

2019/20



ANNUAL REPORT

Volume I

Contents

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Chapter 1

CHAPTER 1 – CHAIRMAN’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: CHAIRMAN’S FOREWORD

CHAIRMAN’S FOREWORD



B. Moholo - Board Chairperson

a. Vision:

The vision of Ekurhuleni Housing Company (EHC) is to become the creative social and rental housing agency of choice for the City of Ekurhuleni.

b. Key Policy Developments:

The EHC is linked to and adheres to the National Government Policies and its strategies to address the ongoing challenges facing the country. As the country is gripped by the challenge posed by the COVID 19 pandemic and government is doing all it can to flatten the curve, EHC has also embarked on a series of actions together with its tenants to lessen the effects of the pandemic on the social housing program.

The EHC was beginning to assume a new role as a developer this year, unfortunately, because of the pandemic our programmes and timetable for the delivery were delayed by the National Lockdown. We also had to introduce new ways of working while considering the more stringent Health and Safety measures. If anything, the pandemic has challenged us to adopt new and different methods of working.

As in the previous years, we at EHC are still committed to the Governments’ National Outcomes specifically the Outcome 8 which is the social housing program. Complex as social housing goal might be, we have begun a process whereby our management and staff are building skills that will help accelerate the delivery of units while ensuring that sound property management is pursued. During the year under review, we adopted a product diversification strategy that means that not only will we build classical type social housing units of 1 or 2 bed, but also communal units, where common facilities will be shared by tenants. As well we are exploring the possibilities of developing commercial rental units and gap housing. This new approach talks to the Gauteng Sustainable Human Settlements Strategy as it broadens choice for housing consumers.

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Our strategy is still aligned to that of the City of Ekurhuleni that intends to deliver 100 000 units within 5 years. We are an integral part of the City's Integrated Development Program.

that entails:

- Ekurhuleni Growth and Development strategy: Densification and housing infill to enhance sustainable development, promote mixed-use developments to attract investments.
- Ekurhuleni Metropolitan Spatial Development framework that promotes economic activity and social integration by linking poor and disadvantaged communities to the mainstream and,
- Ekurhuleni Densification strategy that will densify the areas within the metro to work towards a compact city while increasing social mobility by linking these areas to railways and Integrated Rapid Public Transport.

Our projects such as Chris Hani Village phase 2, can be regarded as demonstration projects of the City's Urban Renewal Program.

c. Key Service Delivery Improvements:

During the year under review, the Board had prioritized the consolidation of strategic management leadership after appointing Chief Executive Officer as well as the Chief Financial Officer towards the end of the previous financial year. Several organizational policies were also reviewed to enable management to work with more confidence and freedom.

Also, EHC developed policies to guide management, staff, and tenants during the period of the lockdown. The relationship with the tenants remained strained during the period, however, the management were at their best in minimizing conflict. Two tenant satisfaction survey was completed during the year, we will be acting on the feedback we received from these studies in the coming year.

The EHC has been busy with six physical projects that were at various stages of development. As highlighted earlier all our projects have been delayed due to Covid 19. When complete it is expected that the projects will yield 500 units during the 1st phase. Working with the SHRA we have concluded a funding agreement and the Board approved a business plan that will utilise this funding as a catalyst to new opportunities. This will go a long way in assisting with the increase of social housing units and as such give more people an opportunity to live in decent accommodation.

However, the funding challenge for EHC will remain. The EHC currently receives financial grants from the City of Ekurhuleni as operational funding and has managed to attract capital funding from SHRA, the other income stream is rental income from tenants. During the year under review rental income has been low and unsatisfactory. To attain sustainability, the EHC will need to strengthen its property management capacity and its ability to effectively manage the estates. The company must implement the financial turnaround strategy so to increase rental income to acceptable levels. In addition, the financial model should be of a much broader mix of funding than the three income streams mentioned earlier. The expected increase of units in the coming years should also be used as a steppingstone to a more sustainable entity.

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d. Public Participation:

There has been limited participation in the project development or design stage because social housing projects do not have a specific waiting list of a beneficiary who can participate in the early design phases, however, on completed projects tenants can input into the situation in their complexes. All our complexes have tenant committees which are fora through which participation takes place.

e. Agreements / Partnerships:

Agreements and partnerships with external or international social housing players remain an important component of our growth and development as an institution. We will be taking steps in the coming year to increase our collaboration with our international partners especially focusing on the areas to technical assistance. The municipality of Breda in the Netherlands is one such partner that we will engage with.

Conclusion:

The year under review has had major challenges for us and all our stakeholders, however, we have remained resolute and continued to drive forward the vision that the City has. It will not be any easier in the immediate future and that is why we commit ourselves to master the areas of property and facilities management as they are the cornerstone of EHC business.

Our Company Secretary Advocate Kgabo Sebola resigned during the year; we wish to thank him for all the services he has rendered during his tenure with us.

I would also like to take this opportunity to thank the Executive Mayor and the City of Ekurhuleni for the ongoing support that we receive. This makes our job easier as the Board. I also like to thank the shareholder representatives who always gave support and professional advice to the EHC. Thanks to my Board colleagues who always apply themselves to the task at hand and provide leadership and oversight on our work.

Finally, I wish to thank the Chief Executive Officer and his team for their dedication and commitment to the work of EHC.

(Signed by :) _____

Mr B Moholo
Chairman of the Board
Ekurhuleni Housing Company

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COMPONENT B: EXECUTIVE SUMMARY

1.1. CEO'S OVERVIEW



B. Molefe – CEO

The Ekurhuleni Housing Company (EHC) has adopted a five-year strategy that seeks to vigorously pursue to advance its core mandate of providing social and rental residential accommodation for the residents of Ekurhuleni and the maintenance of the existing stock.

The Five-Year Strategic Plan encapsulates the following strategic goals:

- To achieve a high level of tenant's satisfaction and responsive customer service
- To maintain quality and safe living environments for all inhabitants of the EHC owned and managed stock.
- To ensure portfolio expansion and growth.
- To enhance legislative compliance and improved financial sustainability.
- To build an accountable and performance driven organisation.

The 2019/20 Annual Report seeks to provide an account of how the EHC has fulfilled these strategic objectives in respect of the deliverables that were set for the 201/20 Financial Year as encapsulated in the Service Delivery and Budget Implementation Plan (SDBIP). This Annual Report complies with the requirements set by the National Treasury.

To achieve a high level of tenant's satisfaction and responsive customer service

One of the initiatives that the EHC undertook in the year under review was to embark on a Tenants Satisfaction Survey. This survey is critical as provides feedback on how the customers perceive the

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EHC to be discharging its responsibilities. In the ensuing year, we will be embarking on a programme towards addressing the deficiencies and concerns raised by our customers.

The EHC also embarked upon the establishment of the Tenant Committees in all the complexes as a critical vehicle to link and provide for ease of communication between the EHC and tenants.

The EHC every quarter issues Quarterly newsletters which cover critical information of benefit to the tenants and to keep them informed on developments in the EHC

The EHC has also put in system and mechanisms to ensure those customer complaints are promptly resolved as and when they are reported.

To maintain quality and safe living environments for all inhabitants of the EHC owned and managed stock

In order to achieve this strategic goal, the EHC has put in place various measures which amongst others include yearly Planned Maintenance for its complexes. However, we need to indicate that our constrained financial resources do not allow the EHC to undertake all its desired maintenance for its properties

We have bolstered our team with the qualified, highly competent and above all high committed three Building Technicians to ensure that customer issues that are maintenance related are promptly attended.

Furthermore, the EHC has ensured that approves the Occupational Health and Safety Policy to ensure compliance with the legislative prescripts but more importantly to ensure that safety measures are put in place.

To ensure portfolio expansion and growth

In the year under review, the EHC has managed to get the Clayville Ext 45 Project which will yield 452 Units of the ground with the launch of the project and the appointment of the contractor. In it however unfortunate that in the third quarter of the financial year we were hard hit by the impact of Covid-19 which will have a long-term impact on the pace of the implementation of the project.

Work has also already commenced on the Kempton Park Long Street Project which will provide a total of 84 Units. The EHC also managed to complete the installation of Solar Heat Pumps in Delville Ext 9 to ensure that building complies with all the necessary building compliance regulations.

In the next financial year, the EHC the EHC will be concluding agreements with the City of Ekurhuleni on a number of projects such as Vosloorus Ext 9 and others

To enhance legislative compliance and improved financial sustainability

The EHC has committed itself to manage its affairs in a manner that complies that with all the necessary social Housing and Municipal legislation. To this end, a number of policies were approved by the Board to ensure necessary compliance.

We have all committed to managing the Entity in a financially prudent manner. A thorny issue in this regard has been the low revenue collection which has been exacerbated by the impact of Covid-19.

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In this regard to ensure the sustainability of the Entity various measures will be undertaken to ensure revenue is collected from tenants.

The EHC has managed to deal with repeated audit findings and in the past year has managed to obtain an unqualified audit opinion.

To build an accountable and performance driven organisation

The EHC has poised to structure itself as an accountable institution with a culture of high performance. It has thus instituted some initiatives towards the realisation of this objective. All Manager sin the EHC has signed Performance contracts which outline clear deliverables to be achieved. The EHC always where resources permit has ensured that the staff are skilled on a continuous basis through various skills development programmes.

To make sure that the EHC continues to a responsive organisation we have embarked on an Organisational Review to which will be concluded and progressively implemented in the next financial year.

Mr. Bongani Molefe

CEO

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Chapter 1

1.2. ENTITY FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

The EHC derives its mandate from the COE. This mandate is informed by the national housing imperatives that are dictated through the Rental Housing Act, Social Housing Act, and the MFMA. Its vision and mission are underpinned by a set of values and goals, and they are tailored towards building an organisation that provides superior, quality social and rental housing, and property management services to its clients within Ekurhuleni. EHC provides and manages affordable rental housing for the lower-income market and this forms part of its efforts to eradicate the housing backlog in the Ekurhuleni Metropolis.

The core business of EHC therefore includes:

- Development of new social and rental housing.
- Refurbishment, upgrading and management of selected council-owned rental housing stock; and
- Refurbishment of inner-city high-density rental buildings and the provision of turnaround strategies where necessary.

The rationale for the establishment of the EHC was to promote the creation of quality living environments for low income residents. The EHC would thus derive and implement a plan for the development of integrated social housing, medium density, rental housing, and communal housing - in support of Inner-City Regeneration and Urban Renewal in Ekurhuleni. The mixed model including rental and social housing has been endorsed and supported by the COE.

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POPULATION DETAILS

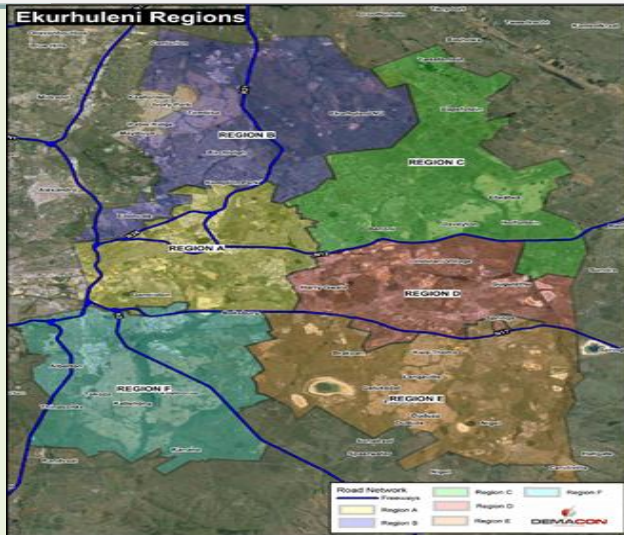
The EHC has made notable contributions to the population of Ekurhuleni. New stock has been made available in areas of high demand and the standard of social housing has been improved considerably, with a view to reduce long-term maintenance costs. The EHC has also proven the benefit of the conversion of old, derelict buildings into quality homes that directly address the needs of the community.

The main target market for the EHC is comprised of home-seekers whose household incomes meet the criteria for the Restructuring Capital Grant (RCG) and institutional housing subsidy. Beneficiaries' household income must be between R1, 500 and R15,000 per month.

The profile of the target market is further defined by the individuals' occupations in local commercial industries such as teachers, police officers, nursing staff and people who work in the public sector. The racial profile is mixed but our business model is based on an income profile and not race.

Using the 2011 South African census data, Ekurhuleni has the second largest number of households in the Gauteng Province at 26%.

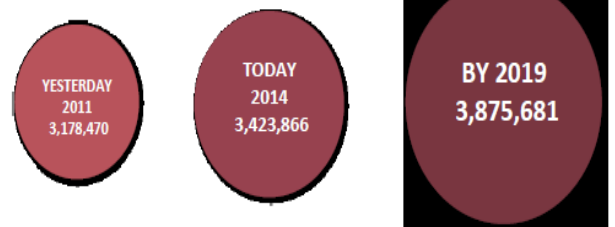
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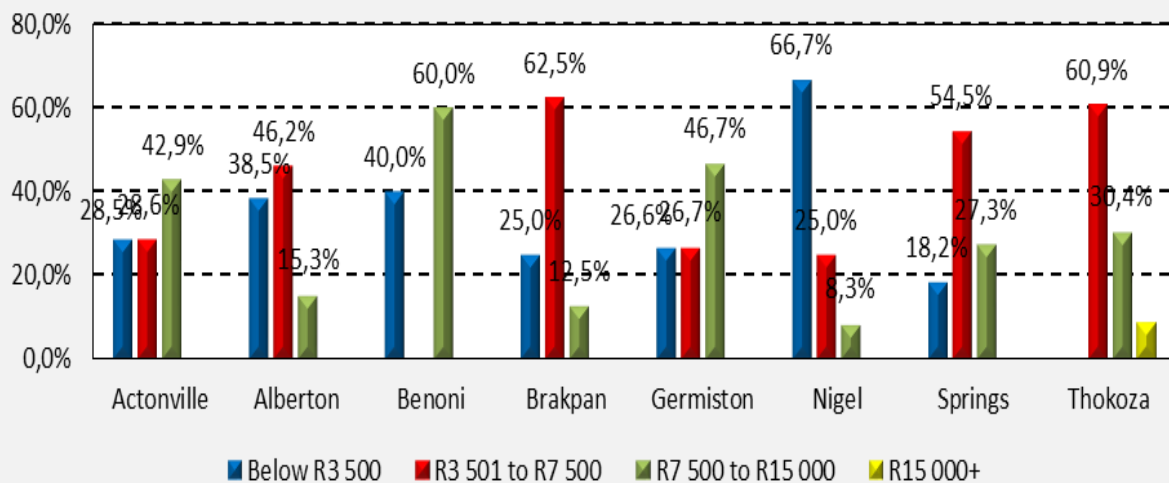
Our population is growing, but not as fast

From now until 2019 the city will be adding 10 people to its population every hour. There are signs that the City's growth rate may be slowing if existing trends continue. It is estimated that between 2014 and 2019 the city's population growth rate will be 1.25%.

Figure 1: Ekurhuleni Metropolis Population Growth Projections

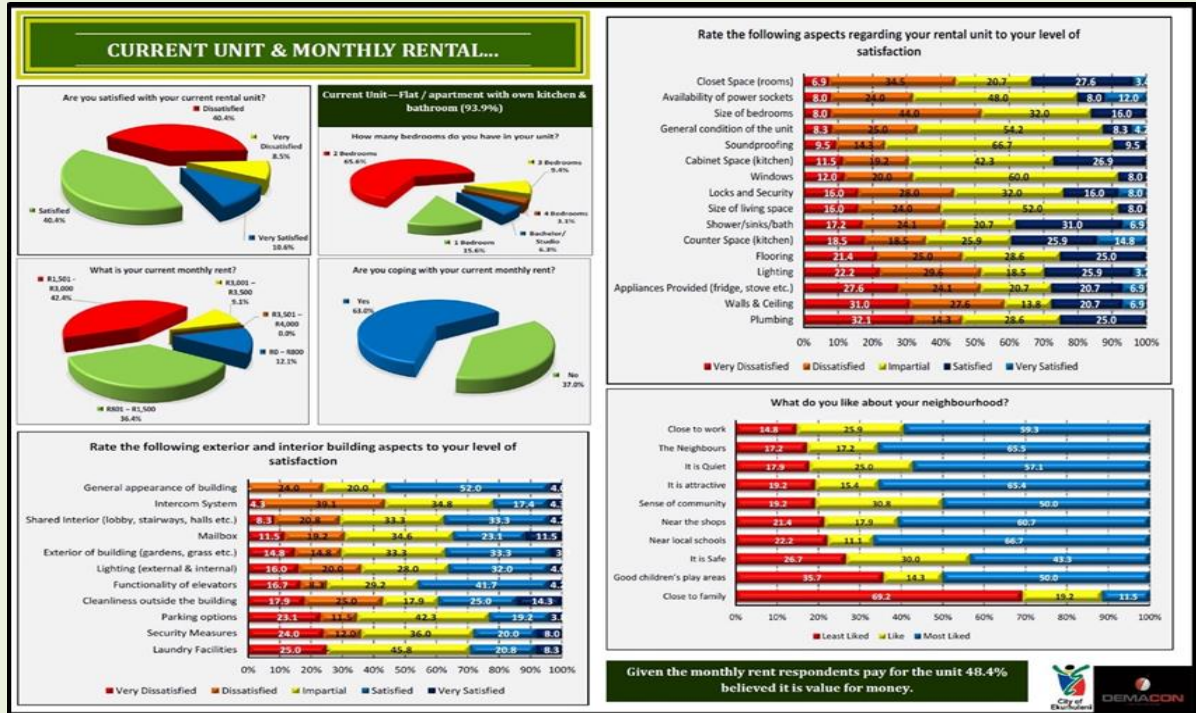


Social Upward Mobility Trends - Human Settlement Buildings



The social housing market is estimated to consist of approximately 324,000 units in Ekurhuleni. To grow and contribute to this market, the EHC is expected to develop a significant portion of housing units. To direct our future contribution, COE with respect to Social Housing must be directed by spatial orientation of existing infrastructure and developmental plans of a city.

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The graph above represents the number of households earning a monthly income between R1,600 and R15,000 (100% = 1.2m):
 Using the Social Housing Regulatory Authority (SHRA) requirement for social housing units, the average monthly rental of R2,000 is worth approximately R8 billion annually. This represents a substantial potential market and possible growth for suppliers in this market.

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SOCIAL HOUSING ENVIRONMENTAL ASSESSMENT

ANALYSIS FACTOR	ENVIRONMENTAL FACTORS	
	POSITIVE	NEGATIVE
1. Political	<ul style="list-style-type: none"> Political will power from local government to support social housing (mayoral /speeches) 	<ul style="list-style-type: none"> Elections impede process execution such as evictions and rental increases
2. Economic	<ul style="list-style-type: none"> Constrained bank lending and prices increase the pool of potential social housing tenants Provincial Institutional Subsidy quantum has been increased (R50k to R110k per unit) MINMEC considerations on RCG potential increase from R125k to R155k 	<ul style="list-style-type: none"> Continued receipt of grants income could be seen as a proxy of social housing non-viability e.g. precedents was seen with the Brakpan bus company Weakened economy result in loss of jobs
3. Social	<ul style="list-style-type: none"> Increase demand for student accommodation presents more opportunities to diversify 	<ul style="list-style-type: none"> Increased tenant association resistance impedes evictions (petitions) Perception of social housing degrading neighbourhoods (“nimby syndrome”) Tenants tend not to value property that they occupy
4. Technological	<ul style="list-style-type: none"> Innovative building technologies reduce capital and maintenance cost Green building agenda (in the long term) Ekurhuleni Broadband infrastructure can enhance revenue 	<ul style="list-style-type: none"> Green building agenda (in the short term)
5. Legal	<ul style="list-style-type: none"> SANS 10400 regulation → energy efficiency requirement decreases costs (in the long term) 	<ul style="list-style-type: none"> Current income threshold by the regulator leads to affordability issues and non-adherence to regulations SANS 10400 regulation → energy efficiency requirement increases costs (in the short term)

Chapter 1

COMMENT ON BACKGROUND DATA

The EHC has made notable contributions to the population of Ekurhuleni. New stock has been made available in areas of high demand and the standard of social housing has been improved considerably, to reduce long-term maintenance costs. The EHC has also proven the benefit of the conversion of old, derelict buildings into quality homes that directly address the needs of the community.

The main target market for the EHC is comprised of home-seekers whose household incomes meet the criteria for the Restructuring Capital Grant (RCG) and institutional housing subsidy. Beneficiaries' household income must be between R1,500 and R15,000 per month.

1.3. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

Concerning our operations, the organisation is confronted by a reality of two world dispensation in our existing properties. We have historical properties with worrying conditions existing alongside the new portfolio with desirable living standards. Thus, the key challenge for the organisation is to turn around the situation in the old properties whilst ensuring that the new properties are well maintained. This imperative is all dependent on sustainable revenue collection by the organisation.

In the year of reporting, we can say that the organisation has done relatively well in this respect by ensuring that cleaning services are provided continuously, and security is provided to all complexes. We have also been able to attend to various ad-hoc maintenance requests from the tenants.

The EHC has also been in collaboration with the City of Ekurhuleni to ensure that it grows its existing portfolio. Amongst the projects that we have been initiated in this respect is the focused attention on the completion of the Chris Hani Phase 2 Project, the installation of services in the Vosloorus Ext 9 Project, and the commencement of the installation of services in the Airport Park Project. Over and above these projects the entity is proud to indicate that all the necessary statutory matters have resolved to undertake the Clayville Ext 45 and Long Street, Kempton Park Projects.

Thus, in 2020/21, we are poised to see the EHC turned into a construction site with various projects at the construction phase.

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COMMENT ON ACCESS TO BASIC SERVICES:

We wish to convey our sincere gratitude to the untiring efforts our committed staff for the execution of the developmental mandate of the organisation. We equally wish to convey our most deep regards to our tenants for the maximum cooperation we receive from them. Of course, we need to state that there are some elements that have sought to distract the organisation from fulfilling its mandate even resorting to violence and damage of property. We respect the rights of people to express themselves through protests but we need to state in unequivocal terms that violence and damage to property will never be tolerated and we call upon the law to be enforced in cases of transgressions.

Our tasks will be incomplete if we do not appreciate the support and partnership from our parent municipality the City of Ekurhuleni as well as the Social Housing and Regulatory Authority for the utmost support, we enjoy from them.

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1.4. FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The financial health of the EHC is dependent on rental revenue collection which ensures that the existing rental stock is optimally maintained. The EHC revenue collection deteriorated to 60% in the financial year against a target of 95%. The EHC is implementing stringent credit control measures to ensure that revenue is collected for the sustainability of the organisation.

EHC results deteriorated by R 13 million compared to the adjustment budget. This is significantly the result of the increased debt impairment that exceeded the adjustment budget by R 20 million, reduced by additional revenue of R 2.1 million, cost savings of R 2.8 million and a deferred tax credit of R 2 million released to the statement of Financial Performance.

EHC is focusing on achieving a diversified portfolio to address the risk of financial sustainability of the entity through the development of a project pipeline of expansion and growth.

Financial Overview: Year 0				R' 000
Details	Original budget	Adjustment Budget	Actual	
Income:				
Grants	55 440	22 800		22 672
Own revenue	55 773	51 603		54 402
Other	560	21 423		20 863
Sub Total	111 773	95 826		97 937
Less: Expenditure	71 765	80 041		95 321
Net Total*	40 008	15 785		2 616
* Note: surplus/(defecit)				T 1.4.2

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Operating Ratios	
Detail	%
Employee Cost	27%
Repairs & Maintenance	5%
Finance Charges & Impairment	30%
	T 1.4.3

COMMENT ON OPERATING RATIOS:

“Employee Costs’ is below the norm of approximately 30%. EHC exceeds the Social Housing Regulatory Authority norm based on cost per unit ratio, thus the entity will focus on cost curtailment and expanding portfolio of rental stock.

The ‘Repairs & Maintenance’ is significantly reduced compared to the norm of 20%. EHC is committed to improve this through the appointment of a panel of contractors for the repairs and maintenance as well as 3 internal maintenance technicians. Deteriorating revenue collections have limited repairs and maintenance.

The ‘Finance Charges & Impairment’ ratio exceeded the norm by 20%. This was influenced by reduced collections that declined significantly during the second half of the financial year following the Covid 19 pandemic.

Total Capital Expenditure: Year -2 to Year 0			
	R'000		
Detail	Year -2	Year -1	Year 0
Original Budget	2 160	8 549	40 008
Adjustment Budget	-	-	5 235
Actual	2 199	1 339	5 235
			T 1.4.4

COMMENT ON CAPITAL EXPENDITURE:

EHC reduced the capital grant from the City of Ekurhuleni (CoE). EHC was unsuccessful in the application to SARS for tax exemption. The entity does not have the resources to settle the income tax obligations associated with the receipt of the grant. The projects progressed with the EHC acting as an implementation agent with CoE.

EHC spend 100% of planned capital expenditure per the adjustment budget.

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1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

SDBIP Performance

Metro-Wide Performance Indicator: EHC achieved 48% against the planned 95% target.

Departmental Performance Indicators: Have achieved 6 of 8 indicators with the target of maintenance conducted against planned activities and customer complaints resolved within 30 days not achieved.

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1.6. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: YEAR 0 (CURRENT YEAR)

The external audit was completed by February 2021. During March 2021, the Auditor General issued reports on the financial statements for the EHC. The audit outcome was as follows:

Germiston Phase II Housing Company t/a EHC: Unqualified Audit

Auditor General Opinion

Opinion

1. I have audited the financial statements of the Germiston Phase II Housing Company (SOC) Ltd trading as Ekurhuleni Housing Company set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2020, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts (appropriation statement) for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Germiston Phase II Housing Company (SOC) Ltd trading as Ekurhuleni Housing Company as at 30 June 2020, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008) (Companies Act).

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Chapter 1

1.7. STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feed seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for the previous financial year.	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General.	
5	Municipal entities submit draft annual reports to MM.	
6	Audit/Performance committee considers the draft Annual Report of municipality and entities (where relevant).	August
8	Mayor tables the unaudited Annual Report.	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	
10	Annual Performance Report as submitted to the Auditor General to be provided as input to the IDP Analysis Phase.	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data.	September - October
12	Municipalities receive and start to address the Auditor General's comments.	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report.	
14	Audited Annual Report is made public and representation is invited.	
15	Oversight Committee assesses Annual Report.	December
16	Council adopts Oversight report.	
17	Oversight report is made public.	
18	Oversight report is submitted to relevant provincial councils.	
19	Commencement of draft Budget/ IDP finalisation for the next financial year. Annual Report and Oversight Reports to be used as input.	January

T 1.7.1

Chapter 2

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

The EHC Board regards corporate governance as an essential foundation for effective operations, legislative compliance, impeccable conduct, openness, and transparency. The EHC complies with governance and this is in line with the COE's policies, as well as internal governance policies within the entity.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The, six members of the Board of Directors were appointed from 01st September 2018. During the year under review, the EHC had a total of six Directors on the Board.

Currently, three portfolio committees are responsible for various functions of the entity. The three portfolio committees are the Audit, Finance and Risk Committee: Remuneration (HR) Committee and Operations Committee. Responsible for the entity's audits are the Audit, Finance and Risk Committee. Internally, the Finance and Risk Committee reviews all finance and audit-related reports, after which they are sent to the COE's Audit Committee for further review.

The entity reports to the MMC of the COE. Three executives within the entity, namely the CEO, CFO and the Executive Manager: Corporate Services and Support implement strategy and oversight for the entity, and report to the relevant committees within the COE.

T 2.1.0

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

The oversight committee, made up of parties who govern the city, scrutinises quarterly reports produced by EHC on performance, service delivery targets and developmental matters. These are matters that the committee attended to, with regards to the consolidation of the EHC during the financial year. The Board has a relationship with the MMC, and the Board is delegated by the MMC. MMC sits on the Board, Head of Department (HOD) for Human Settlements provides guidance and strategic input into the entity.

T 2.1.1

Chapter 2

BOARD MEMBERS



B. Moholo - Board Chairperson



K. Sebola – Company Secretary



Z. Nkamana



T. Limako



L. Netshitenzhe



T. Thopola



T. Vukea

T2.1.1

Chapter 2

BOARD MEMBERS

The Board of Directors comprises 6 members. The overall role of the Board of Directors is to provide strategic guidance for the entity and oversight on governance policies and the roles its members have on the sub-committees are laid out in the table below:

Board member	Capacity	Race	Gender	Board Committee Membership
B. Moholo	Non-Executive	A	M	Board Chairperson
Z. Nkamana	Non-Executive	A	M	Member – Chairperson Remuneration Committee
L. Netshitenzhe	Non-Executive	A	F	Member – Chairperson Operations Committee Member – Finance & Risk Committee
T. Limako	Non-Executive	A	M	Member – Operations Committee, Member – Remuneration Committee
T. Vukea	Non-Executive	A	M	Member – Chairperson – Finance & Risk Committee Member – Remuneration Committee
T. Thopola	Non-Executive	A	M	Member – Operations Committee, Member – Remuneration Committee

T 2.1.2

BOARD DECISION-TAKING

A resolution of the Board must be agreed to by most Board members present at a Board meeting, subject to the existence of a quorum. If time is of the essence, recommendations can be obtained on a round-robin basis. However, such recommendations must be unanimous, with 100% participation of the Board members. If a round robin approval is not unanimous, the matter for resolution shall be included in the subsequent meeting's agenda or a special meeting will be convened.

T 2.1.3

Chapter 2

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The EHC ensures that its processes and practices are regularly reviewed, to ensure compliance with legal provisions, the use of funds in an economic, efficient, and effective manner and adherence to good corporate governance practices.

To this end, the year under review has seen a continued effort in the review of our policies to ensure that they remain relevant and in line with best practice.

The Board and Management pride themselves for having focused their efforts on ensuring that the organisation functions within processes, and a credible governance framework - which enable us to deliver on our mandate. These efforts indicate EHC's determination to maintain an ongoing evolutionary process, its endeavour to continually advance corporate governance within the organisation.

The Board is committed to ensuring that the solid foundation that has been laid to enable the company in accelerating the delivery of its objectives.

T 2.2.1

TOP ADMINISTRATIVE STRUCTURE

TIER 1



B. Molefe – CEO



D. Pertab – CFO

TIER 2



L. Bowers-Charles – EM:CS

T 2.2.2

Chapter 2

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

GAUTENG DEPARTMENT OF HUMAN SETTLEMENTS

EHC has created a relationship with the provincial Department of Human Settlements. Through this relationship, both the Chris Hani and Delville projects received institutional grants. Additionally, relationships with the Department of Human Settlements have yielded projects like Clayville Ext. 45, and Kempton Park long street.

SOCIAL HOUSING REGULATORY AUTHORITY (SHRA)

The relationship with the SHRA continues to gain momentum. Two grants have been approved in the financial year under review. Additional projects have been submitted to the SHRA for consideration, while many problems result from regulation and compliance. However, the relationship remains strong and effective. Through this partnership, the EHC has become a significant Social Housing Institution.

T 2.3.0

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

SOCIAL HOUSING REGULATORY AUTHORITY (SHRA)

The relationship with the SHRA continues to gain momentum. Two grants have been approved in the financial year under review. Additional projects have been submitted to the SHRA for consideration, while many problems result from regulation and compliance. However, the relationship remains strong and effective. Through this partnership, the EHC has become a significant Social Housing Institution.

T 2.3.1

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

EHC has stakeholder relationship with the following departments:

- South African Police Services – Social Department
- SANCA (Social issues e.g. Drug abuse)

T 2.3.2

Chapter 2

RELATIONSHIPS WITH MUNICIPAL ENTITIES

EHC has relationships with the following Municipal Entities:

- Joshco
- Tshwane Housing Company.

T 2.3.3

DISTRICT INTERGOVERNMENTAL STRUCTURES

EHC LINKAGE TO NATIONAL AND PROVINCIAL STRATEGIES:

NATIONAL/ PROVINCIAL STRATEGIES:

BNG:

Residents should live in safe and secure environment and have adequate access.

Outcome 8:

Sustainable human settlements and improved quality of household life.

Sub-output 4 of Outcome 8:

Provision of 80,000 well-located affordable rental accommodation by 2020

Gauteng Sustainable Human Settlements Strategy (SHSS):

Housing Typology Strategic Lever: Improving housing location, type and choice in Gauteng.

T 2.3.4

Chapter 2

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4 PUBLIC MEETINGS

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

TENANTS ENGAGEMENTS

- The Engagement Program aims to ensure that tenants actively participate in helping EHC to improve the quality of the services that are delivered to tenants.
- Tenant Engagement ensures that there is a clear framework in place to promote, support and assess the impact of tenant engagement and participation.
- The Tenant Engagement indicates how EHC has established opportunities for tenants to have a platform to engage and make suggestions/inputs on what services are expected from EHC.
- The engagements assist EHC to align tenants' concerns to services required.

T 2.4.1

Public Meetings						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/no)	Dates and manner of feedback given to community
EHC and PAD Tenants Committee Meeting	15-Jul-19			5	Yes	15-Jul-19
EHC and PAD Tenants Committee Meeting	02-Dec-19			6	Yes	02-Dec-19
PAD Tenants committee escalated their concerns to CRM Office and other stakeholders were also invited to the meeting	10-Mar-20	1	8	8	No	Pending
EHC and PAD Tenants Committee Meeting to discuss Covid-19 pandemic and measures to deal with the pandemic by establishing JOC	23-Mar-20			3	Yes	23-Mar-20
EHC and PAD Tenants Committee held a meeting to discuss Leases and commissining of water meters	17-Jun-20			6		17-Jun-20

Chapter 2

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

Tenants engagement ensures that tenants actively participate in helping EHC to improve the quality of the services that are delivered to tenants.

Tenants engagement forums are done through the following:

- Tenants Committee Meetings
- Community events i.e. Open Days that creates an opportunity for tenants to communicate directly with EHC staff members and other stakeholders
- Children's Holiday programme for children during school holidays
- Community events e.g. Mandela Day

T 2.4.3.1

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to 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
* Section 26 of Municipal Systems Act 2000	

T 2.5.1

Chapter 2

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Corporate governance is a system by which companies are directed and controlled. Boards of Directors are responsible for the governance of their companies or entities. The shareholder roles in governance are to appoint directors and the auditors to oversee the strategic objective and that appropriate governance processes and policies are in place.

T 2.6.0

2.6 RISK MANAGEMENT

RISK MANAGEMENT

Four key strategic risks have been identified and are rated in the table below. These risks are aligned to the company's strategic objectives and are regularly assessed and reported on to the Board in line with the EHC's risk management framework.

Risk No:	Risk:	Impact:	Likelihood:	Inherent :	Mitigation
1	Insufficient revenue generation and/collection	5	5	25	Revenue collection enhancement strategy includes: Implementation of incentives; Tenant engagement; Expedition of the execution of current evictions (30); Stringent debt recovery and consequence management which includes: <ul style="list-style-type: none"> o Bulk text reminders; o Telephone calls; o Tenant communication through newsletters; o Communication of letters of demands and terminations; o Listing of defaulting tenants with the Credit Bureau; o Blocking of prepaid electric meters. Appointment of a debt collection firm paid on a recovery basis for all accounts with arrears exceeding 120 days; and Implement an exemption for the tariff increase for this year and cease interest charged on arrear accounts for the FY 2021.
2	Not meeting social housing demand and stagnating the company's growth	5	4	20	Identify and request transfer of Council rental stock to EHC Develop and sign memorandum of understanding between EHC & CoE for transfer of rental stock Request additional funding from the shareholder and the regulator.
3	Non-compliance to social housing rental regulation on income threshold	5	4	20	Review and strengthen the verification procedures during application and lease renewal processes
4	Increased tenants' turnover and boycotting of rental payment.	5	4	20	Request additional funds for maintenance Maintenance plan Implement the Property Management Module Community Development Programs

T 2.6.1

Chapter 2

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

As part of the entity's risk management strategy, the Risk Committee conducts quarterly reviews of Supply Chain processes to identify any areas of irregularity so that they can be dealt with.

This function of the entity is shared with the COE and the hotline provided by the COE also aids in the identification and resolution of any matters of corruption or irregularity. Furthermore, the EHC follows the precepts, practices, and processes of the COE in maintaining vigilance, and acting against corruption.

T 2.7.1

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

SCM Policy was reviewed and amended accordingly, to align it with the legislative requirements and National Treasury-issued Circulars and it was amended and adopted by Council on November 2013.

Furthermore, in line with MSCM regulation 3(c), which requires at least an annual review of the implementation of the SCM policy, the approved SCM policy was reviewed during the period under review and it requires no amendments.

Supply Chain Processes

Demand Management

The system of demand management must allow for the analysis of proper needs, the establishment of a supplier database, implementation of IDP projects and drafting of proper specifications. Circular 62 issued by National Treasury requires that municipalities develop a procurement plan for all procurement needs.

Acquisition Management

The system of acquisition must allow for compliance with all the ranges of procurement as legislated.

Bid Committees

The following bid committees are established to allow for the smooth implementation of the competitive bidding process:

- Bid Specification Committee.
- Bid Evaluation Committee; and
- Bid Adjudication Committee.

Members of all bid committees were appointed by the Accounting Officer. All bids are dealt with by all the committees.

Chapter 2

Tenders awarded

During the year under review, EHC advertised in the government gazette, its website and awarded the following contracts

- i. Cleaning and gardening services
- ii. Security services
- iii. Construction of social housing units at Clayville ext 45, in Tembisa
- iv. Construction of social housing rental units at 40 long street in Kempton Park
- v. Appointment of professional service providers for both Clayville and Kempton Park

Suppliers database

In response to the requirements of SCM regulations relating to a Supplier Database issue, SCM advertises public to invite qualifying suppliers for various services to register in EHC approved database to foster compliance as well efficient and effective operations.

Panel of contractors

During the 2019/20 EHC advertise and appointed the panel of contractors for repairs and maintenance services at all EHC complexes.

EHC also appointed a panel of legal attorneys to provide legal services relating to evictions and other related services

Challenges

During December 2018 there was a fire in the SCM department. The analysis of the fire determined the following items were destroyed with implication on the 2018/19 financial year audit:

Tender/ procurement documents destroyed:

- Cleaning and security tender documents.
- Other tender documents, SCM committee minutes, attendance registers and their resolutions.
- Prepaid water meter project tender documents.
- RFQs, including fire horse, pest control, access control.
- Requisitions, tenders, and registers.
- SCM committee minutes, attendance registers and their resolutions

Risk

In terms of the Public Audit Act, material findings on compliance of legislative requirements are to be reported on. The SCM regulations and processes for the prior period before the fire will not be able to be verified.

Mitigation / Action take Engagement with the internal and external (Audit General) to disclose the incident. Records are stored in a fireproof strong room with electronic copies maintained on a shared drive.

EHC is in the process of an offsite electronic back-up storage with CoE as part of the MSCOA ERP system.

Impact:

Management has assessed that this will have an impact on the audit of the 2019/20 financial year in terms of disclosure of irregular expenditure especially for contracts that extended into the 2019/20 financial year.

T 2.8.1

Chapter 2

2.9 BY-LAWS

This section is not applicable to the Ekurhuleni Housing Company

2.10 WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	1-Jul-20
All current budget-related policies	No	N/A
The previous annual report (Year -1)	Yes	1-Apr-19
The annual report (Year 0) published/to be published	Yes	1-Apr-21
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	No	N/A
All service delivery agreements (Year 0)	No	N/A
All long-term borrowing contracts (Year 0)	No	N/A
All supply chain management contracts above a prescribed value (give value) for Year 0	No	N/A
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	No	N/A
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	N/A
Public-private partnership agreements referred to in section 120 made in Year 0	No	N/A
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	No	N/A
<p><i>Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course, encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.</i></p> <p style="text-align: right;">T 2.10.1</p>		
<p style="text-align: center;">COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:</p> <p>EHC will redesign the website to be fully compliant to all the regulatory requirements as well as add more features to benefit current and prospective tenants. The website and most of its content is publicly available and can be easily accessed on smartphones and all other computing devices. EHC website gets a monthly hit rate of 1850 views and 320 individual user hits on average.</p> <p style="text-align: right;">T 2.10.1.1</p>		

Chapter 2

2.11 PUBLIC SATISFACTION ON ENTITY SERVICES

PUBLIC SATISFACTION LEVELS

No Satisfaction Surveys were undertaken during the 2018/19 year due to budget constraints.

T 2.11.1



Chapter 3

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)



EHC MANAGEMENT

INTRODUCTION

Covid-19 Challenges

Covid-19 has disrupted the normal operations of the organisation at an impact that is often underestimated. It has had a serious impact on the HR operations, Financial Health of the Organisation, Operations and Governance Processes.

In these have a financial cost to the organisation worse to a financially strained organisation such as the EHC. Over and above the financial implications we needed to interrogate how our existing HR policies related to remote working in various aspects such as monitoring productivity, holding employees accountable, abuse of company equipment, contributions towards voice and data costs, remuneration, health and safety at home, sick leave procedures etc.

Financial Health

The EHC has been grappling with low revenue collection, but the results of the fourth quarter do demonstrate the impact of Covid-19 which has exacerbated the situation. The 4th Quarter reflects a 10% deterioration to the previous quarter and June 2020 reflects the lowest collection the EHC has experienced 41%.

T 3.0.1

Chapter 3

COMPONENT A: PROPERTY MANAGEMENT



R.Tsoka -Property Manager

INTRODUCTION TO PROPERTY MANAGEMENT

The strategic objective of the Property Management is to improve community participation and customer experience through efficient and effective maintenance programmes, developing a system to log and resolve tenant problems within 30 days, understanding building conditions, conduct tenant surveys and community development programmes.

The Property Management covers Tenant Management Services (i.e. Vacancy and Occupations, leasing activities and community development); Facilities management services (i.e. repairs and maintenance); cleaning and gardening; safety and security and the general upkeep of communal areas.

EHC is in the process of implementing a property management module in SOLAR. The software is in the final stages of testing. The system will be activated in the new financial year.

EHC has maintained the occupation rate of above 98% and a vacancy rate of 2% against the target of 98% occupancy throughout the whole year.

Management is looking forward to further consolidate the achievements for the next financial year 2020/21 with the target of 98% as expressed in the business plan.

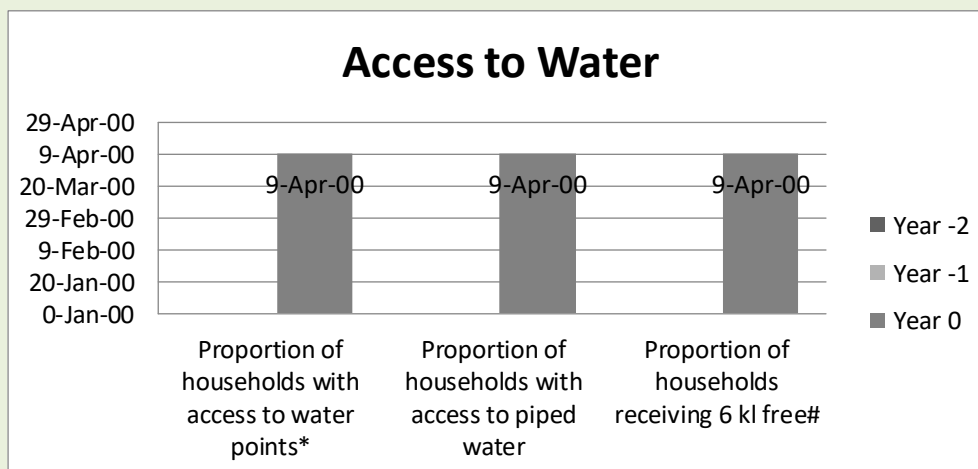
T 3.1.0

Chapter 3

3.1. REPAIRS AND GENERAL MAINTENANCE

Repairs and maintenance SDBIP target for the spend as a percentage for the year is 75%. 25% of the annual budget was not spent as at 30 June 2019, as the appointment for contractors were only finalised towards the end of June 2019, with limited time to execute the maintenance required within the quarter. There were also several RFQ that were no awards that also contributed to the 25% annual budget not spent.

Access to Water			
	The proportion of households with access to water points*	Proportion of households with access to piped water	Proportion of households receiving 6 kl free#
Year -2	100	100	100
Year -1	100	100	100
Year 0	100	100	100
			T 3.1.5



WASHING LINES REFURBISHMENT AT ALL COMPLEXES



Chapter 3

REFURBISHMENT & REPAIRS OF ACCESS CONTROL AT ALL COMPLEXES



INSTALLATION OF WATER METERS, INSTALLATION OF PRESSURE VALVES & REPLACEMENT OF TAPS



REMOVAL OF ALL DAMAGED NONE USED VEHICLES & TRAILORS.



Chapter 3

REFURBISHMENT OF BALCONY & STAIRS REPAIRS. REFURBISHMENT OF DUSTBIN AREAS



FITMENT OF LED SOLAR LIGHTS AT DELVILLE & AIRPORT PARK, REPAIRS OF POTHOLES AT PHAROE PARK & DELVILLE & REPAIRS OF BROKEN WINDOWS AT ALL COMPLEXES & TOWERS



TABLES 3.1.1 – 3.1.10 ARE NOT APPLICABLE TO THE EKURHULENI HOUSING COMPANY

Chapter 3

3.2 SECURITY SERVICES

The security service contract is ongoing, and the security performance continues to meet satisfactory levels following our service level agreement. Ongoing meetings are scheduled as agreed, for monitoring and evaluation of the performance. There are weekly meetings scheduled for operational requirements with security supervisors & monthly meetings with security management for management intervention. The security has stepped up on access control, it is visible by most visitors parking outside our complexes.

ASSISTING WITH EVICTIONS. ONGOING MEETINGS TO ENSURE IMPROVEMENTS AND RISKS.



TABLES 3.2.1 – 3.2.10 ARE NOT APPLICABLE TO THE EKURHULENI HOUSING COMPANY

3.3 CLEANING AND GARDENING SERVICES

Gardening and cleaning of the complexes are being well maintained. Service standards are also being upheld and monitoring and evaluation take place as required. EHC staff, tenants and auditors are well pleased with the upkeep & professionalism being conducted.

T 3.3.1

Chapter 3

GARDENS ARE ALWAYS IN GOOD CONDITION.



TABLES 3.3.1 – 3.3.7 ARE NOT APPLICABLE TO THE EKURHULENI HOUSING COMPANY

Chapter 3

3.4 CAPITAL PROJECTS

The EHC planned 2 capital projects as detailed below. The entity is acting as an implementation agent with COE for the execution of the projects detailed below.

Clayville Ext 45 is a multi-year project. The project followed an accelerated programme and two contractors were appointed for the project. The budget was revised during budget adjustment to make provision for acceleration of the project.

Capital Expenditure Year 0: Housing Services					
R' 000					
Capital Projects	Year 0				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure (Implementation Agent)	Variance from original budget	
Clayville Ext 45	20,000,000	0	37,500,000		R230 538 595
Kempton Park (Long Street)	16,800,000	0	3,265,165		R49,959,152
<i>Total project value represents the estimated cost of the project on approval by the council (including past and future expenditure as appropriate.</i>					<i>T 3.5.6</i>

Chapter 3

COMPONENT B: PROPERTY DEVELOPMENT



P Mojapelo -Development Manager

INTRODUCTION TO PROPERTY DEVELOPMENT

The role of the Property Development Division is to identify new social housing opportunities, management of the construction of new units and refurbishment projects. The EHC's mandate and strategy are to develop institutional capacity to scale up delivery and management of social/rental housing through the following:

- a. Development of new rental stock on well-located land.
- b. Development of infill projects within the inner cities throughout the metropolis to improve densities, maximize the use of existing infrastructure, and contribute to urban renewal.
- c. Management of public rental stock on behalf of the EMM, thereby increasing efficiencies, improving revenue collection, and ensuring that the affordable rental housing market is functional and sustainable.

Current Portfolio

- Total units under management – 1244
- Pharoe Park Complex (440 units) includes Block E Refurbishment Project (18 units)
- Airport Park Complex (300 units)
- Delville Complex (360 units)
- Chris Hani Village Phase 1 (144 units)

EHC has a target to develop 1647 new units over the next 5-year period.

Chapter 3

3.4 MANAGEMENT OF STOCK TRANSFER PROCESS

The COE owns and manages several rental housing stocks within the Municipality. The Mayoral Committee meeting held on 18 February 2010, discussed the Turnaround Strategy for Ekurhuleni Housing Company (EHC) under Item BHD (092010) and resolved that “City of Ekurhuleni (COE) identifies housing stock from its rental portfolio and transfers it, to be managed by Ekurhuleni Housing Company (EHC).” There are tax implications to the transfer of municipal stock from the City to EHC, for which the entity is unable to meet. As a result, EHC is not able to take over the municipal stock. The EHC is working with the City to get into a leasing arrangement for Germiston Fire Station Phase 2 project, whereby the EHC will tenant and manage the property whilst ownership remains with the City until such time that the tax contribution issues are resolved.

3.6 PROJECTS CONSTRUCTION, CHRIS HANI PHASE 2, CLAYVILLE EXT 45, AIRPORT PART AND VOSLOORUS

PROJECTS AT IMPLEMENTATION

Clayville Ext 45 Integrated Housing Development, also known as the Clayville/Tembisa Mega Project is located within the City of Ekurhuleni (CoE) area of jurisdiction. The development will cater for the “entry-level” housing market and provide approximately 1 621 RDP multi-storey housing units, 452 social rental multi-storey units and 1 129 FLISP single residential housing units, with a variety of supporting land, uses such as private and public schools, parks, community facilities and business stands.

EHC is the implementing agent for the project. Contractors were appointed in November 2019. Project is at implementation, scheduled for completion in June 2021.

Clayville Ext 45 is a multi-year project. The project followed an accelerated programme and two contractors were appointed for the project. The budget was revised during budget adjustment to make provision for acceleration of the project.

Kempton Park Long Street Social Housing Project is located along Long Street in Kempton Park. The project entails the development of 84 social housing units on Kempton Park Erven R/2676 & 1/2676. EHC is the implementing agent for the project. Contractors were appointed in May 2020. The project is at implementation, scheduled for completion in June 2021.

Valorous Ext 9 is an Integrated Residential Development Project (IRDP) to cater for the development of social housing units and RDP walk-ups. The project will deliver 770 social housing units, which comprise of one- and two-bedroom units, with a bathroom, kitchen and living area. The land on which the project is to be developed belongs to CoE. CoE is currently busy with bulk earthworks on the project. Upon completion of this phase of the project, the project will be handed over to EHC for the development of a social housing project.

The Germiston Fire Station Phase 2 Social Housing Project (now referred to as Chris Hani Village Phase 2). The project is located in Germiston South at the old fire station between Linton Jones and

Chapter 3

President Street. One hundred and forty-four (144) units were delivered during phase 1 and one hundred and ninety-seven (197) units are to be constructed during phase 2. Nine (9) of these are commercial units. The project is 85% complete. The project is implemented by the CoE, in partnership with the EHC. Upon completion, the City will hand over the project to the EHC for tenancing and management.

Erf 62, Airport Park Ext 2 is situated within the Germiston area, along Joubert Street and Refinery Road M37. The project is within the existing EHC Airport Park Housing Complex. The project is implemented by the CoE, in partnership with the EHC. This project comprises of a 3-4 storey walk-ups and will yield 144 social housing units, comprising of one bedroom and two-bedroom units with a kitchen, living area and a bathroom. The land on which the project is developed is owned by the EHC. The expected completion date of the project is June 2021.

Acquisition of 3,100 housing units currently managed by the City. However, the modalities for the transfer of these properties are being investigated with the CoE considering the tax implications and the transfer costs to be incurred in this process.

3.7 PROJECTS PACKAGING PROGRAMME

EHC has a pipeline of projects at various stages of readiness for implementation. The EHC has embarked upon a process to package projects in the project pipeline with particular focus on the social, spatial, technical, and financial factors towards a state of readiness for implementation.

3.8 BUILDING ACQUISITION FRAMEWORK AND PROGRAMMING

Capital Expenditure Year 0: Housing Services						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure (Implementation Agent)	Variance from the original budget	Total Project Value	
Clayville Ext 45	20,000,000	0	37,500,000		R230 538 595	
Kempton Park (Long Street)	16,800,000	0	3,265,165		R49,959,152	
<i>Total project value represents the estimated cost of the project on approval by a council (including past and future expenditure as appropriate.</i>					<i>T 3.5.6</i>	

Chapter 3



Figure 2 Site clearance



Figure 1 Platforms on Portion 3

Long Term Contracts (20 Largest Contracts Entered into during Year 0)

R' 000

Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
FIJ Consulting	Development, Design & Project Management of Clayville Ext 45 Social Housing Project	29-Apr-19	30 June 2021	Pheladi Mojapelo	16,381,336
Proconse	Construction of Social Housing Units on Ptn 2 Clayville Ext 45	12-Nov-19	30-Jun-21	Pheladi Mojapelo	60,838,742
Sinapi Global JV 3TDKM Int (Pty)Ltd	Construction of Social Housing Units on Ptns 1 & 3 Clayville Ext 45	12-Nov-19	30-Jun-21	Pheladi Mojapelo	149,899,272



Figure 5 CLAYVILLE SITE CLEARING



Figure 4 Bulk Earth work portion 1



Chapter 3

Ndodana Consulting Engineers	Review of Detailed Design & Construction Monitoring for 40 Long Street Kempton Park	25-Oct-19	30-Jun-21	Pheladi Mojapelo	2,160,850
TTTB Supplying	Construction of 84 Social Housing Units at No 40 Long Street Kempton Park	12-May-20	30-Jun-21	Pheladi Mojapelo	47,798,302

Chapter 3

COMPONENT C: COMMUNITY DEVELOPMENT

INTRODUCTION TO COMMUNITY DEVELOPMENT

The purpose of the Community Development department is to implement and manage the EHC's community development strategies, policies and plans to support the development of sustainable communities and enhanced quality of life for all EHC tenants and surrounding communities. This is achieved through the following:

- Community development initiatives that create a relationship between EHC and its tenants.
- Planning and managing specific community development engagement; and
- Empowerment programmes, including education of tenants on their responsibility to the effective running of their complexes.

It is for this reason therefore that EHC seeks to develop programmes to enhance relationship and quality of living for the tenants.

3.9 COMMUNITY DEVELOPMENT ACTIVITIES

Tenants Engagement

Purpose

- To ensure that tenants actively participate in helping EHC to improve the quality of the services that are delivered to tenants.
- To Ensure that there is a clear framework in place to promote, support and assess the impact of tenant engagement and participation.
- To establish opportunities for tenants to have a platform to engage and make suggestions/inputs on what services are expected from EHC.
- To assist EHC to align tenants' concerns to services required

There were different meetings with Tenants Committees during the 19/20 period and the following were subjects for discussion:

1. Meeting held on the 15 July 2019 at Pharo Park between EHC and PAD Tenants Committee

Matters for discussion

- 1.1 Improving Customer Service
- 1.2 Improving Service Delivery

2. Meeting held on the 02 December 2019 at Pharo Park between EHC and PAD Tenants Committee

Chapter 3

- 2.1 Explanation on rental increases
- 2.2 Airport Park Construction
- 2.3 Clarification on tenants' deposits
- 2.4 Workshop on Water Meters
- 2.5 Tenants summons for non-payment of rent
- 2.6 Lease agreements

3. Meeting held on the 10 March 2020 between CRM, Ward 35 Counsellor, EHC, Finance, Human Settlements, Energy and PAD Tenants Committee

3.1 Background

On the 10th March 2020, a meeting took place amongst the EHC, City of Ekurhuleni regarding the unblocking of the pre-paid electrical meters. The meeting was mediated by the City Of Ekurhuleni through its Customer Relations Management, which included other role players in the City i.e. Human Settlements and Energy and Revenue departments. The meeting was initiated by the tenant's committee PAD (Pharos Park, Airport Park and Delvile).

3.2 Matters for discussion:

- 3.2.1 Blocked the Electricity Meters.
- 3.2.2 Credit control measures
- 3.2.3 Rental arrears payment arrangements
- 3.2.4 Different Leases

A follow-up meeting could not be held due to the lockdown.

4. Meeting held on the 23 March 2020 between EHC and PAD Tenants Committee

4.1 Background

The President of South Africa announced a set of measures to deal with the devastating impact of Covid-19 pandemic. The EHC seeks to consolidate on the efforts pronounced by the President and seeks to provide for guidelines for its Staff, Tenants and Service Providers to deal with this devastating matter.

4.2 Overarching Objective

The initiatives to be spelt out here are underpinned by the imperative to protect the lives of the staff and tenants by applying adequate health and safety precautions and to ensure business continuity.

4.3 Business Continuity

- EHC operations shall continue unhindered
- EHC shall observe all regulatory requirements when conducting its business during the COVID19 disaster.

4.4 Joint Operations Centre

Chapter 3

- The Joint Operations Centre WhatsApp group has been established comprising EHC Representatives i.e. by the CEO, PM, CC, CDO, HSV, TMS and the PAD and CHV Tenants Committee with the purpose of ensuring that operations are managed during the period of the pandemic.
- The purpose of the JOC is to ensure that tenant's issues are dealt with accordingly and disseminates accordingly and escalated as well in terms of the EHC structures.

5. A meeting was held with the PAD Tenants Committee on 17 June 2020 with the CEO, CFO and PM at EHC head office.

The matters for discussion were as follows:

- 5.1 EHC Presentation on EHC operations
- 5.2 Terms of Reference for the Committee (Roles and Responsibilities and Communication Protocols)
- 5.3 Code of conduct
- 5.4 EHC Programme for the 2020/21 Financial Year
- 5.5 Tenants Committee Issues included the following:
 - Matters around the Leases
 - Water Meters Activation
 - Ownership

6. Tenants Communication

A newsletter for this fourth was distributed to all complexes to communicate with tenants and to keep them informed about the EHC operations. The following were the news content:

- COVID-19 Awareness
- 20/21 EHC Community Development Programmes to be undertaken
- Finance (rent payment incentives)
- Tenant Management (Renewal of Leases)

EHC COVID-19 Communication

To this date, EHC has abled to disseminate the following valuable information to the tenants. This was to ensure that the tenants are not left out. The tenants were provided and empowered with the following information as follows in the face of COVID19 challenges.

- A memo relating to the declaration was sent to tenants on the 18 March 2020 and the declarations still stand we have not received any negative feedback.
- EHC coronavirus measures poster was also sent to tenants that indicates step by step measures to be taken to prevent the spread.
- Memo on Coronavirus outbreak which seeks to define what is the disease is all about
- Memo on EHC measures to deal with the impact of Coronavirus (Covid-19) a newsletter was issued.
- Memo on misinformation on rental payment was circulated to all tenants from SHRA
- Business continuity was also communicated to tenants in terms of EHC measures taken in providing the services with minimal disruptions.

Chapter 3

- EHC is part of the JOC team which is the integral approach for CoE.

Children's Holiday Programme

EHC runs a Children's Holiday Programme during the period of school holidays for learners from Grade 1 to Grade 9 was put on hold due to pandemic Covid-19.

Objectives of the Programme

- To create a safe haven for the children.
- To provide accessibly, well-maintained community infrastructure; and
- To prevent gangsterism in our complexes.

The following are Children related incidents in the complexes which are reported during the school holidays:

1. Children playing in the parking area and damaging/scratching vehicles.
2. Children playing in corridors and stairs.
3. Children vandalising empty units.

3.10 COMMUNITY PROGRAMS



Chapter 3



Chapter 3

3.11 FINANCIAL SERVICES

Debt Recovery								R' 000
Details of the types of account raised and recovered	Year -1		Year 0			Year 1		
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %	
Rental revenue	48 181	78%	31 970	53 438	60%	54 433	95%	
<i>B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.</i>								

T 3.25.2

Financial Performance Year 0: Financial Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	55 975	56 333	(4 170)	54 402	-4%	
Expenditure:						
Employees	21 186	28 044	(2 966)	24 529	-14%	
Repairs and Maintenance	5 619	4 491	275	4 217	-7%	
Other	42 760	39 230	10 966	61 806	37%	
Total Operational Expenditure	69 565	71 765	8 276	90 551	21%	
Net Operational Expenditure	13 590	15 432	12 446	36 149	57%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						

T 3.25.5

Chapter 3

3.12 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

The priorities and achievements of Human Resource were:

Recruitment and Selection

Three Building Technicians posts were filled within this period. A contract appointment of a Governance and Compliance Specialist post on a 24 months contract was done.

Skills Development

A Skills Development Framework and Skills Development Plan for 2019/20 was developed and approved, although successful implementation of the Skills Development Plan was not achieved due to COVID-19 national lockdown.

Employee Wellness

Occupational Health and Safety was prioritised during the reporting period in that an OHS policy was developed and was approved by the EHC Board. Employee wellbeing and occupational health and safety became even more urgent due to the COVID-19 pandemic. An EHC COVID-19 Workplace Plan was developed and the Executive Manager: Corporate Service was appointed as the COVID-19 Champion for EHC aligned to the COVID-19 OCCUPATIONAL HEALTH AND SAFETY MEASURES IN WORKPLACES COVID-19 (C19 OHS), 2020 issued by the Minister of Department of Employment and Labour on 29 April 2020. Measures were also put in place to prepare the EHC workplace before the return of staff to the office after the level 5 national lockdown ended.

Three COVID-19 cases were recorded in EHC by the end of the financial year. The disinfection of the EHC office was arranged and twenty-three staff members who were possibly exposed to the positive case was tested and advised to self-isolate for 14 days while working from home. Staff members were kept informed of COVID-19 information utilising circulars which were emailed and send via the EHC COVID-19 short message service (SMS) group.

Remuneration

The annual cost of living adjustment was affected by the salary of staff.

Performance Management

Major improvements were affected in this area of HR in that a Performance Management policy was drafted, approved, and successfully implemented.

Employee Relations

This is also still an area of concern as the period of finalisation of cases is too long. This is as a result of capacity constraints. The collaboration with the City of Ekurhuleni's Employee Relations Unit resulted in an improvement in this area.

Chapter 3

Employees: Human Resource Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
A - BU	5	8	1	1	13%
C	17	17	1	0	0%
D	6	6	0	0	0%
E1 - E3	3	3	1	0	0%
Total	31	34	3	1	3%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.26.4*

3.13 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes information and communication technology (ICT) service. EHC will embark on an improvement programme to improve their information and communications technology operations. This will be achieved by assessing and improving the ICT portfolio, programme and project management processes and implementing the 12 control objectives for information and related technologies (COBIT) processes as documented in the public service and administration's (DPSA) corporate governance of ICT policy framework.

The priorities and achievements of ICT were:

ICT Business Continuity

To ensure business continuity of ICT, a backup server was procured to ensure that EHC data is backed up at all times and to prevent the risk of data loss, and additional backup licence software endpoint data backup and recovery has been approved. The backup solution will focus on using automated user data backup to increase ICT service delivery and efficiency while driving down support costs. It always ensures business-related user data available furthermore ensures that all business data is protected because of its central policy management capability with centralized reporting on our client's entire organization's end-user data.

Information Security

The procurement of endpoint backup solution will protect the distribution data anytime and information security as follows:

Chapter 3

- setting up a centralized all data – that will automatically collect all your user’s data from where they are.
 - securely centralizes all data – with absolute minimal bandwidth and storage impact through data de-duplication technology.
 - seamlessly recover data - to any location if you have the correct security clearance – this means that you can collect and access your company information seamlessly.
 - automated encryption of user devices – and the ability to remotely wipe data ensures that you protect against unauthorized access.
 - geo-location allows you to track – all your devices.
 - assist users remotely by - restoring any corrupt, damaged, deleted, or lost data remotely.
- Website Update.

The turnaround time on any updates or loading of information onto the EHC website improved as this function was taken over by ICT. In the past, EHC was dependent on the service provider to load information on the website.

ICT Governance

controls were improved in terms of user access to EHC ICT systems, with users now required to complete application forms to request access to ICT systems. this allows ICT to monitor user access to EHC ICT systems. and further developed ICT policies about the COE ICT policies as a parent company.

mSCOA ERP System Implementation

A project team was established to project manage the implementation process of the ERP system in EHC. Although ERP modules for implementation in EHC was identified, the focus was on enhancement to the SOLAR Property Management and Asset Management modules.

Website update

The EHC website improved to include applying security patches, clearing out log files, enlarging disk space before it runs out, updating & posting of content. The website is interactive and ERP system compatible.

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3.14 PROPERTY; LEGAL; RISK MANAGEMENT AND OFFICE OF CEO

ICT RISK MANAGEMENT (ALIGNED TO COBIT PROCESSES ASSESSMENT)

Risk Name	Risk Description	Root Causes	Impact	Current Controls	Progress on Mitigating Action	CobiT Process Affected
Disaster Recovery Management	Lack of Backup Systems	Contract with the service provider expired	High	Manual Desktop-based Backup	procurement of backup server started and additional of endpoint backup solution.	Governance of Enterprise IT
Risk Name	Risk Description	Root Causes	Impact	Current Controls	progress on mitigating action	CobiT Process Affected
Disaster Recovery Management	Lack of Backup Systems	Contract with the service provider expired	High	Manual Desktop-based Backup	Procurement of Backup Server Started	Governance of Enterprise IT

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

Information and communications technology (ICT) governance has been described as effective and efficient management of ICT resources to facilitate the achievement of organizational goals and objectives. ICT does not exist for its own sake within an organisation; ICT is there to make sure that organisations achieve sustainable success using their ICT. the ICT governance institute describes ICT governance as, “the responsibility of the board of directors and executive management. ICT is an integral part of enterprise governance and consists of the leadership and organisational structure and processes that ensure that the organisation’s ICT sustains and extends the organisation’s strategies and objectives.

Company Scorecard 19.20fy

COMPONENT D: ORGANISATIONAL PERFORMANCE SCORECARD

ANNUAL PLANS FOR ENTITY'S CONTRIBUTION TOWARDS STRATEGIC PRIORITIES (METRO WIDE SDBIP)

Department	Outcome	Ref No.	Performance Indicator (Output level only)	Baseline (Annual Performance of 2018/19 estimated)	Annual target for 2019/20	Target for 2019/20 SDBIP per Quarter								Annual achieved/ Actual	Indicator Definition	Portfolio of Evidence
						Q1 Planned Target	Actual	Q2 Planned Target	Actual	Q3 Planned Target	Actual	Q4 Planned Target	Actual			
				1	2	3	4	5	6							
EHC	To ensure financial management	1A	Revenue collected as a percentage of amount billed.	94%	95%	95%	63.1 %	95%	69.8 %	95%	58.3 %	95%	48.3%	Not achieved 59.9%	The indicator measures the percentage of revenue collected as a percentage of amount billed. This excludes amounts that were written-off and amounts owed by tenants who no longer occupy units.	Solar system reports and Finance quarterly reports signed off by the CFO of EHC.
<p>Contributing factors for under-performance:</p> <ul style="list-style-type: none"> ➤ Declaration of National State Disaster: Covid 19 ➤ Eviction process delayed due to restrictions; ➤ Tenants boycott to not pay rental and ownership claims; ➤ Tenant leases not renewed upon expiry; and ➤ Tenant master data not updated. 																

Chapter 3

EHC	To enhance the internal controls	2A	Audit opinion	Unqualified audit opinion	Unqualified audit opinion	-	-	-	-	Unqualified audit opinion	Unqualified audit opinion	-	-	Achieved	The indicator measures the Audit opinion as issued by the Auditor General of South Africa.	Auditor General's Report
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ANNUAL PLANS FOR ENTITY'S CONTRIBUTION TOWARDS STRATEGIC PRIORITIES: DEPARTMENTAL SDBIP

Department	Outcome	Ref No.	Performance Indicator (Output level only)	Baseline (Annual Performance of 2018/19 estimate)	Annual target for 2019/20	Target for 2019/20 SDBIP per Quarter								Annual achieved/Actual	Indicator Definition	Portfolio of Evidence
						Q1 Planned Target	Actual	Q2 Planned Target	Actual	Q3 Planned Target	Actual	Q4 Planned Target	Actual			
				1	2	3		4		5		6				
EHC	To maintain quality and safe living environments for all the inhabitants	1B	Number of tenant committees established	New indicator	5	5	0	5	0	5	0	5	0	Not achieved -5 Number of tenant committees established	The indicator measures the number of tenant committees established for each building or development with Tenant Committee Terms of Reference or Constitution.	Appointment letters signed by tenant committee members and tenant committee minutes
Not achieved as the entity did not have 5 tenant committees in the year. Furthermore, the tenant committee was not effective.																

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EHC	To maintain quality and safe living environments for all the inhabitants	2B	Number of quarterly newsletters produced	New indicator	4	1	1	1	1	1	1	1	4	Achieved 4	The indicator measures the number of quarterly newsletters produced.	Copies of newsletters
EHC	To maintain quality and safe living environments for all the inhabitants	3B	Percentage of vacant units in complexes	2%	≤ 2%	≤ 2%	1.4%	≤ 2%	1.5%	≤ 2%	1.8%	≤ 2%	1.6%	Achieved 1,6%	The indicator measures the percentage of vacant units in rental complexes. The actual performance must be either less or equal to the target reflected to record an achievement	Solar system reports
EHC	To maintain quality and safe living environments for all the inhabitants	4B	Percentage maintenance conducted against planned activities	New indicator	100 %	-	-	20%	61,9 4%	50%	62%	100 %	85.7 %	85,7% Not achieved	The indicator measures the percentage of planned maintenance conducted against planned activities. This indicator is cumulative.	Solar system reports, work completion certificates and approved maintenance plan

Activity was adjusted based on the Covid restrictions that negatively impacted planned maintenance.

Chapter 3

EHC	To maintain quality and safe living environments for all the inhabitants	5B	Percentage of customer maintenance complaints resolved within 30 days	70%	≥ 80%	≥ 80%	36%	≥ 80%	39%	≥ 80%	52%	≥ 80%	41%	42% Not achieved	The indicator measures the percentage of customer maintenance complaints resolved within 30 days. The actual performance must be either greater or equal to the target reflected to record an achievement.	Complaints register report and work completion certificates.
Maintenance was negatively impacted during the Covid 19 restrictions combined with non – paying tenants that are allowed limited maintenance activities subject to arrear balances.																
EHC	To ensure portfolio expansion and growth	6B	Number of social housing projects approved by the Board	New Indicator	2	-	-	-	-	-	2	4	Achieved 4	The indicator measures the number of social housing projects approved by the Board for 5 a year term.	Board minutes.	
EHC	To enhance the internal controls	7B	Number of repeat audit findings	New indicator	≤ 2	-	-	-	-	-	≤ 2	2	Achieved 2	The indicator measures the number of findings identified as repeat findings by the Auditor-General. "Repeat" findings refer to those findings, which have persisted from one year of reporting to the next.	Audit General Report	
EHC	To ensure financial management	8B	Percentage Capex expenditure	New indicator	≥94 %	≥4%	0%	≥28 %	5%	≥54 %	78%	≥94 %	100 %	Achieved 100%	The indicator measures the total capital expenditure on capital projects.	Solar system expenditure reports

Chapter 3

EHC: OPERATIONAL PLAN

The EHC Operational Plan will be not for reporting to the City but seeks to focus on critical issues as identified by the Board and Management in the achievement of the organisational priorities.

Department	Outcome	Ref No.	Performance Indicator (Output level only)	Baseline (Annual Performance of 2018/19 estimated)	Annual target for 2019/20	Target for 2019/20 SDBIP per Quarter						Annual achieved/Actual	Definition of the Indicator	Portfolio of Evidence		
						Q1 Planned Target	Actual	Q2 Planned Target	Actual	Q3 Planned Target	Actual				Q4 Planned Target	Actual
					1	2	3	4	5	6						
Property Management	To achieve a high level of tenant satisfaction and responsive customer service	1C	Conducting a Tenant Satisfaction Survey	New Indicator	Annual tenant satisfaction survey conducted	Appointment of Service Provider	Achieved	Conducting survey	achieved	Conducting survey	Achieved	Report Finalised	Achieved	Achieved Annual tenant satisfaction survey conducted	NASHO and / or SHRA approved tenant survey	Tenant Satisfaction Survey Report
		2C	Conduct Tenant Income audit	New Indicator	100% of tenant income audited	Appointment of Service Provider	Not Achieved	Conducting of Audit	Not Achieved	Conducting of Audit	Not achieved	Report Finalised	Not achieved	Not achieved 100% of tenant income audited. Audit was not completed.	A confirmation that tenants that are occupying units are Qualifying Beneficiaries, as defined	EHC tenant Income Audit Report

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Department	Outcome	Ref No.	Performance Indicator (Output level only)	Baseline (Annual Performance of 2018/19 estimated)	Annual target for 2019/20	Target for 2019/20 SDBIP per Quarter						Annual achieved/Actual	Definition of the Indicator	Portfolio of Evidence	
						Q1 Planned Target	Actual	Q2 Planned Target	Actual	Q3 Planned Target	Actual				Q4 Planned Target
				1	2	3		4		5		6			
		3C	Development of a Community Participation Annual Program	New indicator	Community Development Annual Program	Community Development Framework Development	Achieved	Tenants Engagement	Archived	Tenants Engagement	achieved	- Annual Programme Finalised	Achieved	Achieved Community Development Annual Program	Annual Programme of Community Development
Corporate Service	To build an accountable and high performance driven organisation	4C	% Staff with performance contracts and evaluations		100 % of performance agreement and evaluations concluded	100 % Performance agreements signed	Achieved 100 % Performance agreements signed			Mid year performance evaluations	Achieved Mid year performance evaluations concluded		Achieved 100% of performance agreement and evaluations concluded	Performance agreements and evaluations of Senior Managers & Executives	Signed Performance agreements and evaluations

Chapter 3

Department	Outcome	Ref No.	Performance Indicator (Output level only)	Baseline (Annual Performance of 2018/19 estimated)	Annual target for 2019/20	Target for 2019/20 SDBIP per Quarter						Annual achieved/Actual	Definition of the Indicator	Portfolio of Evidence	
						Q1 Planned Target	Actual	Q2 Planned Target	Actual	Q3 Planned Target	Actual				Q4 Planned Target
				1	2	3	4	5	6						
		5C	Policies developed and reviewed		Annual Reviewed Policy manual		Draft Policy Manual	Achieved	Board approved Policy manual	Achieved	100% Policy Training	Not Achieved	Achieved Annual Reviewed Policy manual	Policies developed and reviewed	Board Approved Policy Manual
		6C	Vacancy rate of EHC funded vacant posts		Vacancy rate of 5%	Vacancy rate of 5%	Not achieved Vacancy rate of 9% achieved	Vacancy rate of 5%	Not achieved Vacancy rate of 9% achieved	Vacancy rate of 5%	Not achieved Vacancy rate of 9% achieved	Not achieved Vacancy rate of 9% achieved	Not achieved Vacancy rate of 9% achieved	Percentage of funded vacant posts filled. Formula is the number of funded vacancies divided by the number of funded positions multiplied by 100	Quarterly HR report

Chapter 3

Department	Outcome	Ref No.	Performance Indicator (Output level only)	Baseline (Annual Performance of 2018/19 estimated)	Annual target for 2019/20	Target for 2019/20 SDBIP per Quarter						Annual achieved/Actual	Definition of the Indicator	Portfolio of Evidence		
						Q1 Planned Target	Actual	Q2 Planned Target	Actual	Q3 Planned Target	Actual				Q4 Planned Target	Actual
				1	2	3	4	5	6							
Property Management		7C	Development of OHS policy	New Indicator	OHS Compliance	Draft Policy	Achieved	Approved Policy & Implementation Plan	achieved			Annual inspections of fire extinguishers & hydrants	Not achieved	Not achieved OHS Compliance Policy was not completed	Compliance with OSH Act	Approved OHS policy & Implementation plan
Corporate Service	To build an accountable and high performance driven organisation	8C	Develop and implement Skills Development Plan	New indicator	100% implementation of the Annual Skills Development Plan	Approved Annual Skills Development Plan	Achieved	25% of Annual Skills Development Plan implemented	Not achieved	25% of Annual Skills Development Plan implemented	Not achieved	25% of Annual Skills Development Plan implemented	Not achieved	Not achieved 100% implementation of the Annual Skills Development Plan Plan was not implemented in the timeframe.	Skills Development Plan detailing targeted staff and targeted training courses for 2019/20	Annual Skills Development Plan and Quarterly Status reports

Chapter 3

Department	Outcome	Ref No.	Performance Indicator (Output level only)	Baseline (Annual Performance of 2018/19 estimated)	Annual target for 2019/20	Target for 2019/20 SDBIP per Quarter						Annual achieved/Actual	Definition of the Indicator	Portfolio of Evidence		
						Q1 Planned Target	Actual	Q2 Planned Target	Actual	Q3 Planned Target	Actual				Q4 Planned Target	Actual
				1	2	3	4	5	6							
CorpSM		9C	% completion and compliance with IT business continuity plan	New indicator	50% completion and compliance to IT Business continuity plan	Approved IT Business continuity plan	Not achieved	10% Compliance to IT Business Continuity Plan	Not achieved	20% Compliance to IT Business Continuity Plan	Not achieved	20% Compliance to IT Business Continuity Plan	Not achieved	<p>Not achieved</p> <p>50% completion and compliance to IT Business continuity plan</p> <p>Plan was not completed in the timeframe.</p>	Approved IT Business Continuity plan	Approved IT business Continuity Plan & quarterly status report
		10C	Organisational review		Organisational review completed	Organisational review completed	Not achieved					Achieved	Achieved	Review of organisation	Organisational Review Report	

Chapter 3

Department	Outcome	Ref No.	Performance Indicator (Output level only)	Baseline (Annual Performance of 2018/19 estimated)	Annual target for 2019/20	Target for 2019/20 SDBIP per Quarter							Annual achieved/Actual	Definition of the Indicator	Portfolio of Evidence	
						Q1 Planned Target	Actual	Q2 Planned Target	Actual	Q3 Planned Target	Actual	Q4 Planned Target				Actual
				1	2	3	4	5	6							
CEOs office		11 C	Quarterly assessment of risk.	New indicator	4 CEO signed off risk registers	1 quarterly risk register with risk mitigating actions	1	1 quarterly risk register with risk mitigating actions	1	1 quarterly risk register with risk mitigating actions	1	1 quarterly risk register with risk mitigating actions	1	Achieved 4 CEO signed off risk registers	Manco developed risk register	Copies of risk registers

Chapter 4

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)



L. Bowers-Charles – EM:CS

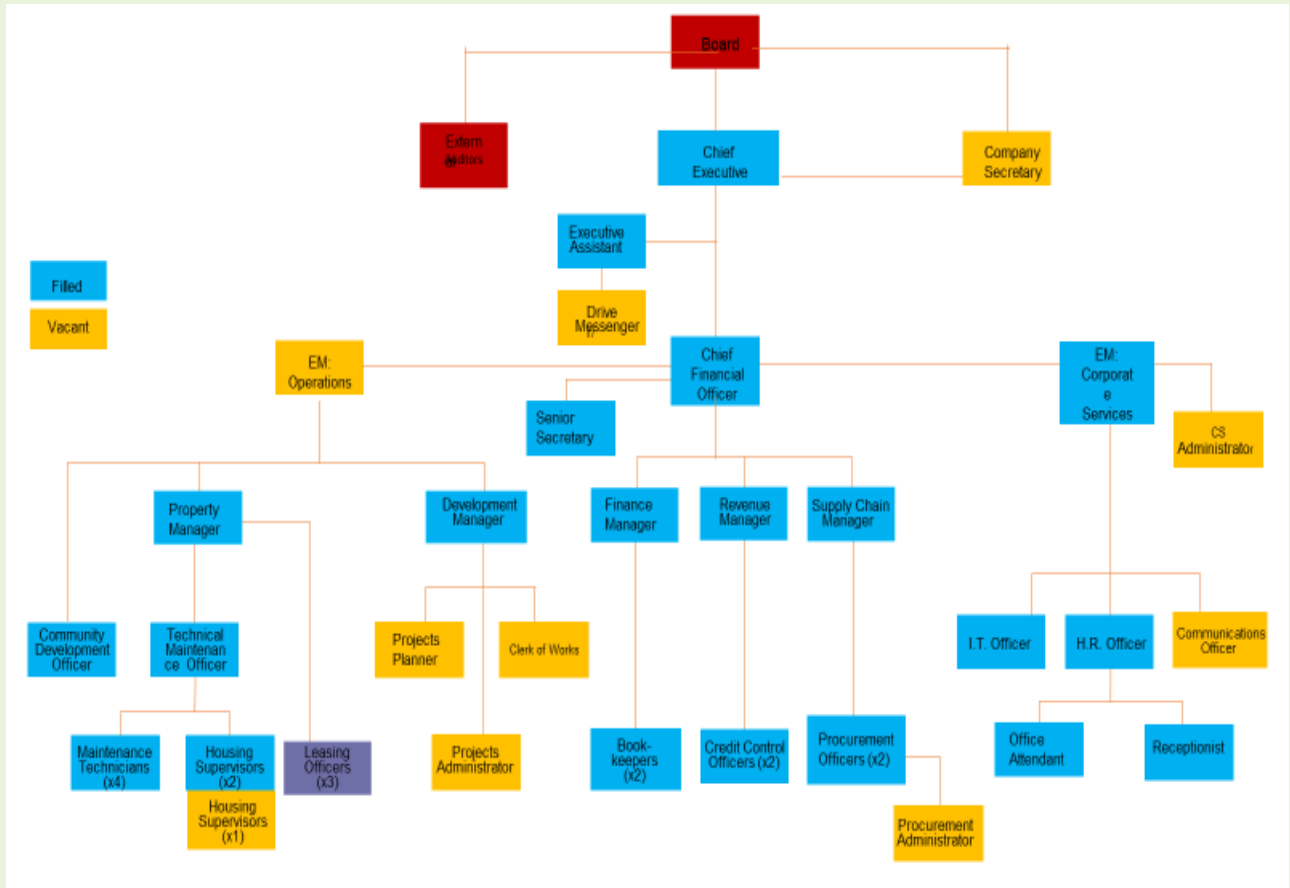
INTRODUCTION

EHC is a small organisation consisting of the following departments: Office of CEO; Operations; Finance and Corporate Service. The organogram consists of forty positions of which 17% (7 out of 40) are vacant and not funded.

An organisational structure review process was initiated with this reporting period with the focus on the core business of EHC, which is Operations (Property Management and Property Development) as well as Credit Control.

The Employment Equity profile of EHC is balanced as most population groups are represented in the staff establishment. The female versus male ratio is, however, a matter of concern, as although 60% of the staff is female and 40% is male, the representation of females at senior manager level remains low at 33% with males at 67%.

Chapter 4



Employment equity:

Occupational Levels	Female				Male				Filled Positions	Vacant Positions	All Positions
	African	Coloured	Indian	White	African	Coloured	Indian	White			
Top Management/ Executive	0	1	1	0	1	0	0	0	3	0	3
Senior Management	1	0	0	0	5	0	0	0	5	1	6
Professionally/ Middle Management	6	0	0	0	0	1	0	0	7	0	7
Skilled	7	1	0	0	2	0	0	0	10	1	11
Semi-skilled	2	0	0	0	3	0	0	0	6	1	7
Unskilled	0	0	0	0	0	0	0	0	0	0	0
Grand Total	15	2	1	0	11	1	0	0	31	3	34

Chapter 4

COMPONENT A: INTRODUCTION TO THE ENTITY PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	Year -1	Year 0			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Financial Services (inclusive of Supply Chain Management services)	11	11	11	0	9
Human Resource Services	4	4	4	0	25
I.C.T Services	1	1	1	0	0
Property; Legal; Risk Management; and Office of CEO	15	18	14	3	7
Totals	31	34	30	3	-
Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June, as per the approved organogram.					T 4.1.1

Vacancy Rate: Year 0			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Chief Executive Officer	1	1	100,00
CFO	1	1	100,00
Other S57 Managers (excluding Finance Posts)	1	0	0,00
Senior management: Levels 13-15 (excluding Finance Posts)	2	0	0,00
Senior management: Levels 13-15 (Finance posts)	3	0	0,00
Highly skilled supervision: levels 9-12 (excluding Finance posts)	11	0	0,00
Highly skilled supervision: levels 9-12 (Finance posts)	6	0	0,00
Total	25	2	8,00
Note: *For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.			T 4.1.2

Chapter 4

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
Year -2	1	0	
Year -1	3	2	67%
Year 0	4	3	75%

** Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year*

T 4.1.3

COMMENT ON VACANCIES AND TURNOVER:

Three Building Technicians and a Governance and Compliance Specialist (contract) were appointed. One retirement and two resignations were recorded in this period.

The high turnover rate is as a result of the resignations and retirement which equalled the number of appointments.

T 4.1.4

COMPONENT B: MANAGING THE ENTITY WORKFORCE

INTRODUCTION TO ENTITY WORKFORCE MANAGEMENT

Discuss the range and emphasis of workforce management at your municipality and briefly mention progress made with the development of workforce policies and management practices during the year. The number of Corporate Service (HR and ICT) policies are thirty-seven. Some policies can be seen as duplications as different components of the same subject are broken up in different policies. EHC intends to rectify this by streamlining policies to be subject based.

Business process improvement processes were implemented in the following areas; recruitment and selection, leave and skills development.

Municipal entities were included in the scope of the South African Local Government Bargaining Council and employee relations business processes were aligned accordingly.

T 4.2.0

Chapter 4

4.2 POLICIES

#	Policy	Status
1	CREDIT CONTROL, DEBT COLLECTION POLICY (Rent Act) AND EVICTION PROCESS	Approved FY 2019/20
2	BAD DEBT POLICY	Approved FY 2019/20
3	PROVISION FOR DOUBTFUL DEBT	Approved FY 2019/20
5	DELEGATION OF AUTHORITY	Approved FY 2019/20
6	SCM POLICY	Approved FY 2019/20
7	BUDGET POLICY	Approved FY 2019/20
8	COST CONTAINMENT	Approved FY 2019/20
9	Assets	Draft submitted Q3
10	PETTY CASH	Draft submitted Q3
11	CASH AND INVESTMENT POLICY	Draft submitted Q3
12	Fraud Prevention	Q4 In process FY 2019/20
13	Revenue	Q4 In process FY 2019/20
14	Rental Determination	Q4 In process FY 2019/20
15	OHS Policy	Approved FY 2019/20
16	Performance Management	Approved FY 2019/20
17	Expenditure Management policy	FY 2020/21

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

A number of Human Resource policies were up for review, however due to capacity constraints, not all policies were reviewed. The Performance Management policy was reviewed, and a new Occupational Health and Safety policy was approved for implementation.

T 4.2.1.1

Chapter 4

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	0	0	0%	0	0
Temporary total disablement	0	0	0%	0	0
Permanent disablement	0	0	0%	0	0
Fatal	0	0	0%	0	0
Total	0	0		0	0

T 4.3.1

Case no	Alleged misconduct	Appointment of Investigation Officer	Investigation finalized	Appointment of Initiator and Chairperson	Disciplinary hearing	Status
DC01-2017/18	Negligence	Done	Done	Done	Not applicable	Case was reviewed and progressive discipline ¹ to be instituted.
DC02-2017/18	Fraud	Done	Done	Done	Not applicable	Case was reviewed and alleged misconduct of Fraud was changed to Negligence due to lack of evidence. Progressive discipline to be instituted.
DC02-2018/19	Gross Negligence	Done	Done	Done	First session held on 03 March 2020	Employee Representatives requested postponement of disciplinary hearing as the COVID-19 lock down

Chapter 4

						constraint consultation meetings with their members. Rescheduling of hearing dependent on the availability of Organised Labour representation.
DC03-2018/19	Gross Negligence	Done	Done	Done	First session held on 03 March 2020	Employee Representatives requested postponement of disciplinary hearing as the COVID-19 lock down constraint consultation meetings with their members. Rescheduling of hearing dependent on the availability of Organised Labour representation.
DC04-2018/19	Gross Negligence	Done	Done	Done	First session held on 03 March 2020	Employee Representatives requested postponement of disciplinary hearing as the COVID-19 lock down constraint consultation meetings with their members. Rescheduling of hearing dependent on the availability of Organised Labour representation.

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

Two officials were on suspension during this period, with one official suspended within this financial and one official suspended in the previous financial. Both these suspensions were uplifted during this reporting period. T 4.3.7

Chapter 4

4.4 PERFORMANCE REWARDS

COMMENT ON PERFORMANCE REWARDS:

No performance rewards were awarded within this financial year.

T 4.4.1.1

COMPONENT C: CAPACITATING THE ENTITY WORKFORCE

INTRODUCTION TO ENTITY WORKFORCE

A Skills Development Framework and Skills Development Plan for 2019/20 was developed and approved. The Skills Development Framework ensures a more balanced approach to skills development across all levels. Skills development on governance was prioritised in the Skills Development Plan for 2019/20 but was not successfully implemented due to COVID-19 national lockdown.

T 4.5.0

Chapter 4

4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June Year 0											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0
MM and s57	Female	2	0	0	0	0	1	0	0	0	0		1	
	Male	1	0	0	0		0	0	0	0	0			
Councillors, senior officials and managers	Female	1	0	0	0		0	0	0	0	0			
	Male	5	0	0	0		0	0	0	0	0			
Technicians and associate professionals*	Female	0	0	0	0		0	0	0	0	0			
	Male	1	0	0	0		0	0	0	0	0			
Professionals	Female	12	0	0	0		2	0	0	0	0		2	
	Male	4	0	0	0		0	0	0	0	0			0
Sub total	Female	15	0	0	0		0	0		0	0			
	Male	11	0	0	0			0	0	0	0			
Total		26	0	0	0	0	3	0	0	0	0	0	3	0

*Registered with professional Associate Body e.g CA (SA)

T 4.5.1

Chapter 4

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
<i>Accounting officer</i>	0	1	1	1	0	1
<i>Chief financial officer</i>	0	1	1	0	0	0
<i>Senior managers</i>	0	6	6	3	0	0
<i>Any other financial officials</i>	0	4	4	0	0	0
Supply Chain Management Officials	0					
<i>Heads of supply chain management units</i>	0	0	0	0	0	0
<i>Supply chain management senior managers</i>	0	1	1	1	0	0
TOTAL	0	13	13	5	0	1
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)						T 4.5.2

COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND THE FINANCIAL COMPETENCY REGULATIONS:

Although the indicator of the skills development target of EHC was focused on the number of skills development programmes instead of the number of staff attendees, 50% (15 out of 30) of staff attended skills development programmes. This is a major shift from the previous year where the focus was more on the provision of study aid for degrees and diplomas. The focus of the skills development programmes was on Property Management, which is EHC’s core business, which aimed to ensure that Property Management staff were kept abreast with changes in property management in the social housing environment.

EHC, in terms of the MFMA Competency Regulations, achieved 38% (5 out of 13) competency of staff and 62% (8 out of 13). Resignations and new appointments contributed to this low level of compliance to the regulations. All new appointees, together with other staff as regulated, will be expected to complete the legislated competencies in the 2019/20 financial year.

T 4.5.4

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

4.6 EMPLOYEE EXPENDITURE

COMMENT ON WORKFORCE EXPENDITURE:

EHC has an organogram with thirty-four funded positions. The number of funded posts for this financial year was thirty-four by the end of the financial year.

The implementation of the annual cost of the living increase increased workforce expenditure. The workforce budget was not overspent mainly due to three resignations in this period. Besides, no performance rewards were paid out in this financial year.

T 4.6.1.1

The table below shows the percentage of salary to total Opex.

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD – Actual
Total Salary Cost	6,057,371	6,281,390	6,423,281	5,766,855	24,528,897
Total Opex	24,283,239	20,190,184	19,625,559	31,109,772	95,208,754
% of Salary to Opex	25%	31%	33%	19%	26%

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels Paterson grade A - B)	Female	0
	Male	0
Highly skilled production (Levels Paterson grade C)	Female	0
	Male	0
Senior management (Levels Paterson grade D)	Female	0
	Male	0
CEO and S 57	Female	0
	Male	0
Total		0
<i>Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right-hand side of the column (as illustrated above).</i>		T 4.6.2

COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:

Zero posts were upgraded within this period. T 4.6.5

Chapter 5

CHAPTER 5 – FINANCIAL PERFORMANCE



D. Pertab – CFO

INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

T 5.0.1

Chapter 5

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

Note: Statements of Revenue Collection Performance by vote and by source are included at Appendix K.

Revenue collection deteriorated against the adjustment budget by 23%. Contributing factors for under-performance are:

- Tenant boycotts to not pay rental.
- Tenant claims of ownership of rental units.
- Master data not updated, and tenant leases not renewed upon expiry which undermined debt recovery processes.
- Declaration of National State Disaster: Covid 19.
- Ineffective consequence management of defaulting tenants and delays in the eviction process.

The following actions will be taken:

EHC will implement a tenant engagement and lease renewal program in the next financial year.

EHC has introduced stringent debt recovery processes and the following incentives, effective 1st July 2020, to assist tenants:

The EHC has suspended the annual rental tariff increase as per the terms of circular 99 of the Municipal Finance Management Act.

- Arrears exceeding 12 months: A “Rand for Rand” debt repayment scheme: for every rand that tenant pays a rand will be written-off from outstanding debt. This will only apply to tenants in arrears exceeding 12 months.
- 12 months history of settled accounts: 5% discount on a monthly bill. This will only apply to tenants who have maintained their accounts up to date for a minimum of 12 months.

Current account must be maintained up to date for the next 12 months period. Failure to maintain the current account will nullify the incentive and result in forfeiture of discounts provided.

EHC will continue debt recovery and eviction processes to ensure the sustainability of the entity.

T 5.1.0

Chapter 5

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Description	Year 0											Year -1			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousands	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Financial Performance															
Property rates	-	-	-			-	-		-						
Service charges	-	-	-			-	-		-						
Investment revenue	560		560			560	1 643		1 083	293%	293%				
Transfers recognised - operational	16 800	6 000	22 800			22 800	22 672		(128)	99%	135%				
Other own revenue	55 773	16 693	72 466			72 466	73 621		1 155	102%	132%				
	73 133		95 826			95 826	97 937		2 111						
Total Revenue (excluding capital transfers and contributions)															
Employee costs	28 044	(2 966)	25 078			25 078	24 529		(549)	98%	87%				
Remuneration of councillors	3 300	(655)	2 645			2 645	2 771		126	105%	84%				
Debt impairment	5 998	1 284	7 282			7 282	27 274		19 992	375%	455%				
Depreciation & asset impairment	5 021	1 130	6 151			6 151	5 845		(306)	95%	116%				
Finance charges	-	-	-			-	69		69	0%	0%				
Materials and bulk purchases	-	-	-			-	-		-	0%	0%				
Transfers and grants	-	-	-			-	-		-	0%	0%				
Other expenditure	29 354	9 530	38 884			38 884	34 833		(4 051)	90%	119%				
Total Expenditure	71 718		80 041			80 041	95 321		15 280	119%	133%				
Surplus/(Deficit)															
Transfers recognised - capital	38 640	(38 640)	-			-	-		-						
Contributions recognised - capital & contributed assets	-	-	-			-	-		-						
Surplus/(Deficit) after capital transfers & contributions															
Share of surplus/ (deficit) of associate	-	-	-			-	-		-						
Surplus/(Deficit) for the year	1 416		15 785			15 785	2 616		(13 170)	17%	0%				
Capital expenditure & funds sources															
Capital expenditure															
Transfers recognised - capital	38 640	(36 273)	2 367			2 367	-		(2 367)	0%	0%				
Public contributions & donations	-	-	-			-	-		-						
Borrowing	-	-	-			-	-		-						
Internally generated funds	1 368	1 500	2 868			2 868	5 235		2 367	183%	383%				
Total sources of capital funds	40 008		5 235			5 235	5 235		(0)	100%	13%				
Cash flows															
Net cash from (used) operating	35 475		(15 243)			(15 243)	(17 133)		(1 890)	112%	-48%				
Net cash from (used) investing	(40 008)		(5 235)			(5 235)	(5 235)		-	100%	13%				
Net cash from (used) financing	198		198			198	134		(65)	67%	67%				
Cash/cash equivalents at the year end	(4 335)		(20 280)			(20 280)	(22 235)		(1 955)	110%	513%				

T 5.1.1

Chapter 5

5.2 GRANTS

Description	R' 000					
	Year -1	Year 0			Year 0 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	-	-	-	-		
Equitable share	-			-		
Municipal Systems Improvement	-			-		
Department of Water Affairs	-			-		
Levy replacement	-			-		
Other transfers/grants [insert description]						
Provincial Government:	-	-	-	-		
Health subsidy	-			-		
Housing	-			-		
Ambulance subsidy	-			-		
Sports and Recreation	-			-		
Other transfers/grants [insert description]						
District Municipality:	70 318	16 800	22 800	22 800	36%	0%
City of Ekurhuleni	70 318	16 800	22 800	22 800	36%	0%
Other grant providers:	-	-	-	-	100%	0%
	-	-	-	-	100%	0%
Total Operating Transfers and Grants	70 318	16 800	22 800	22 800		
<i>Variiances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i> <i>Full list of provincial and national grants available from published gazettes.</i>						T 5.2.1

COMMENT ON OPERATING TRANSFERS AND GRANTS

CoE Operational grants are necessary to subsidise the rentals of social housing units. In the adjustment budget, the entity received an additional operational grant for tax of R 6 million. EHC applied to SARS for a tax exemption, the exemption was rejected. During the adjustment budget EHC elected to reject any capital grants from CoE to prevent the associated tax liability. EHC is working as an implantation agent with CoE to execute the planned capital projects.

Chapter 5

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

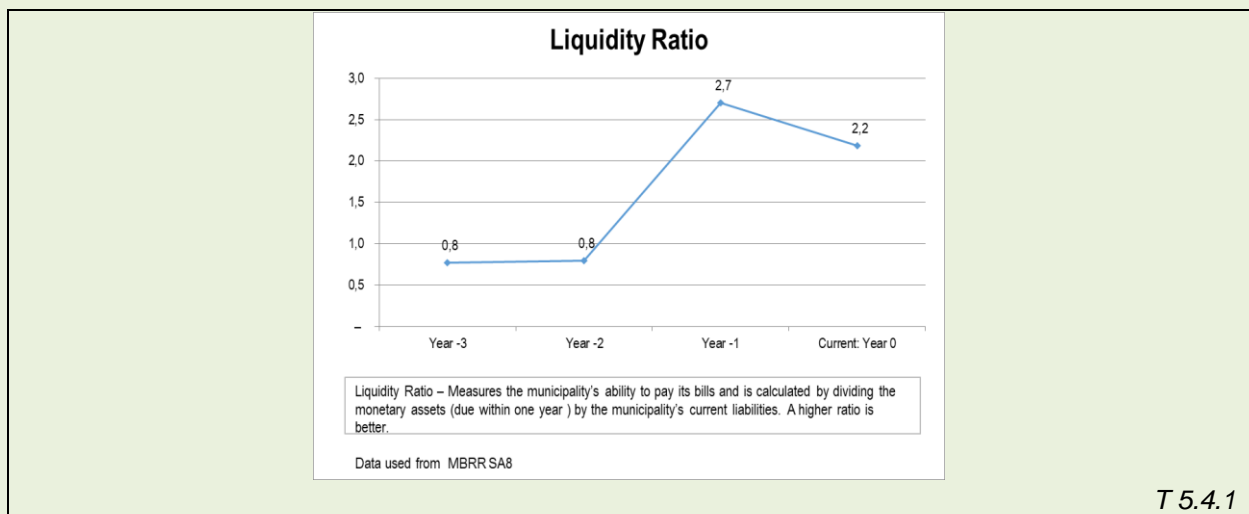
The entity did not acquire any significant assets in the financial year. The entity is working as an implementation with the CoE on the Clayville (R 37.5 million incurred) and Kempton Park projects (R 3 million incurred).

Repair and Maintenance Expenditure: Year 0				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	4 491	4 767	4 116	-9%
				T 5.3.4

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE

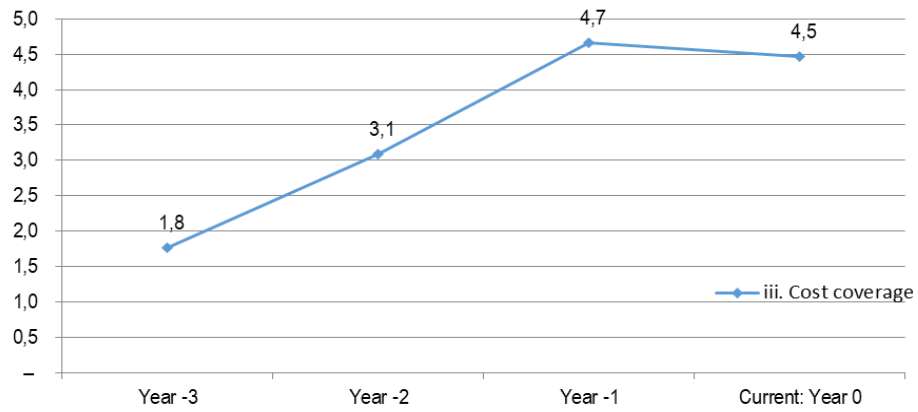
The 'Repairs & Maintenance' is reduced compared to the budget; this is negatively affected by the low collection rate. EHC is committed to improving this through the appointment of a panel of contractors for the repairs and maintenance as well as 3 internal maintenance technicians. Deteriorating revenue collections have limited repairs and maintenance.

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



Chapter 5

Cost Coverage



Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

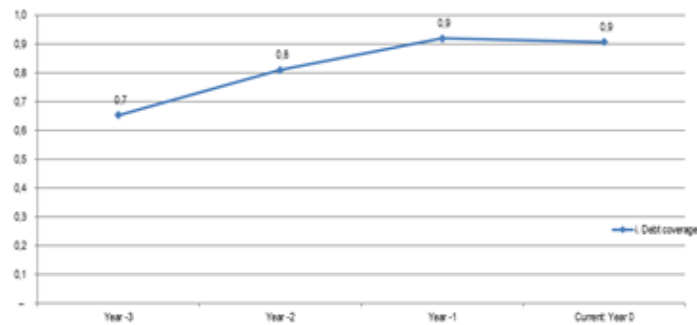
Data used from MBRR SA8

T 5.4.2

Not applicable

T 5.4.3

Debt Coverage



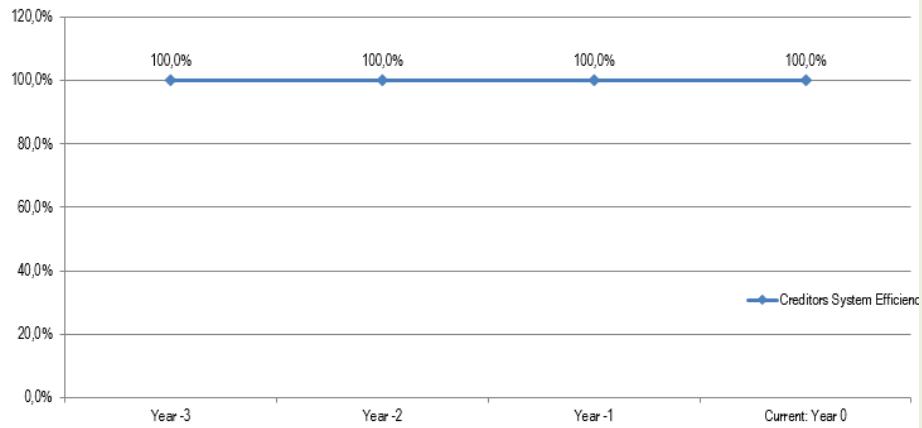
Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8

T 5.4.4

Chapter 5

Creditors System Efficiency

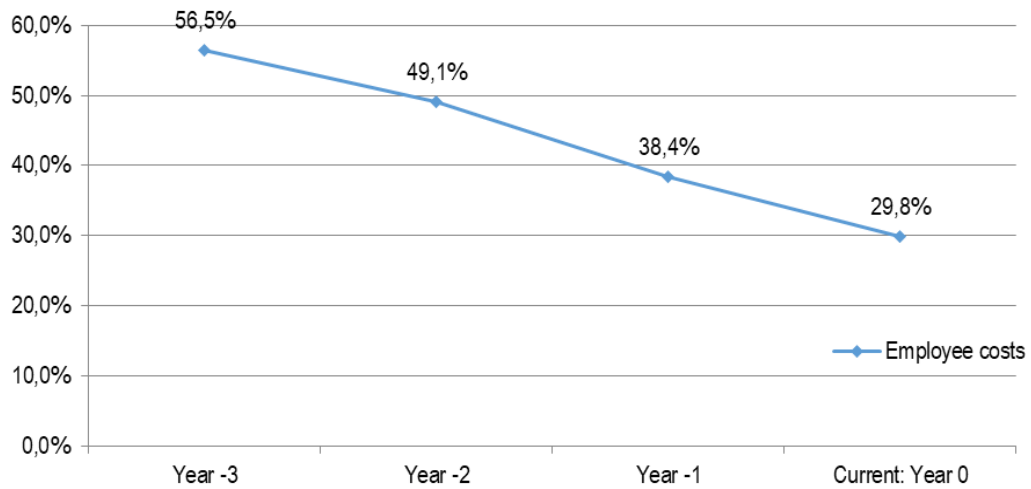


Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

T 5.4.5

Employee Costs



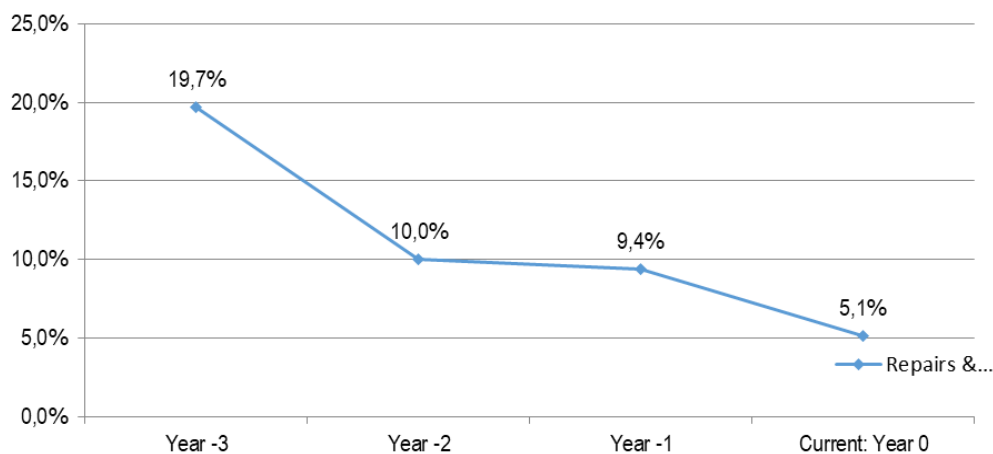
Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

T 5.4.6

Chapter 5

Repairs & Maintenance



Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

Data used from MBRR SA8

T 5.4.8

COMMENT ON FINANCIAL RATIOS:

Liquidity ratio: EHC has a healthy liquidity ratio.

Cost Cover Ratio is healthy and reflects that EHC pays almost 5 months of expenditure.

Debt Coverage Ratio indicates the entity is dependent on grants to cover debts. Ratio will be improved with the pipeline for growth and expansion while maintaining effective operating costs.

Creditor's system efficiency is aligned with the MFMA requirements.

Employee cost ratio is high compared with the Social Housing Regulatory Authority guidelines. The entity will focus on increasing rental stock aligned to effective organisational growth.

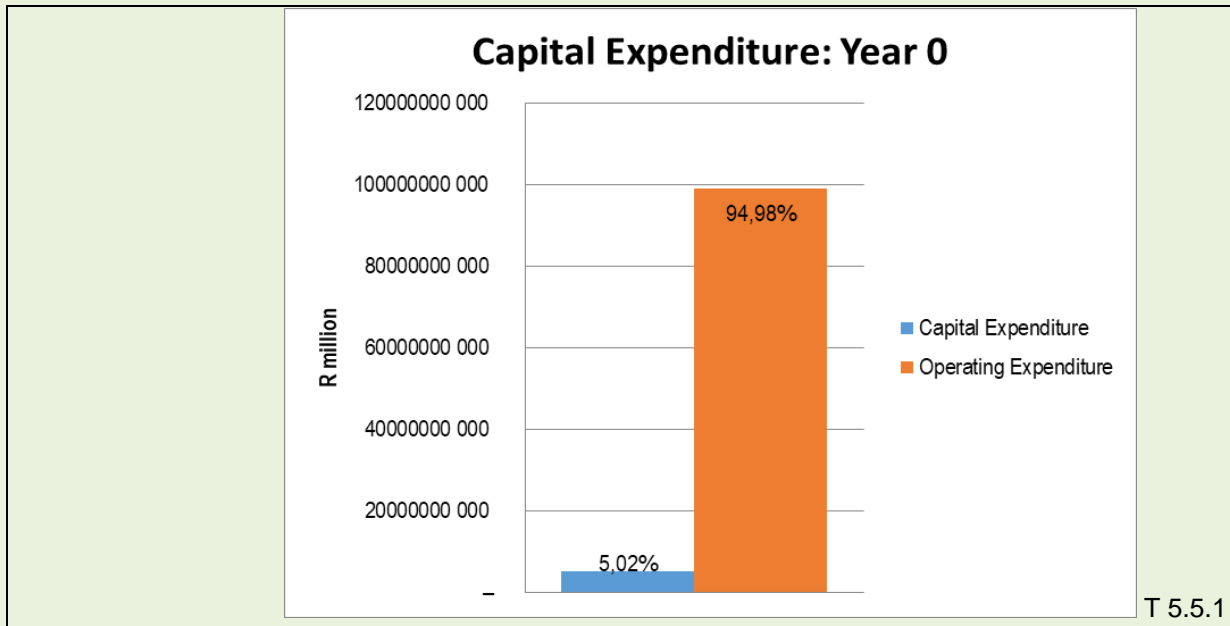
Repairs and maintenance is low. EHC is committed to improving this through the appointment of a panel of contractors for the repairs and maintenance as well as 3 internal maintenance technicians. Deteriorating revenue collections have limited repairs and maintenance.

Chapter 5

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

5.5 CAPITAL/ EXPENDITURE



COMMENT ON SOURCES OF FUNDING:

Capital expenditure is funded from grants and operating surpluses. In the financial year, R 2.5 million was utilised of the SHRA grant to fund the installation of heat pumps. There is no debt funding. The EHC is working as an implementation agent for the CoE.

T 5.6.1.1

Chapter 5

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.6 CASH FLOW

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

EHC is dependent on grants to sustain operational expenditure. The entity is focussed on achieving a 95% collection rate while growing its rental stock portfolio to allow EHC to be sustainable.

T 5.9

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Cash Flow Outcomes				
Description	Year -1	Current: Year 0		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	30 967	39 517	51 674	26 833
Government - operating	67 084	16 800	22 800	22 672
Government - capital	-	41 801	3 161	3 161
Interest	3 006	1 883	1 883	4 658
Dividends	-	-	-	-
Payments				
Suppliers and employees	(91 169)	(64 526)	(86 762)	(74 408)
Finance charges	(791)	-	-	(49)
Transfers and Grants	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	9 096	35 475	(7 245)	(17 133)
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-
Decrease (increase) other non-current receivable	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-
Payments				
Capital assets	(1 339)	(40 008)	(5 235)	(5 235)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(1 339)	(40 008)	(5 235)	(5 235)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	-	-	-	-
Borrowing long term/refinancing	-	-	-	-
Increase (decrease) in consumer deposits	241	198	198	134
Payments				
Repayment of borrowing	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	241	198	198	134
NET INCREASE/ (DECREASE) IN CASH HELD	7 998	(4 335)	(12 282)	(22 235)
Cash/cash equivalents at the year begin:	35 540	43 538	43 538	43 538
Cash/cash equivalents at the year end:	43 538	39 203	31 256	21 303
<i>Source: MBRR A7</i>				T 5.9.1

Chapter 5

COMMENT ON CASH FLOW OUTCOMES:

EHC utilised R22 million in the current financial year, R 17 million is from operational activities which included R 9 mil payment for the transfer duty for the Chris Hani complex. R 5.2 million was spent on capital expenditure.

The current year included spending activities associated with the conditional grants received from SHRA and GPR of R 20.9 million.

T 5.9.1.1

5.7 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

EHC has no borrowings. Tenant deposits and conditional grants are maintained in separate 32-day investment call accounts. The value of the investment as at the end of June 2020 was R14 million.

T 5.10.1

5.8 PUBLIC-PRIVATE PARTNERSHIPS

PUBLIC-PRIVATE PARTNERSHIPS

EHC does not have any public-private partnerships.

COMPONENT D: OTHER FINANCIAL MATTERS

5.9 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

EHC policies and procedures were reviewed in the year under review. EHC is committed to strengthening internal controls with zero tolerance to non-compliance.

During the year SCM appointed new service providers for security and cleaning the awards have resulted in a cost savings of 16% and 10% respectively.

T 5.12.1

Chapter 5

5.10 GRAP COMPLIANCE

GRAP COMPLIANCE

GRAP is the acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable the National Treasury to assess the pace of progress and consider the implications.

EHC complies with GRAP. No deviations were noted.

T 5.1

EHC TEAM



Chapter 6

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS –AFTER A/D AUDIT

INTRODUCTION

AFTER A/G AUDIT

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR -1

6.1 AUDITOR GENERAL REPORTS YEAR -1 (PREVIOUS YEAR)

Auditor-General Report on Service Delivery Performance: Year -1	
Audit Report Status:	unqualified with other matters specified
Non-Compliance Issues	Remedial Action Taken
Strategic objective for portfolio expansion and growth and maintain and improve revenue collection was not reported in the annual report.	Annual report to include strategic objectives.
	<i>T 6.1.2</i>

COMPONENT B: AUDITOR-GENERAL OPINION YEAR 0 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT YEAR 0

AFTER A/G AUDIT

Chapter 5

Auditor-General Report on Financial Performance Year 0*	
Status of audit report:	
Non-Compliance Issues	Remedial Action Taken
<p>Note:* The report's status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse). This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Financial Performance Year 0.</p>	
T 6.2.1	

Auditor-General Report on Service Delivery Performance: Year 0*	
Status of audit report**:	
Non-Compliance Issues	Remedial Action Taken
<p>* This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Service Delivery Performance Year 0</p> <p>** Inclusion of "Status" depends on nature of AG's remarks on Performance Data.</p>	
T 6.2.2	

AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: YEAR 0

AFTER A/G AUDIT. T 6.2.3

COMMENTS ON AUDITOR-GENERAL'S OPINION YEAR 0:

AFTER A/G AUDIT.. T 6.2.4

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

Signed (Chief Financial Officer) 2020

GLOSSARY

GLOSSARY	
EHC	Ekurhuleni Housing Company
COE	City of Ekurhuleni
FinRisk	Finance and Risk Committee
GDS	Growth Development Strategy
HSDP	Human Settlement Development Plan
ICT	Information Communications and Technology
IDP	Integrated Development Plan
IRPTN	Integrated Rapid Public Transport Network
MFMA	Municipal Finance Management Act
MINMEC	Ministers and Members of Executive Councils Meeting
MMC	Member of the Mayoral Committee
MSA	Municipal Systems Act
MSCOA	Municipal Standard Chart of Accounts
MSDF	Metropolitan Spatial Development Framework
OpsCom	Operations Committee
PESTL	Political, Economic, Social, Technological and Legal
RCG	Restructuring Capital Grant
RemCo	Remuneration Committee
SCM	Supply Chain Management
SDA	Service Delivery Agreement
SDBIP	Service Delivery Budget Implementation Plan
SDF	Service Delivery Framework
SHIP	Social Housing Investment Programme
SHRA	Social Housing Regulatory Authority
SHSS	Sustainable Human Settlements Strategy
SLA	Service Level Agreement

APPENDICES

APPENDICES

APPENDIX A – BOARD; COMMITTEE ALLOCATION AND BOARD ATTENDANCE

Name	Designation	No. of Meetings Attended
B. Moholo	Chairperson	5
L. Netshitenzhe	Non-Executive Director	13
Z. Nkamana	Non-Executive Director	13
T. Limako	Non-Executive Director	13
T. Vukea	Non-Executive Director	13
T Thopola	Non-Executive Director	13

APPENDICES

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Board member	Capacity	Race	Gender	Board Committee Membership
B. Moholo	Non-Executive	A	M	Board Chairperson
Z. Nkamana	Non-Executive	A	M	Member – Chairperson Remuneration Committee
L. Netshitenzhe	Non-Executive	A	F	Member – Chairperson Operations Committee Member – Finance & Risk Committee
T. Limako	Non-Executive	A	M	Member – Operations Committee, Member – Remuneration Committee
T. Vukea	Non-Executive	A	M	Member – Chairperson – Finance & Risk Committee Member – Remuneration Committee
T. Thopola	Non-Executive	A	M	Member – Operations Committee, Member – Remuneration Committee

APPENDICES

Executive Management										
1	Bongani Molefe	CEO's Office	■					■	N	Head office in Edenvale
2	CFO: Vacant	Finance							N	
3.	Laiqah Bowers-Charles	Corporate Support		■			■		N	
Sub-Total			1	1		0	1	1	0	
Senior Management										
4	Kgabo Sebola	CEO'S Office	■					■	N	Head office in Edenvale
5	John Bopape	Supply Chain	■					■	N	
6	Richard Tsoka	Operations	■					■	N	
7	Pheladi Mojapelo	Operations	■				■		N	
8	Thando Mkhabela	Finance Manager	■					■	N	
9	December	Sithole	■					■	N	
Sub-Total			6	0	0	0	1	5	0	
Middle Management										
10	Brenda Sekhute	Corporate Support	■					■	N	Head office in Edenvale
11	Elisa Mothlanke	Property	■					■	N	

APPENDICES

		Management								
12	Busi Baloyi	CEO's Office	■				■		N	
13	Moloko Baholo	Community Development	■				■		N	
14	Susan Sithole	Property Management	■				■		N	
15	Zanele Mngomezulu	Property Management	■				■		N	
	Sub-Total		6	0	0	0	6	0	0	
Skilled										
16	Maggie Legoabe	Finance	■				■		N	Head office in Edenvale
17	Macsean Faver	Property Management		■			■		N	Pharoe Park
18	Madimetja Kekana	Supply Chain	■					■	N	Head office in Edenvale
19	Rhurhani Bila	Finance	■					■	N	Head office in Edenvale
20	Teboho Mofokeng	Corporate Support	■					■	N	Head office in Edenvale
21	James Abrahams	Property Management		■				■	N	Head office in Edenvale
22	Portia Mokhele	Property Management	■				■		N	Airport Park

APPENDICES

23	Mamoepi Rapapa - Thosa	Property Management	■				■		N	Dellville
24	Dolly Phatlane	Supply Chain Management	■				■		N	Head office in Edenvale
25	Lerato Molokwane	Supply Chain Management	■				■			Head office in Edenvale
26	Bheki Shongwe	Finance	■					■	N	Head office in Edenvale
27	Mosa Lijani	Finance	■				■		N	Head office in Edenvale
Sub-Total			10	2	0	0	7	5	0	
Semi-skilled										
28	Aggie Buthelezi	Corporate Support	■				■		N	Head office in Edenvale
29	Amon Nzuza	Property Management	■					■	N	Head office in Edenvale
30	Philemon Mabalane	Property Management	■					■	N	Airport Park
Sub-Total			3	0	0	0	1	2	0	
Total			26	3	0	0	16	14	0	

APPENDICES

APPENDIX D – FUNCTIONS ENTITY

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		
Building regulations		
Child care facilities		
Electricity and gas reticulation		
Firefighting services		
Local tourism		
Municipal airports		
Municipal planning		
Municipal health services		
Municipal public transport		
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		
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto		
Stormwater management systems in built-up areas		
Trading regulations		
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems		
Beaches and amusement facilities		
Billboards and the display of advertisements in public places		
Cemeteries, funeral parlours and crematoria		
Cleansing		
Control of public nuisances		
Control of undertakings that sell liquor to the public		
Facilities for the accommodation, care and burial of animals		
Fencing and fences		
Licensing of dogs		
Licensing and control of undertakings that sell food to the public		
Local amenities		
Local sport facilities		
Markets		
Municipal abattoirs		
Municipal parks and recreation		
Municipal roads		
Noise pollution		
Pounds		
Public places		
Refuse removal, refuse dumps and solid waste disposal		
Street trading		
Street lighting		
Social Housing		YES
Traffic and parking		
<i>* If municipality: indicate (yes or No); * If entity: Provide name of entity</i>		<i>T D</i>

APPENDICES

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2019/20	Recommendations adopted (enter Yes) If not adopted (provide explanation)
26/08/2019	The Committee APPROVED the draft Annual Financial Statements for EHC for submission to the Auditor-General.	Yes
29/08/2019	The Committee APPROVED the draft Annual Performance Report for EHC for submission to the Auditor-General.	Yes
28/02/2020	Audit Committee RECOMMENDED that the awarding committee must be disbanded, because it is a high risk	Yes
19/05/2020	The Audit Committee RESOLVED that a specific item that deals with Covid-19 should be submitted to the next Audit Committee meeting.	Yes

APPENDICES

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

No	Name of Service Provider	Nature of Service	Contract Start date	Contract end date	Responsible Project Manager	Contract Amount (R)
1	(a) Jertum Trading	(a) Cleaning and Services	1 st January 2018	31 st December 2019	Property Manager	4 050 000.00
	(b) E Chauke Trading	(b) Cleaning and gardening services	1 June 2020	30 May 2022	Property Manager	7 500 000.00
2	(a) Indlangamandla Protection Services	(a) Security services	1 st April 2018	31 st March 2020	Property Manager	9 384 480.00
	(b) Ngodvongodvo Security services	(b) Security services	1 st June 2020	30 th May 2020	Property Manager	10 459 312.00
3	Ramphapha Trading Projects	Installation of Prepaid water meters (Pharoe Park, Airport Park & Deville ext. 3 & 9	30 October 2018 (once off)	31 st October 2019 (extended)	Property Manager	3 376 970.00
4	Phepa Studio (Pty) Ltd	Web hosting	Two-year contract	4 th May 2020	ICT	198,798.20
5	20 various contractors	Panel of contractors	1 st of July 2019	30 th June 2021	Property Manager	-
6	16 various firms	Panel of attorneys	1 st July 2019	30 th June 2021	COSEC	-
7	FIJ Consulting	PSP Clayville Ext 45	24 April 2019	Until completion of the construction project	Property Dev. Manager	16,381,336.00
8	(a) Sinapi Global JV 3TMDK international	Clayville Ext.45 Construction (Portion 1 &3)	12 th November 2019	Until completion of the project. (Estimated 18 months)	Property Dev. Manager	149 899 271.94
	(b) Proconse (Pty) Ltd	Construction of Clayville Ext.45 (Portion 2)	12 November 2019	Until completion of project (estimated 18 months)	Property Dev. Manager	60 838 742.46
9	Ndodana Consulting	PSP Kempton park	30 October 2019	Until completion of the	Property Dev. Manager	2 160 850.00

APPENDICES

				construction project		
10	Lion of Africa	Insurance	Annually	Annually	Finance	400 560.00
11	Vodacom	Board pack, VOIP, Cell phones	1 November 2019	31 st October 2021	Corp.Serv.	1 705 660.00
12	Lebashi Architects	Application of CCG SHRA grant for Germiston Phase 2	1 December 2019	31 st March 2020 (still in progress)	Property Development	196 512.00
13	Lenakamo	Application of CCG SHRA grant for Airport Park ext 2	1 st March 2020	30th June 2020 (still in progress)	Property Development	155 848.00
14	Lenakamo	Application of CCG SHRA grant for Voslorous	1 st March 2020	30th June 2020 (still in progress)	Property Development	149 408.00
15	Kagano	Review of EHC organization structure and staff capacity review	1 st March 2020	30th June 2020 (still in progress)	Corp.Serv.	196 000.00

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

Municipal Entity/Service Provider Performance Schedule									
Name of Entity & Purpose (i)	(a) Service Indicators (b) Service Targets (ii)	Year 0		Year 1		Year 2	Year 3		*Following (x)
		Target *Previous (iii)	Actual (iv)	Target *Previous (v)	Actual *Current Year (vi)	Actual (vii)	Target *Current (viii)	Target *Current (ix)	
		<i>FIJ Consulting</i>	Development, Design & Project Management of Clayville Ext 45 Social Housing Project	N/A	N/A	N/A	Project management Contractor Appointment for Clayville Ext 45	Contractor Appointed	
Proconse & Sinapi Global JV 3TDKM Int (Pty)Ltd	Construction of Social Housing Units on Pth 2 Clayville Ext 45	N/A	N/A	N/A	30% progress on construction	26% progress on construction			
Ndodana Consulting Engineers	Review of Detailed Design & Construction Monitoring for 40 Long Street Kempton Park	N/A	N/A	N/A	Appointment of PSP & Contractor for Kempton Park Project	PSP & Contractor Appointed			
TTTB Supplying	Construction of 84 Social Housing Units at No 40 Long Street Kempton Park	N/A	N/A	N/A	Project launch & site establishment by 30 June 2020	Project launch & site establishment achieved			
<p>Note: This statement should include no more than the top four priority indicators. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; * 'Current Year' refers to the targets set in the Year 0 Budget/IDP round. * 'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets must be fundable within approved budget</p>									

APPENDICES

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Position	Name	Description of Financial Services
Non-Executive Director	B Moholo	Nil
Non-Executive Director	Mrs T Thopola	Nil
Non-Executive Director	Mrs L Netshitenzhe	Nil
Non-Executive Director	Mr T Limako	Nil
Non-Executive Director	Mr Z Nkamana	Nil
Non-Executive Director	Mr T Vukea	Nil
Chief Executive Director	Mr B Molefe	Nil
Chief Financial Officer	Mrs D Pertab	Nil

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE

Revenue Collection Performance by Vote							R' 000
Vote Description	Year -1	Current: Year 0			Year 0 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget	
Rental	78%	87%	83%	60%	-27%	-23%	
Total Revenue by Vote	0	0	0	0	(0)	(0)	

Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3

T K.1

APPENDICES

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Not applicable, applies to the Municipality

Revenue Collection Performance by Source							R' 000
Description	Year -1	Year 0			Year 0 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
Property rates	26 485	23 572	28 075	23 042	-2%	-22%	
Property rates - penalties & collection charges	8 541	8 285	9 054	8 456	2%	-7%	
Service Charges - electricity revenue	12 355	10 254	12 478	13 219	22%	6%	
Service Charges - water revenue	14 232	13 235	13 662	12 097	-9%	-13%	
Service Charges - sanitation revenue	6 542	5 496	5 954	6 346	13%	6%	
Service Charges - refuse revenue	1 865	1 622	1 865	1 510	-7%	-23%	
Service Charges - other	5 643	5 530	5 925	5 304	-4%	-12%	
Rentals of facilities and equipment	5 643	5 530	5 925	5 304	-4%	-12%	
Interest earned - external investments	5 322	4 470	5 747	4 630	3%	-24%	
Interest earned - outstanding debtors	8 455	8 455	8 624	9 554	12%	10%	
Dividends received	1 254	1 003	1 191	1 354	26%	12%	
Fines	2 516	2 063	2 264	2 340	12%	3%	
Licences and permits	6 846	6 230	7 256	6 640	6%	-9%	
Agency services	12 546	10 413	11 793	11 542	10%	-2%	
Transfers recognised - operational	2 355	2 190	2 425	2 402	9%	-1%	
Other revenue	48 542	40 776	48 542	46 115	12%	-5%	
Gains on disposal of PPE	4 565	3 698	4 337	4 291	14%	-1%	
Environmental Protection	5 649	4 971	6 157	4 971	0%	-24%	
Total Revenue (excluding capital transfers and contributions)	179 353	157 791	181 274	169 118	6,70%	-7,19%	

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.

TK.2

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Not applicable - No conditional grants received

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Neighbourhood Development Partnership Grant						
Public Transport Infrastructure and Systems Grant						
<i>Other Specify:</i>						
Total						

APPENDICES

APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*							
Description	R '000						
	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	-	-		-	-	-	-
Infrastructure: Road transport - Total	-	-		-	-	-	-
Roads, Pavements & Bridges							
Storm water							
Infrastructure: Electricity - Total	-	-		-	-	-	-
Generation							
Transmission & Reticulation							
Street Lighting							
Infrastructure: Water - Total	-	-		-	-	-	-
Dams & Reservoirs							
Water purification							
Reticulation							
Infrastructure: Sanitation - Total	-	-		-	-	-	-
Reticulation							
Sewerage purification							
Infrastructure: Other - Total	-	-		-	-	-	-
Waste Management							
Transportation							
Gas							
Other							
Community - Total	-	38 640	(38 640)	-	-	-	-
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing		38 640	(38 640)	-	-	-	-
Other							
<i>Table continued next page</i>							

APPENDICES

Description	R '000						
	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Heritage assets - Total	-	-		-	-	-	-
Buildings							
Other							
Investment properties - Total	-	-		-	-	-	-
Housing development							
Other							
Other assets	1 339	1 368	3 867	5 235	1 085	1 184	1 313
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment	285	458	(216)	242	296	396	440
Furniture and office equipment	261	269	(267)	2	274	233	259
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other Equipment	794	641	4 350	4 991	514	554	615
Agricultural assets	-	-	-	-	-	-	-
List sub-class							
Biological assets	-	-	-	-	-	-	-
List sub-class							
Intangibles	-	-	-	-	-	-	-
Computers - software & programming							
Other (list sub-class)							
Total Capital Expenditure on new assets	1 339	40 008	(34 773)	5 235	1 085	1 184	1 313
Specialised vehicles	-	-	-	-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							
* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)							T.M.1
Capital Expenditure - Upgrade/Renewal Programme*							
Description	R '000						
	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	-	-		-	-	-	-
Infrastructure: Road transport -Total	-	-		-	-	-	-
Roads, Pavements & Bridges							
Storm water							
Infrastructure: Electricity - Total	-	-		-	-	-	-
Generation							
Transmission & Reticulation							
Street Lighting							
Infrastructure: Water - Total	-	-		-	-	-	-
Dams & Reservoirs							
Water purification							
Reticulation							
Infrastructure: Sanitation - Total	-	-		-	-	-	-
Reticulation							
Sewerage purification							
Infrastructure: Other - Total	-	-		-	-	-	-
Waste Management							
Transportation							
Gas							
Other							
Community	-	-		-	-	-	-
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
Heritage assets	-	-		-	-	-	-
Buildings							
Other							

APPENDICES

APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME - TABLE BELOW

Table continued from previous page

Capital Expenditure - Upgrade/Renewal Programme*								R '000
Description	Year -1	Year 0			Planned Capital expenditure			
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3	
Capital expenditure by Asset Class								
Investment properties	-	-		-	-	-	-	
Housing development								
Other								
Other assets	-	-		-	-	-	-	
General vehicles								
Specialised vehicles								
Plant & equipment								
Computers - hardware/equipment								
Furniture and other office equipment								
Abattoirs								
Markets								
Civic Land and Buildings								
Other Buildings								
Other Land								
Surplus Assets - (Investment or Inventory)								
Other								
Agricultural assets	-	-		-	-	-	-	
<i>List sub-class</i>								
Biological assets	-	-		-	-	-	-	
<i>List sub-class</i>								
Intangibles	-	-		-	-	-	-	
Computers - software & programming								
Other (<i>list sub-class</i>)								
Total Capital Expenditure on renewal of existing assets	-	-		-	-	-	-	
Specialised vehicles	-	-		-	-	-	-	
Refuse								
Fire								
Conservancy								
Ambulances								

* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)

T M.2

APPENDICES

APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0 -TABLE BELOW

Not Applicable

Capital Programme by Project: Year 0					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
R' 000					
Water					
"Project A"	Not applicable				
"Project B"					
"Project C"					
Sanitation/Sewerage					
"Project A"					
"Project B"					
Electricity					
"Project A"					
"Project B"					
Housing					
"Project A"					
"Project B"					
Refuse removal					
"Project A"					
"Project B"					
Stormwater					
"Project A"					
"Project B"					
Economic development					
"Project A"					
"Project B"					
Sports, Arts & Culture					
"Project A"					
"Project B"					
Environment					
"Project A"					
"Project B"					
Health					
"Project A"					
"Project B"					
Safety and Security					
"Project A"					
"Project B"					
ICT and Other					
"Project A"					
"Project B"					
T N					

APPENDICES

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0

Capital Programme by Project by Ward: Year 0		
Capital Project	Ward(s) affected	R' 000 Works completed (Yes/No)
Water		
"Project A"		
"Project B"		
Sanitation/Sewerage		
Electricity		
Housing -EHC Social Housing		
Clayville Ext 45 SH project		1 Ongoing
Kempton Park SH project		17 Ongoing
Refuse removal		
Stormwater		
Economic development		
Sports, Arts & Culture		
Environment		
Health		
Safety and Security		
ICT and Other		
		TO

APPENDICES

VOLUME II: ANNUAL FINANCIAL STATEMENTS

Provide the Annual Financial Statements (AFS) to the respective financial year as submitted to the Auditor-General. The completed AFS will be Volume II of the Annual Report.

To be finalised before the 19th Aug 2020.