644)	(1,122,691,139)
Other receivables from non-exchange transactions	(707,823,576)	19,409,666
Value added tax	(311,099,024)	(274,339,806)
Payables from exchange transactions	1,985,444,059	1,486,879,188
Unspent conditional grants and receipts	29,364,949	(41,724,202)
	280,913,638	127,265,672

29. Financial instruments disclosure

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/liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Categories of financial instruments

2023

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	822,671,367	822,671,367
Other receivables from non-exchange transactions	326,017,656	326,017,656
Cash and cash equivalents	85,163,617	85,163,617
	1,233,852,640	1,233,852,640

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

2023 2022

29. Financial instruments disclosure (continued)

Financial liabilities

	At amortised cost	Total
Consumer deposits	63,483,000	63,483,000
Trade and other payables from exchange transactions	9,519,733,285	9,519,733,285
	9,583,216,285	9,583,216,285

30 June 2023

	Less than 1 year	Between 2 and 5 years	Total
Trade and other payables from exchange transaction	9,519,733,285	-	9,519,733,285
Consumer deposits	-	63,483,000	63,483,000
	9,519,733,285	63,483,000	9,583,216,285

2022

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	602,273,637	602,273,637
Other receivables from non-exchange transactions	231,129,302	231,129,302
Cash and cash equivalents	129,403,797	129,403,797
	962,806,736	962,806,736

Financial liabilities

	At amortised cost	Total
Consumer deposits	60,495,312	60,495,312
Trade and other payables from exchange transactions	7,534,289,226	7,534,289,226
	7,594,784,538	7,594,784,538

30 June 2022

	Less than 1 year	Between 2 and 5 years	Total
Trade and other payables from exchange transactions	7,534,289,226	-	7,534,289,226
Consumer deposits	-	60,495,312	60,495,312
	7,534,289,226	60,495,312	7,594,784,538

30. Awards to close family member of an official/councillor

Employee Position & Number

Network Admin (W01886)

Relationship	Supplier Name	Award Value
Spouse	Baiketseng Trading Enterprise CC	24,225

31. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Property, plant and equipment	243,466,737	299,509,874
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Authorised operational expenditure

Already contracted for but not provided for

• Approved and contracted	112,752,221	27,055,599
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Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
32. Contingencies		
Civil matters		
Buzaphi Construction	98,848,870	98,848,870
The Vaal Show Society	-	80,000,000
L.A Mphago	10,000,000	17,111,888
David Maartens	7,367,145	7,367,115
MESO Automation	4,575,862	-
JM Mncwango	3,489,378	3,469,378
Brilliant Telecommunications	3,099,076	-
NURCHA Development Finance	1,700,000	3,187,346
Ndaramawe	2,725,594	2,725,594
Ndlavuka Consulting CC	2,419,156	2,419,156
CV Chabane	2,401,424	-
Johannes Stephanus Van Der Merwe	2,000,000	-
LR Management	1,632,569	-
Swift Power	992,575	992,575
Radius Industrial Engineering	970,000	-
Divinity Trading	724,794	724,794
East Rand Water Care	608,619	-
Wilem Wink Van Westhuizen	80,000	-
King and Associates	536,361	536,361
Port Wig Property Investment	390,000	390,000
Matthews William Eliss	40,250	-
Mokankgadumo Trading and Project	235,000	235,000
MT Teleko	230,000	230,000
Britz Johan Edwards	200,000	-
William Harald Sondus	50,000	-
Telkom SA	44,381	-
Mega Zone	-	154,000,000
MBD Transaction Capital	-	33,886,984
Old Apostolic Church	-	5,500,651
Tejulene	-	3,707,895
Seriti Maluleke Attorneys	-	1,787,495
Phale	-	1,000,000
Sungu Sungu Projects	-	433,281
McLean	-	200,000
I MacLeod	-	50,186
B Hanyane	-	46,444
Darren Phather	-	38,474
M Moeti	-	22,157
	145,341,054	418,911,644

Contingent assets

The amount of R757 000(2021/22 - R739 587) 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 R116 200 000(2021/22: R138 781 498).

Contingent liabilities (Insurance)

During the 2022/23 financial year, the municipality encountered insurance claims amounting to R3 480 381(2021/22: R2 326 666)

33. Related parties

Key management information

Section 56 Managers

Councillors

Section 56 managers received compensation as set out in note 23

Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

33. Related parties (continued)

No remuneration was paid to families of Section 56 managers.

Members of council received compensation as set out in note 24.

No remuneration was paid to family members of councillors.

34. Correction of error

During the 2022/23 financial year the following adjustments were made to transactions whereby amounts were erroneously stated in the previous financial periods. The comparative amounts have been restated as follows:

Balance previously reported 2020/21	Total
Adjustments for 2020/21 and prior	7,359,091,456
Restated balance for 2020/21	42,258,224
Surplus/(deficit) for the period 2021/22 reported	7,401,349,680
Adjustments 2021/22	(1,566,609,552)
Restated balance for 2021/22	(45,551,311)
	5,789,188,817
Statement of financial position - 2020/21	
Trade and other receivables from exchanged transactions	(1,108,754)
Trade and other receivables from non-exchanged transactions	(34,245,720)
Value added tax receivables	(9,849,097)
Trade and other payables	87,462,795
	42,258,224
Statement of financial position - 2021/22	
Cash and cash equivalent	483
Trade and other receivables from non-exchanged transactions	(2,102,549)
Trade and other receivables from exchanged transactions	(3,563,273)
Value added tax receivables	3,139,577
Property, plant and equipment	4,111,916
Work in progress infrastructure	(55,424)
Trade and other payables	(39,672,041)
Investment property	(7,410,000)
	(45,551,311)

Emfuleni Local Municipality

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Notes to the Annual Financial Statements

34. Correction of error (continued)

Statement of financial performance - 2020/21

Service charge	9,698,840
Other income	1,182,242
Infrastructure grant	12,203,518
Health subsidies	1,189,510
Bulk purchases	8,261,455
Contracted services	(74,793,789)
	(42,258,224)

Statement of financial performance 2021/22

Other income	8,937,752
Service charges	(2,679,379)
Rental of facilities and equipment	3,141,765
Finance income	(482)
Donations	(4,973,998)
Bulk purchases	26,100,519
Contracted services	12,111,534
Finance cost	203,053
General expenses	(4,711,043)
Depreciation and amortisation	11,590
loss or gain on sale of assets	7,410,000
	45,551,311

	Balance 2021/22	Adjustment 2020/21	Adjustment 2021/22	Restated balance 2021/22
Cash and cash equivalents	129,403,314	-	483	129,403,797
Trade and other receivables from non-exchange	267,478,570	(34,246,720)	(2,102,549)	231,129,301
Trade and other receivables from exchange transactions	606,945,666	(1,108,754)	(3,563,273)	602,273,639
Inventory	33,367,208	-	-	33,367,208
VAT receivable	1,075,935,658	(9,849,097)	3,139,577	1,069,226,138
Property, plant and equipment	10,678,400,559	-	4,056,492	10,682,457,051
Investment property	997,878,176	-	(7,410,000)	990,468,176
Intangible assets	16,788,926	-	-	16,788,926
Heritage assets	57,016	-	-	57,016
Sanlam shares	14,275	-	-	14,275
Trade and other payables	(7,582,079,980)	87,462,795	(39,672,041)	(7,534,289,226)
Unspent conditional grants	(19,268,867)	-	-	(19,268,867)
Employee benefits	(20,885,000)	-	-	(20,885,000)
Consumer deposits	(60,495,312)	-	-	(60,495,312)
Employee benefit obligation	(214,443,000)	-	-	(214,443,000)
Provisions	(116,615,316)	-	-	(116,615,316)
	5,792,481,893	42,258,224	(45,551,311)	5,789,188,806

Details of adjustments

Statement of financial performance

Revenue from exchange transactions

Other debtors

Reclassification of a portion of other debtors previously recognised as non exchange transactions.

Incidental cash surpluses

Public transferred funds to the municipality without adequate information, these funds are receipted under incidental cash surpluses until the persons queries his payments.

Revenue from non-exchange transactions

Donations

Developer created assets completed and transferred to municipality. Should have been capitalised in previous years - now capitalised.

Private entity developer contributions in kind.

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34. Correction of error (continued)

Provincial Health claims

Health claims (Provincial and Sedibeng) understated in previous year, now adjusted

Rental

Correction of billing on the rental of Sonhof units not previously accounted for.

Transfers and subsidies

Infrastructure grant recognised.

Sundry debtors

Sundry debtors incorrectly billed in the previous year, corrected

Expenditure

Outsourced, professional services, Contractorst

Professional services

Legal costs and litigation

Legal advice and cost that was not accounted for previously

Contracted services

Accrual of various payments to service providers.

Loss/Gain on sale of asset

Certain infrastructure assets that were capitalised in previous years were de-recognised

Finance cost

Interest paid on overdue accounts due to late payments previous years now accounted for

Various judgements against Emfuleni and the payables included interest

Depreciation and amortisation and impairment

Changes in depreciation due to changes in remaining useful life of assets and due to derecognition and recognition of assets

Bulk services - Eskom and Randwater

Correction of statement of ESKOM and Randwater account.

Insurance premiums

Insurance premiums recognised

Stale cheques

Cancellation of stale cheques of previous years

Non-current assets

PPE

Developer created assets capitalised.

Derecognition

Certain infrastructure assets that were capitalised in previous years were de-recognised

Emfuleni Local Municipality

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34. Correction of error (continued)

WIP

Various transfers from WIP expenses to operational expenditure (previous years) accounted for.

Sundry debtors

Billing on sundry debtors not previously accounted for.

Emfuleni Local Municipality

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35. Risk management

Financial risk management

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.

At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables from exchange transactions	9,160,511,897	-	-	-
Consumer deposits	-	-	63,483,000	-
At 30 June 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	7,148,807,108	-	-	-
Consumer deposits	-	-	60,495,312	-

Credit risk

The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Consumer debtors comprise of a large rate of payers, dispersed across different industries and geographical areas. Consumer debtors are presented net of provision impairment. In the case of debtors whose accounts become in arrears, it is endeavoured 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.

Maximum exposure to credit risk at reporting date for each class of financial assets was

Financial instrument	2023	2022
Cash and cash equivalents	85,163,617	129,403,797
Receivables from exchange transactions	822,671,367	602,273,637
Receivables from non-exchange transactions	326,017,656	231,129,302

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.

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36. Going concern

We draw attention to the fact that at 30 June 2023 the municipality has an accumulated surplus of R4,852,985,958 and that the municipality's total assets amount to R14,876,890,540 and exceeds the total liabilities of R10,023,904,582 by R4,852,985,958 however cash available is a great concern.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Assessment of going concern

In assessing whether the going concern basis is appropriate, management considered a wide range of factors surrounding current and expected performance, expected short- and medium-term economic environment in which the municipality operates, potential estimates of revenue, the power to levy rates and taxes and the impact of the Covid-19 pandemic.

The Gauteng Provincial Executive has intervened at the Emfuleni Local Municipality in terms of Section 139 (1) (b) and Section 139 (5) (a) of the Constitution read with Section 139 on the Municipal Finance Management Act (MFMA) (Act No. 56 of 2003).

The municipality has adopted the four (4) pillars turnaround strategy in the Financial Viability Plan in addressing going concern issues experienced by the municipality. These pillars are Improve collection, reduce distribution losses, saving on expenditure and credible indigent register. The four (4) pillar turnaround strategy was further enhanced with an imposition of the Financial Recovery Plan (FRP) by Gauteng Provincial Government through section 139 (5) (a) of the Constitution of the Republic of South Africa. The Financial Recovery Plan (FRP) consists of eight (8) strategic pillars which are:

1. Strategy One: Governance and Stakeholder Management
2. Strategy Two: Service Delivery Model
3. Strategy Three: Human Resource Management & Organisational Restructuring
4. Strategy Four: Economic Development
5. Strategy Five: Financial Planning and Credible Budgeting
6. Strategy Six: Financial Management
7. Strategy Seven: Revenue Management and Enhancement
8. Strategy Eight: Service Delivery and Infrastructure Developments

Factors that formed part of the assessment

1. Financial

Huge challenges with respect to cash flow status, largely due to non-payment of services due to various structural factors and one of them is the high unemployment rate (61 %) in the region. The Global Covid-29 pandemic further aggravated the financial position of the municipality as there was impact on revenue collection. More worrying is that 61% of Emfuleni's population earns less than R3,300 per month.

On the 14th December 2020 the municipality signed a debt repayment agreement with Rand Water and this necessitated the municipality to restructure the liabilities. However, the municipality is still facing challenges to service Eskom debt due to liquidity challenges. During the financial year there has been an extra effort to pay the debt of other creditors to ensure sustainable service delivery.

2. Impact of Covid-19 pandemic

Covid 19 pandemic continues to be a challenge for the revenue collection during the 2021/2022 financial year. While in terms of Disaster Act credit control was not allowed, however during the financial year full credit control was resumed 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 that then occurred. These job losses then also contributed to a loss in income. It is estimated that approximately 61% of the resident of Emfuleni earns less than R3 300 per month. Due to the huge decline in the revenue the municipality could not settle the large accounts for Eskom and Rand Water. This resulted in an accumulation in the commitments as the other clients and service providers could also not be paid.

3. Institutional

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36. Going concern (continued)

Together with the outbreak of the Covid 19 pandemic, employees were obliged to stay home and then with level 4 only the most essential employees were called back to duty. Because the business of the day could not continue as would have been in Covid-19's absence, no vacancies resulting from deaths, termination of contracts, retirements etc. could be addressed and no vacant posts were filled.

4. Infrastructure and service delivery

The infrastructure of Emfuleni is in an extreme dilapidated condition due to age and lack of maintenance. The lack of finances prevented the municipality to properly maintain the infrastructure, with the result that many areas were bombarded with water and electricity breakdowns. The already panic-struck communities had to deal with that too. Waste removals were not done regularly also due to the poor maintenance of the relevant trucks. Most of the breakdowns could not be properly attended to and therefore also impacted on the service delivery to residents.

The abovementioned lack of finances, institutional capacity, condition of infrastructure and Covid-19 pandemic impacted heavily on the service delivery. Accounts were billed and sent out and credit control resumed in the financial however the job losses as a result Covid 19 continued.

Mitigating factors

For all intents and purposes, the Emfuleni Local Municipality has structural economic challenges and resultant financial distress, but it is not a dysfunctional municipality and to management's opinion the following mitigating factors have been implemented and are present to reduce the risk of the going concern assumption not being valid:

1. Levying of fixed revenue base

Emfuleni Municipality continued to levy Property Rates monthly. It should be noted that Property Rates is a fixed revenue base. The revenue from Property Rates levied was R1 148 120 473 for the 2022/2023 financial year

2. Other

The accumulated surplus of the municipality was R4 862 996 969 at year-end. The total assets amounted to R14 886 884 164. The total assets exceed the liabilities with R10 023 887 195.

3. Budgetary control

Monthly budget vs actual reports are forwarded to each section and explanations of overspending are requested. Expenditure control is enforced. Various financial reports are submitted monthly to Council. Included in these reports is the Cost Containment, Section 71 and Cashflow to mention only a few

4. Revenue War Room and credit control

After the establishment of the Integrated Revenue War Room, the municipality has developed an Integrated Revenue Management Master Plan. Gauteng Provincial Government also appointed a revenue management specialist to assist and advise with the implementation of the integrated revenue management master plan.

5. Institutional

The staff component is improving. Staff is returning to their workplaces as and when the workplace conditions are becoming Covid-19 compliant.

6. Debt relief

The municipality applied to the National Treasury in terms of the Municipal Finance Management Act (MFMA) Circular 124 for relief on the debt payable to Eskom Debt as at 31 March 2023. The relief in terms of the Circular is dependant on the municipality complying with the conditions over a period of 36 months. The period is divided into three periods of 12 consecutive months after which a third of the debt will be written off by Eskom. The approval for an amount of R5 913 358 188, including interest and penalties but excluding the March 2023 current account was granted by the National Treasury on 30 June 2023. The relief will reduce the amount owed to creditors and will enable the municipality to attain a funded budget position in that the revenues realised in future periods will be able to fund and pay the expenditures incurred and liabilities as they fall due.

Conclusion and warranty

Management has therefore determined that the use of the going concern assumption is warranted, notwithstanding the availability of cash. With proper budgetary controls, improved revenue credit control and the full utilization of the current employees and the implementation of the Finance Viability Plan the municipality can operate as a going concern

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37. Events after the reporting date

Disclose for each material category of non-adjusting events after the reporting date:

- nature of the event.
- estimation of its financial effect or a statement that such an estimation cannot be made.

High Court Order dated 5 July 2023 Eskom versus Emfuleni Local Municipality

During the above High Court Case Eskom was the complainant, inter alia, and Emfuleni Municipality first Respondent.

The court case was due to the non-payment of the Eskom account for the bulk electricity delivered to the Emfuleni Local Municipality as well as breach of contract, as Emfuleni did not honor the signed agreements.

A portion of the Order of the High Court was as follows:

5) Emfuleni must appoint Eskom as its service delivery agent and provider to perform all functions and provide all services relating to Emfuleni's electricity business on behalf of Emfuleni and as service delivery agent and provider:

5.1 Eskom shall be entitled to collect all revenues due to Emfuleni in respect of the electricity distribution function and ensure that the funds are paid into a separate ring-fenced account to be opened in the name of Emfuleni (the "Account");

5.2 Eskom shall be authorised to charge to the Account all costs and expenses incurred by Eskom in discharging its duties in terms of the Agency and the amounts which Emfuleni is liable to pay Eskom for the electricity supplied by Eskom calculated at NERSA approved tariffs.

5.3 Emfuleni shall pay Eskom, in relation to the services rendered by Eskom in respect of the Agency, such amounts as NERSA may determine from time to time on application by Eskom;

5.4 In relation to the Agency, Eskom shall account to Emfuleni quarterly and pay the net revenue (calculated as the difference between the Eskom tariff and Emfuleni's municipal tariff less the costs envisaged in terms of paragraphs 4.2 and 4.3 above) over to Emfuleni.

6. Eskom and Emfuleni, subject to appropriate oversight from NERSA, must finalise the terms of the agreement established by this order within six months of the date of this order.

7. The agreement which shall contain the provisions stipulated under 5 and details and dates regarding how the electricity business of Emfuleni will be handed over to Eskom to enable Eskom to perform its functions as service delivery agent of Emfuleni....."

Emfuleni must therefore, in terms of the Court Order, appoint Eskom as its service delivery agent, with NERSA's oversight, within 6 months of the order. The official agreement for the Principal and Agent service delivery, must therefore be concluded by 5 January 2024

38. Unauthorised expenditure

Opening balance as previously reported	7,513,533,948	4,804,669,473
Add: Unauthorised expenditure - current	2,214,091,190	2,708,864,475
Closing balance	9,727,625,138	7,513,533,948

Details of unauthorised expenditure

Public Works	1,316,905,909	1,232,146,286
Financial Services	549,387,286	484,617,909
Public Safety and Community Development	287,944,525	84,480,862
Shared Services	49,586,149	459,612,004
Office of the Municipal Manager	-	448,007,414
AEDP & HS	10,267,321	-
	2,214,091,190	2,708,864,475

39. Fruitless and wasteful expenditure

Opening balance as previously reported	1,730,579,616	902,698,406
Add: Fruitless and wasteful expenditure identified - current	598,102,035	827,881,210
Closing balance	2,328,681,651	1,730,579,616

40. Irregular expenditure

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	2023	2022
40. Irregular expenditure (continued)		
Opening balance as previously reported	883,460,094	651,154,294
Add: Irregular expenditure - current	92,323,720	232,305,800
Closing balance	975,783,814	883,460,094

41. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	726,945	716,120
Current year subscription / fee	(726,945)	(716,120)
	-	-

PAYE and UIF

Opening balance	18,383,684	17,137,981
Current year subscription / fee	241,447,669	223,886,531
Amount paid - current year	(222,433,998)	(205,502,847)
Amount paid - previous years	(18,383,684)	(17,137,981)
	19,013,671	18,383,684

Pension and Medical Aid Deductions

Opening balance	14,529,942	14,934,649
Current year subscription / fee	306,909,493	293,433,618
Amount paid - current year	(306,909,493)	(278,903,676)
Amount paid - previous years	(14,529,942)	(14,934,649)
	-	14,529,942

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2023:

30 June 2023	Outstanding more than 90 days	Total
Mollo DS	27,565	27,565
Radebe SMS	4,120	4,120
Mashigo T	5,276	5,276
Mavhimbela SM	30,290	30,290
Mkhubeni DP	19,610	19,610
Mokhele SG	114,756	114,756
Mokoena AD	2,428	2,428
Mokoena NF	60,182	60,182
Msolo NJ	15,434	15,434
Nhlapo PJ	67,629	67,629
Phala NS	12,936	12,936
Tlhokwe TG	9,981	9,981
	370,207	370,207

30 June 2022	Outstanding more than 90 days	Total
Kantso MD	38,584	38,584
Mkhubeni DP	27,869	27,869
Mokhele SG	91,262	91,262
Mokolopo MD	72,147	72,147
Mollo DS	37,048	37,048
Nhlapo PJ	66,998	66,998
Radebe SMS	3,796	3,796

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	2023	2022
41. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Sandamela AG	2,420	2,420
	<u>340,124</u>	<u>340,124</u>

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	417,874,516	464,862,461
Rand value	588,516,384	598,556,898
%	22.2%	23%
Water		
Kiloliter	66,639,487	68,726,884
Rand value	774,042,073	733,720,550
%	61.9%	63.7%

42. 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	93,148	48,315,288

43. Segment information

General information

Identification of segments

The municipality is organised and operates in four key functional segments (or business units). Segments were identified based on the MFMA S71 monthly budget statements that are reviewed by the executive management and council to make strategic decisions and in monitoring segment performance. The disclosure of information about segments in these reports are organised around the type of service delivered and the target market, in a standardised format, and is considered appropriate for external reporting purposes to achieve the objectives of GRAP 18. Management uses these same segments for determining strategic objectives.

Revenue and expenditures relating to these business units are allocated at a transactional level. Costs relating to the governance and administration of the municipality are not allocated to these business units.

The five key business units/segments are:

- Governance and Administration which includes Executive Mayor, Municipal Manager and Shared Services.
- Finance
- Community and public safety which include community and social services, sport and recreation, public safety, health, and housing services.
- Economic and environmental services which includes planning and development, road transport and environmental protection services.
- Trading services which include electricity, water management, wastewater management and waste management services.

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered (if any).

Accounting policy and measurement basis

Emfuleni Local Municipality

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43. Segment information (continued)

The accounting policies of the reportable segments are the same as the municipality's accounting policies

Aggregated segments

Segments are aggregated for reporting purposes when management considered that the economic characteristics and nature of services warrant aggregation.

Emfuleni Local Municipality

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Figures in Rand

43. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2023

	Community & Public Safety	Economic & Environmental Services	Trading Services	NonSegments/N on allocation	Total
Revenue					
Revenue from non-exchange transactions	459,989,947	70,230	53,576,264	2,244,261,980	2,767,898,421
Revenue from exchange transactions	6,635,457	15,754,772	4,431,073,424	52,921,205	4,506,384,859
Interest revenue	-	92,857	90,576,228	26,421,223	117,090,308
Total segment revenue	466,625,404	15,917,859	4,585,225,916	2,323,604,409	7,391,373,588
Entity's revenue					7,391,373,588
Expenditure					
Total segment expenses	991,414,531	70,177,025	5,744,930,724	1,105,868,104	7,912,390,384
Depreciation and amortisation	19,426,610	52,571,571	109,602,612	419,213,182	600,813,975
Interest expense	-	-	-	613,117,780	613,117,780
Total segment expenditure	1,010,841,141	122,748,596	5,854,533,336	2,138,199,066	9,126,322,139
Total segmental surplus/(deficit)	(544,215,737)	(106,830,737)	(1,269,307,420)	185,405,343	(1,734,948,551)
Assets					
Segment assets	507,874	-	189,088,166	182,361,833	371,957,873
Total assets as per Statement of financial Position					371,957,873

44. Budget differences

Material differences between budget and actual amounts

Service charges - Under-performance of electricity and waste management revenue

Rental of facilities and equipment - Over-projections of revenue informed by erroneous performance as at mid-year.

Trade and other licenses - More health certificates were issued than anticipated.

Other income - This is due to un-allocated cash receipts which were not anticipated.

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44. Budget differences (continued)

Finance income - Investment on short-term accounts was not anticipated and grants were expected to be spent in full.

Fines - Fines backlog captured after appointment of service provider

Government grants & subsidies - This is due to unspent grant allocations which cannot be recognised as revenue.

Remuneration of councillors - Vacant positions of MMC resulted in lower spending

Depreciation and amortisation - Higher depreciation charges than anticipated.

Finance costs - Interest on bulk creditors which is high due to high amounts which are outstanding

Debt Impairment - Actual amount inflated by the traffic fines impairment provision

Bulk purchases - High water and electricity losses resulting in high bulk account.

Contracted Services - Overperft due to service delivery needs

Inventories - More inventories were budgeted for in anticipation of in-sourcing

Receivables from non-exchange transactions - More traffic fines were recorded for the year

Receivables from exchange transactions - Budget amounts are gross amounts while the actual is net of impairment

Value added tax - Informed by the transactions for the year. It cannot be accurately projected.

Cash and cash equivalents - Bank accounts were attached for the most part of the year.

Intangible assets - Depreciation and impairments

Sanlam shares - Shares are controlled by the market and cannot be correctly estimated

Payables from exchange transactions - Bank attachments led to the failure to pay bulk accounts

Unspent conditional grants and receipts - Budgeted amounts were assuming that all grants would be spent in full

Provisions - These are actuarial valuations that cannot be accurately estimated at budget stage

Employee benefit obligation - These are actuarial valuations that cannot be accurately estimated at budget stage

Consumer deposits - This is informed by tariff adjustments and new accounts for the year

45. New standards and interpretations

45.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
---------------------------	--	------------------

45.2 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 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2023	Unlikely there will be a material impact
• GRAP 103 (as revised): Heritage Assets	01 April 2099	Unlikely there will be a material impact
• GRAP 25 (as revised): Employee Benefits	01 April 2023	Unlikely there will be a material impact

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45. New standards and interpretations (continued)

• IGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2009	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact
• IGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact

Appendix A

Councillors, Committees Allocated and Council Attendance						
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance	
1. COUNCILLOR SOXUZA S.D (Speaker of Council)	Full Time	Speaker of Council/ Rules Committee/ IDP and Budget Steering Committee	WARD 44 ANC	100	0	
2. COUNCILLOR RADEBE S.M.S (Executive Mayor)	Full time	Executive Mayor/ IDP and Budget Steering Committee/REMCO	WARD 21 ANC	100	0	
3. COUNCILLOR JANTJIE M.B (Chief Whip of Council)	Full time	Chief Whip of the Council/Elections Committee	WARD 30 ANC	100	0	
4. COUNCILLOR AUCAMP E	Part Time	Finance Revenue / LLF	WARD 45 DA	90	10	
5. COUNCILLOR CATO AIJ	Part Time		VF+	80	20	
6. COUNCILLOR CATO C	Part Time	Shared Service / AGRIC, LED, DEVL & PLAN/Health Social Development/GEYODI/Ethics Committee/Rules Committee	VF+	90	20	
7. COUNCILLOR COERTZE Y	Part Time	Infrastructure Planning & Asset Management/IDP and Budget Steering Committee	WARD 9 DA	100	0	
8. COUNCILLOR DAVIDS P. C	Part time	AGRIC, LED, DEVL & PLAN/Human Settlement/ MPAC/ GEYODI	WARD 28 ANC	100	0	
9. COUNCILLOR DLADLA M. M	Part time	SRACPCLIS/ GEYODI	EFF	100	0	
10. COUNCILLOR DONDOLO M. A	Part time	SRACPCLIS/Health Development/ Public Safety / GEYODI	WARD 33 ANC	100	0	

11. COUNCILLOR DOSOUDIL M. S. D	Part Time	Shared Service / MPAC	WARD 5 DA	90	10
12. COUNCILLOR HLAKANE R. M	Part Time	Infrastructure Management/ Planning & Environmental Management/ Planning / MPAC	WARD 24 ANC	100	0
13. COUNCILLOR HLANYANE B. P	Part Time	Health Social Development/ Public Works/ Rules Committee	WARD 15 DA	90	10
14. COUNCILLOR HLOPHE N. C	Part Time	Finance Revenue / Public Safety/REMCO	DA	100	0
15. COUNCILLOR JONES M. V	Part Time	IDP and Budget Steering Committee	NHM	80	20
16. COUNCILLOR KANTSO M. D	Part Time	IDP and Budget Steering Committee	PAC	100	0
17. COUNCILLOR KHOZA T. M	Part Time	Environmental Management & planning/ MPAC	WARD 18 ANC	100	0
18. COUNCILLOR KODISANG M. G	Part Time	AGRIC, LED, DEVL & PLAN/ Human Settlement/ Ethics Committee	WARD 36 ANC	100	0
19. COUNCILLOR LEKELETSANE A. S	Part Time	SRACPCLIS/ Health and social Development/ Public Safety/Elections Committee	WARD 39 ANC	100	0
20. COUNCILLOR LEKHEMA T. I	Part Time	SRACPCLIS/ Health Social Development/ Public Safety	WARD 26 ANC	90	10
21. COUNCILLOR LESAOANA M. R	Full Time	Health and social Development/ IDP and Steering Committee	WARD 23 ANC	100	0
22. COUNCILLOR LIHLABI M.M	Part Time	Finance Revenue /SRACPCLIS/ Public Works / Infrastructure Planning& Asset Management	PAC	100	0
23. COUNCILLOR LIUTOILENG K. P	Part Time	Shared Service /Finance Revenue/ Petitions Committee/ Ethics committee	WARD 32 ANC	100	0
24. COUNCILLOR MAHLASELA S. P	Part Time	SRACPCLIS/IDP and Budget Steering Committee	VAAL	80	20
25. COUNCILLOR MAKO H. N	Full Time	Finance and Revenue /Rules Committee/IDP and Budget Steering Committee/REMCO	WARD 37 ANC	100	0

26. COUNCILLOR MASHIGOT	Part Time	Shared Service / Finance Revenue /REMCO	DA	90	10
27. COUNCILLOR MAPEYIM	Part Time	Human Settlement/SRACPCLIS/ Petitions Committee	EFF	90	10
28. COUNCILLOR MALINDI L	Part Time	Finance Revenue/ Environmental management & Planning	EFF	80	20
29. COUNCILLOR MATSIE-SKOSANA M. L	Part Time	Infrastructure Planning & Asset Management/ GEYODI	DA	80	20
30. COUNCILLOR MATLALEISA M. G	Part Time	Public Works	EFF	90	10
31. COUNCILLOR MALOKA J.M	Part Time	Shared Service / MPAC/ Ethics Committee/ Rule Committee/Elections Committee	EFF	90	10
32. COUNCILLOR MAMATU P. N	Part Time	Public Safety	EFF	90	10
33. COUNCILLOR MAVIMBELA S.	Part Time	Human Settlement/SRACPCLIS/ Health Social Development/ Petitions Committee	DA	100	0
34. COUNCILLOR MKHUMBENI D. P	Part Time	AGRIC, LED, DEVL & PLAN/Human Settlement/ Petitions Committee	WARD 16 ANC	100	0
35. COUNCILLOR MOTI Y	Part Time	Shared Service / Finance Revenue	WARD 2 ANC	100	0
36. COUNCILLOR MOGORO M. E	Part Time	SRACPCLIS/ Health and Social Development/ Public Safety /GEYODI	WARD 3 ANC	100	0
37. COUNCILLOR MOKOLOPO M. D	Part Time	Public Safety/ Infrastructure Planning & Asset Management/ Environmental Management & Planning/Elections Committee	WARD 12 ANC	100	0
38. COUNCILLOR MOHALE M. E	Part Time	Public Works / Infrastructure Planning & Asset Management/ Environmental Management & Planning/ Petitions Committee	WARD 13 ANC	100	0
39. COUNCILLOR MOKOENA E. R	Part Time	Public Safety/ IDP and Budget Steering Committee	WARD 19 ANC	90	10

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40. COUNCILLOR MOKOENA A. D	Part Time	AGRIC, LED, DEVL & PLAN/Human Settlement/ GEYODI	WARD 27 ANC	100	0
41. COUNCILLOR MOKOENA T. A	Part Time	AGRIC, LED, DEVL & PLAN/ Environment Management & Planning/Elections Committee	DA	100	0
42. COUNCILLOR MOKOENA S.T	Part Time	Public Works / Infrastructure Planning & Asset Management/ Environment Management & Planning/ MPAC/ Petition Committee/ GEYODI	WARD 34 ANC	90	10
43. COUNCILLOR MOKOENA N. F	Full Time		CSA	80	20
44. COUNCILLOR MOLEPO M. V	Full Time	Human Settlement, IDP and Budget steering Committee	WARD 35 ANC	100	0
45. COUNCILLOR MOSIA M. P	Part Time	Public Works / Infrastructure Planning & Asset Management/ Environmental Management & Planning/ Ethics Committee	WARD 40 ANC	100	0
46. COUNCILLOR MOCHAWAWE J. S	Full Time	Finance Revenue/ Public Works	WARD 41 ANC	100	0
47. COUNCILLOR MOLEFE M. D	Part Time	AGRIC, LED, DEVL & PLAN/ Human settlement/ MPAC	WARD 42 ANC	100	0
48. COUNCILLOR MOLLO D. S	Part Time	Public Works/ Environmental Management & Planning	DA	80	20
49. COUNCILLOR MOTAUNG P.M	Part Time	Shared Service / MPAC/Rules Committee	EFF	90	10
50. COUNCILLOR MOSUOANE H.C	Part Time	Human Settlement/ Public Works / Environmental management & Planning	DA	100	0
51. COUNCILLOR MOTLOUNG I.L.T	Part Time	SRACPCLIS/ Infrastructure Planning & Asset Management	DA	80	20
52. COUNCILLOR MOCHADIBANE M	Part Time	Infrastructure Planning & Asset Management/REMEMO	EFF	90	10
53. COUNCILLOR MOCHELA M. P	Part Time	Health Social Development/ Public Safety	EFF	80	20

54. COUNCILLOR MONAKALI N. G	Part Time	Health Environmental & Planning/IDP and Budget steering Committee	Development/ Management and Budget steering	EFF	90	10
55. COUNCILLOR MOKHELE S. G	Part Time	AGRIC, LED, DEVL & PLAN		ACDP	90	10
56. COUNCILLOR MPHOTO T. G	Part Time	AGRIC, LED, DEVL & PLAN		EFF	100	0
57. COUNCILLOR MSOLO N. J	Part Time	Human Settlement/ Environmental management & Planning		DA	80	20
58. COUNCILLOR MTHEMBU N. D	Part Time	Rules Committee/IDP and Budget Committee		DA	90	10
59. COUNCILLOR NAAPO S. J	Part Time	Public Works / MPAC/ Petitions Committee / GEYODI		WARD 31 ANC	100	0
60. COUNCILLOR NDWANDWE N. G	Part Time			WARD 7 ANC	100	0
61. COUNCILLOR NHLAPO N. J	Part Time	Human Settlement/ PUBLIC Works /Infrastructure Planning & Asset Management/REMCO		EFF	100	0
62. COUNCILLOR NHLAPO P. J	Part Time	SRAPCLIS/ Health Social Development/Public Safety/ Petition Committee		WARD 38 ANC	100	0
63. COUNCILLOR Nzima E	Full Time	Infrastructure planning & Asset management/ IDP and Steering Committee		PA	80	20
64. COUNCILLOR PHALA N. S	Part Time	AGRIC, LED, DEVL & PLAN/ Human Settlement/MPAC/Elections Committee		WARD 8 ANC	100	0
65. COUNCILLOR RADEBE J	Full Time	AGRIC, LED, DEVL & PLAN/ Environmental Management & Planning /IDP and Budget Steering Committee		CSA	100	0
66. COUNCILLOR RAMONGALO T. R	Part Time	Public Safety		DA	90	10

67. COUNCILLOR RAMOSHABA V.R	Part Time	SRACPCLIS/ Development/ MPAC	Health Public Safety/ Social Safety/	WARD 20 ANC	100	0
68. COUNCILLOR RORO M. H	Part Time	SRACPCLIS/Public Safety/Elections Committee		WARD 6 ANC	100	0
69. COUNCILLOR SAUL S.S. L	Part Time	AGRIC, LED, DEVL & PLAN /GEYODI		EFF	90	10
70. COUNCILLOR SEFATSA S. J	Part Time	SRACPCLIS /Health and Social Safety/Elections Committee		WARD 11 ANC	100	0
71. COUNCILLOR SENEKAL G.M	Part Time	Finance Revenue/ Public Works/ Infrastructure Planning &Asset Management /IDP and Budget Steering Committee/Elections Committee		VF+	100	0
72. COUNCILLOR SERAPELO M.M	Full Time	Shared Service/ Rules Committee/LLF/IDP and Budget Steering Committee/ REMCO		WARD 14 ANC	100	0
73. COUNCILLOR SHABALALA H. H	Part Time	Public Safety/ Rules Committee		DA	100	0
74. COUNCILLOR SIKUKULA M	Part Time	Shared Service / Finance Revenue/ Ethics Committee/Ethics Committee		WARD 17 ANC	100	0
75. COUNCILLOR SMIT R.S.	Part Time	SRACPCLIS/ Public Safety/ Petition Committee		VF+	100	0
76. COUNCILLOR SMITH P.	Part Time	Human Settlement/ Environmental management & Planning		VF+	100	0
77. COUNCILLOR TLADI M. M	Part Time	Shared Service / Finance Revenue		WARD 25 ANC	90	10
78. COUNCILLOR TLADI J. R	Part Time	Public works / Infrastructure planning & Asset Management/ Environmental Management & Planning/Elections Committee		WARD 43 ANC	100	0
79. COUNCILLOR TLHOKWET. G	Part Time	Shared Service/ MPAC		DA	100	0

80. COUNCILLOR M. A TSHABALALA	Part Time	Shared Service /Finance Revenue/ Petitions Committee/ Ethics Committee	WARD 29 ANC	100	0
81. COUNCILLOR TSHABALALA M.E	Part Time	Health Social Development	DA	100	0
82. COUNCILLOR TSHEHLA L. F	Part Time	Finance Revenue/ Petitions Committee	EFF	100	0
83. COUNCILLOR TSOTETSI S. M	Part Time	AGRIC, LED, DEVL & PLAN/ Public Works /Elections Committee	DA	100	0
84. COUNCILLOR TYOBEKA I	Part Time	Human Settlement/IDP and Budget Committee	DA	90	10
85. COUNCILLOR VAN DER LITH H	Part Time	MPAC	VF+	100	0
86. COUNCILLOR VENTER M	Part Time	AGRIC, LED, DEVL & PLAN/ Petitions Committee	WARD 1 DA	90	10
87. COUNCILLOR VERBREEK P. A	Part Time	AGRIC, LED, DEVL & PLAN/ Ethics Committee	WARD 10 DA	100	0
88. COUNCILLOR VON BODENSTEIN E. K	Part Time	Finance Revenue/ MPAC	WARD 4 DA	100	0
89. COUNCILLOR XABA P. D	Part Time	SRACPLIS, Petitions Committee	DA	90	10
90. COUNCILLOR ZITHA S.C	Part Time	AGRIC, LED, DEVL & PLAN/Human Settlement	WARD 22 ANC	100	0

APPENDIX B

2022/2023 - 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.
Infrastructure Development (ID) Committee (was Infrastructure Planning, Development and Asset Management (IPAM) Committee)	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.
Public Safety Committee	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.
Public Works Committee (was Basic Services Committee)	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.
Shared Services Committee (was Corporate and Governance Committee)	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.
Sport, Recreation, Arts and Culture, Library Information Services, Parks and Cemeteries Committee	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.

OTHER COMMITTEES	
Audit Steering Committee	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.
Bid Adjudication Committee	As a Sub-committee of EXCO, the Committee deals with Internal and External Audit issues. Consider the awarded tenders based on recommendations by the Evaluation Committee and awarded in line with the Supply Chain Policy.
IDP Steering Committee Information Communication Technology and Governance Committee	Consider the draft IDP document and Process Plan and refer them to the Mayoral Committee and Council. Enhance information and communications technology use in Emfuleni Local Municipality.
LLF Performance Audit Committee	This is a platform to discuss matters of mutual interest between Organised Labour and Management of local level. 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 (Ntirhisano) Committee	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

Appendix C:Third Tier Structure

Directorate	Director/Manager (State title and name)
Office Manager: Public Works	Ms. Ntsoaki Rosina Motsoane
Manager: Roads & Stormwater	Mr. Yeyakhe Anderson Mgodlwa
Manager: Environmental	Mr. Stephen Rapula Monyatsi
Manager: Planning and Projects	Vacant
Manager: Electricity	Vacant
Office Manager: Shared Services	Mr. Ramakhula Abram Makhoantle
Manager: Employment Equity	Ms. Keineetse Elisa Monye
Manager Human Resources	Mr. Apesi Diek Mahlaba
Manager: Facilities	Vacant
Manager: Organisational Development	Mr. Lulamile Sydney Tshitshiba
Manager: Labour Relations	Mr. Lehlohonolo Vincent Phahlane
Manager: Legal Services	Ms. Victoria Rammala
Manager :Secretariat and Admin Support	Ms. S Difoiso
Manager Fleet Services	Mr. Lerato Selaelo Mpholo
Manager: Occupational Health and Safety	Mr. Ezekiel Rathhankana Moloedi
Manager: Public Safety	Mr. Nnete Aaron Makhubo
Manager: Super by-law	Mr. Jacob Teke Sesing
Manager: Parks & Cemeteries	Ms. Xitshembiso Winnie Ngobeni
Manager: Sports Recreation Arts and Culture & Library and Information Services	Mr. Benjamin Ntsikelelo Manzi
Manager: Community Services	Vacant
Manager: Health & Social Development	Ms. Xoli Madiba
Manager: Expenditure	Mr. Rasempe Derfick Maaroganye
Manager: Supply Chain	Mr. Jason Daniel Mkhwane
Manager: Financial Control	Ms. Okgabile Nelly Sape

Manager: Budget	Mr. Sekgodi Hendrik Mokgethi
Head of Operations	Mr. Mfareleni Emmanuel Maseanoke
Manager: Integrated Development Planning	Mr. Andries Mapefela
Manager: Performance Management	Ms. Nompoti Martha Ntuli
Manager: Intergovernmental Relations	Ms. Nomasonto Geraldine Mofokeng
Manager: Office of the Executive Mayor	Mr. Jabu Benjamin Khumalo
Manager: Office of the Speaker	Ms. M Mathumbo
Manager Office of the Chief Whip	Mr. Solomon Juda Dlamini
Governance Specialist	Mr. Sipho Mokake
Manager: Programmes and Administration	Mr. Telford Nxumalo
Manager: Assets	Mr. Pieter Ernst Johannes Strydom
Office Manager: Economic Development Planning and Human Settlement	Ms. Nkijii Dorcas Shumeni
Manager: Local Economic Development	Mr. Sibusiso Vincent Biyela
Manager: Land Use Manager	Mr. Martin Lekgotta Motapane
Manager: Housing & Human Settlement	Ms. Felicity Vanessa Human
Manager: Building Control	Mr. William Tlhabanyane Mokwena
Manager: Internal Audit Anti Corruption	Ms. Jacqueline Kokeiso Pauline Mathabathe
Manager: Insurance	Vacant
Manager: Debt	Vacant
Office Manager: Infrastructure Planning and Development	Vacant
Specialist Performance Management	Vacant
Office Manager: Internal Audit	Vacant
Manager: Revenue	Vacant
Head Of Revenue	Vacant
Chief Risk Officer	Vacant
Chief Audit Executive	Vacant

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

Functionality of Ward Committees						
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	Number of quarterly public ward meetings	
Ward 1	Cllr Venter, 10 Ward Committees members still	Yes	5	5	0	
Ward 2	Cllr, Mofe 10, Ward Committee members active.	Yes	5	5	3	
Ward 3	Cllr. Mogoro, 10 Committee members still active.	Yes	5	5	0	
Ward 4	Cllr Von bonders 10, Ward Committee active.	Yes	5	5	0	
Ward 5	Cllr Dosoudli, 10 Ward Committee members active.	yes	5	5	0	
Ward 06	Cllr Roro, 10 Ward Committee members active.	Yes	5	5	5	
Ward 7	Cllr Ndwandwe Ward Committee 10 members	yes	5	5	0	
ward 08	Cllr Phala 10 Ward Committee members are still active	Yes	5	5	0	
Ward 09	Cllr Coertze, 10 Ward Committee members are active.	yes	5	5	0	
Ward 10	Cllr Verbeek, 10 Ward Committee members are still	yes	5	5	0	
Ward 11	Cllr Sefatsa, 10 Ward Committee members are still	yes	5	5	1	
Ward 12	Cllr Mokolopo , 10 Ward Committee members active.		5	5	0	

Ward 13	Cllr Mohale, 10 Ward Committee members are active.	Yes	5	5	1
ward 14	Cllr. Serapelo, 10 Ward Committee members are active.	Yes	5	5	0
Ward 15	Cllr, Hlanyane, 10 Ward Committee are active.	Yes	5	5	0
Ward 16	Cllr, Mkhumbeni, 10 Ward Committee are active.	Yes	5	5	0
ward 17	Cllr Sikhukhula and 10 Ward Committee members are still	yes	5	5	2
Ward 18	Cllr Khoza, 10 Ward Committee Members are Still	yes	5	5	0
Ward 19	Cllr. N Makoena, 10 ward Committee members still	Yes	5	5	4
Ward 20	Cllr Ramoshaba, 10 Ward Member Committee are still active	Yes	5	5	2
Ward 21	Cllr Radebe, 10 ward Committee members still active.		5	5	3
Ward 22	Cllr. Zitha, 10 Ward Committee members are still active	Yes	5	5	0
Ward 23	Cllr Lesaoana, 10 Ward Committee Members are still active.	Yes	5	5	0
Ward 24	Cllr Hlakane, 10 Ward Committee members are still active.	Yes	5	5	0
Ward 25	Cllr Tladi and 10 Ward Committee members still	Yes	5	5	0

Ward 26	Cllr.Lekhema, 10 Ward Committee members still	Yes		5	5	4
Ward 27	Cllr.Makoena, 10 Ward Committee Members still	Yes		5	5	0
Ward 28	Cllr.Davids, 10 Ward Committee members are still active	Yes		5	5	0
Ward 29	Cllr.Ishabalala, 10 Ward Committee members are still	Yes		5	5	1
Ward 30	Cllr. Janjije and 10 Ward Committee members are still	Yes		5	5	3
Ward 31	Cllr.Naapo , 10 Ward Committee Members are still	Yes		5	5	3
Ward 32	Cllr. Liutloileng, 10 Ward Committee 10 members are	Yes		5	5	1
Ward 33	Cllr. Dondolo, 10 Ward Committee Member active.	Yes		5	5	0
Ward 34	Cllr Makoena and 10 Ward Committee member are still	Yes		5	5	1
ward 35	Cllr. Molepo and 10 ward Committee members are still	Yes		5	5	0
ward 37	Cllr Mako, 10 Ward Committee members are still active	Yes		5	5	0
Ward 38	Cllr.Nhlapo, 10 Ward Committee are still active	Yes		5	5	4
Ward 39	Cllr,Lekeletsane, 10 Ward Committee are still active	Yes		5	5	4
Ward 40	Cllr. Mosia, 10 Ward Committee are still Active	Yes		5	5	3
Ward 41	Cllr.Mochawe, 10 Ward Committee are still active	Yes		5	5	1
Ward 42	Cllr.Molefe, 10 Ward Committee are still active	Yes		5	5	0

Ward 43	Cllr. Tladi, 10 Ward Committee members are still active.	Yes	5	5	1
Ward 44	Cllr. Soxuza, 10 Ward Committee members are still	Yes	5	5	0
Ward 45	Cllr Aucamp and 10 members of the ward Committee are still	Yes	5	5	0

APPENDIX F2

Basic Service Provision						
Detail	Water	Sanitation	Electricity	Refuse	Housing	
Households with minimum service delivery	289 000	288 000	72 000	191 151		
Households without minimum service delivery	284	284		35 733		
Total Households*	289284	288284	7200	226 884		
Houses completed in year					684 259	
Shortfall in Housing units						

APPENDIX G

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during Year 2022 /2023	Recommendations adopted (enter Yes) If not adopted (provide explanation)
APaC 2022-08-19	<p>Chief Risk Officer presented the following reports:</p> <ul style="list-style-type: none"> • Risk Management Progress Report. • Risk Management Implementation Plan 2022 -23. • Review of the Anti-Fraud and Anti-Corruption Strategy of the Municipality 2022 • Revised Risk Management, Anti-Fraud and Anti-Corruption Committee Charter 2022/23 <p>It was</p> <p><u>RESOLVED THAT:</u></p> <ol style="list-style-type: none"> 1. Audit and Audit Performance Committee takes note of all the submitted reports; and 2. All the reports be submitted to Council for noting and/or approval. 	Yes
APaC 2022-08-19	<p>The Chief Audit Executive presented the following reports:</p> <ul style="list-style-type: none"> • Fourth Quarter Report for the Year Ending 30 June 2022. • Risk Based Internal Audit Plan Progress Report. • Internal & External OPCA- Follow up reports 	Yes

	<ul style="list-style-type: none"> Fleet management audit report (operational review) Annual stock – taking audit report Occupational health & safety audit report <p>it was</p> <p>RESOLVED THAT:</p> <ol style="list-style-type: none"> the reports be noted; and the reports be forwarded to the next Mayoral Committee meeting. 	
APaC 2022-08-19	<p>Manager: IDP presented the 2023/24 IDP & Budget Integrated Process Plan</p> <p>It was</p> <p>RESOLVED THAT:</p> <ol style="list-style-type: none"> 1 the IDP and Budget - Integrated Process Plan for 2023/2024 be approved in terms of Section 28 of the Municipal Systems Act, No. 32 of 2000 as amended and Sections 21, 22 and 23 of the Municipal Finance Management Act, No. 56 of 2003; and 2. the report be forwarded to the next Mayoral Committee. 	Yes
Special APaC 2022-08-25	<p>Manager: Performance Management department presented the Annual Service Delivery, Performance Monitoring and Evaluation Report for the 2021/22 Reporting Period. It was</p>	Yes

	<p>RESOLVED THAT:</p> <ol style="list-style-type: none"> 1. the Annual Performance Report of the 2021/2022 reporting period be considered; 2. the Annual Performance Report be submitted to the Auditor-General of South Africa, relevant Provincial and National Departments; and 3. the report be forwarded to the next Mayoral Committee meeting. 	
<p>Special APaC 2022-08-25</p>	<p>The Acting Chief Audit Executive presented the Review of the 2021/2022 Annual Financial Statements. It was</p> <p>RESOLVED THAT:</p> <ol style="list-style-type: none"> 1. the Acting Chief Audit Executive must go and establish the status of the reconciliation between Management and Internal Audit on issues of disagreement; 2. by form of a sample, review those increases of the NINE HUNDRED MILLION; 3. management to effect corrections; 4. management should ensure that there is proper and adequate reconciliation of the Trust Account; 5. Include all relevant stakeholders to assist in the review of the AFS; and 	<p>Yes</p>

	<p>6. Legal Department must ensure they obtain legal confirmation from Emfuleni Local Municipality attorneys to confirm the balance as provided by Seleka Attorneys.</p>	
<p>Special APaC 2022-08-25</p>	<p>The Manager: Financial Control presented the Annual Financial Statements for the 2021/22 Reporting Period. It was</p> <p>Resolved that:</p> <ol style="list-style-type: none"> 1. AFS's to be timely submitted to the AGSA. 	<p>Yes</p>
<p>Special APaC 2022-10-03</p>	<p>2.1 AUDIT ENGAGEMENT LETTER</p> <p>The Manager from the Office of the Auditor General of South Africa led the discussion on Engagement letter. It was</p> <p>Resolved that:</p> <p>the Audit Engagement Letter be noted.</p> <p>2.2 AUDIT STRATEGY PLAN</p> <p>The Manager from the Office of the Auditor General of South Africa led the discussion on Audit Strategy Plan. It was</p> <p><u>RESOLVED THAT</u></p>	<p>Yes</p>

	<ol style="list-style-type: none"> 1. the committee noted the Audit Strategy with amendments to be effected by the Auditor General of South Africa; 2. dates be revised in order for the committee to be able to track the progress as well as the tabling of the Audit Report to Council; 3. Combine assurance and relying on audit work by the Auditor General of South Africa has provided samples and sample sizes to Internal Audit in order to look at how to engage with them in the coming years so that the Auditor General can rely on them. 4. Management and the Auditor General of South Africa must adhere to time lines in order for the report to be submitted on time to the Council and to avoid the risk that may occur if reports are not submitted on time. 5. The Auditor General is to look at information management systems that are currently in the municipality and revise them. Then they will come up with a plan that will ascertain how best to consolidate system 	
AC 06-12-2022	The Acting Chief Audit Executive presented first quarter report for the year ending 30 June 2023. It was	Yes

	<p>RESOLVED THAT:</p> <ol style="list-style-type: none"> 1. The Committee take note of the 2022/23 first quarter report of the Acting Chief Audit Executive; and 2. the report be forwarded to the next Council 	
<p>AC 12-12-2022</p>	<p>The Manager from the Office of the Auditor General of South Africa led the discussion on Engagement letter. It was</p> <p>RESOLVES THAT:</p> <ol style="list-style-type: none"> 1. Management letter for financial year 2020/2021 be noted; 2. an AGSA Action Plan be drafted from the Management Letter and Audit Report in order to address all findings made by the AGSA; and 3. the AGSA Action Plan be submitted to the Audit Committee, including outstanding issues and steps to be taken. 	<p>Yes</p>
<p>AC 12-12-2022</p>	<p>The Manager from the Office of the Auditor General of South Africa led the discussion on Audit Report. It was</p> <p>RESOLVED THAT:</p>	<p>Yes</p>

	<ol style="list-style-type: none"> 1. Note be taken that the Municipality had received a Qualified Audit Opinion; 2. a separate meeting be scheduled between the AGSA and Management to discuss the two (2) findings that Management did not agree to; and 3. a one-on-one debriefing session with the AGSA and Executive Mayor be scheduled, whereafter the Management Report would be submitted to MPAC. 	
<p>PAC 20-12-2022</p>	<p>The Acting Manager: Performance Management presented the Quarterly Service Delivery, Performance Monitoring and Evaluation Report for First Quarter of the 2022/23 Reporting Period. It was</p> <p>RESOLVED THAT:</p> <ol style="list-style-type: none"> 1. the Committee takes note of the report on quarterly service delivery performance for the first quarter of the 2022-2023 reporting period; 2. amended policies should be presented to the Council for approval; 3. In order to address issues that the municipality has, a detailed plan with proper budget alignment vis-à-vis KPIs in SDBIP should be submitted to the committee for monitoring; and 4. the Quarterly Service Delivery Performance Report for the first quarter of the fiscal year 2022-2023 be forwarded to Council for approval. 	<p>Yes</p>

PAC 20-12-2022	<p>The Acting Manager: Performance Management presented the 2022/23 First Quarter Performance Score Card and requested the Executives to each highlight their KPA's. It was</p> <p><u>RESOLVED THAT</u></p> <ol style="list-style-type: none"> 1. Take note of the 2022/23 First Quarter Performance Score Card; 2. Fast-track signing of performances in order to test it in the third quarter; and 3. A Consequence Management Report be shared with the members. 	Yes
Special PAC 20-01-2023	<p>The Chief Audit Executive presented the 2022/23 Second Quarter and Mid-Year Budget and Performance Report. It was</p> <p><u>RESOLVED THAT:</u></p> <ol style="list-style-type: none"> 1. the 2022/2023 Quarter 2 Performance Report and 2022/2023 Mid-year Budget and Performance Report be submitted to the Performance Audit Committee for consideration; 	Yes

	<p>2. the recommendations of Performance Audit Committee be included into the final 2022/2023 Quarter 2 Performance Report and 2022/2023 Mid-year Budget and Performance Report;</p> <p>3. the 2022/2023 Quarter 2 Performance Report and 2022/2023 Mid-year Budget and Performance Report be tabled at the Mayoral Committee and Council;</p> <p>4. the 2022/2023 Quarter 2 Performance Report and 2022/2023 Mid-year Budget and Performance Report be submitted to National Treasury, Gauteng Provincial Treasury, National Department of Cooperative Governance and Traditional Affairs and Gauteng January 2023;</p> <p>5. the challenges of unbudgeted targets in SDBIPs be addressed by the Municipality; and</p> <p>6. A summary of the findings be compiled and forwarded to the chairperson in order to draft a report to be tabled at the next council sitting.</p>	
Special PAC 20-01-2023	The Chief Audit Executive presented the Annual Report for the 2021/22 Reporting Period. It was	Yes

RESOLVED THAT:

1. The Performance Audit Committee and Audit Committee take cognisance of the report;
2. The Annual Report for the year ended 30 June 2022 be tabled in Council for approval;
3. Council refers the 2021/22 Annual Report to the Municipal Public Accounts Committee for consideration and preparation of the Oversight Report as required per section 129(1) of the Local Government: Municipal Finance Management Act, 2003;
4. the 2021/22 Annual Report be submitted Provincial and National Treasury, Provincial and National Treasury Cogta after being tabled in Council;
5. the report be reworked, arrange according to standard requirement and quality assurance be done by Internal Audit, there after it be submitted to the Committee for input; and
6. after receipt of the inputs the Performance Department will incorporate them to the final Report before forward to the Council.

PAC29-03-2023

Manager: IDP presented the report and after lengthy discussion the Committee made inputs. It was

RESOLVED THAT:

1. the report on the Draft 2023 – 2024 IDP be considered and approved by Council; and
2. the Draft 2023 – 2024 IDP be advertised in the local media and publicized in the local public places which include the municipal satellites venues and libraries during the period of the public participation programme.

Yes

AC 26-05-2023

The Chairperson requested that the Manager highlight the amendments made to the report.

A communication from the National Treasury regarding the issue of municipal bank account attachment will be circulated to members.

Due to technical challenges, the Manager, Budget, as well as the Acting Chief Financial Officer, were not able to log in. The Committee

RESOLVED THAT:

1. Before tabling the reports to Council, reports should be amended according to inputs made and

Yes

	<p>forwarded to the Chairperson for perusal.</p> <ol style="list-style-type: none"> 2. Issues raised and highlighted by the Committee would be used as a guiding tool to monitor if they were affected. 3. A column, table, or paragraph with amendments should be highlighted with red font, where attachment expenses are budgeted as well as repayments on historic debt (assumptions for the past three years on payments made to Eskom and Rand Water as deficit). 4. Impact on IDPs as well as SDBIPs for 2023/2024 be reflected 5. A report with amendments on issues raised by the committee should be emailed to the chairperson. 6. A narrative report on historic debt should be included in the budget as a payment plan. 	
<p>PAC 23-06-2023</p>	<p>The Chief Audit Executive presented the Third Quarter Performance Information Report 2022/23. It was</p> <p><u>RESOLVED THAT:</u></p> <ol style="list-style-type: none"> 1. the report be noted; 	

the draft 2023/2024 Organizational Service Delivery Budget Implementation Plan for the approval by June 2023.

3. a workshop on SDBIPS be held in order for members to have a better understanding of the set targets.
4. in the event that resources change, council will review and adjust SDBIPS during mid-year.

	<p>2. it be noted that the committee has taken into account the audit results, and</p> <p>3. Consequence management be taken to those officials who do not do what is required.</p>	
<p>AC 26-06-2023</p>	<p>The Chief Audit Executive presented the Review of the Performance Audit Charter for 2023/24 Financial Year. It was</p> <p>RESOLVED THAT:</p> <ol style="list-style-type: none"> 1. the report be deferred in order for the Acting Chief Audit Executive and Manager Performance to look at how the new regulation can be effected on the charter; and 2. the report be embedded, thereafter it be forwarded to Council for approval. 	
<p>AC 26-06-2023</p>	<p>The Manager: Performance management presented the Draft Service Delivery Budget and Implementation Plans (Sdbips) for the 2023/24 Financial Year. It was</p> <p>RESOLVED THAT:</p> <p>the Draft Service Delivery Budget and Implementation Plans (SDBIPS) for the 2023/24 financial year be noted by the Committee;</p> <ol style="list-style-type: none"> 2. the Executive Mayoral committee recommends to the Executive Mayor 	

Appendix H						
Details						
	Budget	Adjustments Budget	Actual	Variance		
				Budget	Adjustments Budget	
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]	1,799,000.00	1,799,000.00	1,799,000.00	0%	0%	0%
Library Grant	-	2,150,000.00	-			
INEP Grant	38,066,000.00	14,323,000.00	12,455,782.61	-206%		-15%
Fire Grant (Cogta Grant)	7,800,000.00	7,800,000.00	-			
FMG	-	792,352.00	565,881.58	100%		-40%
NDPG	10,000,000.00	-	-			
Total	57,665,000.00	26,664,352.00	14,820,664.19	-289%		-81%

APPENDIX 1 : SERVICE PROVIDERS EVALUATED AND RESULTS

Name of Service Provider Evaluated	Type of Service	Pricing and Billing	Engagement and Consultation	Core Service Provision	Attitude and Behavior	Business Ethics	Performance Weighing Score	Performance accomplishment
Motlaniso Trading (Pty) Ltd	Appointment of contractor for the refurbishment of 88kv Munic Substation for the period of thirty six (36) months	3	3.75	3	3.75	4.5	3.6	Achieved
Phepheng Project Management and Construction	Appointment of a contractor for Construction of Lethabong 11KV Switching Station	3	3	3	3	3	3	Achieved
Alsandro Constructions Pty Ltd	Appointment of contractor/s for installation, repair, maintenance and ancillary work on water network of Emfuleni Local Municipality, on as when required basis for a period of thirty-six (36) months	3	3	3	3	3	3	Achieved
MMK Khumalo Trading and Projects Pty Ltd	Appointment of contractors for Supply, Delivery and Offloading of LV and MV Electrical Cables for a period of thirty six months on as and when required basis	3	3.75	3	3.75	4.5	3.6	Achieved
Moso Consulting Services (Pty)Ltd	Provision of Service Provider for the provision of Medical	3	3	3	3	3	3	Achieved

AL Mphago (Pty) Ltd	Aid administration brokage services at no cost thirty-six (36) months	1	2	1	3	3	2.4	Not Achieved
Rheinland Investment cc	Tarring of Road in Lakeside Proper Block 04 (WATER LOGGED AREA) Appointment of a service provider for the Supply and Delivery of Fuel and Lubricants for a period of thirty six (36) months on as and when required basis, including the installation of new pumping equipment and the replacement, installation and maintenance of tanks with a fuel management system.	1	2	2	2	2.25	1.85	Not Achieved
Downtown Spares	Appointment of a Panel of Suppliers for Supply, Delivery and Offloading of Voltage Transformers, 1000KVA, 800KVA, 750kva 500KVA, 315KVA, 200KVA, 100KVA, 50KVA Transformers and 200KVA, 315KVA, 500KVA Minisub ,11KV Ringmain Unit, CT's and Transformer Oil for a Period of Thirty Six (36) Months	3	4	4	4	4	3.8	Achieved

	on as and when required basis									
Rorisang Holdings (Pty) Ltd	Construction of Van Schalkwyk	3	0.50	0	1.25	0	0.95			Not Achieved
Zizwe DSD	Appointment of contractors for Supply, Delivery and Offloading of LV and MV Electrical Cables for a period of thirty six months on as and when required basis	2	2	2	2	2	2.20			Not Achieved

RATING CRITERIA

The following service criteria used to assess Service Providers and rated as per below schedule in the year 2022/2023

Criteria 1: Pricing and Billing

Criteria 2: Engagement and Consultation

Criteria 3: Core Service Provision

Criteria 4: Attitude and Behavior

Criteria 5: Business Ethics

Performance Weighting		
0	TF	Total Failure
1	FWE	Far worse than expected
2	WE	Worse than Expected
3	AE	As expected
4	BE	Better than Expected
5	FBE	Far Better than Expected

APPENDIX K1

Appendix K1-

Revenue Collection Performance by Vote Appendix K1-

Vote Description	2021/22		Current Year 2022/23			2022/23 Variance		R' 000
	Actual	Original Budget	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget	
Vote 1 - Political Offices	525 261.03			162 044.00	151 714.10	48%	7%	
		225 095.00						
Vote 2 - Municipal Manager	0			10 331.00	937 378.53	-100%	-99%	
		0						
Vote 3 - Financial Services	2 025 172 972.04			1 862 709 082.00	1 939 497 717.35	-1%	-4%	
		1 913 631 945.00						
Vote 4 - Corporate Services	1 353 955.51			2 503 104.00	2 504 732.86	-40%	0%	
		1 500 000.00						
Vote 5 - Basic Services	4 941 695 983.69			4 510 511 372.00	4 829 942 074.98	-2%	-7%	
		4 710 416 229.00						
Vote 6 - Agriculture, Economic Development Planning and Human Settlement	866 230 990.38			6 623 154.00	16 708 345.97	16%	-60%	
		19 452 652.00						

APPENDIX K1

Vote 7 - Safety & Community Development	74 882 871.92	304 857 213.00	168 843 355.00	123 659 623.57	147%	37%
Total Revenue by Vote	7 909 862 034.57	6 950 083 134.00	6 551 362 442.00	6 913 401 587.36	1%	-5%

Revenue Collection Performance by Source Appendix K2

Description	2021/22		2022/23		2022/23 Variance		
	Actual	Original Budget	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	936 972	1 001 052	1 001 052	925 635	1 016 800	-2%	-9%
Property rates - penalties & collection charges	- 26	- 32	- 32	5 972	327	-90%	1727%
Service Charges - electricity revenue	2 574 284	3 003 263	3 003 263	3 017 406	2 897 113	4%	4%
Service Charges - water revenue	863 934	928 616	928 616	811 733	953 291	-3%	-15%
Service Charges - sanitation revenue	412 565	301 382	301 382	302 865	307 366	-2%	-1%
Service Charges - refuse revenue	277 384	176 985	176 985	199 284	190 491	-7%	5%
Service Charges - other	0	0	0	0	0	0	0
Rentals of facilities and equipment	19 959	20 324	20 324	5 642	17 614	15%	-68%
Interest earned - external investments	6 406	3 085	3 085	80	3 745	-18%	-98%
Interest earned - outstanding debtors	75 582	77 151	77 151	68 667	87 924	-12%	-22%
Dividends received							
Fines	9 075	200 466	200 466	74 990	49 174	308%	52%
Licenses and permits	88	98	98	59	123	-20%	-52%
Agency services							
Transfers recognized - operational	1 349 993	967 560	967 560	968 219	974 455	-1%	-1%
Other revenue	152 972	74 460	74 460	94 176	80 286	-7%	17%
Gains on disposal of PPE							
Environmental Protection							
Total Revenue (excluding capital transfers and contributions)	6 679 187	6 754 411	6 754 411	6 474 727	6 578 709	3%	-2%

Appendix L

Details	Budget	Adjust-ments Budget	Actual	Variance	
				Budget	Adjust-ments Budget
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]	1,799,000.00	1,799,000.00	1,799,000.00	0%	0%
Library Grant	-	2,150,000.00	-		
INEP Grant	38,066,000.00	14,323,000.00	12,455,782.61	-206%	-15%
Fire Grant (Cogta Grant)	7,800,000.00	7,800,000.00	-		
FMG	-	792,352.00	565,881.58	100%	-40%
NDPG	10,000,000.00	-	-		
Total	57,665,000.00	26,864,352.00	14,820,664.19	-289%	-81%

Annexure N

Capital Programme by Project: Year 2022/23

Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Water & Sanitation	113,895,513.00	88,784,476.00	55,764,152.61		
BULK WATER SUPPLY TSHEPISO TO SHVILLE	4,767,631.00	442,659.00	-	0%	0%
SEWER LINE HOTKOP&UNISPARK NORTH LEWKUIL	-	5,000,000.00	-	0%	0%
N:BULK WATER SUPPLY-EVATON TO DADEVILLE	5,800,000.00	550,000.00	-	0%	0%
SEWER LINE-3 RIVERS; 3 R-EAST & SOLPARK	5,135,100.00	5,135,100.00	4,764,973.55	-8%	-8%
VAALOEWER WTW REFURB: PHASE 2	10,000,000.00	-	-	0%	0%
UPGR UNION STR BULK SEWER IN VEREENIGIN	19,782,078.00	8,463,530.00	4,367,889.19	-94%	-353%
UPGRADING OUTFALL SEWER ON NORTHEN AREA	23,156,220.00	4,665,390.00	17,731.00	-26212%	-130497%
UPGRADING SEWER PIPELINE PS8: STILLBOX	18,369,473.00	25,215,125.00	21,557,751.87	-17%	15%
SEWERLINE FROM INDUS; BOIP /TSHEP TO PS4	26,885,011.00	21,869,572.00	12,004,456.25	-82%	-124%
ACQUISITION OF WATER METERS	-	15,000,000.00	8,006,080.00	-87%	100%
SEWER PIPES	-	2,443,100.00	5,045,270.75	52%	100%
Electricity	166,466,000.00	128,900,000.00	116,669,286.34		
LETHABOKG SWITCHING STATION PHASE 1	4,133,000.00	-	-	0%	0%
LETHABONG BULK -FEEDERLINE	6,000,000.00	-	-	0%	0%
SEBOKENG Z30 2C	4,548,000.00	-	-	0%	0%
LETHABONG PHASE 2B	6,000,000.00	-	-	0%	0%
LETHABONG P2C	17,385,000.00	-	-	0%	0%
REPLACE 11KV SWITCHGEAR IN SUBSTATIONS	10,000,000.00	-	-	0%	0%
SBK EXT30 SWITCHING STATION & FEEDER LINE	-	11,000,000.00	5,753,831.95	-91%	100%

R:20MVA 88/11KV T/FORMER VESCO S/STATION	10,000,000.00	1,800,000.00	-	0%	0%
R:RETROFIT S/STATION; MINIBUS & D/PILLAR	5,000,000.00	4,844,810.00	8,367,394.12	42%	40%
UPGRADING OF VERDI SUBSTATION	7,000,000.00	608,696.00	-	0%	0%
BTU HV	200,000.00	200,000.00	296,045.45	32%	32%
TRANSFORMERS HV	6,000,000.00	1,290,000.00	14,441,041.62	91%	58%
UPGRADING OF TOWN SUBSTATION - PHASE 1	10,000,000.00	10,000,000.00	14,281,069.90	30%	30%
UPGRADING OF POWERVILLE SUB-PHASE 1	10,000,000.00	-	-	0%	0%
UGRADING OF TOWN SUBSTATION PHASE 2	10,000,000.00	10,000,000.00	8,692,811.02	-15%	-15%
UPGRADE MUNIC SUBSTATION	15,000,000.00	15,000,000.00	13,973,172.65	-7%	-7%
INSTALLATION OF MINK CONDUCTORS	5,000,000.00	-	-	0%	0%
BTU MV	200,000.00	200,000.00	-	0%	0%
TRANSFORMERS MV	6,000,000.00	9,433,450.00	16,846,769.40	44%	64%
SUPPLY AND INSTALLATION OF ROBUST BOXES	2,000,000.00	2,000,000.00	1,805,586.96	-11%	-11%
REPLACEOF 11KV SWITCHGEARS AT VRG 6 SUB	3,000,000.00	-	-	0%	0%
N:SUPPLY DELIVERY INSTAL LV B/CONDUCTORS	2,000,000.00	-	-	0%	0%
N:NEW CONNECTION & NETWORK REINFORCEMENT	1,000,000.00	756,661.00	-	0%	0%
R:UPGRADING OF RURAL LINES	3,000,000.00	2,367,034.00	2,058,290.43	-15%	-46%
TSHEPONG PHASE 3 ELECTRIFICATION	-	12,626,819.00	8,592,441.28	-47%	100%
TSHEPONG PHASE 3 BULK	-	7,036,000.00	2,738,821.63	-157%	100%
SEBOKENG EXT 30 ELECTRIFICATION	-	11,487,820.00	6,952,342.03	-65%	100%
LETHABONG BULK	-	18,635,666.00	4,352,436.16	-328%	100%
TOOLS AND TEST EQUIPMENT	2,000,000.00	-	-	0%	0%
MV CABLES	3,000,000.00	3,000,000.00	2,032,975.85	-48%	-48%
SUPPLY AND INSTALL DISTRIBUTION PILLARS	1,000,000.00	500,000.00	899,540.00	44%	-11%
LV CABLES	2,000,000.00	2,000,000.00	1,739,130.02	-15%	-15%
R:UPGRADING OF METER BOXES ELM	2,000,000.00	-	-	0%	0%
REPLACE ELECTRICITY PREPAID METERS	10,000,000.00	2,200,000.00	-	0%	0%
SUPPLY AND INSTALL METERS FOR LPU	2,000,000.00	1,913,044.00	2,845,585.87	33%	30%
SUPPLY & INSTALL METERS COMMERCIAL/BUSI	1,000,000.00	-	-	0%	0%

Roads & Stormwater										
N:TARRING OF BIKITSHA STREET ZONE 12	51,141,974.00	102,499,747.00	100,456,149.87	1,767,724.80	-15%					100%
N:CONSTRUCTION OF LAKESIDE BLOCK A ROAD	8,164,269.00	1,203,820.00	518,900.38		-132%					-1473%
TARRING DHLAMINI STR UMZIM TO MOSHOESHOE	3,725,591.00	3,725,591.00	3,235,915.76		-15%					-15%
CONST OF VAN SCHALKVYK STREET EATONSIDE	20,258,114.00	38,383,375.00	32,772,152.19		-17%					38%
N:TARRING OF PITSENG AND URANIUM STREET	8,994,000.00	11,154,077.00	8,736,604.27		-28%					-3%
UPGRADING OF MOSHOESHOE ROAD PHASE 2A1	10,000,000.00	-	-		0%					0%
ROADS RESEAL	-	46,000,000.00	53,424,852.47		14%					100%
Sports, Arts & Culture										
REFURBISHMENT OF SE 2 SWIMMING POOL	6,694,804.00	6,894,804.00	2,586,509.00		0%					0%
REFURBISHMENT OF BOPHELONG STADIUM	1,500,000.00	1,700,000.00	-		-101%					-101%
Cemeteries										
R:VANDERBIJLPARK CEMETERY	10,000,000.00	-	-		0%					0%
R:UPGRADING OF NANESCOL CEMETERY	5,000,000.00	-	-		0%					0%
R:UPGRADING OF RUSTERVAAL CEMETERY	2,500,000.00	-	-		0%					0%
Waste Management										
INVESTIGATE & DEV NEW LANDFILL SITES	9,765,309.00	8,437,593.00	47,746.96		-15%					-15%
WASTE SPECIALISED VEHICLES	54,909.00	54,909.00	47,746.96		0%					0%
	9,710,400.00	8,382,684.00	-		0%					0%
ICT and Other										
	7,800,000.00	13,742,352.00	565,881.58							

MEDIUM PUMPER FIRE ENGINE WITH EQUIPMENT	6,900,000.00	6,900,000.00	-	0%	0%
RADIO COMMUNICATION EQUIPMENT	300,000.00	300,000.00	-	0%	0%
RADIO COMMUNICATION EQUIPMENT	300,000.00	300,000.00	-	0%	0%
RADIO COMMUNICATION EQUIPMENT	300,000.00	300,000.00	-	0%	0%
REFURBISHMENT OF VANDERBIJLPARK LIBRARY	-	2,150,000.00	-	0%	0%
LAPTOPS & SOFTWARE FOR NEW INTERNS	-	792,352.00	565,881.58	-40%	100%
EDP BUILDING CONTROL SYSTEM	-	3,000,000.00	-	0%	0%
T N					

Appendix O		
Capital Programme by Project by Ward 2022/23*		
		R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)
Water & Sanitation		
BULK WATER SUPPLY TSHEPISO TO SHVILLE	12,14,22	No
SEWER LINE HOTKOP&UNISPARK NORTH LEWKUIL	45	No
N:BULK WATER SUPPLY-EVATON TO DADEVILLE	21,26	No
SEWER LINE-3 RIVERS; 3 R-EAST & SOLPARK	1	Yes
UPGR UNION STR BULK SEWER IN VEREENIGIN	15	No
UPGRADING OUTFALL SEWER ON NORTHEN AREA	27	No
UPGRADING SEWER PIPELINE PS8: STILLBOX	15	No
SEWERLINE FROM INDUS; BOIP /TSHEP TO PS4	3,8,11 7 12	No
Roads & Stormwater		
N:TARRING OF BIKITSHA STREET ZONE 12	35	No
N:CONSTRUCTION OF LAKESIDE BLOCK A ROAD	41	No
TARRING DHLAMINI STR UMZIM TO MOSHOESHOE	8	Yes
CONST OF VAN SCHALKVYK STREET EATONSIDE	39	No
N:TARRING OF PITSENG AND URANIUM STREET	11	Yes
Sports, Arts & Culture		
REFURBISHMENT OF SE 2 SWIMMING POOL	5	Yes
REFURBISHMENT OF BOPHELONG STADIUM	23	No
Cemeteries		
R:VANDERBIJLPARK CEMETERY	9	No
R:UPGRADING OF NANESCOL CEMETERY	7	No
R:UPGRADING OF RUSTERVAAL CEMETERY	16	No
Waste Management		
INVESTIGATE & DEV NEW LANDFILL SITES	25	No