ANNEXURE G

DRAFT 2026/2027

SERVICE LEVEL STANDARD

Customer Care Centre

Contact details

BATHO PELE

What Batho Pele means to staff

Service delivery to the people is central to realising government's commitment to a better life for all. *Batho Pele* (People First) promotes service excellence in the public sector and encourages the public to expect excellent service from government.

The Ekurhuleni Metropolitan Municipality embraces the Batho Pele principles in its mission, and this is what the public can expect from the Metro, which means you, the staff:

1. CONSULTATION

The public can tell us what they want from us. They must also be consulted about the level and quality of services that they receive, whenever possible, and be given a choice on services that are offered.

2. SERVICE STANDARDS

The public should be informed of what level and quality of public service they can expect, and have a right to insist that we keep our promise.

3. ACCESS

All citizens should have equal access to services that they are entitled to. Departments must set targets for extending access to public servants and services and should implement special programmes for improved service delivery to physically, socially and culturally disadvantaged persons.

4. COURTESY

Don't give insensitive treatment, all should be treated with courtesy and consideration.

5. INFORMATION

The public should be given full, accurate information about services they are entitled to receive.

6. OPENNESS AND TRANSPARENCY

The public should be told how national, provincial and local government departments are run, how much they cost and who is in charge.

7. REDRESS

If the promised standard of service is not delivered the public should be offered an apology, a full explanation and a speedy and effective remedy. When complaints are received you must give a sympathetic, positive response.

8. VALUE FOR MONEY

Public services should be provided economically and efficiently in order to give the public the best possible value for money.

City of Ekurhuleni

a partnership that works

www.ekurhuleni.gov.za

1. **Communication Marketing and Tourism Department**

CB1	**Through Print Publications:**	**ORIGINAL SERVICE STANDARD**	**NEW SERVICE STANDARD**
CB1.1	Publish and distribute an external newsletter	30 Days	30 Days
CB1.2	Publish and distribute an annual report	31 May early	7 Days
CB1.5	Publish and distribute the State of the City Address	365 Days	7 Days
CB1.6	Publish and distribute the Budget Speech	365 Days	7 Days
CB1.7	Publish and distribute a poster for a project for departments	10 Days	10 Days
CB1.8	Produce invitation, programme and name tag for an event	10 Days	10 Days
CB1.9	Produce a single page pamphlet for a department	10 Days	10 Days
CB1.10	Produce an information booklet for department	60 Days	N/A
CB1.11	Produce an information brochure for a department for department	15 Days	N/A
CB1.1	**Ament Content Errors**: factual inaccuracies, typos and grammatical errors published by the Department	New Standard	3 Days
CB1.2	**Removed Unauthorised Content Release: social media**	New Standard	3 Days
CB2	**Through Events and Stakeholder Engagement Sessions:**		
CB2.1	Provision of comments with regards SASRIA	New Standard	3 Days
CB3.1	Response to media queries	New Standard	4 Days

<u>Departmental response</u>

As per current capacity and curb overtime cost as per current capacity and curb overtime cost.

New standard introduced to curb errors in communications materials.

New standard introduced to remove wrong information on digital platforms. New standard to assist with events.

New standard introduced to distribute material in short time.

Standard to be deleted as it is no longer relevant.

2. **Community Safety Department**

DEMS1	**Emergency Call**		
DEMS1.1	The time taken to answer and capture the threatening call in the Emergency Call Centre is taken and dispatched based on the SANS (Code 10090:2018 standards).	1 minute & 30 seconds (1,5)	3 minutes
DEMS1.2	The time taken to dispatch and update the threatening call in the Emergency Call Centre based on the SANS (Code 10090:2018 standards)	3 minutes	3 minutes
DEMS1.3	Total response time for emergency vehicles (rom receipt of call at Fire station to the incident by first arriving unit) based on the SANS (Code 10090: 2018 standards)	varied for different areas	14 minutes on average
DEMS1.4	Total number of incidents require Disaster Management services to respond at any given time.	All incidents	Only when five (5) or more families or

			structures are affected.
DEMS1.5	Total number of disasters require Disaster Management services to respond at any given time.	All incidents	All incidents
DEMS2	Emergency Medical		
DEMS2.1	Attendance Time at Medical Emergencies Dispatched as a Priority 1 from time of call	15 minutes	15 minutes
DEMS3	**Fire**		
DEMS3.1	Attendance Time at Structural Fires from time of call	14 minutes	14 minutes
DEMS3.2	**Incidents Reports or Account Queries**		
DEMS3.3	Incident Reports	14 Days	14 Days
DEMS3.4	Service Account Enquiries	7 Days	7 Days

EMPD1	**Traffic Law Enforcement**		
EMPD1.1	Approval of March Application (Sect. 205)	7 Days	
EMPD1.1	Respond to Traffic related complaints	48 DAYS	Within 1 hour
EMPD1.2	Respond to Road Traffic related Bylaw	48 DAYS	Within 1 hour
EMPD1.3	Respond to any Crime in progress reports	7 Days	Within 1 hour
EMPD1.4	Respond to vehicle accidents within	New Standard	Within 1 hour
EMPD1.5	Provision of accident reports	New Standard	Available within 48 DAYS of accident reported
EMPD 1	**Road Traffic Enforcement**		
EMPD1.1	Respond to Noise / Public Nuisance	7 Days	Within 1 hour
EMPD1.2	Request EMPD escort	48 Hours	48 hours
EMPD1.2	Respond to Illegal trading	48 Hours	Within 1 hour
EMPD1.3	Respond to Illegal Taxi Rank	72 hours	Within 1 hour
EMPD1.4	Respond to Illegal carwash	72 hours	Within 1 hour
EMPD1.5	Respond to livestock on public roads	24 hours	24 hours
EMPD1.6	Respond to Illegal mining	24 hours	48 hours

Departmental responses

A minute and 30 seconds was found to be practically impossible to the acknowledgement of a call and dispatch required resource as well as update the system. The new standard will assist in the acknowledgement of a call in 30 seconds and the balance of 2.5 minutes used to allocate the relevant dispatch resources and update the system.

14 minutes is an average time based on the different times given by the SANS (Code 10090:2018) for the Emergency Services to respond to the different areas classified as A, B, C.

As the incidents are not classified as disasters as per the Disaster Management Act and to curtain the cost for the city on minor incidents., D, and E.

3. Community Services Department

	Provision of Primary Health Care Services (PHC) as per the defined facility types		
	Facility Type	**Service DAYS**	
HSD 1	**PRIMARY HEALTH CARE PATIENT EXPERIENCE**		
HSD1.1	Staff Attitude	New Standard	7 days
HSD1.2	Waiting times	New Standard	7 days
HSD1.3	Available Medicines	New Standard	7 days
HSD1.4	Safe and Secure Environment	New Standard	7 days
HSD1.5	Hygiene and Cleanliness	New Standard	7 days
HSD1.6	Missing Patient Records	New Standard	7 days
HSD 1.7	Other General Complaints	New Standard	7 days
HSD 3	**Community Development Services**		
HSD 3.1	Indigent application approval process	30 days	7 days
	*subject to screening protocol being completed and provided that the customer submitted all relevant documentation		7 days
HSD 4	**Provision of social services to vulnerable communities**		7 days
HSD4.1	Abuse (child, women, men, elderly, people with disabilities) Neglect and exploitation (emotional/ financial/ physical/ sexual)	90 Days	7 days
HSD4.2	Behavioural problems amongst children and youth (uncontrollable children/teen pregnancy)	48 DAYS	7 days
HSD4.3	Family Disputes (family conflicts and maintenance)	14 Days	7 days
HSD4.4	Neighbour disputes (conflicts amongst neighbours')	14 Days	14 days
HSD4.5	Gender based Violence (Counselling)	14 Days	7 days
HSD4.6	Adult Homelessness & the Destitute	48 days	48 days
HSD6	**Environmental Health**		
HSD6.1	**Food Safety**		
HSD6.1.1	Inspection of food premises	90 Days	60 days
HSD6.1.2	Non-food premises inspection	90 Days	90 days
HSD6.1.2	Acknowledgement of Application certificate of acceptable (COA)	48 DAYS	48 days
HSD6.1.3	Inspection of premises for issuing COA	120 days	7 days
HSD6.1.4	Issuing of a COA to premises meeting the requirements		7 days
HSD6.1.5	Re-issuing of a permit COA	120 DAYS	30 days
HSD6.1.6	Sampling at milk parlous and other food premises	30 Days	30 days
HSD6.2	**Disposal of the Dead**		
HSD6.2.1	Inspection of funeral undertakers	Once in 90 Days	30 days
HSD6.2.2	Exhumation of bodies	2 Days	2 days
HSD6.2.3	Issuing of a COA to premises meeting the requirements	15 Days	7 days

HSD6.2.4	Re-issuing of a Certificate of Competence	120 DAYS	30 days
HSD6.3	**Surveillance of Premises**		
HSD6.3.1	Childcare institution inspections	90 Days	90 days
HSD6.3.2	Nursing homes	180 Days	30 days
HSD6.3.3	Old age homes/ Homes for the aged	180 Days	30 days
HSD6.4	**Issuing of Health Certificate and Other Public Health Permits**		
HSD6.5	**Handling of Complaints**		
HSD6.5.1	Acknowledge of Complaints	Within 24 DAYS	24 hours
HSD6.8	**Control of communicable diseases**		
HSD6.8.1	Notification response	Within 24 DAYS	24 hours
HSD6.8.2	First notice	Within 7 working Days	7 days
HSD6.9	Law enforcement		
HSD6.10	**Grass cutting notices on private premises**		
HSD6.11	**Air quality and noise management**		
HSD6.11.1	Environmental impact assessment (BA and EIA)	30 Days	30 days
HSD6.11.2	Environmental management plan comments (EMP)	60 Days	30 days
HSD6.11.3	Acknowledgment of environmental complaints	24 days	7 days
HSD6.11.4	Response to environmental complaints	48 hours	5 days
HSD6.11.7	Issue of AEL	60 Days	60 days

SPORTS, RECREATION, ARTS AND CULTURE			
SRAC1	**Provision of Facilities**		
SRAC1.1	Libraries	6 Days a week (pending Council resolution on library DAYS)	6 Days a week (pending Council resolution on library DAYS)
SRAC1.2	Mobile Libraries (Brakpan, Benoni, Springs and Germiston)	3 Days a week	3 Days a week
SRAC1.3	Art Centres	7 Days a week	7 Days a week
SRAC1.4	Theatres	7 Days a week	7 Days a week
SRAC1.5	Art Galleries	7 Days a week	7 Days a week
SRAC1.6	Amphitheatres	7 Days a week	7 Days a week
SRAC1.7	Museums	6 Days a week	6 Days a week
SRAC1.8	Stadiums and other sports facilities	7 Days	30 Days
SRAC1.9	Informal Soccer fields	7 Days	30 Days
SRAC1.10	Swimming Pools (During Swimming Season)	6 Days	6 Days
SRAC1.11	Provision and maintenance of Community Halls and Recreation/ Youth Centres	7 Days	30 Days
SRAC1.12	Internet Kiosks within Libraries	7 Days	7 Days

Departmental responses

Align with efficiency some services are provided for by provincial government.

Account to service delivery and complaint effectively.

4. Finance Department

F1	**Clearance Certificates**		
F1.1	Issue clearance figures	216 Days	216 Days
F1.2	Issue clearance certificates	216 Days	216 Days
F1.3	Issue of valuation certificates	48 Days	48 Days
F2	**Credit Control Functions**		
F2.1	Reconnections following payment	72 hours	72 hours
F2.1.1	Level 1	3 hours	3 hours
F2.1.2	Level 2	24 days	24 days
F2.1.3	Level 3	48 days	48 days
F3	**Meter Office Functions (Water & Electricity meters)**		
F3.1	Meter accuracy queries on water meters	120 days	120 days
F3.2	Meter accuracy queries on electricity meters	120 days	120 days
F3.3	Disconnections for tampering	48 days	48 days
F4	**Creditor Payments**		
F4.1	Time taken to register a new supplier	48 days	48 days
F4.2	Time taken to produce an official order	48 days	48 days
F4.3	Time taken to pay a supplier	15 Days	1.25 Day
F4.4	Preparation of creditor statement on request	48 Days	48 Days
F4.5	Contract certificate payments: 1st audit	48 Days	48 Days
F4.6	Capturing and payment	15 Days	15 Days
F5	**Bids**		
F5.1	Time taken to issue appointment letters to successful bidders after a resolution has been taken by the Bid Adjudication Committee*	48 Days	48 Days
F5.2	Time taken to award a bid after the closing date of the bid*	108 working Days	108 Days
F5.3	Time taken to respond to enquiries/complaints by suppliers and service providers	1 day	2 Days
F6	**Water and Meter (Inter-dependency)**		
F6.1	Consumption High *refer to water and electricity by-laws*	60 days	30 days
F6.2	Consumption Low/Stuck *refer to water and electricity by-laws*	60 days	30 days
F6.3	Request meter reading	72 hours	72 hours
	Clock to stop counting Friday at 16h30 and start counting Monday 08h00. No count during Public holiDays.		

Departmental responses

Provide accuracy within credit control policies.

Ensure departmental responses are credible.

Provide a credible billing system and responsive to IMS queries.

5. Development Planning and Real Estate Department

CP1	Township Establishment	ORIGINAL SERVICE STANDARD	NEW SERVICE STANDARD
CP1.1	Illegal land use complaint	5 Days	5 Days
CP1.2	Building structures related complaint and investigation for dilapidated	5 Days	5 Days
CP 2	**Rezoning**		
CP2.1	Request for building inspection for issuance of an occupancy certificate (residential/business)	5 days	24 hours
CP2.2	Illegal Outdoor Advertising sign/billboards	5 Days	5 Days
CP3	**Removal of Restrictions**		
CP3.1	Acknowledgement of receipt	24 hours	24 hours
CP3.2	Close off or sinkhole investigations.	30 Days	7
CP3.3	Close off for land survey/ encroachment investigation	30 Days	30 Days
CP4	**Consent use Initiation Process (Forms)**		
CP4.1	Acknowledgement of receipt	24 hours	24 hours
CP4.2	Issuing of form for Certificate of Occupancy	5 days	24 hours
CP5	**Consent use Application**		
CP5.1	Issue for Certificate of Occupancy	5 days	24 hours
CP5.2	Issue for commencement of building prior to council approval (section 76)	30 days	5 days
CP5.3	Issue to erect a temporary structure	24 hours	24 hours
CP5.4	Issue to lease EMM property	30 days	30 days
CP5.5	Apply for a building demolition	30 days	30 days
CP5.7	Building completion certificate	30 days	5 days
CP5.8	Issue plumbing certificate	30 days	5 days
CP5.9	Submit building plans forms	30 days	5 days

ED1	General		
ED1.1	Application for a business license	1 hour	72 hours
ED1.2	Application for trading permit	1 hour	72 hours
ED2	**General**		
ED2.1	Approval of registering on business database	24 hours	3 days
ED2.2	Approval of trading license	48 hours	21 days

FACILITIES MANAGEMENT			
RE 1	**Facilities Management**		
RE 1.1	Cleaning services	Daily	Daily
RE 2	**Property Management**		
RE 2.1	Respond to general complaints	2 days	24 hours
RE 2.2	Cleaning Services	3 days	3 days

RE 2.3	Time taken to respond to genera complaints (excluding land application)	31.5 days	31.5 days
RE 2.4	Application to lease council owned land (delegated)	120 days	120 days
RE 2.5	Application to lease council owned land (non-delegated)	240 Days	90 days
RE 2.6	Application for Notarial Tie	60 days	60 days

Departmental responses

Most of the queries were acknowledgment of submission or requesting for various forms. The forms can be emailed, provided at CCC and are obtainable from the Website. These standards cannot also be traced through monitoring of the gadget devices (CP2/4/5).

Some of the queries can only be addressed for Clients at CCC as they require payment as per tariffs such as zoning certificate, requested maps & GIS data.

One category now accommodates the various land uses, building related queries and provides for a less complex list i.e... township establishment/ zoning/ consent use need not be separated (CP1 &2).

Acknowledgment of objections or comments done at CCC as it requires a report with comments.

Revised standards are more of quality.

6. Energy Department

The department exists to provide and maintain electricity distribution services within the City of Ekurhuleni, excluding the few Eskom Supply Areas.

E1	**Service Activities for Credit and Prepayment Metering**		
E1.1	Change to electricity prepaid meter	56 days	56 days
E1.2	Error 30-meter communication error	48 hours	48 hours
E1.3	Faulty electricity meter	72 hours	72 hours
E1.4	Faulty meter box	5 days	5 days
E1.5	Possible tampering of meter. Quality supply	24 hours	5 days
E2.1	Power failure: single customer	24 hours	48 hours
E2.2	Power failure: business customer	24 hours	24 hours
E2.3	Power failure: multiple customers	24 hours	48 hours
E2.4	Electrical Shocks	48 hours	48 hours
E2.5	Electrical Equipment damage	48 hours	72 hours
E2.6	Electrical Equipment Smoking /On Fire	1 hour	1-2 hours
E2.7	Electrical Enclosure Open	48 hours	48 hours
E2.8	Low/High Voltage	48 hours	48 hours
E2.9	Overhead line/s down	48 hours	48 hours
E2.10	Possible cable theft	72 hours	72 hours
E2.11	Open Cable Trenches	72 hours	5 days
E2.12	Reinstatement of paving	48 hours	5 days
E3			
E3.1	Notice of planned power interruptions	24 hours	24 hours
E4			
E4.1	High mast light failure	24 hours	5 days
E4.2	Single streetlight failure	24 hours	5 days

E4.3	Streetlights section failure	24 hours	5 days
E4.4	Streetlights on during the day	24 hours	5 days
E4.5	High mast light on during the day	24 hours	5 days
E4.6	Cover broken/Missing/ Wires Exposed	24 hours	5 days
E4.7	Light lamp goes on and off	24 hours	5 days
E4.8	Light fitting damaged	24 hours	5 days
E4.9	Light lens discolored	1 hour	72 hours
E4.10	Pole lean/knocked down/ missing	48 hours	5 days

Departmental responses

This is an improvement on previous standard times but is subject to payment received from customer requesting to change to prepaid and subject to budget for planned retrofit projects.

Revenue/Customer services section is working Monday to Friday. There is no standby for the section. Investigation into communication errors will be undertaken during normal working hours.

Faulty meters have a workflow process that includes external stakeholders such as the EMMC's and MIC's. The extension in service standard time is to accommodate for the process when a meter is faulty over a weekend. Energy will assist customer with electrical supply.

The change in service time is to bring the standard in line with the NRS-047 guideline that requires that unplanned interruptions are restored within 168 hours. The department still strives to restore the bulk of our customers within 24 hours subject to call volumes, available staff and resources.

Low or high voltage will be investigated, where dangerous voltages are measured, the supply will be isolated and only reinstated when fault has been located and repaired.

7. Environmental and Resource Management Department

ER 1	**Processing of Development Applications**		
ER 1.1	Environmental Impact Assessments (BA & EIA)	30 days	30 days
ER 1 .2	Environmental Management Plans (EMP)	60 days	60 days
ER 1 .3	Response to Environmental Complaints	48 days	7 days
PARKS AND CEMETERIES			
ER2	**Grass Cutting**		
ER2.1	Grass Cutting Parks	168 days	30 days
ER2.2	Grass Cutting Open Spaces	30 days	30 days
ER2.3	Grass Cutting Active Cemeteries	168 days	30 days
ER2.4	Grass Cutting Inactive Cemeteries	30 days	
ER3	**Landscaping**		
ER3.1	Horticultural Maintenance	120 days	30 days
ER3.2	Tree Pruning	New Standard	30 days
ER3.3	Tree Removal	New Standard	30 days
ER3.4	Removal of Tree Stumps	30 days	30 days
ER3.5	Removal of Tree Branches	New Standard	7 days
ER3.6	Emergency Fallen Tree	New Standard	24-48 days
ER4 Cemetries			
ER4.1	General request	24 days	24 days

ER4.2	Burial request: Muslims & Jews	24 hours	24 hours
ER4.3	Weekend burials	Cut-off on Wednesday @ 13:00	Cut-off on Thursday 13:00
ER4.4	Exhumation of bodies	14 days	14 days
ER4.5	Cremations	48 days	14 days
ER4.5	Location of graves	336 Days	30 days
ER 5 Park Cleaning			
ER5.1	Cleaning dumping in a park	30 days	72 hours
ER5.2	Cleaning dumping in a conservation	120 days	72 hours
ER5.3	Litter picking in a park	New Standard	72 hours
ER5.4	Litter picking in a conservation	New Standard	72 hours
AIR QUALITY MANAGEMENT			
ER 6	**Air Quality Management**		
ER 6.1	Response to Ambient Air quality complaint	24 days	24 days
ER 6.2	Issuing of atmospheric emission license if all details are completed	60 days	60 days
ER 6.3	Inspection for registration of fuel burning appliances	120 days	120 days
ER 7	**Dumping**		
ER 7.1	Clean dumping in a park	120 days	120 days
ER 7.2	Clean dumping in a conservation	120 days	120 days
ER&PM1 ENVIRONMENTAL RESILIENCE & PROJECT MANAGEMENT			
ER&PM 1.1	Snake calls	1 day	24 to 48hrs
ER&PM 1.2	Media enquiries	2-3 days	2-3 days
ER&PM 1.3	Petitions	2-5 days	2-5 days
ER&PM 1.4	Complaints	2-5 days	2-5 days
WMS 1 Round Collection Refuse Removal			
WMS1.1	Domestic	Once weekly	Once weekly
WMS1.2	Business	1 to 5 times weekly	1 to 5 times weekly
WMS1.3	Industrial	1 to 5 times weekly	1 to 5 times weekly
WMS1.4	Bulk (skip bins) container services	1 to 5 times weekly	1 to 5 times weekly
WMS1.5	Round Collection Refuse Removal	Per agreement	Per agreement
WMS1.6	Communal collection points	Once weekly	Once weekly
WMS1.7	Ad hoc	On request, 3 Days bin standing time	On request, 3 Days bin standing time
WMS1.8	IMS Complaints response	Daily	48 to 72 hours
WMS1.9	Illegal dump clearing	As and when required	As and when required
WMS1.10	Petitions and Media Enquiry response	1-2 Days	1-2 days
WMS 2 Sundry Services			
WMS2.1	Removal of animal carcasses (illegally dumped or improperly disposed	New Standard	In line with urgency of the

			request and potential health implications.
WMS2.2	Condemned food stuff (illegally dumped or improperly disposed of)	New Standard	In line with urgency of the request and potential health implications.

<u>Departmental response</u>

New standard introduced to ensure clear separation of operational functions.

In line with urgency of the request and potential health implications.

The grass cutting call will be attend to in line with the planned grass cutting cycles. If an area was attended to in line with the plan and the frequency of cutting within that area has been attended to then the call will deem to be in line with the service standard.

The seasonal grass cutting schedule will be adhered to and call will be evaluated against this operational plan.

8. Human Settlement Department

HS1	**Housing Administration Related Functions**		
HS1.1	Attend to various housing enquires from community members	24 days	24 days
HS1.2	Registration and Approval of Beneficiaries for housing provision	24 days	48 days
HS1.3	Title Deeds Provisioning	24 days	48 days
HS1.4	Attending to damaged houses for Indigent Households	24 days	24 days
HS2	**Emergency/Disaster**		
HS2.1	Involvement and attending to life threatening situations such as sinkholes, floods, fire, etc.	24 days	24 days

<u>Departmental Responses</u>

Align with departmental Kpi’s and city-wide SDBIP.

9. Legal and Risk Department

LS1	**Incorporation of Council / Mayoral Committee / Corporate Services Portfolio Approved Policies in the Ekurhuleni Metropolitan Municipality’s Policy Register**		
LS1.1	Publication on Ekurhuleni website, intranet and a global e-mail of Ekurhuleni Notices	24 days	24 days
LS2	**Incorporation of Council / Mayoral Committee Approved Delegations in the Ekurhuleni Metropolitan Municipality’s System of Delegated Powers**		
LS2.1	Publication on intranet and e-mail to all departments	24 days	24 days

10. Roads and Transport Management Department.

RS1	**Road Infrastructure Related Services**		
RS1.1	Time taken to repair a single pothole - in major road [1]	24 days	7 days
RS1.2	Time taken to repair a single pothole - in minor road [1]	24 days	14 days
RS1.3	Time taken to repair a road following an open trench service crossing[1]	24 days	21 days
RS1.4	Reinstatement of roads, pavements and sidewalks	24 days	21 days
RS1.5	Time taken to repair a kerb inlet [1]	24 days	21 days
RS1.6	Time taken to provide a driveway entrance after approval of the application	24 days	21 days
RS1.7	Time taken to repair / replace kerbing [1]	24 days	21 days
RS1.8	Time taken to repair walkways [1]	24 days	21 days
RS1.9	1 Following reporting of a complaint		
RS2	**Road Signs, Markings and Traffic Signals**		
RS2.1	Time taken to repair /replace a safety related regulatory road sign [1]	48 days	4 days
RS2.2	Time taken to repair / replace other minor road signs [1]	48 days	30 calendar Days
RS2.3	Time taken to repair / replace an information / directional sign [1]	48 days	30 calendar Days
RS2.4	Time taken to repair / replace a street name board [1]	48 days	30 calendar Days
RS2.5	Time taken to repaint road markings [1]	48 days	30 calendar Days
RS2.6	Time taken to repair any traffic light fault - in major road (subject to electrical supply availability) [1]	24 days	72 hours
RS2.7	Time taken to repair any traffic light fault - in minor road (subject to electrical supply availability) [1]	24 days	96 hours
RS2.8	Apply for Speed Bumps	48 days	48 days
RS2.8	Time taken to conduct a warrant investigation and to reply on an application apply for Traffic Calming measures	48 days	28 days
RS2.9	Repair / Replace Street Name Board	120 days	40 calendar Days
RS2.10	Repair Street Name	48 days	30 calendar Days
RS2.11	Replace Safety Related Road Sign	48 days	7 days
RS2.12	Report Faulty Traffic Light in Major Road	4 days	7 Days
RS2.13	Report Faulty Traffic Light in Minor Road	24 days	7 Days
RS2.14	Road Line / Markings Painting Request	120 days	As and when reported
	1 Following reporting of a complaint		
RS3	**Development Applications**		
RS3.1	Approval of building plans: Residential	30 calendar Days	14 calendar Days
RS3.2	Approval of building plans: Industrial/ Commercial	60 calendar Days	28 calendar Days
RS3.3	Approval of outdoor advertising application	4 months	28 calendar Days

RS3.4	Time to comment to City Planning on Land-use applications	New Standard	28 Days from receiving the application
RS3.5	Time to comment to Service Providers with respect to traffic Impact Assessment and Stormwater Management Plans	New Standard	28 Days from receiving the application

TPP1 Municipal Bus Services			
TPP1.1	**Schedule Bus Service:**		
TPP1.1.1	Peak morning services (MonDays to FriDays)	3 days	1 day
TPP1.1.2	Peak afternoon (MonDays to FriDays)	5 days	1 day
TPP1.1.3	Selling of cash tickets by driver	15 seconds	15 second
TPP1.1.4	Selling of multi-journey coupon	3 minutes	3 minutes
TPP1.1.5	Schedule Bus Services- Route and timetable enquiry	3 minutes	1 hour
TPP1.1.6	Tariff enquiry	5 minutes	1 hour
TPP1.2	**Special Bus Service**		
TPP1.2.1	Booking of Bus- complete application form	10 minutes	1 day
TPP1.2.2	Preparation and issuing of quotation	30 minutes	1 day
TPP1.2.3	Payment and issuing of receipts by cashier	Not indicated	1 day
TPP1.3	**Payment method:**		
TPP1.3.1	Cash	5 days	5 days
TPP1.3.2	EFT	5 days	5 days
TPP1.3.3	Cheque		
TPP1.4 Licensing Services			
TPP1.4.1	Issuing of learner's licenses	5 minutes	5 minutes
TPP1.4.2	Issuing of temporary driver's licenses	5 minutes	5 minutes
TPP1.4.3	Manufacturing of card type driver's licenses	4 weeks	4 weeks
TPP1.4.4	Renewal of card type driver's licenses	45 minutes	45 minutes
TPP1.4.5	Application of professional driving permit (PrDP)	45 minutes	45 minutes
TPP1.4.6	Testing of motor vehicles for roadworthiness	20 minutes	20 minutes
TPP1.4.7	Issuing of a roadworthy certificate	5 minutes	5 minutes
TPP1.4.8	Issuing of instructor certificate	10 minutes	10 minutes
TPP1.5	**Satellite Renewal Centre**		
TPP1.5.1	Renewal of Card Type driver's license	45 minutes	45 minutes

<u>Departmental responses</u>

Ensure efficiencies and quality responses to customers.

IMS queries logged beyond office hours lapse before operators can investigate and respond adequately.

E.g., The public has access to report queries 24 hours and employees can only work designated hours per week which is a misalignment.

11. Service Delivery Coordination Department

SDC 1	**Customer complaints, enquiries and requests**		
SDC 1.1	**Customer Complaints**		
SDC 1.1.1	Time to respond to a walk-in customer complaint	1 hour	1 hour
SDC 1.1.2	Time to respond to a Call Centre customer complaint	1minute	1 hour
SDC 1.1.3	Time to respond to an Email or SMS customer complaint	1 hour	1 hour
SDC 1.1.4	Time to respond to walk in centre Email customer complaint	New Standard	48hours
SDC 1.1.5	Time to respond to a call within the Call Centre/ CCC	New Standard	1 minute
SDC 1.2	**Customer Enquiry**		
SDC 1.2.1	Request proof of residence	1 hour	1 hour
SDC 1.2.2	Register for self-service channels	1 hour	1 hour
SDC 1.2.3	Request public liability claim forms	1 hour	1 hour
SDC 1.2.4	Request Service Delivery Standard measuring booklet	1 hour	1 hour
SDC 2	**Forms**		
SDC 2.1	**Environmental Resources Management**		
SDC 2.1.1	Issue form for registration of fuel burning appliances	1 hour	1 hour
SDC 3.1	**Health and Social Development Services**		
SDC 3.1.1	Issue form for Application of certificate of acceptability (COA) permit	1 hour	1 hour
SDC 3.1.2	Issue form for Exhumation of bodies	1 hour	1 hour
SDC 3.1.3	Issuing forms for Health Certificates/Permits	1 hour	1 hour
SDC 4.1	**Water & Sanitation**		
SDC 4.1.1	Issue form for application of water meter test	1 hour	1 hour
SDC 5.1	**Economic Development**		
SDC 5.1.1	Issue form to Register on business database	1 hour	1 hour
SDC 5.1.2	Issue form for Trading License	1 hour	1 hour

Please note that the fault codes previously used under Customer Relations Management (CRM) have been updated and transitioned to Service Delivery Coordination (SDC).

This change is in alignment with the new organisational structure to amend processes and improve service delivery efficiency.

12. Water and Sanitation Department

WS1	**Metering**		
WS1.1	No Water	24 hours	24 hours
WS1.2	Low Pressure (meter related)	24 hours	48 hours
WS1.3	Meter Leak	24 hours	48 hours
WS1.4	Disconnections, Reconnections and Restrictions	48 hours	48 hours
WS1.5	Meter Stolen resulting in no water or meter leak	48 hours	48 hours
WS1.6	Bees in Meter	48 hours	72 hours
WS1.7	Meter Stuck / Covered / Damaged	120 hours	120 hours
WS1.8	Report illegal connection	24 hours	20 hours
WS2	**Restoration of Supply after Unplanned Interruptions**		
WS2.1	Response to and resolution of water complaints	24 hours	24 hours
WS2.2	Response to and resolution of sewer complaints	24 hours	24 hours
WS2.3	Collapsed sewer pipeline	Customer to be informed within 24 hours – restoration is	Customer to be informed within 24 hours restoration is

		dependent	dependent

		upon the construction work required.	upon the construction work required.
WS3	**Water Quality Management**		
WS3.1	Complaints regarding drinking water quality	2 hours	N/A
WS3.2	Low Pressure Complaints: Business And Industrial	6 hours	6 hours
WS3.3	Low Pressure Complaints: Residential	24 hours	24 hours
WS3.4	Water Pollution	2 hours	2 hours
WS3.5	Water Quality Complaint	2 hours	2 hours
WS3.6	Dirty Smelly Water	48 hours	48 hours
WS4	**Network Faults**		
WS4.1	Urgent Water Pipe Bursts	2 hours	N/A
WS5	**Operations**		
WS5.1	Faulty Water Hydrant	5 days	5 days
WS5.2	Meter Dial Problem	5 days	5 days
WS5.3	Water Pressure Fault	5 days	5 days
WS5.4	Water/ Sewer Leakage	48 hours	48 hours
WS5.5	Sewer overflow	2 hours	48 hours
WS5.6	Reinstatements	10 days	10 days
WS5.8	General Water Outage	48 hours	48 hours
WS5.9	Burst Water Pipe	48 hours	48 hours
WS5.10	Spillages clean up	48 hours	48 hours

Departmental responses

Alignment with National Treasury Circular 88 for response to leaks and blockages within 48hrs.

The departmental SOP requires sampling to be taken to the laboratory for testing and 2hrs is not practical

This query requires action from Finance Department and to follow work-flow process. Call Centre to advise customer of the payment required as per applicable water tariffs.

Conclusion

1. The item has served in council and referred to oversight committees.
2. The revision was workshopped to Councillors.
3. All Departments have made presentation to their oversight committees and relevant adjustments as requested.
4. The revised Service Standard is aligned with the CoE budget and departmental performance.

The approval of the City of Ekurhuleni Customer Service Standards as revised will assist the Service Delivery Coordination (SDC) Department in its quest to provide the seamless customer service throughout the City and profile the City to be customer centric.

The Service Delivery Coordination Department has committed to mastery of “best practice” of customer care as well as continuous search for improvement of relations ranging human contact to user friendly automated platforms that are “best fit” into the determined overall organizational vision moving towards the future.

The reviewed City of Ekurhuleni Service Standards will also assist in promoting good governance through our endeavour to transform service delivery by making it accessible, sustainable, convenient, responsive, and cost effective.

1. COMMENTS FROM RELEVANT DEPARTMENTS

All Departments have made presentation to their oversight committees and relevant adjustments as requested.

2. LIST OF ANNEXURE/S

None.

3. RECOMMENDATION

1. **That** the content of the report, by the Service Delivery Coordination Department regarding the approval of the reviewed Customer Service Standards for the City of Ekurhuleni, **BE NOTED.**

2. **That** the reviewed Customer Service Standards for the City of Ekurhuleni, **BE APPROVED**.

REAL ESTATE AND DEVELOPMENT PLANNING

REAL ESTATE AND DEVELOPMENT PLANNING DEPARTMENT: EXPANDED PUBLIC WORKS PROGRAMME - 2023/24 FINANCIAL YEAR, ANNUAL PERFORMANCE REPORT

1. PURPOSE

The Expanded Public Works Programme (EPWP) is a nationwide initiative aimed at alleviating poverty, reducing unemployment, and creating an income base through the provision of temporary work opportunities. The purpose of this report is to provide a detailed account to the Council on the annual performance of the Expanded Public Works Programme (EPWP) for the 2023/2024 financial year.

2. STRATEGIC PRIORITIES

- Local Economic Development
- Promoting Good Governance
- Urban Renewal
- Environmental Resources Management
- Infrastructure Development & Management
- Social Development

3. WARD/S AFFECTED

All wards in the City are affected.

4. IDP LINKAGE

- Job Creation,
- Fighting Poverty & Underdevelopment
- Skills Development, and
- Community Empowerment.

5. EXECUTIVE SUMMARY

The Expanded Public Works Programme (EPWP) is a South African Government-initiated programme aimed at creating work opportunities and income support through service delivery. The programme is not implemented in isolation with other Government strategic initiatives, the New Growth Path (NGP) outlines Key Job drivers, such as targeting more labour-intensive activities across the main economic sectors; and substantial public investment in infrastructure both to create employment directly, in construction, operation and maintenance as well as the production of inputs, and indirectly by improving efficiency across the economy.

The implementation of the EPWP finds prominence from the National Department of Public Works and Infrastructure (NDPWI) which sets out the EPWP targets. These targets are then distributed to all the public bodies in the National, Provincial and Local Government spheres.

The objective of EPWP Phase 4 is "To provide work opportunities and income support to poor and unemployed communities through labour-intensive initiatives, thereby, contributing to public and community assets development." EPWP Phase 4 emphasises three main outputs namely employment creation, income support, and the development of community assets and the provision of services delivered consistently at the required quality. The injection of income in communities enables broader development through the participation of beneficiaries and the utilisation of assets enhances the livelihoods and local economic development.

Therefore, the City of Ekurhuleni adopted its expansion of the programme according to the approved EPWP Policy 2023/2024 Annexure E28. Section 3.5.2 Reporting Management of the EPWP Policy guides that the Economic Development Department report to the Council as stated under sub-section 3.5.2.4. "*3.5.2.4 The EPWP Coordinating Officer shall report to the Council on the progress of the programme on a quarterly basis.*"

6. BACKGROUND / MOTIVATION / DISCUSSION

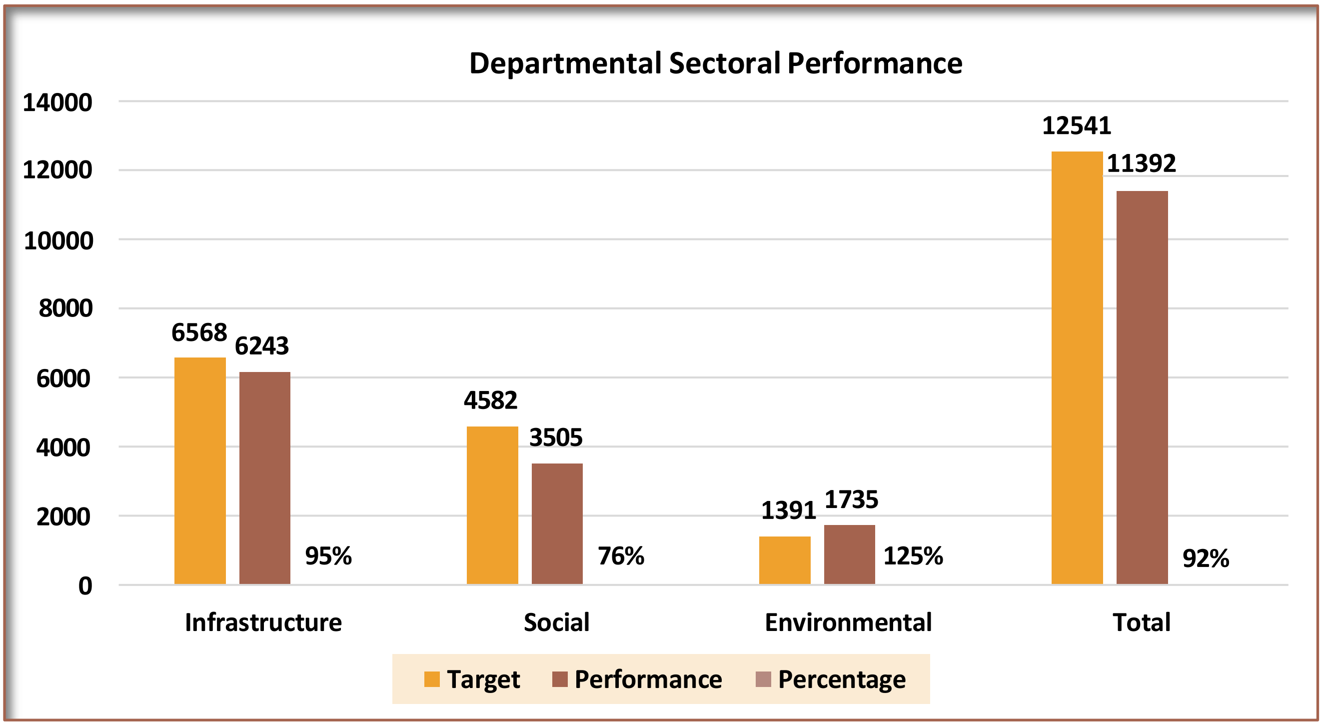
Under the precepts of the Protocol Agreement, signed by the Executive Mayor, which aimed to promote labour-intensive employment through EPWP projects and programmes, the City of Ekurhuleni was given National targets of; (14 909) Work Opportunities (WOs) and (5 834) Full-Time Equivalents (FTEs) for the 2023/24 financial year. While the City was mandated to meet the national target, it is important to note, that the Economic Development Department had an assignment to reach a target of 7 200 WOs set out on the SDBIP in the 2023/24 FY, to this end 11 353 WOs were realised and validated under the EPWP Reporting System.

The National targets are as set by the National Department of Public Works & Infrastructure on the Divion of Revenue Act 2023 (DoRA 2023) Integrated Grant allocation received for the implementation of the Expanded Public Works Programme by public Bodies. The 7 200 target is the City Wide SDBIP target, incorporated in the national target.
The EPW Programme in the City is currently segmented into three sectors, i.e., the Infrastructure sector, the Social sector and the Environment & Culture sector. Therefore, in response to this, the departments within the City were categorised according to their core activities as well as the nature of projects implemented in the 2023/2024 financial year. Therefore, this report will display both the National and the SDBIP performance by the end of March 2024 (national financial year) and June 2024 (municipal financial year).

The below depiction is the performance of the departments per sector as @ 30June2024:

SECTOR	Target per Sector	Performance to date	% Achieved
INFRASTRUCTURE • Energy • Real Estate • Economic Development • Human Settlement • Transport & Fleet Management • Roads & Stormwater • Service Delivery Coordination • Water & Sanitation • ICT • DEMS • SRAC	6 568	6243	95%
ENVIRONMENT • Environmental Resources & Waste Management	1 391	1 735	125%
SOCIAL • EPMD • Health & Social Dev.	4 582	3 505	76%
TOTAL	**12 541**	**11 483**	**92%**

To achieve integrated job creation across the City, departments based on their Capex and Opex budgets, and these were embedded within their SDBIP KPIs. The inclusion and expectations on the job creation KPI assisted the programme in collaborations and ownership throughout the City. Putting this measure in place has assisted the City in reaching the mentioned annual targets and the performance will be used to calculate the grant allocation for the 2025/26 financial year.



The above table indicates sectoral performance based on what departments reported during the year. While the departments performed well in their CAPEX projects, the Economic Development Department through bilateral engagement, ensured that their Opex projects were also reported. The underperformance in the Infrastructure Sector is noted with concern and it was due to a myriad of reasons where some projects were halted to the non-conclusion of IPWs and budget reductions, and some project delays on appointments to contractors not submitting the needed data on work opportunities created under the contracted projects. Under the Social sector, the projects initiated could not yield the expected results due to budget constraints for augmenting the realised performance. However, based on this performance, departments were encouraged to be innovative and look for Opex projects where they could maximise labour intensity to reach their targets.

On the NDPWI targets, the City performed very well in all the sectors with the Environmental and Culture sector achieving (2 546), and the Social Sector (4 789) while the Infrastructure Sector attained (11 621).

Sectors		2019/20	2020/21	2021/22	2022/23	2023/24	Performance to date for 2023/24	Overall Target for the whole Municipality	Overall Municipal performance to date
Infrastructure	WO	11 039	11 100	11 132	11 118	11 131	11 621	55 520	55,355
	FTE	3 648	3 668	3 678	3 674	3 678	4 796	18 346	18,693.5
	WO	775	775	775	775	775	2 546	3 875	5,297

Environment	FTE	288	305	323	343	384	836	1 643	1,987.8
Social	WO	3 003	3 003	3 003	3 003	3 003	4 789	15 015	16,628
	FTE	1 144	1 144	1 144	1 144	1 144	2 358	5 719	6,213.6
Total	WO	14 817	14 878	14 910	14 896	14 909	18 956	74 410	77,280
	FTE	5 080	5 117	5 145	5 161	5 206	7 990	20 592	26,894.9

Sector		Target	Performance	%Achieved
Infrastructure	**WO**	11 131	11 621	104%
	FTE	3 678	4 796	130%
Environmental	**WO**	775	2 546	328%
	FTE	384	836	217%
Social	**WO**	3 003	4 789	159%
	FTE	1 144	2 358	206%
Total	**WO**	**14 909**	**18 956**	**127%**
	FTE	**5 206**	**7 990**	**153%**

The above performance is indicative of the impact of all sectors in the entire value chain of EPWP performance for Phase 4. The performance of all these sectors is critical as it impacts greatly the Full-Time Equivalent (FTE) targets, thus contributing to the overall grant allocation by NDPWI. It is worth noting that the performance on FTEs was also surpassed, and it is recommended that projects implemented have some element of long tenure thus also contributing to medium-long term socio-economic impact in the region.

6.1 DEMOGRAPHICS ON THE 2023/24 EPWP WORK OPPORTUNITIES

In terms of the national demographic targets, the following performance was realised across City projects;

Demographics		
Group	**% Target**	**% Achieved**
Women	**60%**	**55.24%**
Youth between 16 and 35	**55%**	**43.85%**
Persons with disabilities	**2%**	**0.25%**
		99.34%

The performance on demographics is noted with concern more especially under the youth and persons with disability. The grave contributor to the underperformance for the youth is the nonacceptance of the contracts of employment or exit in the programmes based on the nature of activities performed in EPWP projects. This presents a need for the City to re-engineer its projects to cater for the youth with qualifications of higher learning and persons with disability but also maintaining the need to meet the EPWP Labour Intensive Construction guidelines.

6.2 LEGAL IMPLICATIONS & REPORTING

6.2.1 EPWP Policy

Annexure E28, the EPWP Policy was approved in the 2023/24 budget policy reviews. As stipulated in the policy, the next review will be conducted in 2026 subject to material changes from all critical bodies impacting the programme.

6.2.2 EPWP Steering Committee

It should be noted that the EPWP Steering Committee as constituted by the City Manager, operating under the set Terms of Reference, is fully functional and convenes monthly. The Real Estate & Development Planning Department, as the lead coordinator, in collaboration with the Office of City Manager works together with the NDPWI and Gauteng Province Department of Infrastructure Development (GPDID) in the Steering Committee to ensure that implemented projects respond to EPWP requirements, targets and guidelines, thus maximizing job creation opportunities and reporting processes in the City.

6.3 FINANCIAL IMPLICATIONS

6.3.1 EPWP Integrated Grant Performance

For the 2023/24 financial year, The National Department of Public Works and Infrastructure allocated the City of Ekurhuleni, R33 519 000. It should be noted that this allocation was then adjusted at a national level, by a reduction of R1 873 000. This then amounted to the total adjusted budget of R31 646 000. All transfers to the City were concluded by the end of February 2024, informed by the City's compliance and performance as per the protocol agreement and the annual Integrated Grant agreement.

6.3.2 Expenditure as @ end of 30 June 2024

Adjusted Allocation	Quarters 2023/24	Accumulated Expenditure per Qtr.	% spent per Qtr.
R 31 646 000	**Qtr.1**	**R 2 623 377**	**31%**
	Qtr.2	**R 7 460 139**	**32 %**
	Qtr.3	**R 16 481 789**	**62%**
	Qtr. 4	**R 31 646 000**	**100%**

Based on the above, the City has fully expensed the allocated IG funding for the 2023/24 financial year on the allocated projects. See *Annexure 1: "Municipal Expenditure Report: DORA of 2023/2024".*

6.3.3 Departmental Integrated Grant allocations for 2023/24

In the 2023/24 allocation, the Integrated Grant was only allocated to six departments in the City under the Infrastructure sector as well as the Environment & Culture sector.

Department	Project	Total Work Opportunities	Allocation
Roads & Stormwater	Maintenance of existing roads	117	R 4 784 961

Purpose	The purpose of the "Maintenance of Existing Roads" programme is to ensure the longevity, safety, and optimal performance of the road network. The programme aims to preserve the structural integrity of existing roads, minimize transportation disruptions, and reduce the long-term costs associated with major road repairs or reconstructions. Regular maintenance activities are conducted to keep roads in good condition, thereby supporting efficient transportation, economic activities, and public safety.		
Transport & Fleet Management	Maintenance of BRT Infrastructure	108	R 2 440 000
Purpose	The purpose of the "Maintenance of Bus Rapid Transport (BRT) Infrastructure" programme is to ensure the safe, efficient, and reliable operation of BRT systems. The programme aims to maintain the infrastructure in optimal condition, including bus lanes, stations, terminals, and related facilities. Regular maintenance is essential to prevent service disruptions, enhance commuter safety, and prolong the lifespan of the BRT infrastructure, thereby supporting sustainable urban mobility.		
Environmental Resources & Waste Management	Maintenance and Revitalization of watercourses	153	R5 645 376
Purpose	The **Streams, Lakes, and Dams Programme** aims to enhance and revitalize watercourses across the City of Ekurhuleni (CoE) by addressing critical environmental challenges such as alien invasive vegetation, pollution, and degradation of aquatic ecosystems. The programme also seeks to leverage the natural resource base, including rivers, lakes, wetlands, and grasslands, to promote biodiversity, create economic opportunities, and generate revenue from real estate and recreational activities. Additionally, the programme supports job creation and skills development through the Expanded Public Works Programme (EPWP), engaging local communities in the restoration and maintenance of watercourses.		
Economic Development Department	Maintenance of Economic Infrastructure and data capturing	207	R7 650 000
Purpose	The purpose of the "Maintenance of Economic Infrastructure and EPWP Data Capturing" programme is twofold: first, to ensure the ongoing maintenance and optimal performance of critical economic infrastructure, such as roads, utilities, and public facilities; and second, to capture and manage data related to the Expanded Public Works Programme (EPWP) activities. This data collection supports the monitoring and evaluation of the EPWP's impact, ensuring that the programme effectively contributes to job creation, skills development, and infrastructure upkeep.		
Real Estate	Maintenance of Council Properties	86	R3 528 360
Purpose	The purpose of the "Maintenance of Council Properties" programme is to ensure the upkeep, safety, and functionality of properties owned by the council, including public buildings, recreational facilities, and other council assets. This programme aims to preserve the value of these properties, ensure they meet safety and regulatory standards, and provide a safe and welcoming environment for the community.		
Water & Sanitation	EPWP Water Stewards Programme & EPWP Programme	70	R 3 380 335
Purpose	The EPWP Water Stewards Programme aims to promote sustainable water management practices by engaging communities in activities that protect and conserve water resources. This programme is designed to raise awareness, enhance local capacity, and implement practical water conservation measures. It also aims to create employment opportunities through the Expanded Public Works Programme (EPWP), empowering participants with skills in water stewardship and environmental management		
	Total	**741**	**R 27 429 032**

All the grant-funded projects came to completion by the end of June 2024. In terms of job creation, by the end of quarter four (4), the grant-funded projects were able to yield a total of 741 job opportunities in the Infrastructure Sector and Environmental Sector.

6.3.4 Ministerial Priority Areas

To respond to the priority areas as determined by the Minister of National Public Works during the year, in a view to attempt to solve the country's key challenges such as:

- Road maintenance (pothole patching, brick paving and ensuring pothole-free road networks).
- Cleaning of neighbourhoods and waste management.
- Energy (retrofitting of government buildings and solar installations).
- Fixing lifts and plumbing; the City responded to this demand in the year through 99 projects.

From the 99 projects, only 31 projects were fully reported on as of June 30, 2024, with Project IDs, and determined sources of funding. Of these projects, four (4) were funded by Integrated Grant and 27 were funded by revenue and other sources of funding. 698 Work Opportunities were then realized from these projects.

FOCUS AREA	No. Projects
Waste Management	8
Block Paving	8
Community Safety Patrollers / Traffic wardens	2
Road Maintenance including pothole patching	68
Greening and Cleaning	8
Cleaning of public buildings	3
Clean Energy	2

Sectoral allocation	No. of projects
Environment & Culture	5
Infrastructure	92
Social	2

6.3.5 Stipend remunerations as per approved EPWP Policy

The remuneration of stipends to EPWP participants on all projects across the City was as per the policy-approved rates which are in line with the minimum daily wage rates of the country.

TYPE	CATEGORY	RATE PER DAY	MONTHLY PAYMENT (Over 21 Working days).
1.	General workers Infrastructure Sector-Maintenance	R204,42	R4 356,00
2.	General Workers Environment and Social Sector	R204,42	R4 356,00
3.	Community Liaison Officer	N/A	R7 291,75
4.	Team Leaders/Skilled Supervisors/EPWP Administrator	R414,86	R8 712,00

6.4 SKILLS DEVELOPMENT & TRAINING

For the 2023/24 allocation, 11 Accredited Training Interventions were implemented for skills development and training under IG allocated projects. From the training interventions implemented, the participants would then be provided with certificates post CETA finalisation of capturing training data for the programme. Based on attendance, total number of 502 EPWP participants were put through SAQA accredited interventions in collaboration with Human Resources Management & Development Department as presented hereunder.

EPWP SECTOR	DEPARTMENT	NAME OF INTERVENTION	SAQA ID	CREDITS	No. of DELEGATES
Infrastructure	Transport & Fleet Management	**Apply contract documentation** Learners who achieve competence in this unit standard will be able to interpret and apply various forms of contract documentation, Codes of Practice, and professional ethics. This competence supports generic management skills and forms part of the elective learning for Building Construction Managers. It plays a role in advancing socio-economic transformation by enabling learners to undergo Recognition of Prior Learning (RPL) assessments, receiving credit for their previous experience. As a result, the employability and career prospects of learners are enhanced.	15137	10	10
		Install precast concrete pipes Upon completion of the training, learners were expected to acquire the following skills: 1. **Demonstrate Knowledge of Technology**: • Explain the technologies involved in installing precast concrete pipes. • Compare the cost and socio-economic benefits of labor-intensive versus plant-intensive installation methods. 2. **Prepare the Work Area**: • Identify and address hazards in the work area following safety procedures. • Ensure all tools, equipment, and personal protective gear are functional and ready for use. 3. **Install Precast Concrete Units**: • Adhere to workplace safety standards during installation. • Use tools and equipment as intended, following the Occupational Health and Safety (OHS) Act. 4. **Finish the Installation of Concrete Culverts**: • Clean and disinfect the pipeline according to contract specifications. • Measure work for payment based on industry standards.	12903	5	27
		Apply basic business concepts	9976	23	35

		This unit allows construction contractors to apply basic business principles to sell services, manage payments, and conduct business ethically and professionally, enhancing their ability to address customer complaints and ensure business sustainability.			
		Demonstrate the ability to start and run a business and adapt to a changing business environment Candidates credited with this unit standard will be able to start, run, and expand a business.	10009		
		Set up and manage a construction contracting business This unit enables construction contractors to establish and manage a construction contracting business. Learners will understand and apply business principles, market contracting services, and implement industrial relations procedures.	11553		
		Maintain and repair bituminous road surfaces This unit standard equips learners to use and maintain basic hand tools, as well as maintain and repair bituminous road surfaces. It also targets previously disadvantaged individuals, enhancing their career opportunities and contributing to the country's socio-economic progress.	13958	8	26
		Set out control point for centre line and edge line marking for road marking This unit standard is essential for individuals working in road construction and maintenance. Upon completion, learners will be able to demonstrate competence in setting out control points for centerline and edge line marking for road marking.	12908	5	22
		Plan, organize and control the installation of drainage structures for stormwater flow This unit standard equips learners with the ability to plan, organize, and control the installation of drainage structures for stormwater flow. This skill is essential for Civil Engineering Construction Supervisors as part of their elective learning, contributing to the National Skills Development Strategy and promoting socio-economic transformation by recognizing prior learning and enhancing employability.	15195	10	30
		Apply health and safety to a work area. This unit standard aims to equip learners with the skills to apply basic health and safety legislation, including standards and procedures in the workplace. The objective is to foster a safe, healthy environment for themselves and their colleagues	9964	3	97
	Economic Development with Transport & Fleet	• Use a Graphical User Interface (GUI)-based word processor to format documents • Use a GUI-based word processor to enhance a document through the use of tables and columns	117924 119078	5 5	40

	Management Department.	• Use a Graphical User Interface (GUI)-based spreadsheet application to create and edit spreadsheets • Change the appearance of a spreadsheet The above Unit Standards provided were meant to ensure that the delegates get a good basic understanding of word and excel functions of the computer. The training did meet its objectives as we covered all the required specific outcomes and assessment criterions. Word is the word processing application in the Microsoft Office suite. Delegates learned how to use Word's powerful tools for creating professional and eye-catching documents. Excel is the spreadsheet application in the Microsoft Office suite. This module will show you how to use the powerful tools in Excel for organizing, visualizing, and calculating your data.	116937 258879	4 3	
	Real Estate Department	**Prepare and lay precast block paving** This unit standard is intended for individuals working in the field of building and civil construction. The learners who are credited with this unit standard will be able to perform essential tasks related to preparing and laying precast block paving. Specifically, they will develop competence in: • Selecting materials, tools, and equipment for precast block paving work. • Cutting edges of precast blocks according to specifications. • Mixing filler, substrate layers, and bedding materials. • Laying precast blocks following given specifications. • Implementing emergency safety procedures when necessary.	261717	10	44
		Prime and apply paint to surfaces This unit standard is aimed at people working in the building and civil construction field. Learners completing this program will be equipped with the skills to prepare and apply paint to surfaces. **Learners credited with this unit standard will be able to:** • Prepare materials, tools, and equipment for applying primer and paint. • Prime surfaces in preparation for painting. • Coat surfaces with paint according to specifications. • Demonstrate responsibility for the safety of self, others, and the environment.	261666	18	63
Environment & Culture Sector	Environmental Resources & Management.	Apply biological and chemical control of alien invader plants.	264274	5	108
					502

The skills development programme's aim is to support previously disadvantaged individuals by recognizing their prior learning, which will enhance their employability, career advancement, and contribute to the country's socio-economic transformation. The concerted efforts in the City to prioritise skills development in the various pockets of development is critical, thus the need to realise this through the incorporation skills development targets in our procurement processes.

6.5 MARKETING & COMMUNICATION

The City hosted the 61st EPWP Reference Group Meeting on the 1st and 2nd of June 2023. The reference group serves as a forum for facilitating information and knowledge exchange, enhancing coordination between the cities and relevant national departments towards the successful implementation of EPWP in the country. The session in the City was held in the Headquarters offices with attendance from various key stakeholders in the EPW Programme.

Following this successful session, the City published an article in the Eku-Today on the 1st of August 2023 titled; "The City shows strong progress in Expanded Public Works Programme Implementation". This article demonstrated the strides the City is making in the EPW Programme as a collective in the various sectors.

In conclusion of Phase 4, the Real Estate & Development Planning Department together with the EPWP Steering Committee will issue communication profiling the Expanded Public Works Programme in the City and its impact thereof on economic empowerment in the region.

6.6 CHALLENGES AND MITIGATIONS

- It is important to note that the programme is not without challenges. Firstly, the delayed payments of SMMEs forced the service providers to abort work and vacate project sites, this impacted the reporting processes and timelines, as well as the quality of data.

- Secondly, budget cuts at both the national and municipal levels led to the stoppage of projects and scaling down on prospective IPWs in order to stay within adjusted budgets, this caused an inability to create much-desired work opportunities or preferred tenure of employment.

- Notwithstanding the above-mentioned challenges, the Real Estate & Development Planning Department remained persistent in coordinating and monitoring the performance of the programme and continued to engage with the departments through existing structures such as the EPWP Steering Committee, Capex War Room, Inter-Departmental Service Delivery meetings, and EPWP Bi-lateral Departmental meetings.

6.7 KEY ACHIEVEMENTS

6.7.1 Project Implementation

During the year under review, several EPWP projects were successfully planned and implemented. Key projects included road maintenance, clean energy initiatives, waste management improvements, and public space cleaning. These projects not only created job opportunities but also enhanced the overall infrastructure, and environmental sustainability of the municipality, and responded to the list of the Ministerial Priority Areas.

6.7.2 Job Creation

The City exceeded its national job creation and FTE targets for the year under review, providing meaningful employment to a significant number of residents. The focus on labour-intensive methods ensured that a substantial portion of the budget directly benefited the community through wages and employment.

6.7.3 Skills Development

Comprehensive training and skills development programmes have been integrated into the EPWP projects. Participants gained valuable skills which enhanced their employability and preparedness in the labour market.

6.7.4 Stakeholder Engagement

Effective collaboration with various stakeholders such as government departments, private sector partnerships, and community organizations was instrumental in the success of the programme. Regular stakeholder meetings and engagement sessions fostered a sense of shared purpose and collective effort.

6.7.5 Budget Utilization

Financial management has been robust, with a significant portion of the allocated budget being utilized effectively. The expenditure aligned with the financial planning and ensured that funds were directed towards impactful projects.

6.8 CONCLUSION

In conclusion, this quarterly report highlights the significant strides made in the planning, implementation and monitoring of the Expanded Public Works Programme (EPWP) within our municipality. The achievements reflect an ongoing commitment to addressing unemployment, skills development, and fostering socio-economic development.

Together, we are making significant strides towards a more prosperous and inclusive municipality in the fight against the “triple challenges”, poverty, unemployment & inequality in the Ekurhuleni region.

7. COMMENTS FROM RELEVANT DEPARTMENTS

The following Departments as members of the EPWP Steering Committee shared their support for the Item:

a) Finance Department
b) Human Resources Management & Development
c) Communications & Brand Management Department
d) Environmental Resources & Waste Management Department
e) Sports, Recreation Arts & Culture
f) Human Settlement Department

8. LIST OF ANNEXURE/S

Annexure A: Municipal Expenditure Report: DORA of 2023/2024.
Annexure B: Eku-Today on August 01st, 2023: “The City shows strong progress in Expanded Public Works Programme implementation”.

9. RECOMMENDATION

1. **Tha**t, the Expanded Public Works Programme - 2023/24 Financial Year, Annual Performance report by the Real Estate & Development Planning Department, **BE NOTED.**

2. **That,** the City **SUPPORT** the incorporation of Labour-Intensive Construction guidelines in procurement processes.

3. **That,** all Departments contributing to EPWP **INCLUDE** job creation targets in their SDBIPs.

ANNEXURE A

Monthly Report as per the Division of Revenue Act

Municipality Name	**EKUCity of Ekurhuleni**

Budget Allocation for 2023-24 FY	**R**	**31 646 000**
Accumulated Expenditure	R	31 646 000
Available Balance	R	0

Financial Year	2023/24
Month End	Jun-24

Financial Accounting for Grant Funds Received and Expended

	July	August	September	October	November	December	January	February	March	April	May	June	Total
Received Prior Months (Current Financial Year)	R -	R -	R 8 379 000	R 8 379 000	R 8 379 000	R 8 379 000	R 23 463 000	R 23 463 000	R 3 1 646 000	R 31 646 000	R 31 646 000	R 31 646 000	
Received in the Current Month		R 8 379 000				R 15 084 000		R 8 183 000					R 31 646 000
Total EPWP funds Received	**R -**	**R 8 379 000**	**R 8 379 000**	**R 8 379 000**	**R 8 379 000**	**R 23 463 000**	**R 23 463 000**	**R 31 646 000**	**R 31 646 000**	**R 31 646 000**	**R 31 646 000**	**R 31 646 000**	**R 31 646 000**
Spent Prior Months (Current Financial year)		R 277 199	R 740 029	R 2 623 377	R 3 757 348	R 5 346 722	R 7 460 193	R 13 806 988	R 16 508 441	R 19 659 080	R 22 560 482	R 25 375 625	
Spent in the Current Month	**R 277 199**	**R 462 830**	**R 1 883 348**	**R 1 133 971**	**R 1 589 374**	**R 2 113 471**	**R 6 346 795**	**R 2 701 453**	**R 3 150 639**	**R 2 901 402**	**R 2 815 143**	**R 6 270 375**	R 31 646 000
Compensation of Employees	*R 277 199*	*R 462 830*	*R 1 883 348*	*R 1 133 971*	*R 1 589 374*	*R 2 113 471*	*R 6 233 722*	*R 2 666 165*	*R 3 160 627*	*R 2 874 402*	*R 2 810 142*	*R 2 610 438*	R 27 815 689
Goods and Services												*R 3 526 711*	R 3 526 711
Machinery and Equipment							*R 113 073*	*R 35 288*	*R -9 988*	*R 27 000*	*R 5 001*	*R 133 225*	R 303 599
Accumulated EPWP Expenditure	**R 277 199**	**R 740 029**	**R 2 623 377**	**R 3 757 348**	**R 5 346 722**	**R 7 460 193**	**R 13 806 988**	**R 16 508 441**	**R 19 659 080**	**R 22 560 482**	**R 25 375 625**	**R 31 646 000**	**R 31 646 000**
Total EPWP funds Received and Not Spent	**R -277 199**	**R 7 638 971**	**R 5 755 623**	**R 4 621 652**	**R 3 032 278**	**R 16 002 807**	**R 9 656 012**	**R 15 137 559**	**R 11 986 920**	**R 9 085 518**	**R 6 270 375**	**R 0**	**R 0**
Expenditure as % of received amount	0%	9%	31%	45%	64%	32%	59%	52%	62%	71%	80%	100%	
Funds Currently Committed but Not Spent													R -
Scheduled Transfers Withheld													R -

Expenditure on 2022/23 Approved Rollover

Approved Rollover	July	August	September	October	November	December	January	February	March	April	May	June	Total
R -	**R -**	**R -**	**R -**	**R -**	**R -**	**R -**	**R -**	**R -**	**R -**	**R -**	**R -**	**R -**	R -
Compensation of Employees													R -
Goods and Services													R -
Machinery and Equipment													R -

Comments:

(Print Name Below)

, The Accounting Officer or Delegate certify that the above information is correct

Certify that this report is correct and that this report has been submitted electronically as required.

Signed……………………………………………………..

Dated……………………………………………………

ANNEXURE B

EKU Today
Official Internal Newsletter of the City of Ekurhuleni
KEEPING YOU UPDATED
City of Ekurhuleni
Date: Tuesday, 1 August 2023
Find us on www.ekurhuleni.gov.za Facebook Instagram@CityofEkurhuleni Twitter @City_Ekurhuleni

The City shows strong progress in Expanded Public Works Programme implementation

The City has been commended by the Gauteng Department of Infrastructure Development for achieving 80% of its targets in the implementation of the Expanded Public Works Programme (EPWP).

Ekurhuleni has demonstrated remarkable performance across various sectors, with the infrastructure sector leading the way. According to the latest report, CoE has achieved a remarkable performance rate of 257% in the Environment and Culture sector, 73% in the Infrastructure sector (the highest among all cities in Gauteng), and 61% in the Social sector. These achievements highlight the City's commitment to promoting economic development and improving the lives of its residents.

Caiphus Chauke, Head of the Department for Economic Development, expressed his enthusiasm for the upcoming year, aiming to reach the targeted 14 909 work opportunities for the 2023/24 financial year.

To achieve this plan are afoot to prioritise the appointment of local individuals across all departments involved in implementing various projects within the City. The focus is on both Capital Expenditure (Capex) and Operational Expenditure (Opex) projects and programmes.

The City's commitment to the successful implementation of the EPWP demonstrates its proactive approach to socio-economic development. By prioritising local job creation and effective project management, it is not only striving for economic growth but also aiming to uplift residents and build a sustainable future.

As the City sets its sights on reaching the target, stakeholders and residents are optimistic about the positive impact this will have on the local community.

REAL ESTATE & DEVELOPMENT PLANNING DEPARTMENT: CITY OF EKURHULENI (COE) CONTRACTOR DEVELOPMENT PROGRAMME POLICY

1. PURPOSE

To obtain Council approval of the City of Ekurhuleni Contractor Development Programme Policy in terms of Section 11(3)(a) of the Local Government Municipal Systems Act, No. 32 of 2000.

2. STRATEGIC PRIORITY

- Promoting good governance.
- Entrepreneurship enhancement and township economic development.

3. WARD/S AFFECTED

All wards are affected.

4. IDP LINKAGE

- Local economic development.
- Enterprise development.
- Job creation.
- Economic empowerment.
- Skills development.

5. EXECUTIVE SUMMARY

The CoE has since 2006 implemented three (3) phases of the Vuk'uphile Learner Contractor Development Programme. Throughout the phases, the latter programme was especially marred with significant challenges that highlighted the various limitations that continue to confront SMMEs in the construction industry, and which impede their development. These include lack of financial support, access to markets and management skills.

In response to this, the CoE's Real Estate & Development Planning Department proposes the introduction of the City of Ekurhuleni Contractor Development Programme that will be offered every three (3) years to develop and support contractors at CIDB Grades 1 to 5. The programme shall be offered in three distinct categories, namely:

i. Emerging Contractor Development Programme aimed at CIDB Grades 1 and 2 contractors.
ii. Contractor Development Incubator Programme aimed at CIDB Grades 3 and 4 contractors.
iii. Contractor Improvement Programme aimed at CIDB Grade 5 contractors.

In order to empower the CoE to implement and manage such a developmental programme, the City of Ekurhuleni Contractor Development Programme Policy, 2024 has been developed to 1) Provide an enabling contractual environment for contractor development in the CoE, 2)

Limit construction site and industry barriers to entry, 3) Create Industrialists, 4) Empower supplier development in the CoE and 5) Standardise contractor development in the CoE.

The intentional integration of the proposed Contractor Development Programme with the CoE's Supply Chain Management processes in order to have an enforceable policy document that will give the City powers to mitigate all aspects that are making contractors to not be successful in the manner that is desired for them to be successful will enable the City to support contractors at all levels of their development, such that by the time they exit, it can proudly be said that the CoE has done everything within its control to ensure their success.

This report hereby seeks and recommends Council's approval of the proposed City of Ekurhuleni Contractor Development Programme Policy, 2024.

6. MOTIVATION

6.1. BACKGROUND

Since 2006, the City of Ekurhuleni has in collaboration with the National Department of Public Works implemented three (3) phases of the Vuk'uphile Learner Contractor Development Programme.

The Vuk'uphile Learner Contractor Development Programme is a three (3) years learnership programme aimed at incubating emerging contractors and site supervisors, and empowering them with adequate administrative, technical, contractual, managerial, and entrepreneurial skills that would enable them to operate sustainable business entities that can compete in the broader construction industry. During the three (3) years, learner contractors are to complete classroom training, following which; be allocated projects for practical training and CIDB grading purposes. It is the intention of the programme that each learner contractor upon successful completion of the programme should have obtained an NQF Level qualification on the Supervision of Construction Processes, benefitted from technical support services, have a good financial record, project track record and improved CIDB grading.

Following the success of Vuk'uphile I and Vuk'uphile II, which admitted 19 learner contractors and 40 learner supervisors, as well as 20 learner contractors and 20 learner supervisors, respectively, the CoE implemented Vuk'uphile III which admitted an exponential number of 102 learner contractors and 102 learner supervisors.

The Vuk'uphile III programme commenced in 2017 and was due to be completed by 30 June 2020. However, due to the impact of the COVID-19 pandemic, the programme received a six (6) months extension until 31 December 2020 to allow completion of 21 projects that were affected by the COVID–19 pandemic. The programme in its implementation was marred with various challenges which made it difficult for the CoE to administer and realise the objectives of the programme as envisaged at the beginning of the programme.

<u>Vuk'uphile III Programme Challenges:</u>

i. Unavailability of Projects

The allocation of projects to learner contractors was dependent on the availability of projects from infrastructure Departments in the CoE, i.e., donor Departments. The implementation of Vuk'uphile III experienced issues of insufficient projects from donor Departments to accommodate the successful training of 102 learner contractors, as well as instances where projects donated were not ready for immediate implementation, i.e., lacking necessary preparatory work, such as design approvals.

ii. Project Withdrawals

Donor Departments would retract projects donated to Vuk'uphile III based on changing internal priorities or emerging urgent needs, and thereby disrupting the planned allocation of projects to learner contractors for training.

iii. Access to Project Start-Up Funds

Learner contractors had financial constraints, leading to their inability to establish site and finance projects after projects would have been allocated to them for implementation. Financial service providers also took long to approve overdraft applications of learner contractors, especially after a number of contractors were vetted and found to be un-credit worthy. This lack of financial support hampered the learner contractors' ability to mobilize and commence projects effectively.

iv. Invoice Payment Delays

Delays in processing learner contractors' payments by the CoE strained the contractors' cash flow, making it challenging for them to pay other material and service providers, as well as manage daily operational costs. This financial instability led to project delays and increased operational difficulties.

v. Learner Contractors Misconduct

Instances of poor site attendance and misuse of project funds by some learner contractors disrupted the smooth progression of projects and negatively affected the programme. The lack of proper disciplinary procedures for the most part of the programme did not assist to mitigate the issues.

vi. Lack of Qualified Mentors and Inadequate Learner Contractor to Mentor Ratio

The programme faced a shortage of qualified mentors, that would not only be responsible to assist learner contractors with the technical aspects of projects, but mentors that would assist with business development of the learner contracting entities. Furthermore, due to the shortage of qualified mentors in South Africa, the programme was largely implemented with an inadequate learner contractor to mentor ratio, wherein some projects; 1 mentor would be responsible for 20 to 30 learner contractors.

Taking the above into consideration and in an effort to mitigate all aspects that are making contractors to not be successful in the manner that is desired for them to be successful, as well as for the City to be able to support contractors at all levels of their development, the Real Estate & Development Planning Department proposes the introduction of the City of Ekurhuleni Contractor Development Programme.

6.2. DISCUSSION

6.2.1. City of Ekurhuleni Contractor Development Programme

The City of Ekurhuleni Contractor Development Programme (CoE CDP) shall be a deliberate and managed process to achieve targeted developmental outcomes that improve the capacity and skills of contractors based in Ekurhuleni. The programme shall be aimed at:

i. Improving the CIDB Grading Status of Contractors.
ii. Creating Sustainable Contracting Enterprises.
iii. Improving the Business Management and Technical Skills of Contracting Enterprises.
iv. Enhancing Performance, Quality and Delivery of Infrastructure.
v. Promoting Equitable and Targeted Ownership of Contracting Entities by Historically Disadvantaged Individuals.

The above envisaged developmental outcomes will be achieved by providing business and skills development opportunities in the form of infrastructure development projects, further education & training; as well as mentorship to new and existing contractors that are registered on CIDB Grades 1 to 5.

The CoE Contractor Development Programme shall be a three (3) years programme that would admit 50 contractors around the CoE into a contractor development programme that shall be offered in three distinct categories, namely:

i. Emerging Contractor Development Programme aimed at CIDB Grades 1 and 2 contractors.

ii. Contractor Development Incubator Programme aimed at CIDB Grades 3 and 4 contractors.

iii. Contractor Improvement Programme aimed at CIDB Grade 5 contractors.

All contractors participating in the CDP shall be provided with CETA accredited theoretical and practical training aimed at enhancing the skills and capabilities of the contractors, with a focus on construction, project, business, and financial management, as well as technical skills relevant to the construction industry. All contractors participating in the CDP shall be provided with infrastructure projects by the CoE to improve their CIDB Grading, under the supervision of a qualified mentor.

Proposed Programme Funding

The CoE's OPEX budget shall be set aside each financial year from the Real Estate & Development Planning Department for the operational/staffing resources of the Programme Management Unit, training, mentorship, and other required support services of the programme.

An estimated total maximum budget of R12million - R15million budget over a course of three (3) years will be required for training, mentorship, and other required support services of the programme, including the operational and staffing resources of the programme, i.e., +/- R4million to R5million per Financial Year. This will be funded on the below proposed vote:

Budget

Vote Number	Department	Description	Remaining Budget 2024/25	Budget 2025/26	Budget 2026/27
18342323600MNWAHZZ16	Economic Development	Inventory: Materials & Supplies	8 348 444	16 895 979	17 673 194

Details of Existing Commitments: Operational Budget

Vote Number	Department	Job Number	2024/25 Budget	2025/26 Budget	2026/27 Budget
18342323600MNWAHZZ16	Economic Development	EDLB014	4 500 000	0	0

Amounts to be Committed on this Venture: Operational Budget Vote Number

Vote Number	Department	Description	Budget 2024/25	Budget 2025/26	Budget 2026/27
18342323600MNWAHZZ16	Economic Development	Inventory - Materials & Supplies	5 000 000	5 000 000	5 000 000

Commitments: Operational Budget

Description	Budget 2024/25	Budget 2025/26	Budget 2026/27	Total
As Above Operational Vote Number	12 848 444	16 895 979	17 693 194	47 437 617
Less: Commitments	**4 500 000**	**0**	**0**	**4 500 000**
Available Budget less commitments	8 348 444	16 895 979	17 693 194	42 937 617
Contractor Development Programme Policy Proposed Venture to be committed in the above Vote Number	5 000 000	5 000 000	5 000 000	15 000 000
Remaining	**3 348 444**	**11 895 979**	**12 693 194**	**27 937 617**

In the case of a Vuk'uphile aligned project / or programme, (i.e., the Emerging Contractor Development category of the CDP), funding may be received from the National Department of Public Works & Infrastructure. The Construction Education & Training Authority (CETA), Department of Labour and other related organisations, as the statutory bodies for skills development may also be involved to provide the financing of accredited training in the programme. The Real Estate & Development Planning Department shall ensure they pursue these and other alternative sources of funding prior to and during the course of the programme.

The CoE's CAPEX from Infrastructure Departments shall be used to fund and implement projects allocated to the Contractor Development Programme in line with provisions of the proposed Contractor Development Programme Policy.

6.2.2. City of Ekurhuleni Contractor Development Programme Policy

To guide and enable the proper implementation of the CoE CDP, it will be beneficial for the CoE to have the City of Ekurhuleni Contractor Development Programme Policy developed and adopted. The purpose and objectives of the Policy will be to:

i. Empower the CoE to implement and manage the Contractor Development Programme.

ii. Direct the process to be followed to realise the aims of the programme.

iii. Provide an enabling contractual environment for contractor development in the CoE.

iv. Outline the recruitment and selection criteria for contractors to participate in the programme.

v. Outline the exit strategy for contractors participating in the programme.

vi. Standardise contractor development in the CoE.

vii. Facilitate the formation of Contractor Development Programme governance structures which shall manage, monitor, evaluate and report on the programme.

viii. Limit construction site and industry barriers to entry.

ix. Create Industrialists.

x. Empower supplier development in the CoE.

The aforementioned Policy has been developed by the Real Estate & Development Planning Department and attached as *Annexure A* of this report. The draft Policy was circulated to internal CoE Departments, as well as to external stakeholders, including the National Department of Public Works & Infrastructure, Construction Industry Development Board (CIDB), and other implementing bodies for comments and inputs. All comments received were considered and incorporated in the Policy.

In 2003, the CoE had approved various aspects of Item A-PT (31a-2003) - Policy on Contractor Development Programme for Ekurhuleni Metropolitan Municipality. The table below indicates the provisions of the 2003 Policy that are modified in the newly proposed City of Ekurhuleni Contractor Development Programme Policy, 2024:

	2003 CDP Policy Provisions	2024 CDP Policy Provisions
i.	Focus on developing emerging contractors	Focus on developing new and existing contractors on CIDB Grades 1 to 5 as follows: a) Emerging Contractor Development Programme (ECDP) for CIDB Grades 1 and 2 contractors b) Contractor Development Incubator Programme (CDIP) for CIDB Grades 3 and 4 contractors c) Contractor Improvement Programme (CIP) for CIDB Grade 5 contractors
ii.	No provision	Provision for CDP contractors to be nominated and selected subcontractors to larger contractors on CoE panel contracts in order to assist with the pool of projects availability on the programme, as well as market and industry experience for the CDP contractors.
iii.	No mandatory clauses for tender documentation.	The following mandatory clauses to be added to all CoE tender documents for CIDB Grades 6 – 9 panel contractors: a) Preference points for a tenderer that will subcontract a minimum of 15% of the contract amount on each contract allocated to them to CDIP or CIP contractor participants for the latter to be nominated or selected subcontractors, respectively. b) On bids evaluated using the 80/20 preference points formula, a maximum of 10 points shall be allocated for CDP subcontracting, and the remaining 10 points allocated to other categories in line with the CoE Supply Chain Management Preferential Procurement Regulations. c) On bids evaluated using the 90/10 preference points formula, a maximum of 5 points shall be allocated for CDP subcontracting, and the remaining 5 points allocated to other categories in line with the CoE Supply Chain Management Preferential Procurement Regulations. d) Preference points for a tenderer that will form a joint venture with a CIP graduate. e) On bids evaluated using the 80/20 preference points formula, a maximum of 5 points shall be allocated for joint venture/ consortium formation with CIP graduates, and the remaining points allocated to other categories in line with the CoE Supply Chain Management Preferential Procurement Regulations. f) On bids evaluated using the 90/10 preference points formula, a maximum of 2.5 points shall be allocated for joint venture/ consortium formation with CIP graduates, and the remaining points allocated to other categories in line with the CoE Supply Chain Management Preferential Procurement Regulations.
iv.	No provision	Provision for a local building material suppliers and transporters database to assist contractors with material acquisition.
v.	Provision of mentorship to emerging contractors	Provision of mentorship to new and existing contractors, where mentors shall be registered with the relevant Built Environment Council and have professional indemnity insurance in place.
vi.	No provision	Provision for disciplinary procedures to be appropriated against contractors' misconduct on the programme.

vii.	No provision	Provision for a maximum of 50 contractors to be admitted on each Contractor Development Programme.
viii.	Programme Manager to administer a project “float” account into which the Employer makes advance payments and which is utilised to purchase materials, pay trainees and their employees, etc.	Where the CoE secures services of an external service provider to provide programme management capacity to the CoE CDP: a) The CoE shall release quarterly payments in tranches to the service provider for payment of ECDP contractors’ invoices. Payment of CDIP and CIP contractors’ invoices shall be effected by the main contractors and in line with the CoE SCM policy. b) All transfer of funds in relation to the above shall be in line with section 67 of the MFMA. c) The service provider shall provide the following financial assistance mechanisms to CDP contractors in order to realise the objectives of the programme: i. A maximum of 25% of the contractor’s P&Gs amount advanced payments shall be made available to all ECDP contractor participants to implement their first projects on the programme. ii. A maximum of 10% of the contractor’s P&G amount advanced payments shall be made available to all CDIP contractor participants to implement their first projects on the programme. All advance payments in this regard shall only be processed subject to the CDIP contractor’s submission of an approved guarantee for advanced payment. iii. No advanced payments shall be made available to CIP contractor participants. d) All advanced payments made in respect of the above shall be deposited in the contractors’ bank accounts where mentors are co-signatories to the bank accounts to manage the efficient use of the funds. e) Any outstanding monies paid in respect of advanced payments shall be recovered through a percentage determined by the service provider in conjunction with the CoE. f) The financial assistance mechanism referred to above shall be applied only if necessary, following a thorough evaluation of a contractor’s business finances and a recommendation by a Mentor. Where the CoE directly provides programme management capacity to the CoE CDP, provisions of the CoE SCM Policy shall apply.

7. COMMENTS FROM RELEVANT DEPARTMENTS

The Policy was circulated to the following Departments for comments and inputs, prior to finalisation; and comments, as well as inputs received were addressed in the Policy:

INTERNAL COE DEPARTMENTS	Comments Received	
	Yes	**No**
Finance – Supply Chain Management Division	Yes	
Finance - Expenditure Management Division	Yes	
CLS - Specialized Legal, By Law Drafting & SCM Support	Yes	
CLS - Municipal Courts, By-Law Enforcement		No
Risk Management Department – Risk Financing Division	Yes	
Risk Management Department – Business Risk Division		No
Human Settlements	Yes	
Water & Sanitation	Yes	
Real Estate	Yes	
Environmental Resource & Waste Management (ERWM)	Yes	
Enterprise Project Management Office (EPMO)	Yes	
Disaster & Emergency Management Services (DEMS)	Yes	
Roads & Stormwater	Yes	
Human Resources	Yes	
Transport		No
SRAC		No
Energy		No

Comments from Finance and Risk & Legal Services Departments on the Item are attached as annexure B of this report.

8. ANNEXURES

Annexure A: City of Ekurhuleni Contractor Development Programme Policy, 2024.

Annexure B: Comments from Departments.

Annexure C: Item A-PT (31a-2003) - Policy on Contractor Development Programme for Ekurhuleni Metropolitan Municipality.

9. RECOMMENDATION

1. **That** the contents of the report by Head of Department: Real Estate & Development Planning to obtain Council approval of the City of Ekurhuleni Contractor Development Programme Policy in terms of Section 11(3)(a) of the Local Government Municipal Systems Act, No. 32 of 2000 as well as the contents of the City of Ekurhuleni Contractor Development Programme Policy, 2024 that is attached as **Annexure A** of this Item, **BE NOTED**.

2. **That** Council **RESCINDS** the 2003 Policy: Contractor Development Programme for Ekurhuleni Metropolitan Municipality.

3. **That** the contents of the report by Head of Department: Real Estate & Development Planning to obtain Council approval of the City of Ekurhuleni Contractor Development Programme policy in terms of Section 11(3)(a) of the Local Government Municipal

Systems Act, No. 32 of 2000 as well as the contents of the City of Ekurhuleni Contractor Development Programme Policy, 2024 that is attached as **Annexure A** of this Item, **BE APPROVED**.

4. **That** Council **ADOPTS** the City of Ekurhuleni Contractor Development Programme Policy, 2024.

ANNEXURE A

City of
Ekurhuleni

CONTRACTOR DEVELOPMENT PROGRAMME POLICY

2024

TABLE OF CONTENTS

List of Abbreviations

BAC	Bid Adjudication Committee
CAPEX	Capital Expenditure
CE	Civil Engineering
CETA	Construction Education & Training Authority
CDIP	Contractor Development Incubator Programme
CDP	Contractor Development Programme
CIDB	Construction Industry Development Board
CIP	Contractor Improvement Programme
CLS	Corporate Legal Services
CoE	City of Ekurhuleni
ECDP	Emerging Contractor Development Programme
EDD	Economic Development Department
EPMO	Enterprise Project Management Office
EPWP	Expanded Public Works Programme
EXCO	Executive Committee
FY	Financial Year
GB	General Building
GCFO	Group Chief Financial Officer
HDI	Historically Disadvantaged Individual
HoD	Head of Department
IDP	Integrated Development Plan
KPI	Key Performance Indicator
MANCO	Management Committee
MFMA	Municipal Finance Management Act
MTREF	Medium Term Revenue Framework
NCDP	National Contractor Development Programme
NDPWI	National Department of Public Works and Infrastructure
NQF	National Qualifications Framework
OPEX	Operational Expenditure
PE	Potentially Emerging
PMU	Programme Management Unit

P&G	Preliminaries & General
PPR	Preferential Procurement Regulations
RED	Real Estate Department
SACPCMP	South African Council for the Project and Construction Management Professions
SCM	Supply Chain Management
SDBIP	Service Delivery Project Implementation Plan
SMME	Small, Medium & Micro Enterprise

Definitions

In this Policy, unless the context indicates otherwise, or it is expressly stipulated otherwise; the following words and expressions shall have the respective meanings assigned to them and cognate expressions shall bear corresponding meanings:

Bid	An offer to perform a contract for work, labour, or supply of material at a specific price.
CAPEX	Budgets used to create new physical assets or to increase the capacity of existing assets.
Cession *securitatem debiti*	Also sometimes referred to as a security cession, is where a Debtor (in this case, a Contractor) cedes (transfers) to a Creditor (in this case, a Financer or Supplier) certain incorporeal personal rights in order to secure the repayment of a debt. In simple terms, the Contractor who is a Cedent in a Cession agreement, transfers to the Cessionary (the bank or the Supplier) his right to claim payment from the City. This can only apply when financially strapped contractors have to resort to funding contracts and the purchase of necessary materials by raising money or buying materials on the security of a cession of the right to receive payments from the Employer.
Construction Industry	The broad conglomeration of industries and sectors which add value in the creation and maintenance of fixed assets within the built environment.
Construction Works	The provision of a combination of goods and services arranged for the development, extension, installation, repair, maintenance, renewal, removal, renovation, alteration, dismantling or demolition of a fixed asset including building and engineering infrastructure.
Contractor	A natural person, legal person or any type of entity that tenders within the public sector to perform construction works
Historically Disadvantaged Individual	Any person, category of persons or community, disadvantaged by unfair discrimination before the

	Constitution of the Republic of South Africa, 1993 (Act No. 200 of 1993) came into operation.
Infrastructure Department	Any CoE Department that has CAPEX.
Labour Intensive	Methods involving the use of an appropriate mix of labour and machines, with a preference for labour where technically and economically feasible, without compromising the quality of the product.
Nominated Subcontractor	A subcontractor selected by the Employer for appointment by the contractor.
Refurbishment	A process that will restore the originally assessed future economic benefits or service potential that an entity can expect from an asset and is necessary for the planned life to be achieved.
Selected Subcontractor	A subcontractor selected by the main contractor from a list of suitable subcontractors provided by the Employer.
Tender	An invitation to bid for a project.

1. BACKGROUND

Small, Medium and Micro Enterprises in the construction industry are an important contributor to the Local Economic Development of the City of Ekurhuleni. Due to the labour intensiveness of the sector, SMMEs in the construction industry do not only play a critical role in the provision and maintenance of infrastructure assets but they are also key role players in the creation of much needed employment opportunities. Despite this contribution, SMME's in the construction industry are still confronted with various challenges that impede their development. These include lack of financial support, access to markets and management skills. As a result, the enterprises do not see significant growth and remain in the same CIDB Grade over several years.

In response to this and line with imperatives of the Ekurhuleni Growth and Development Strategy 2055 to *Re-industrialize in order to achieve job creating economic growth*; the CoE has developed the City of Ekurhuleni Contractor Development Programme.

The CoE CDP is a deliberate and managed process to achieve targeted developmental outcomes that improve the capacity and skills of contractors based in Ekurhuleni. The programme is aimed at:

i. Improving the CIDB Grading Status of Contractors
ii. Creating Sustainable Contracting Enterprises
iii. Improving the Business Management and Technical Skills of Contracting Enterprises
iv. Enhancing Performance, Quality and Delivery of Infrastructure
v. Promoting Equitable and Targeted Ownership of Contracting Entities by Historically Disadvantaged Individuals

The above envisaged developmental outcomes will be achieved by providing business and skills development opportunities in the form of infrastructure development projects, further education & training; as well as mentorship to new and existing contractors that are registered on CIDB Grades 1 to 5.

It is the intention of the CoE that upon successful completion of the programme, the contractors would be equipped with adequate administrative, technical, contractual, managerial, financial management, and entrepreneurial skills that would enable them to operate sustainable business entities that can compete in the broader construction industry.

2. OBJECTIVES OF THE POLICY

The purpose and objective of this policy is to:

i. Empower the CoE to implement and manage the CDP.
ii. Direct the process to be followed to realise the aims of the programme.
iii. Provide an enabling contractual environment for contractor development in the CoE
iv. Outline the recruitment and selection criteria for contractors to participate in the programme.
v. Outline the exit strategy for contractors participating in the programme.
vi. Standardise contractor development in the CoE.
vii. Facilitate the formation of CDP governance structures which shall manage, monitor, evaluate and report on the programme.
viii. Limit construction site and industry barriers to entry.
ix. Create Industrialists.
x. Empower supplier development in the CoE.

3. LEGAL FRAMEWORK

3.1. This CoE CDP policy is informed by, and shall be read in conjunction with the following regulatory framework:

- RSA Constitution, Act 108 of 1996
- Municipal Finance Management Act, 56 of 2003
- Municipal Supply Chain Management Regulations, 2005
- Preferential Procurement Policy Framework Act, Act No. 5 of 2000
- Broad Based Black Economic Empowerment Act, Act No. 53 of 2003
- Construction Industry Development Board Act, No. 38 of 2000
- Skills Development Act, Act No.97 of 1998
- Basic Conditions of Employment Act No. 75 of 1997
- Compensation for Occupational Injuries and Diseases Act, No. 130 of 1993
- National Contractor Development Programme (NCDP) Framework
- City of Ekurhuleni Supply Chain Management Policy, 2022
- Employment Equity Act 55 of 1998
- National Building Regulations and Building Standards Act, 103 of 1977

3.2. Should there be any contradiction between the provisions of this policy and the above regulatory framework, the latter shall take precedence.

4. CONTRACTOR DEVELOPMENT PROGRAMME

4.1. CATEGORIES, DURATION, AND INTAKE

4.1.1. The CoE Contractor Development Programme shall be offered in three distinct categories, namely:

i. Emerging Contractor Development Programme aimed at CIDB Grades 1 and 2 contractors.

ii. Contractor Development Incubator Programme aimed at CIDB Grades 3 and 4 contractors.

iii. Contractor Improvement Programme aimed at CIDB Grade 5 contractors.

4.1.2. The three (3) categories of contractor development referred to in paragraph *4.1.1. (i) – (iii)* shall run concurrently as part of a single programme.

4.1.3. The maximum allowable duration for a single CoE CDP is three (3) years.

4.1.4. A single CDP shall admit no more than fifty (50) contractor participants.

4.1.5. The number of contractors referred to in paragraph *4.1.4.* shall be divided among the three programme categories as follows:

i. 25 ECDP participants

ii. 15 CDIP participants

iii. 10 CIP participants

4.1.6. Should the thresholds in paragraphs *4.1.5. i. – iii* not be possible due to the number and category of contractors recruited, the HoD: EDD after careful consideration of all applicable factors to advance the local economic development agenda of the CoE, shall determine how the number of contractors referred to in paragraph *4.1.4.* will be divided among the three programme categories referred to in paragraph *4.1.1. (i) – (iii)* per programme intake.

4.1.7. The HoD: EDD after careful consideration of all applicable factors shall determine the number of CIDB gradable categories that are to be admitted in a single CDP.

4.1.8. Participants of the CoE CDP may be paid allowances and/ or stipends during the theoretical training component of the programme in line with the latest applicable CoE's Experiential Training/ Learning Policy.

4.2. EMERGING CONTRACTOR DEVELOPMENT PROGRAMME

4.2.1. TRAINING

4.2.1.1. The Emerging Contractor Development Programme shall be aimed at developing the technical and business skills of the applicable category of contractors.

4.2.1.2. The ECDP shall:

i. Admit contractors at CIDB Grades 1 and 2

ii. Provide each contractor with CETA Accredited theoretical and practical training aimed at enhancing the skills and capabilities of the contractors, with a focus on project management, financial management and technical skills relevant to the construction industry.

iii. Provide each emerging contractor with labour intensive infrastructure development projects to improve their CIDB Grading as envisaged in paragraph *4.7.1.1. (i)*

iv. Provide technical, financial management and business mentorship to the contractors during the course of the programme.

4.2.2. RINGFENCING AND PROJECT ALLOCATION

4.2.2.1. The City Manager shall set targets each financial year for the value of projects that each infrastructure department shall contribute to the ECDP.

4.2.2.2. The targets referred to in paragraph *4.2.2.1.* shall form part of the Performance Agreements between the City Manager and the HODs of all infrastructure departments.

4.2.2.3. The Citywide total value of projects referred to in paragraph *4.2.2.1.* shall be informed by the applicable SDBIP annual targets.

4.2.2.4. The HoD: EDD shall determine the maximum projects amount that each contractor on the ECDP should receive for the duration of the programme, i.e., from inception to exit projects. This should be in line with CIDB thresholds, as well as provisions of paragraph *4.7.1.1. (i)* of the ECDP exit criterion.

4.2.2.5. No later than two (2) months prior to the commencement of each financial year, the HoD: EDD shall request all Infrastructure Departments in the CoE to submit lists of projects for implementation by the ECDP in the succeeding financial year, in line with the targets referred to in paragraph *4.2.2.1* and as per project criteria determined by the CoE CDPs MANCO.

4.2.2.6. The HoD: EDD shall forward the lists of projects to the MANCO for approval into the programme.

4.2.2.7. Once a project has been accepted into the programme, it can only be withdrawn in consultation and agreement between the programme's MANCO, EXCO and the HoD of the Client Department.

4.2.2.8. The HoD: EDD shall ensure that all MANCO approved projects are ringfenced through BAC and approved by the City Manager before allocation and implementation by the emerging contractors.

4.2.2.9. The HoD: EDD shall ensure there is fair and equal allocation of work for all contractors participating in the ECDP.

4.3. CONTRACTOR DEVELOPMENT INCUBATOR PROGRAMME

4.3.1. TRAINING

4.3.1.1. The Contractor Development Incubator Programme shall be aimed at improving the businesses of the applicable category of contractors by capacitating them with skills in tendering, work planning, work execution, quality control, finance, and procurement.

4.3.1.2. The CDIP shall:

i. Admit contractors at CIDB Grades 3 and 4.
ii. Admit contractors who are registered at CIDB Grade 2 PE, provided that the CoE is satisfied that such a contractor has the potential to develop and qualify to be registered in a higher grade.
iii. Provide each contractor with CETA accredited theoretical and practical training aimed at enhancing the skills and capabilities of the contractors, with a focus on project management, business, and financial management, as well as technical skills relevant to the construction industry
iv. Provide each contractor with infrastructure development projects to improve their CIDB Grading as envisaged in paragraph *4.7.2.1. (i)*
v. Provide technical and business mentorship to the contractors during the course of the programme.

4.3.2. PROJECT ALLOCATION AND NOMINATED SUBCONTRACTING

4.3.2.1. All CoE panel contracts for the appointment of contractors (CIDB Grade 6 or 5 PE to CIDB Grade 7 or 6 PE) for the construction and refurbishment of buildings, facilities, and infrastructure around the City of Ekurhuleni on behalf of various Ekurhuleni Departments on an as and when required basis during a specific period are required to incorporate in all their tender documents:

i. An obligation for main contractors to engage targeted enterprises from the CDIP in the performance of their contracts incorporating resource specifications. This is in line with *CoE's Procurement Specific Goals Framework 2023-2024* and shall be in the form of a pre-determined percentage allocated to the targeted enterprises as per paragraph *4.3.2.1. (ii) and (iii)* below
ii. Preference points for a tenderer that will subcontract a minimum of 15% of the contract amount on each contract allocated to them to CDIP contractor participants for the latter to be nominated subcontractors.
iii. Successful tenderers in respect of paragraph *4.3.2.1. (i)* must subcontract a minimum of 15% of the contract amount to CDIP participants for the latter to be nominated subcontractors on each of the projects allocated to the former on the panel contract.
iv. On bids evaluated using the 80/20 preference points formula, a maximum of 10 points shall be allocated for CDIP subcontracting, and the remaining 10 points allocated to other categories in line with the CoE Supply Chain Management Preferential Procurement Regulations.
v. On bids evaluated using the 90/10 preference points formula, a maximum of 5 points shall be allocated for CDIP subcontracting, and the remaining 5 points

allocated to other categories in line with the CoE Supply Chain Management Preferential Procurement Regulations

vi. The successful tenderers must ensure that the type of work being allocated to the CDIP nominated subcontractors is CIDB gradable in line with the CIDB category the latter is registered in.

4.3.2.2. Prior to commencement of the work by the main contractor on the contract panel, the CoE Department responsible for the administration of the panel contract shall forward lists of projects to be implemented by the CDIP to the HoD: EDD for official noting and recording.

4.3.2.3. The HoD: EDD shall determine the maximum projects amount that each contractor on the CDIP should receive for the duration of the programme. This should be in line with CIDB thresholds, as well as provisions of paragraph *4.7.2.1.(i)* of the CDIP exit criterion.

4.3.2.4. The HoD: EDD or their delegated official shall forward the lists of projects referred to in paragraph *4.3.2.2.* to the MANCO for approval into the programme prior to allocation and implementation by the CDIP contractor participants.

4.3.2.5. The HoD: EDD shall as far as possible ensure there is fair and equal allocation of projects for all contractors participating in the CDIP.

4.3.2.6. CoE Departments are encouraged to procure contractors from the CDIP for any maintenance and refurbishment work in line with the CDIP CIDB Grading.

4.4. CONTRACTOR IMPROVEMENT PROGRAMME

4.4.1. TRAINING

4.4.1.1. The Contractor Improvement Programme shall be aimed at improving the businesses of the applicable category of contractors by capacitating them with skills in bidding, work planning, work execution, quality control, finance, and procurement.

4.4.1.2. The CIP shall:

i. Admit contractors at CIDB Grade 5.
ii. Admit contractors who are registered at CIDB Grade 4 PE, provided that the CoE is satisfied that such a contractor has the potential to develop and qualify to be registered in a higher grade.
iii. Provide each contractor with CETA accredited theoretical and practical training in Business and Construction Project Management skills.
iv. Provide each contractor with infrastructure development projects to improve their CIDB Grading as envisaged in paragraph *4.7.3.1. (i)*
v. Provide technical and business mentorship to the contractors during the course of the programme.

4.4.2. PROJECT ALLOCATION AND SELECTED SUBCONTRACTING

4.4.2.1. All CoE panel contracts for the appointment of contractors (CIDB Grade 8 or 7 PE to CIDB Grade 9 or 8 PE) for the construction and refurbishment of buildings, facilities, and infrastructure around the City of Ekurhuleni on behalf of various Ekurhuleni Departments on an as and when required basis during a specific period are required to incorporate in all their tender documents:

i. An obligation for main contractors to engage targeted enterprises from the CIP in the performance of their contracts incorporating resource specifications. This shall be in line with *CoE's Procurement Specific Goals Framework 2023-2024* and shall be in the form of a pre-determined percentage allocated to the targeted enterprises as per paragraph *4.4.2.1. (ii) and (iii)* below.

ii. Preference points for a tenderer that will subcontract a minimum of 15% of the contract amount on each contract allocated to them to CIP contractor participants for the latter to be selected subcontractors.

iii. Successful tenderers in respect of paragraph *4.4.2.1. (ii)* must subcontract a minimum of 15% of the contract amount to CIP participants for the latter to be selected subcontractors on each of the projects allocated to the former on the panel contract.

iv. On bids evaluated using the 80/20 preference points formula, a maximum of 10 points shall be allocated for CIP subcontracting, and the remaining 10 points allocated to other categories in line with the CoE Supply Chain Management Preferential Procurement Regulations.

v. On bids evaluated using the 90/10 preference points formula, a maximum of 5 points shall be allocated for CIP subcontracting, and the remaining 5 points allocated to other categories in line with the CoE Supply Chain Management Preferential Procurement Regulations

vi. The successful tenderers must ensure that the type of work being allocated to the CIP selected subcontractors is CIDB gradable in line with the CIDB category the latter is registered in.

4.4.2.2. Prior to commencement of the work by the main contractor on the contract panel, the CoE Department responsible for the administration of the panel contract shall forward lists of projects to be implemented by the CIP to the HoD: EDD for official noting and recording.

4.4.2.3. The HoD: EDD shall determine the maximum projects amount that each contractor on the CIP should receive for the duration of the programme. This should be in line with CIDB thresholds, as well as provisions of paragraph *4.7.3.1. (i)* of the CIP exit criterion.

4.4.2.4. The HoD: EDD or their delegated official shall forward the lists of projects referred to in paragraph *4.4.2.2.* to the MANCO for approval into the programme prior to allocation and implementation by the CIP contractor participants.

4.4.2.5. The HoD: EDD shall as far as possible ensure there is fair and equal allocation of projects for all contractors participating in the CIP.

4.4.2.6. CoE Departments are encouraged to procure contractors from the CIP for any construction and refurbishment work in line with the CIP CIDB Grading.

4.4.3. EXIT PROJECTS AND JOINT VENTURE/CONSORTIUMS

4.4.3.1. All CoE panel contracts for the appointment of contractors (CIDB Grade 8 or 7 PE to CIDB Grade 9 or 8 PE) for the construction and refurbishment of buildings, facilities, and infrastructure around the City of Ekurhuleni on behalf of various Ekurhuleni Departments on an as and when required basis during a specific period are required to incorporate in all their tender documents:

i. A requirement for joint venture/consortium formation between main contractors on the panel and contractors who have graduated from the CIP.
This shall be in line with *CoE's Procurement Specific Goals Framework 2023-2024*. The objective of this goal shall be to uplift small enterprises by utilizing the experience and resources of already established companies to enhance the participation of Historically Disadvantaged Individuals (HDIs) and small, medium, and micro enterprises (SMMEs). Officials are therefore encouraged to make use of this goal in instances where the procuring projects are capital intensive which SMMEs may not necessarily have the resources to bid in their own capacity, or projects which were historically dominated by large companies and a result SMMEs may not have the required skills and experience.

ii. Preference points for a tenderer that will form a joint venture with a CIP graduate.

iii. Successful tenderers in respect of paragraph *4.4.3.1. (ii)* shall maintain the joint venture and implement all projects allocated to them on the panel contract through the joint venture.

iv. On bids evaluated using the 80/20 preference points formula, a maximum of 5 points shall be allocated for joint venture/ consortium formation with CIP graduates, and the remaining points allocated to other categories in line with the CoE Supply Chain Management Preferential Procurement Regulations.

v. On bids evaluated using the 90/10 preference points formula, a maximum of 2.5 points shall be allocated for joint venture/ consortium formation with CIP graduates, and the remaining points allocated to other categories in line with the CoE Supply Chain Management Preferential Procurement Regulations.

4.4.3.2. All tenders advertised in respect of paragraph *4.4.3.1*., shall include the list of recommended CIP graduates that potential tenderers may form joint venture/ consortiums with.

4.4.3.3. Where there is no list of CIP graduates that may form joint venture/ consortiums with potential main contractors, the preference points in paragraph *4.4.3.1. (ii), (iv) and (v)* shall not be applicable to that tender.

4.4.3.4. It is the responsibility of the HoD for the Infrastructure Department advertising the tender as per paragraph *4.4.3.1.* to ensure they receive from the HoD: EDD confirmation and the list of recommended CIP graduates that potential tenderers may form joint venture/ consortiums with prior to the advertisement of the tender.

4.5. PROJECTS ALLOCATION CRITERIA

All projects submitted for implementation through the CoE CDP shall be:

i. CIDB Gradable
ii. In Stage 5 – Construction
iii. Having approved building plans and/ or section 7(6) of the National Building Regulations and Building Standards Act, 103 of 1977 approval.
iv. Having a complete team of competent Principal Agents and Project Managers.
v. Preferably labor-intensive construction, maintenance, and refurbishment work.

4.6. SPECIAL ALLOCATION REQUESTS

Infrastructure departments shall be allowed to motivate and request for the re-allocation of specific contractors that would have previously been allocated to those departments for specific projects. It shall be the prerogative of the HoD: EDD to approve or reject any special allocation requests, inter-alia upon considering provisions of paragraphs *4.2.2.9., 4.3.2.5., and 4.4.2.5.,* the urgency as well as the specialized work to be undertaken.

4.7. EXIT CRITERION

4.7.1. EMERGING CONTRACTOR DEVELOPMEN PROGRAMME

4.7.1.1. Upon successful completion of the programme, the ECDP participants shall satisfy:

i. CIDB criteria for grading one level higher than the contractor was registered upon admission to the ECDP.
ii. Contractors having benefitted from technical and business support services (i.e., mentorship), have a good financial record, and project record of accomplishment.

4.7.1.2. The basis of the afore-mentioned criterion will be the contractor's potential and capability to profitably deliver projects as required by the clients, as well as completion of the required training for the learnership.

4.7.1.3. Exit of the ECDP participants shall include the PMU providing contractors with CIDB upgrading assistance in line with projects implemented during programme towards the successful obtainment of CIDB certificates.

4.7.1.4. After graduating from the ECDP, contractors may be considered for enrollment into the CDIP, depending on their performance, availability of projects and training budget.

4.7.2. CONTRACTOR DEVELOPMENT INCUBATOR PROGRAMME

4.7.2.1. Upon successful completion of the programme, the CDIP participants shall satisfy:

i. CIDB criteria for grading one level higher than the contractor was registered upon admission to the CDIP.

ii. Contractors having benefitted from technical and business support services (i.e., mentorship), have a good financial record, and project record of accomplishment.

4.7.2.2. The basis of the afore-mentioned criterion will be the contractor's potential and capability to profitably deliver projects as required by the clients.

4.7.2.3. Exit of the CDIP participants shall include the PMU providing contractors with CIDB upgrading assistance in line with projects implemented during programme towards the successful obtainment of CIDB certificates.

4.7.2.4. After graduating from the CDIP, contractors may be considered for enrollment into the CIP, depending on their performance, availability of projects and training budget.

4.7.3. CONTRACTOR IMPROVEMENT PROGRAMME

4.7.3.1. Upon successful completion of the programme, the CIP participants shall satisfy:

i. CIDB criteria for grading one level higher than the contractor was registered upon admission to the CIP.

ii. Contractors having benefitted from technical and business support services (i.e., mentorship), have a good financial record, and project record of accomplishment.

4.7.3.2. The basis of the afore-mentioned criterion will be the contractor's potential and capability to profitably deliver projects as required by the clients.

4.7.3.3. CoE Infrastructure Departments shall score/ rate all contractors appointed on their projects in terms of performance after completion of a project. This shall be used to determine the contractors that can be recommended for joint venture/ consortiums with larger contractors in terms of paragraph *4.4.3.*

4.7.3.4. After graduating from the CIP, contractors are encouraged to bid for CoE panel contracts for the appointment of contractors (CIDB Grade 6 or 5 PE to CIDB Grade 9 or 8 PE) for the construction and refurbishment of buildings, facilities, and infrastructure around the City of Ekurhuleni on behalf of various Ekurhuleni Departments on an as and when required basis during a specific period.

4.7.3.5. After graduating from the CIP, contractors are also encouraged to bid for projects outside of the CoE.

5. PROGRAMME FUNDING

5.1. CAPEX, OPEX & OTHER FUNDING

i. An OPEX budget shall be set aside each financial year from the Economic Development Department, for the operational/staffing resources of the Programme Management Unit.

ii. An OPEX budget shall be set aside from the Economic Development Department for training, mentorship, and other required support services of the programme.

iii. CoE Departments' CAPEX shall be used to fund and implement projects allocated to the CDP.

iv. Projects shall as far as possible be classified under the EPWP to maximise wage incentive grants that are recoverable from Treasury.

v. In the case of a Vuk'uphile aligned project / or programme; funding may be received from the NDPWI.

vi. CETA, Department of Labour and other related organisations, as the statutory bodies for skills development may be involved to provide the financing of accredited training in a structured learning programme.

5.2. PROJECT FINANCIAL ASSISTANCE MECHANISMS

5.2.1. PAYMENTS

5.2.1.1. Where the CoE secures services of an external service provider to provide programme management capacity to the CoE CDP:

i. The CoE shall release quarterly payments in tranches to the service provider for payment of ECDP contractors' invoices. Payment of CDIP and CIP contractors' invoices shall be effected by the main contractors as per paragraphs *4.3.2.1.(iii) and 4.4.2.1. (iii) and in line with the CoE SCM policy.*

ii. All transfer of funds in relation to paragraph *5.2.1.1. (i)* shall be in line with section 67 of the MFMA

iii. The service provider shall provide the following financial assistance mechanisms to CDP contractors in order to realise the objectives of the programme:

a) A maximum of 25% of the contractor's P&Gs amount advanced payments shall be made available to all ECDP contractor participants to implement their first projects on the programme.

b) A maximum of 10% of the contractor's P&G amount advanced payments shall be made available to all CDIP contractor participants to implement their first projects on the programme. All advance payments in this regard shall only be processed subject to the CDIP contractor's submission of an approved guarantee for advanced payment.

c) No advanced payments shall be made available to CIP contractor participants.

iv. All advanced payments made in respect of paragraphs *5.2.1.1. (iii) (a) – (b)* shall be deposited in the contractors' bank accounts where mentors are co-signatories to the bank accounts to manage the efficient use of the funds.

v. Any outstanding monies paid in respect of advanced payments shall be recovered through a percentage determined by the service provider in conjunction with the CoE.

vi. The financial assistance mechanism referred to in paragraph *5.2.1.1. (iii) (a) – (b)* shall be applied only if necessary, following a thorough evaluation of a contractor's business finances and a recommendation by a Mentor.

5.2.1.2. Where the CoE directly provides programme management capacity to the CoE CDP, provisions of the CoE SCM Policy shall apply.

5.2.2. MATERIAL SUPPLIES

5.2.2.1. Following project approval by MANCO as per provisions of paragraphs *4.2.2.6, 4.3.2.4 and 4.4.2.4.*, the PMU through EDD shall engage ward councillors of the applicable projects to establish a database of local building material suppliers and transporters.

5.2.2.2. The database referred to in paragraph *5.2.2.1.* shall be forwarded to MANCO for approval.

5.2.2.3. The contractors shall make use of building material suppliers and transporters from the approved database of material suppliers and transporters.

5.2.3. CESSIONS

5.2.3.1. Cessions *securitatem debiti* where the cedent only cedes their right to payment in respect of the debt owed to the creditor may be allowed for ECDP, CDIP and CIP contractor participants.

5.2.3.2. Cessions shall be made with key suppliers as per provisions of paragraph *5.2.2.* to deliver material directly to construction sites.

5.2.3.3. Provisions of paragraph *5.2.3.1.* shall be subject to a full assessment and thorough evaluation by the Mentor and Project Manager, support of Corporate Legal Services Department, and approval by the GCFO.

5.2.3.4. Cessions relating the CDP shall be prioritised in terms of evaluation at the CLS and Finance Departments, such that the process relating to approvals of cessions for the developmental programme is shortened and does not have the long turnaround time as would be the case under competitive bidding processes.

5.2.4. TURNAROUND TIME FOR PAYMENT OF INVOICES

5.2.4.1. Where the CoE secures services of an external service provider to provide programme management capacity to the CoE CDP as per paragraph *5.2.1.1*., the payments of ECDP contractor participants' invoices shall be executed within 15 (fifteen) calendar days of receipt of invoice by the party responsible for effecting payments.

5.2.4.2. All other payments of CDP contractor participants' invoices shall be executed within 30 (thirty) calendar days of receipt of invoice by the party responsible for effecting payment.

5.2.5. INSURANCE

5.2.5.1. Mentors shall have adequate Professional Indemnity Insurance in place for the duration of the CDP.

5.2.5.2. Contractors shall pay the required contributions in terms of the provisions of the Compensation for Occupational Injuries and Diseases Act, 1993 in respect of their employees.

5.2.5.3. All other project risks and damages excluded in paragraphs *5.2.5.1. and 5.2.5.2.* are the responsibility of the contractor and CDP contractors are thus encouraged to procure and maintain All Risk Insurance to insure their projects, where applicable.

6. CDP MANAGEMENT

6.1. GOVERNANCE

6.1.1. EXCO

6.1.1.1. The programme shall have an Executive Committee that is formulated of executive management of the CoE: EDD and other key stakeholders like NDPW, CETA, and CIDB where applicable.

6.1.1.2. The EXCO shall be appointed by the City Manager

6.1.1.3. The EXCO shall be responsible for:

i. Signing of binding agreements in line with the approved delegation of authority system
ii. Taking executive decisions on behalf of the programme
iii. Providing programme oversight

6.1.1.4. The committee shall meet on an as and when required basis.

6.1.1.5. The committee shall develop its detailed Terms of Reference for approval by the City Manager.

6.1.2. MANCO

6.1.2.1. The implementation of the programme shall be managed through MANCO.

6.1.2.2. The MANCO shall be appointed by the programme's EXCO.

6.1.2.3. All other partners and role players in relation to paragraph *6.1.2.1.* shall report to MANCO.

6.1.2.4. The committee is mandated to make operational decisions on behalf of the CoE Contractor Development Programme.

6.1.2.5. MANCO shall be convened by the Economic Development Department.

6.1.2.6. The committee shall develop its detailed Terms of Reference for approval by the EXCO.

6.1.2.7. The MANCO shall be composed of the below representatives.

i. EDD
ii. EPMO
iii. CoE Divisional Heads
iv. NDPWI
v. CETA
vi. CIDB
vii. PMU
viii. Mentors' Representative
ix. Training Provider Representative
x. Financial Institutions Representatives

6.1.2.8. The MANCO key functions shall be as follows:

i. Approve projects to be implemented on the Programme.
ii. Ensure that contractual obligations are met.
iii. Set clear processes for the Programme.
iv. Make final binding decisions.
v. Provide guidance and direction.

vi. Monitor programme performance.
vii. Manage programme risks and challenges.

6.1.3. SELECTION COMMITTEE

6.1.3.1. The CDP shall have a Selection Committee
6.1.3.2. The Selection Committee shall be appointed by the MANCO.
6.1.3.3. The Selection Committee shall be responsible for facilitating the contractor selection process into the programme for final approval by the MANCO.
6.1.3.4. The committee shall develop its detailed Terms of Reference for approval by the MANCO.

6.1.4. TECHNICAL STEERING COMMITTEE

6.1.4.1. The CDP shall have a Technical Steering Committee
6.1.4.2. The Technical Steering Committee shall assist the Management Committee in fulfilling its oversight responsibilities by providing technical expertise.
6.1.4.3. The Technical Steering Committee shall be appointed by the MANCO.
6.1.4.4. The Technical Steering Committee shall be convened by the CoE Contractor Development Programme's PMU.
6.1.4.5. The committee shall develop its detailed Terms of Reference for approval by the MANCO.
6.1.4.6. The Technical Steering Committee shall be composed of the below representatives:

i. CDP Programme Managers
ii. CoE Infrastructure Departments Project Managers
iii. Mentors
iv. Training Providers' Representatives
v. EPMO
vi. EPWP
vii. CETA
viii. Health and Safety Representatives
ix. Financial Institutions' Representative
x. CDP Contractor Representatives

6.1.4.7. The Technical Steering Committee shall be responsible for:

i. Convening subject matter experts from different organizations
ii. Provide support to the programme requirements.
iii. Update, monitor and evaluate programme/project progress.
iv. Unblock projects operational challenges.
v. Escalate challenges & risks to MANCO for intervention.
vi. Facilitate the involvement of CoE departments on the programme.

vii. Establish and maintain a database of contractors participating in the development programme.
viii. Assign or recommend for appointment, as and when the need may arise, the following:
- Training Providers
- Mentors to contractors

ix. Give technical support to the procurement process.
x. Propose revisions to the programme in order to obtain and heighten objectives.
xi. Account to MANCO.

6.2. OPERATIONAL SUPPORT

6.2.1. PROGRAMME MANAGEMENT UNIT

6.2.1.1. The CDP Programme Management Unit shall be established at the CoE's Economic Development Department.

6.2.1.2. The PMU shall be employed as a resource to inter-alia:

i. Ensure that the programme and projects are delivered on time, within budget and at the required quality standard.
ii. Provide support towards the BAC approval processes of ringfenced projects.
iii. Provide programme administration.
iv. Develop and present progress reports.
v. Manage project risks.

6.2.2. MENTORSHIP

6.2.2.1. SACPCMP registered Construction Mentors shall be appointed through the CoE's Economic Development Department to provide the required support to the contractors during the course of the programme.

6.2.2.2. The number of appointed mentors shall be in line with the adequate recommended mentor to contractor ratio to enable the success of the programme.

6.2.2.3. The CoE shall give preference to mentors that have experience of working with emerging contractors.

6.2.3. TRAINING SERVICES

The CoE shall appoint a CETA accredited training provider to inter-alia provide:

i. Theoretical/ classroom training
ii. Quality Assurance of the Programme Training

iii. Assessment of the CDP participants
iv. On-site skills training as may be determined by the nature of the project.
v. Completion of NQF Level 4 Certification of the CDP participants.

6.3. STAKEHOLDERS ROLES AND RESPONSIBILITIES

STAKEHOLDER	ROLE/ RESPONSIBILITY
CoE EDD	• Overall coordination, management, and implementation of the programme • Programme funding • Selection and appointment of contractors • Appointment and management of professional service providers and training services providers. • Provision of suitable premises that will be used for theoretical training on a rent-free basis. • Programme reporting.
PMU	• Programme Management, Coordination, & Administration • Database Administration. • Performance Monitoring & Reporting. • Programme Profiling & Marketing. • Facilitation of Strategic Partnerships. • Construction Value-Chain Integration. • Preferential Supply Contract Negotiation. • Quality Assurance. • Compliance & Contract Management. • Raising External Support & Funding.
Other CoE Departments	• Provide funded project sites that will be used for practical training & mentorship. • Timeous processing and payment of contractor invoices • Project reporting
CoE Project Managers	Manage Departmental projects inter-alia through: • Department Project Managers: ❑ Identifying and allocating projects to the programme ❑ Preparing project plans ❑ Appointing consultants and/ or Principal Agents • Consultant Project Managers: ❑ Design and prepare project documentation. ❑ Construction supervision:

	✓ Clarification of the works, specifications, & drawings ✓ Administer & report on construction progress by the contractor. ✓ Monitor the contractor's programme of works. ✓ Verify the contractors' measurements. ✓ Administer the contract terms & conditions. ❑ Handover and Close-out ✓ Compilation of full set of as-built drawings. ✓ Compilation of all manuals, guarantees, etc. ✓ Issuance of completion certificates.
CETA	• Training Quality Assurance • Ensures that the training provided to the participants is accredited with the Quality Council for Trades and Occupations in terms of the National Qualifications Framework levels.
CIDB	• Programme Support
NDPWI	• Programme Support • Programme Funding
Financial Institutions	• Financial support to contractors • Assess financial risks. • Provide finance. • Arrange overdraft facilities. • Monitor contractor's cashflow and accounts.
Training Service Providers	• Provision of theoretical training, • Assessment of contractor progress both in the classroom and on site.
Mentors	• Provision of technical and business support services: ❑ Business Administration ❑ Financial Management ❑ Technical Support ❑ Human Resources Management ❑ Statutory Compliance ❑ Tender Phase Support ❑ Construction Phase Support • Co-sign cheques made out by the contractors in terms of the contractor's agreement with the financial services provider. • Oversee that the works comply with specification and are undertaken effectively in accordance with good practice.
Contractors	• Price projects

	• Site establishment, planning, acquisition of tools, and material • Recruitment of labour & artisans • Appointment of supervisor • Execution of training project(s). • Preparing cash flows
Supervisors	• Complete training • Site supervision
Other Main Contractors	• Provide construction opportunities and support to the CDP contractors.

7. DISCIPLINARY PROCESS

7.1. CODE OF CONDUCT

i. EDD shall develop a code of conduct for the CDP participants.
ii. The code of conduct shall be fair, in line with the Constitution of the Republic of South Africa and associated policies of the CoE.
iii. The code of conduct shall be reviewed and supported by the CLS Department, prior to implementation.
iv. The code of conduct shall be made available and accepted by the CDP participants upon admission into the programme.
v. Should a CDP participant not accept the code of conduct, their participation on the programme may be immediately terminated and the next qualifying contractor on the shortlist be granted admission to the programme.

7.2. DISCIPLINARY PROCEDURE

i. The CDP shall have a Disciplinary Committee, which will be a subdivision of the programme's MANCO.
ii. The Committee's overarching purpose shall be to investigate; review and make subsequent recommendations to the MANCO on the final disciplinary actions to be taken against any CDP participant found to be in contravention of the CDP code of conduct.
iii. The MANCO shall develop and approve Terms of Reference for the Disciplinary Committee
iv. A CDP disciplinary procedure shall be developed in line with the CoE's disciplinary policy by members delegated by MANCO.

v. The CDP disciplinary procedure shall be supported by corporate legal services department before approval by the MANCO for implementation in the programme.

vi. The disciplinary procedure shall be approved within three (3) months of commencement of a CDP.

7.3. NON-PERFORMANCE

A CDP contractor's poor or non-performance on a project allocated to them on the programme shall be dealt with in terms of the applicable project conditions of contract between the CoE and the CDP contractor.

8. RECRUITMENT AND SELECTION

i. SMMEs and contractors shall be invited to register on the CoE's Contractor Development Programme's database through an open and transparent process, i.e.:

- Advertisement on the CoE's website and social media platforms.
- Advertisements in local newspapers.

ii. Criteria for contractors to register on the programme shall include:

- South African Citizenship
- Residency in the City of Ekurhuleni
- Registration on the CIDB's Register of Contractors.
- Valid Tax Clearance Certificate.
- Registration on the Municipality's vendor list (when training or incubating contracts are awarded).

iii. Potential contractors and SMMEs shall be recruited into the programme in a manner that prioritizes the empowerment of youth, local emerging contractors, persons with disabilities, local suppliers, women, and previously disadvantaged individuals.

iv. After the advertisement is closed, a briefing session shall be held with the CoE

v. The CoE shall apply a pre-determined selection criterion to the applications.

vi. Short-listed candidates may be requested to undertake written tests to understand their skills levels, as well as needs and placement assessments for the CoE to plan and program suitable training interventions as required by the individual participants.

vii. Short-listed candidates may be subject to credit checks, financial, as well as security screening by a reputable financial service provider prior to admission to the programme.

viii. Contractors who have previously participated in a CoE Vuk'uphile Learner Contractor Development Programme, or similar programme shall not be considered for admission into the ECDP category.

ix. Contractors shall not be considered for admission into a single CDP category more than once.

x. A final list of candidates shall be compiled according to the assessment outcomes.

xi. The contractors shall be required to sign a contract with the CoE and any other applicable stakeholders like the NDPWI, committing themselves to participate in the programme on a full-time basis. The contracts shall also stipulate that if the contractors do not participate as required in the programme, they shall be required to leave the programme.

9. MONITORING AND EVALUATION

i. The CoE through its internal structures shall monitor and evaluate the effective implementation of this policy.

ii. There shall be evaluation of the programme through Internal Audits each financial year.

iii. EDD shall be responsible for the programme's monthly, quarterly, and ad-hoc reporting in line with the performance indicators referred to in paragraph *9. vi (a) – (d)*

iv. Monitoring and Evaluation of the Programme shall inter-alia ensure the following:

- There is adequate and effective planning towards support requirement for programme beneficiaries.
- Public funds are applied in a cost-effective manner.
- Participating contractors make progress and exit the programme on time.
- Treasury regulations are adhered to at all times.
- Mentoring and training funds are applied effectively and efficiently.
- EPWP and NCDP reporting is performed.

v. A proper reporting and monitoring programme shall be put in place to monitor applications, approval, implementation, as well as the application of performance standards.

a) All approved projects shall be categorised against the various sub-programmes.

b) All Implementing Departments or Agents shall submit regular reports with outputs performance measure indicators to enable the monitoring of the performance on the implementation of the set objectives.

c) All Implementing Departments or Agents shall put in place control mechanisms to ensure that stipulated output measure indicators as envisaged in the business plans are achieved.

vi. The following performance indicators shall be taken into consideration during programme reporting:

a) Construction Companies
- Number and category of participating companies per ward
- Value of contracts awarded.
- Monitor progress (on programme / behind on programme)
- Training to workers (technical skill and life skills)
- Support provided.
- CIDB CRS number

b) Participating Contractors
- Name of Contractor/s
- Identity number, contact details and CV.
- Gender and age
- Record of training
- CIDB CRS number and grade

c) Projects allocated to the programme.
- Client department of the project
- Contact persons (client / consultants / contractor)
- Value of project, budget, and expenditure to date
- Starting and completion dates
- Job creation
- Training to workers (technical skill and life skills)
- Support provided.

d) Workforce (EPWP reporting)
- Name of participant
- Identity number
- Gender and age
- Record of training
- Record person days' work performed, and wages paid to worker(s)

10. PENALTIES

Any person who fails to comply with the provisions of this policy shall have disciplinary proceedings instituted against them in line with the CoE's disciplinary policy, the CDP's disciplinary procedure and/ or withdrawal of their benefits under this policy.

11. EFFECTIVE DATE

This CDP policy comes to effect on the date on which the policy is adopted by the Municipal Council, or a different date specified by the Municipal Council in the council resolution.

12. POLICY REVIEW

The approved CDP policy shall be reviewed every three (3) years before a successive term of a CDP. Following each review, if the CDP policy requires amendments, the CM shall submit an updated draft policy to Council for adoption.

ANNEXURE B

CORPORATE LEGAL SERVICES

City of Ekurhuleni

To: HOD: Economic Development department Attention: Thembelihle Jula From: Corporate Legal Services department ("CLS") Inquiries: Ncumisa.LUDIDI@ekurhuleni.gov.za Our ref.: INTERNAL MEMO: Ekurhuleni Contractor Development Programme Policy Date: 01 November 2024	DIVISION: SPECIALIZEDLEGAL, BY-LAW DRAFTING & SCM SUPPORT Cnr. Cross & Roses Street Germiston Private Bag X1069 Germiston 1400 Tel: 011 999 3477 www.ekurhulenr.gov.za

SUBJECT:		**VETTING** OF THE **CONTRACTOR DEVELOPMENT PROGRAMME POLICY**			
INSTRUCTION	**Mark with "X"**	**DATE THE MATTER IS** ASSIGNED **TO THE LEGAL ADVISOR**	**DATE COMPLETED BY LEGAL ADVISOR**	**TIME TAKEN**	**LEGAL ADVISOR**
VETTING	**X**	31 OCTOBER 2024	01 NOVEMBER 2024	01 working day	Ncumisa Ludidi
DRAFTING					
LEGAL COMMENT					

Please note: This legal comment is rendered with reliance on the mentioned documents and/or information submitted by the instructing/requesting department to Corporate Legal Services (CLS) department. CLS department only makes recommendation from a legal perspective based on evidence presented to it at the time of finalizing the legal comment, and docs not take or make decisions on behalf of the requesting department.

Under no circumstances will any official rendering this comment be held responsible for any action/process arising from this comment and which is due lo any wilful or negligent non-disclosure of documents and information by the instructing department.

COMMENT: ____

1. **INSTRUCTION SUMMARY AND/OR BACKGROUND:**

CLS received a memo dated 11 October 2024 requesting comments on the subject matter.

Due to minor substantive amendments on the draft policy, the Litigation division of CLS has to render final comments the on the draft Policy in line with applicable regulatory framework, before its submission for approval.

2. **DOCUMENTS AND REGULATORY PRESCRIPTS CONSIDERED IN VETTING OF THIS REVISED *DRAFT* POLICY:**

2.1. The Draft Contractor Development Programme Policy

2.2. CoE Supply Chain Management Policy of

2.3. MFMA, Act 56 of 2003

2.4. The Constitution Act 108 of 1996

3. **COMMENTS ON VETTING**

CLS has perused this Draft Policy as revised, and notes that some aspects of the previously raised concerns by CLS have been attended to, and some removed from this revised draft Policy.

While we recognize the stated challenges of difficulty in accessing markets due to lack of financial support facing the small and growing contractors in our country, and while we understand and appreciate the effort and attempt to provide support to ensure their development, the City is still facing a legislative hurdle when it comes to the issue of advance payments included in the Draft Policy under paragraph 5.2.1.

This is due to the fact that the applicable regulatory prescripts (MFMA and SCM Policy) emphasizes on payment within 30 days of receipt of an invoice. Even though the applicable MFMA s65(2)(e) does not specifically state that the invoice must be for services already rendered or goods delivered, the SCM Policy on 22.13 regulates this aspect by providing that *"Under normal circUflJstances payment is made for supplies in accordance with the contract conditions only after they have been delivered and, where applicable, instal led, in good working order. Payments shall be executed witMn 30 days of receipt of."*

Because this Draft Policy is said to be informed by the SCM Policy in certain aspects, that means it cannot contradict the SCM Policy, but both Policies can be aligned to mirror each other.

On the issue of payments to be made in terms of s67 MFMA, it should be noted that section 67 payment mechanism excludes payments made in line with commercial or business transactions. It would assist if EDD can clarify if the nature of the programme is a commercial or business transaction or not, to determine if it qualifies to be paid in terms of s67 **MFMA.**

Further, the 15 days provided for in paragraph 5.2.4.1 of the draft Policy is not supported from a legal perspective, as it is contrary to s(65(2)(e) of MFMA. While prompt payments within a 30 days period is encouraged, in order to comply with MFMA and the SCM Policy, we find it suicidal to expressly put a lesser period than 30 days in this draft Policy, due to the fact that should the 15 days period not be complied with, it will attract legal and financial obligations and implications for the City, and that is not desirable.

4. CONCLUSION AND RECOMMENDATION:

4.1. CLS supports the objective of this draft Policy subject to its compliance with relevant and applicable legislative and regulatory prescripts.

4.2. The department is encouraged to source comments from SCM to ensure that the latter is onboard regarding the issue of points allocation and subcontracting in paragraphs 4.4.2. and 4.4.3..

4.3. From a legal and compliance perspective, advance payments cannot be supported for inclusion in the Draft Policy, as they are not in line with MFMA and SCM Policy. The department is encouraged to obtain further comments from Finance department on this aspect and/or paragraph 5.2.1 of the Draft Policy.

4.4. Any payments made in line with section 67 (not relating to commercial or business transaction) to comply with accounting and reporting requirements set out in section 67 of the **MFMA,** and the department to ensure that programme qualifies to receive payments in line with this section (67). The department is encouraged to obtain further comments from Finance department on this aspect and/or paragraph 5.2.1 of the Draft Policy..

4.5. It is further recommended that the Draft Policy aligns the payment period to s65(2)€ of the MFMA and paragraph 22.13.2 of the SCM Policy.

4.6. That the Policy in its paragraph 6.1.1.3(i) must provide for signing of binding Agreements with financial implications, to be done in line with approved Delegation of Authority System

***NB.** In the event that the requesting department is not satisfied or disagrees with the comment/recommendationsherein, the matter may be escalated to the HoD: Corporate Legal Services for further legal comment(recommendations*.

Adv. Njabulo Zulu.

Divisional Head: Specialized Legal, By-Law Drafting & SCM Support

Corporate Legal Services Department City of Ekurhuleni.

Memorandum

City of Ekurhuleni

To: Head of Department: Economic Development

Head Office: Finance
Golden Heights Building
141 Victoria Street
Germiston
1401

Tel: (011) 999- 6589

From: Lesego Mashego

Attention: Thembelihle Jula

Date: 21 November 2024

Subject:	**FINANCIAL COMMENTS: ECONOMIC DEVELOPMENT DEPARTMENT: TO OBTAIN COUNCIL APPROVAL OF THE CITY OF EKURHULENI CONTRACTOR DEVELOPMENT PROGRAMME POLICY IN TERMS OF SECTION 11(3)(A) OF THE LOCAL GOVERNMENT MUNICIPAL SYSTEMS ACT, NO. 32 OF 2000.**

Budget Division

According to the report an estimated total budget of +/-R15million over a course of three (3) years will be required for training, mentorship, and other required support services of the programme, including the operational and staffing resources of the programme. This will be funded on the below proposed vote:

It is confirmed that provision has been made on the approved 2024/2025 and multi-year 2025/26 and 2026/27 Operational Budget:

Vote Number	Department	Description	Remaining Budget 2024/25	Budget 2025/26	Budget 2026/27
18342323600MNWAHZZ16	Economic Development	Inventory: Materials & Supplies	8 348 444	16 895 979	17 673 194

Details of Existing Commitments: Operational Budget

Vote Number	Department	Job Number	2024/25 Budget	2025/26 Budget	2026/27 Budget
18342323600MNWAHZZ16	Economic Development	EDLB014	4 500 000	0	0

It is confirmed that the department allocated the amounts to be committed on this venture for Capital Budget Vote Number as follows:

Vote Number	Department	Description	Budget 2024/25	Budget 2025/26	Budget 2026/27
18342323600MNWAHZZ16	Economic Development	Inventory - Materials & Supplies	5 000 000	5 000 000	5 000 000

Commitments: Operational Budget

Description	Budget 2024/25	Budget 2025/26	Budget 2026/27	Total
As Above Operational Vote Number	12 848 444	16 895 979	17 693 194	47 437 617
Less: Commitments	**4 500 000**	**0**	**0**	**4 500 000**
Available Budget less commitments	8 348 444	16 895 979	17 693 194	42 937 617
Contractor Development Programme Policy Proposed Venture to be committed in the above Vote Number	5 000 000	5 000 000	5 000 000	15 000 000
Remaining	**3 348 444**	**11 895 979**	**12 693 194**	**27 937 617**

The department stated that the City of Ekurhuleni's (CoE) operational budget shall be set aside each financial year from the Economic Development Department for the operational/staffing resources of the Programme Management Unit, training, mentorship, and other required support services of the programme.

The department stated that the COE capital budget will be sourced from Infrastructure Departments to fund and implement projects allocated to the Contractor Development Programme in line with provisions of the proposed Contractor Development Programme Policy.

The Department must secure the funding before the bidding process commence and during the bidding process in terms of section 15 (Appropriation of funds for expenditure) of the MFMA, Act 56 of 2003 updated 2009.

<u>Value for money</u>

It is the responsibility of departments to ensure that goods and services procured are beneficial (either financially or qualitatively) to Council and will assist with the improvement and acceleration of service delivery. The department must achieve reasonable value for money by ensuring the operations of the department are carried out efficiently effectively and economically.

Silinda.

PHUMLA SILINDA
FINANCE: SUPPORT SERVICES

ANNEXURE C

POLICY : CONTRACTOR DEVELOPMENT PROGRAMME FOR EKURHULENI METROPOLITAN MUNICIPALITY

Item A-PT (31a-2003) CM 30.10.2003 — POLICY ON CONTRACTOR DEVELOPMENT PROGRAMME FOR EKURHULENI METROPOLITAN MUNICIPALITY

RESOLVED:

1. That the report on the policy in respect of the Contractor Development Programme for the Ekurhuleni Metropolitan Municipality BE NOTED.

2. That Appendices “A” to “H” of Annexure “C” attached to the report BE APPROVED and that the programme BE REFINED on the basis of practical experience acquired during implementation.

3. That, in consultation with the Human Resource Management and Development Department, the approach to enter into a Learnership Agreement with the Construction, Education and Training Authority (CETA) for skills development purposes within an established contractor development programme, BE APPROVED.

4. That the principle of designing the pre-screening criteria for selection of candidates for the programme BE APPROVED.

5. That the principle of identifying capital projects where involvement of the programme’s candidates WILL BE GUARANTEED for purposes of gaining on-site training BE APPROVED.

6. That the establishment of a Programme Steering Committee to monitor processes of the programme and to ensure attainment of desired objectives BE APPROVED.

7. That the principle of adopting quick payment procedures to ensure healthy cash flow for programme candidates BE APPROVED.

8. That the principle of engaging in cession agreements to facilitate candidates’ access to construction material BE APPROVED.

APPENDIX A

EKURHULENI METROPOLITAN COUNCIL

SMALL AND EMERGING CONTRACTOR DEVELOPMENT PROGRAMME

Based on the
Community Empowerment Programme of the EGSC
and the
Hiakamuti Contractor Development Programme of the KMC

April 2001

EKURHULENI METROPOLITAN COUNCIL

SMALL AND EMERGING CONTRACTOR DEVELOPMENT PROGRAMME

EXECUTIVE SUMMARY

The former Eastern Gauteng Services Council (EGSC) and former Khayalami Metropolitan Council (KMC) acknowledged that sustainable human resources development in disadvantaged communities would only succeed if approached in a holistic way.

On 18 November 1996 the EGSC adopted a Community Empowerment Programme (CEP) with a small and emerging contractor development programme as its main focus. The KMC, on 17 June 1998, approved a similar policy on community empowerment through infrastructure provision and maintenance. The latter programme was called the Hiakamuti Contractor Development Programme.

Both programmes showed visible successes but also experienced constraints. One of the mayor constraints inhibiting the growth and success of the programme was a sustainable workload that was mainly attributed to the fragmentation of local government and the lack of support by some Metropolitan Local Councils and Transitional Local Councils. The Ekurhuleni Metropolitan Council (EMC) by means of an integrated contractor development programme supported by all the Metropolitan divisions can now effectively manage this constraint.

This submission to Council contains a Policy on Community Empowerment adopted by the former EGSC and KMC (both Councils adopted similar policies) and integrated supporting resolutions and documents. Resolutions from both the former EGSC and KMC were evaluated and those that will enhance delivery are recommended for adoption by the EMC.

Only resolutions, procedures and standardised documents of either the former KMC and/or EGSC are contained in these documents.

Contractor development programmes with a proven track record are thus presented to the EMC as a starting point for the implementation of a contractor development programme in the EMC region.

A Steering Committee with representatives from Council is proposed to guide and monitor the programme and to consider refocusing as and when the need arise.

EKURHULENI METROPOLITAN COUNCIL

SMALL AND EMERGING CONTRACTOR DEVELOPMENT PROGRAMME

TABLE OF CONTENTS

Small and Emerging Contractor Development Programme in the Engineering and Building Industries

1. Introduction

A goal of the Reconstruction and Development (RDP) White Paper is that *small businesses, particularly those owned and operated by black entrepreneurs, must form an integral part of the national economy and economic policy.*

In this regard the following constraints facing small, medium and micro enterprises, are identified in the RDP:

- Access to finance
- Markets
- Management skills
- Supportive institutional arrangements

The aforementioned constraints also apply to the construction industry, in which the Council acting as Employer to contractors, annually invests millions of Rand in engineering infrastructure such as roads and storm-water drainage.

To achieve the RDP principles in the construction and building industries, an environment conducive to emerging contractor development has to be created by eliminating or reducing the constraints and restrictive practices, which presently exist.

It should be borne in mind that the constraints in the construction industry developed and evolved over many years as a result of construction problems and other contractual shortcomings experienced on contracts. These practices should thus not be ignored or done away with arbitrarily. An innovative approach appropriate to present day circumstances will however have to be adopted to address these constraints.

Many local authorities have been proactive in adopting Procurement and Tender Policies that enhance access of Small, Medium and Micro Enterprises (SMMEs) to the tender process. Council's policies mostly focus on the issues outlined in the Green Paper on Public Sector Procurement Reform and the Preferences Act 2000.

2. Project Goal

To contribute towards the upliftment and empowerment of disadvantaged communities by developing a viable, skilled work force in the construction and building industries.

3. Project Objective

The establishment of a skilled work force in all disadvantaged communities in the Council's area of jurisdiction that are economically fully active on all levels in the construction and building industries within 3 to 5 years.

4. PROJECT DESCRIPTION

The following key performance areas have been identified for the programme:

- Promotion of the objectives of the RDP, 10-Point Plan and the Green Paper on Public Sector Procurement Reform (GPPSPR).
- Co-ordination and implementation of a development programme for emerging contractors
- Co-ordination and monitoring of training programmes to ensure acceptable training standards are maintained and that the environment for skilled persons is sustained
- Investigation of cost-effective ways and means to increase emerging contractor involvement in the provision, operation and maintenance of building and engineering infrastructure

The key performance areas are briefly elaborated upon hereafter.

4.1 PROMOTION OF THE OBJECTIVES OF THE RDP, 10-POINT PLAN AND GPPSPR

The project focuses on the constraints identified in the RDP White Paper, 10-Point Plan and GPPSPR as they relate to small and emerging contractors in the construction and building industries and proposes long term strategies which Council may adopt to eliminate or reduce such constraints.

(a) Lack of supportive institutional arrangements

Institutional arrangements regarding tender and contract documentation, tender procedures, tender evaluation criteria and construction administration which act as barriers to emerging contractor development, were identified and procedures were established to remove or reduce their effect. An enabling tender and contractual environment was created.

(b) Lack of management skills

The development of an entrepreneur as a contractor able to operate independently in the engineering construction field cannot be achieved in an ad hoc basis, or over a short period. A programme is required which provides for the phased, assisted development of an entrepreneur in an environment that facilitates and encourages emerging contractor participation.

The proposed programme is thus based on an approach that starts with a transparent identification, evaluation and selection process of aspirant contractors and which progresses from full-time class room training to in-task training on a construction training project, to technical support on small contracts that tapers down to a form of mentor ship over time.

(c) Lack of markets

In order that contractors may follow a sustainable career path development, it is essential that sufficient projects of adequate size be identified and made available in both the short and long term. In the short term the projects are required to integrate theoretical training with on site construction work, whereas a development path and sustainable operation requires adequate and appropriate projects over the long term.

(d) Lack of finance

The lack of finance is a serious constraint to small and emerging contractor development and in this regard constraints as they relate to the construction and building industries, should be identified, analysed and steps taken to overcome them.

4.2 Co-ordination Of A Development Programme For Emerging Contractors And Tradespersons

In developing a strategy that addresses emerging contractor development, the following should be borne in mind:

- Not everyone has the aptitude to become a contractor
- A portion of project funds has to be applied to training and development
- The number of emerging contractors able to operate in the market depends on the volume of available work
- Trade skills training forms an integral part of the programme, but training should be directed to trades in which a shortage are experienced in order not to create an over-demand in certain skills

In order that the aforementioned issues may be effectively managed, it is essential that an integrated, structured approach be adopted in the implementation of a development programme for small, emerging contractors and tradespersons. In this regard the programme should be co-ordinated on corporate level.

4.3 Monitoring of Training Programmes

Human resource development in the construction and building industries largely relates to the development of management and trade skills. Those with the required aptitude to become contractors are taken on the emerging contractor development path, others are already operating in the field (small contractors) whilst others follow the trade skills development route.

In order to ensure that acceptable training standards are maintained all training provided should be monitored to ensure the success of the programme.

Training courses and trainers should be accredited e.g. CETA or by the Department of Labour. On completion of a course, the trainer should not do trainee assessment, but it should be left to another qualified person, preferably a qualified Vocational Assessor.

It is also foreseen that an information system regarding trainees, trainers, courses and training institutions will have to be implemented and maintained to assist the monitoring of the programme.

4.4 Increase of Small and Emerging Contractor Involvement in the Engineering Industries

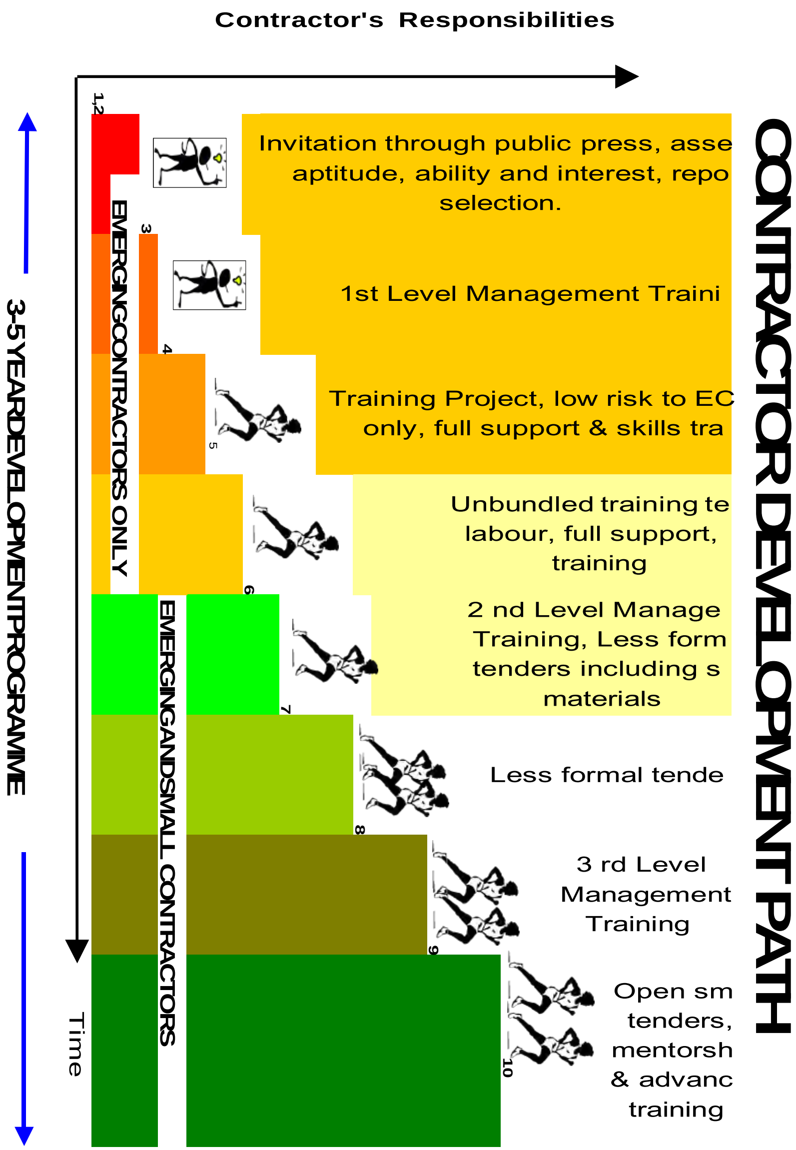
It may be expected that most of the emerging contractors will in future operate as small, medium and micro enterprises, while a few will develop into large contractors.

Research should be initiated and extended where already underway, to determine new technologies and to revive technologies to increase labour-intensive construction methods, which will likewise increase the role of small and emerging contractors in the industry.

5. Small And Emerging Contractor Development Path

Emerging contractors will follow a full Step-by Step Contractor Learnership Programme under normal circumstances. A detailed programme is outlined in Annexure A and can be summarised as follows:

- Open invitation to all interested persons to an Introduction meeting
- Identification and initial selection process of trainees
- Assessment/aptitude tests of candidates
- Final selection of candidates
- Presentation of pre-requisite training determined by assessment tests
- Presentation of construction management course
- Integration of theory and construction work on training projects
- Preparation and submission of less-formal tenders
- Continued integration of training and construction work
- Assessment/evaluation of emerging contractors
- Presentation of follow-up training modules
- Provision of on-going support to emerging contractors


Contractor's Responsibilities
CONTRACTOR DEVELOPMENT PATH
3-5 YEAR DEVELOPMENT PROGRAMME
Time
EMERGING CONTRACTORS ONLY
EMERGING AND SMALL CONTRACTORS
1,2
3
4
5
6
7
8
9
10
Invitation through public press, asse aptitude, ability and interest, repo selection.
1st Level Management Traini
Training Project, low risk to EC only, full support & skills tra
Unbundled training te labour, full support, training
2 nd Level Manage Training, Less form tenders including s materials
Less formal tende
3 rd Level Management Training
Open sm tenders, mentorsh & advanc training

The foregoing development path requires a properly managed development programme and an enabling contractual environment. These aspects are discussed hereafter.

5.1 Trainee Selection Process

It is in the interest of the candidates, the community and the Council that the best candidates should enrol on the emerging contractor learnership programme. Those candidates with the suitable aptitude and ability should be identified in a transparent manner. All those interested to participate should be subjected to an aptitude and ability test. The Human Sciences Research Council and private enterprise have developed aptitude tests which could be applied in the evaluation and selection process of candidates. Selection criteria for the selection of emerging contractors are outline in Annexure B.

5.2 Construction Management Courses

The Department of Public Works involved various role players to develop a construction management course called Contracting Entrepreneurial Training (CET) (refer to Annexure C for a course outline). This course is accredited nationally. Modules are normally spread over 2 to 3 years to ensure that contractors become fully conversant with the contents of the modules and its applications.

Small contractors (emerging contractors who graduated from the emerging contractor development programme and existing contractors who enter through the open tender process) can access managerial/entrepreneurial training through the programme.

5.3 Training Projects

After completion of the theoretical portion of the course, trainees are given the opportunity to apply their theoretical training to actual construction work execution on training projects.

The requirements for the execution of training projects include the following:

- Adequate training projects on which only trainees are allowed to tender
- Tenders are essentially for providing and managing labour
- Trainees execute work on a task basis for which a daily wage applies, as determined by the Engineer in consultation with the Client, professionals and trainees
- Employees in the construction industry are paid on fortnightly basis and in order for the trainee to be in a position to do this, he/she has to be paid fortnightly by the Employer
- The Programme Manager administers a project “float” account into which the Employer makes advance payments and which is utilised to purchase materials, pay trainees and their employees, etc.
- Materials management and Construction Management services are to provided on appointment by the Employer
- Coaching of trainees and arrangement of trade-skills training to be provided to the trainees and their employees, are the responsibilities of the Training Manager appointed by the Employer

- The arrangements regarding works and liability insurance as well as the deductibles in respect of claims, are the responsibility of the Employer

After completion of the training projects, an accredited examiner assesses trainees and the construction management course certificate is presented to trainees who have successfully complied with the requirements of the course. The trainees who are unsuccessful but who are assessed to benefit from more training, may be given the opportunity to execute further training projects.

Trainee contractors will be given the opportunity to apply for training projects should the number of trainees exceed the number who can be accommodated on the further training projects. Refer to Annexure D for the selection criteria and application form.

5.4 Execution of Follow-Up/Less-Formal Projects by Small and Emerging Contractors

Small and emerging contractors, who have successfully completed the construction management course, are given the opportunity to tender independently on follow-up/less-formal projects.

Although tendering and work execution are more formalised, supportive institutional arrangements such as the following are still required:

- Follow-up projects would commence with labour contracts only (while the Employer provides the emerging contractor with technical support services such as in materials management) and progress to contracts in which support services are reduced to a stage where the emerging contractor provides his/her own construction and materials management services
- Some protection in the open market is still required at this stage and tender by personal invitation only, in a less formal manner, should apply
- The amount of sureties, if any, should be affordable to the emerging contractor
- Biweekly payments should apply
- Access to professional advice during tendering and work execution are required
- On site training assistance by suppliers and experts in respect of specific work e.g. laying of water pipes
- On site accredited training of workers in specific areas
- Allowance of cessions for material purchases which are then paid directly by the Council
- A project “float” account, if applicable, would still apply on follow-up projects
- The arrangements regarding works and liability insurance as well as the deductibles in respect of claims, should be the responsibility of the Employer

5.5 Technical Support Services

The following are the technical support services that have to be provided to trainees by or on behalf of the Employer during the execution of training and follow-up projects:

- Training management support
- Materials management support
- Construction management support

The functions of the aforementioned support services are briefly described hereafter.

5.5.1 Training management support services

The Training Manager, in consultation with the EMC and community, will co-ordinate the:

- Identification, evaluation and selection process of trainees
- Selection of business management course to be presented
- Presentation of class-room portion of course
- Identification of training projects
- Evaluate emerging contractor's performance on site
- Coach emerging contractors in areas of weakness
- Arrange or provide on site training and development
- Provide mentorship to emerging contractors
- Final evaluation of emerging contractors performance on the contract
- Provide training programmes iro maintenance works, if required
- Provide training programmes iro self sustainability
- Follow-up visits to evaluate emerging contractors

5.5.2 Construction management support services

Construction management support includes for the following assistance to be provided to small and emerging contractors:

- In registering with the Commissioner of the Department of Labour in respect of the Act on Occupational Injury and Illness
- In staking out the works
- In programming the execution of the works
- In interpreting specifications
- In determining trade-skills requirements for the project
- In providing quality work
- In determining accredited trade-skills training to provided on the project
- In measuring up the works and preparing payment certificates

The Construction Manager will also employ specialist subcontractors, e.g. for rock blasting and is further responsible for arranging insurance of the works and third party liability insurance. In most instances the Construction Manager will also act as Plant Manager in respect of plant to be hired on the project. Construction Managers must register with the EMC in order to be considered for appointment.

5.5.3 Materials management support services

Due to a lack of a financial and a construction track record, the small or emerging contractor is not in a favourable position to obtain credit from a supplier. Up-front payment to a supplier will require a bank loan that will likewise be difficult to obtain.

Materials management support includes the following functions:

- Establishment of stores
- Staff requirements
- Preparation of store administration procedures
- Employment of staff
- Training of staff
- Acquisition of materials
- Maintenance of assets register
- Assets insurance

Construction Managers must register with the EMC in order to be considered for appointment.

6. Corporate Level Co-ordination Of Development Programme

To avoid excessive and indiscriminate training of tradespersons and contractors, the programme should be co-ordinated from corporate level with all role players participating, i.e. local authorities, local bodies, Councillors and officials and local communities.

The Steering Committee can assist in the following functions:

- To provide a direct link between the programme and the Council
- To approve the categorisation of capital projects i.t.o. the contractor development programme
- To award training and less formal contracts to contractors on the programme and to report to Council
- To monitor and sustain an enabling contractual environment
- To monitor and evaluate the contractor development programme
- To facilitate the exchange of experience and knowledge gained in and outside the region
- To monitor a management information system regarding training programmes and trainees

7. Creation Of An Enabling Contractual Environment

Emerging contractors' development will only be possible if restrictive practices in the tendering and contracting environment are removed and if the Employer provides technical support services to the emerging contractor. Support services to be considered and constraints presently inhibiting this process, are discussed hereafter.

7.1 Training And Development Projects

Training and development projects have to be identified for in-task training of emerging contractors and trade-skills development of their workers and development/prime minor and micro projects for further development of emerging contractors and small contractors. Where possible, projects have to be broken down into a number of sub-projects as training/development Prime minor or micro projects.

In order to ensure a structured and effective approach, all capital projects shall be categorised at budget stage in the categories; Developmental, Prime Minor or Micro and Prime Major/Structured Joint Venture. Project Leaders shall fully report on the actual breakdown and implementation at the design stage. Refer to Annexure E for the process to be followed.

The number of available training projects will dictate the number of new entrepreneurs to be presented with a construction business management course, bearing in mind already trained small and emerging contractors in the area. For these reasons it is imperative that a database of emerging contractors and persons participating in the trade skills development programme be implemented and maintained.

A sustainable contractor development programme will have to be based on a long-term infrastructure provision programme, in order that the number of trained contractors will be in proportion to the available work.

In time, a balanced environment consisting of small, medium, micro and large contractors should develop and project sizes and scope should accommodate such an environment.

7.2 Support Services

The following are the technical support services that may have to be provided by or on behalf of the Employer:

- Training management support
- Materials management support
- Construction management support

As the purpose of a training project is to develop emerging contractors, the conventional contractor approach using formal quotation, tender and evaluation procedures, is inappropriate. An approach that provides continuous support, guidance and mentorship to the emerging contractors as well as assistance in tools, equipment, materials and plant procurement, is necessary. Experienced construction and materials managers can provide these technical support services. The SA Association of Consulting Engineers: *Form of Agreement for Consulting Services for Labour-intensive Construction Projects* provides a framework for the services to be delivered. Remuneration for services is addressed in the document, and forms part of the project cost. As the services provided form part of any conventional construction project and is allowed for in tender prices, it merely redistribute the project budget in a different way (refer to Annexure F) rather than causing the project to be more expensive.

The functions of the aforementioned support services are briefly described hereafter.

7.2.1 Pre-Construction Stage

The Training Manager, in consultation with the Manager: CDP, will co-ordinate the:

- Identification, evaluation and selection process of trainees
- Selection of the business management course to be presented
- Presentation of class-room portion of course
- Identification of training projects

7.2.2 Training projects

This stage provides the opportunity to the trainees to practise their newfound theoretical knowledge on construction projects. Permanent infrastructure is constructed. The remuneration of the emerging contractor and his/her workers are based on task rates determined in consultation with all role players. These task rates are based on the execution of a reasonable task commensurate with a minimum daily wage, all as described in the Framework Agreement.

More than one project for in-task training may be needed to cover various construction fields such as water and sewer pipe installation and laying of block paving and to improve managerial skills.

Technical support services as described above have to be provided to the trainee contractor during this stage.

Due to a lack of a financial and a construction track record, the emerging contractor is not in a favourable position to obtain credit from a supplier. Up-front payment to a supplier will require a bank loan that will likewise be difficult to obtain. Cessions, as detailed in the Council's Procurement and Tender Policy, should suffice.

7.3 Procurement Practice

In terms of section 106 (5) 9 of Local Government Transition Act (209 of 1993) as amended, a municipality may give preference to the protection or advancement of the previously disadvantaged in awarding of contracts. It is therefore important that Staff members of Ekurhuleni Metropolitan Council responsible for procuring of contracts for construction or maintenance purposes must ensure that procurement favours the previously disadvantaged persons or companies.

Procurement practices relate to Tender documentation, Tender invitation and evaluation, acquisition of materials, payment cycles and related matters.

7.3.1 Tenders to Execute Work

(a) Tender documentation

As far as practical, industry standard documents should be simplified and used.

Tender documents should be standardised as far as practical in a region, inter alia in respect of layout, General and Special Conditions of Contract, Tender Conditions, Tender form and Appendix, Contract Agreement and Deed of Suretyship and standard information to be provided on forms.

These standard documents should already be used on training pilot projects in order that the emerging contractor may grow not only in construction management skills but also in respect of knowledge and insight into such documentation.

(b) Tender invitation and evaluation

Public invitation of tenders through the press is inappropriate in the early stages of emerging contractor development. Tender by personal invitation should apply until the emerging contractors have attained a stage of independent operation, whereafter tender invitation through the press applies.

In respect of follow-up projects the Training Manager provides a support service, essentially on the request to the small and emerging contractor in the preparation of his/her tender. The final tender remains however, a product of the emerging contractor and not of the Training Manager.

In respect of inappropriate rates, the lowest tender should be adjusted with the approval of the tenderer to ensure adequate provision for the work under consideration. This applies to inappropriate high and low rates.

Should the project consist of a number of sub-projects intended for execution by a number of small and emerging contractors, the largest sub-project is allocated to the successful tenderer while an offer is made to the unsuccessful tenderers to execute the remainder sub-projects at the same tender rates as the successful tenderer.

Specialist services and plant may be required on the project, e.g. blasting of rock or removal of spoil excavation material to a dumping site. In order that the emerging contractor’s progress is not affected detrimentally, such plant and services should be procured without delay to fit in with the construction execution programme.

From the aforesaid it is clear that the formal tender approach in which public tenders are invited through the press, is inappropriate for emerging contractor training and development.

A less formal approach in which only trainee-contractors submit tenders and e.g. in which an authorised official in liaison with Steering Committee accepts tenders and enters into contracts with emerging contractors, is required.

The evaluation process of tenders should furthermore identify emerging contractor shortcomings and the appropriate technical support services that have to be provided to ensure the successful execution of the contract as well as development of the emerging contractors.

It is not only projects set aside that should be executed by emerging contractors. All projects funded by Ekurhuleni Metropolitan Council must have specific portions to be implemented by emerging contractors. These portions/ sections have to be determined by Consultants in consultation with the manager responsible for the development of emerging contractors. Consultants will be obliged to set aside provisional sum based on the market related rates for those sections/portions of work to be executed by emerging contractors.

(c) Quotations

Section 10G (5) (c) of the Local Government Transition Act as amended states that a Municipality may dispense with the calling of tenders in the case of emergency or a sole supplier or within limits as may be prescribed by a national law.

In the event Council dispenses with the invitation of tenders and calling for quotations, it is the requirement of this Council that companies must include their profiles to be submitted to the Steering Committee. Profiles should include company registration certificate, VAT number, RSC levy number, bank details (signatories) or any other information that may be required by Council. In line with the above section 106 (5) 9, preference should be given to the previously disadvantaged in the awarding of work on a quotation basis.

7.3.2 MATERIALS PROCUREMENT, GENERAL CONTRACTUAL REQUIREMENTS AND EMERGING CONTRACTOR PAYMENT

Due to the financial constraints experienced by small and emerging contractors, the acquisition of materials and compliance with general contractual requirements, e.g. arrangement and payment of contract works insurance premiums and registering in terms of the Occupational Health and Safety Act, the following alternatives may be considered:

(a) The Council could agree to a cession by the small or emerging contractor in favour of a supplier and pay the supplier directly on certification by the engineer appointed on the contract.

This approach is relatively standard practice in the industry in respect of large volume purchases, but is inappropriate for the purchase of a large number of small items because it is administrative-intensive and the advantage of large volume discounts are lost.

(b) The Council could appoint a Materials Manager to provide the materials on time to small or emerging contractors. The acquisition process will however, have to be made less formal.

The Council could approve to dispense with the invitation for tenders due to the unique circumstances pertaining to small and emerging contractor training and development, and authorise an official, in liaison with the Steering Committee, to accept tenders submitted for materials required by the small and emerging contractors and to enter into contracts with suppliers where applicable.

7.3.3 SMALL AND EMERGING CONTRACTOR PAYMENT

Small and emerging contractors are not in a position to execute work for a period of one month and submit a payment certificate thereafter and still wait for up to 35 days in terms of industry standard conditions of tender, for payment.

Bi-weekly payment cycles and payment within two to five days after submission of a payment certificate were operational in both the former EGSC and KMC by means of float/operating accounts.

The process of payment were briefly as follows:

- The Council deposits an amount into a project bank account opened by the Operating Account Manager (OAM)/Project Engineer.
- The OAM is authorised to pay emerging contractors and suppliers on certificates approved in the normal way (i.e. by engineer, etc.)
- When the project account's credit becomes low, a written request by the OAM, substantiated by all payment invoices and certified by an authorised official and the Project Engineer, is submitted to the Council to deposit the total expenditure for the period under consideration into the account, thereby restoring the trust account to its original value
- On completion of the project, a closure account is prepared and the account is closed

7.4 Construction Environment

7.4.1 Training Construction Projects

On training construction projects the following concessions should apply in order to allow practical training to take place:

- Provision of sureties must be waived
- In addition to the responsibility of the Council to arrange for works and public liability insurance, the Council should also be responsible for excess amounts payable for claims in respect of the insurance
- Adaptation of general contractual requirements and the provision of support to enable the emerging contractor to comply with his/her obligations in this regard

7.4.2 Follow-Up/Less-Formal Projects

On follow-up/less-formal projects on which small and emerging contractors tender, the following concessions should apply in order to allow the emerging contractor to develop into an independent contractor in a facilitating and encouraging environment:

- Sureties should be affordable
- The percentage of retention moneys should be limited to e.g. 5%
- Excess amounts on insurance in respect of causes entirely beyond the emerging contractor's control, such as rain and flood damage should be the responsibility of the Council

  Note: Established contractors provide amounts in their tenders for such an occurrence in any case. By being involved in more than one contract at a time, the risk of under-provision is substantially reduced. The small or emerging contractor is not in such a lower-risk situation and may find himself/herself regularly outpriced.
- Excess amounts in respect of aspects which may to some extent be attributable to insufficient precautions by the small or emerging contractor, e.g. theft, the Council should be responsible for the excess amount in respect of the first instance, but thereafter the emerging contractor should be responsible, thereby furthering the emerging contractor's sense of responsibility in this regard or alternatively, the Council and contractor should share equally excess amounts payable.

- Adaptation of general contractual requirements and the provision of technical support to enable the small or emerging contractor to comply with his/her obligations in this regard

7.4.3 Default by Small or Emerging Contractor

The Council should not be compromised into a position where a small or emerging contractor's continued under-performance and non-compliance with his/her commitments jeopardise the contractor development programme. In such a case a contract should be cancelled on short notice, e.g. 24 hours, by the relevant Department Head after consultation with the Steering Committee.

ANNEXURE A

EMERGING CONTRACTOR LEARNERSHIP PROGRAMME (ECLP)

SMMEs development is structured in a learnership programme. Theoretical training is enhanced with practical supportive involvement in actual construction. A Step-by step Career Path development approach was introduced.

Step A: Selection Process (2 – 6 weeks)
- An awareness programme
- Introduction
- Entry level ASSESSMENT
- Psychometric tests
- Selection of candidates
- Final selection in consultation with Client/Steering Committee

Step B: First level Management Training (3 to 6 months)
- Class room training (Basic Business Appreciation, Employment of Labour, Basic Man Management, Site Administration, Quality and Production Control, Introduction to Tendering and Estimating and Safety and Health)
  - Examination
  - Certification
- EXECUTION OF A TRAINING/PILOT PROJECT
  Practical experience is gained on actual construction projects set-aside for this purpose
  Reimbursement for actual work performed is based on minimum wages plus say 20% for supervision.
  - First level ASSESSMENT of performance
  - Group sessions and training needs EVALUATION
  - Individual sessions: Interviews and feedback

Step C: Second Level Management Training (3 to 12 months)
- Class room training (Interpreting drawings, Setting out, Conditions of Contract, Estimating and Tendering)
  - Examination
  - Certification
- FOLLOW-UP PROJECTS/LESS FORMAL TENDERS
  Practical experience is gained on actual construction projects set-aside for this purpose. The tender process is introduced to trainees. Reimbursement for actual work performed is based on "tenders" that are negotiated.
  - Transfer managerial responsibilities to Emerging Contractor (EC)
  - Second level ASSESSMENT of EC performance
  - Group sessions and training needs EVALUATION
  - Individual sessions: Interviews and feedback

Step D: Third Level Management Training (3 to 12 months)
- Class room training (Estimating and Tendering, Planning and Organising, Tender Document)
  - Examination
  - Certification
  - Submission of training tenders
  - Feedback: Workshop tenders with tenderers
- Agree on adjusted tender
- FOLLOW-UP PROJECTS/LESS FORMAL TENDERS
  Execution of work in accordance with contracts based upon adjusted tender
  - Monitoring performance of EC by Construction Manager
  - Third level ASSESSMENT of EC performance
  - Group sessions: Training needs EVALUATION
  - Individual sessions: Interview and feedback

Step E: Final Evaluation of Emerging Contractor Development (3 to 6 months)
- Independent pricing and submission of tender
- EVALUATION of TENDER
- Feedback: Workshop tenders with tenderers
- Agreed adjusted tender applicable to relevant work and ECs
- Execution of the work

Step F:Final Assessment Stage (1 month) - ASSESSMENT of ECs performance on a contract - Group session: training needs EVALUATION - Individual sessions: Interview and feedback - Achievement of Construction Management Certificate
Sustainable Operation After successful execution of follow-up projects, sufficient projects are made available for the emerging/small contractors to enhance their sustained independent operation and growth.

ANNEXURE B

SELECTION CRITERIA FOR EMERGING CONTRACTORS

1. The selection process for the emerging contractor development programme is based on the following:

   - Selection criteria used by the Gauteng Department of Transport and Public Works.
   - Persons reporting for the selection process will be subjected to a selection process to ensure the contracting environment suits their aptitude and interests.
   - The selection criteria will include:
     - Previous experience in the construction and building industry
     - Aptitude tests for entrepreneurial potential
     - Affirmative Action
     - Preference for persons from local communities in a region

2. Selection Criteria

   - A suitable selection / evaluation procedure should include all the criteria. The weighting selection is as follows:

CRITERIA	WEIGHTING	
Aptitude tests – entrepreneurial / supervisory / construction Test mark – e.g. $\frac{70}{100} \times \frac{60}{1} = 42$ (60) ♦ Potential ♦ Ability	 25 35	Max. 60 With min. Pass of 36
• Previous relevant experience Experience and Training = 2 – 5 Years = 3 6 – 10 Years = 6 more than 10 Years = 9 • Management and/or skills training skills training = 2 management training = 2 skills and management training = 5 • Interviews	9 5 6	20
Empowerment actions ♦ Previously marginalised groups: PDI Women	 5 5	10
Regional preference ♦ Participants from region	10	10
TOTAL POSSIBLE POINTS	100	

Candidates with the highest total score will be selected. The number will be established according to the size of the class and work available.

When a group is evaluated the following factors are relevant:

- ❖ Number of people required for projects
- ❖ Top 10, 12 or 15 will be selected
- ❖ A total of 60% of total points should be the cut-off.

3 Explanation of Criteria

3.1 Aptitude and Potential

- □ Candidates are evaluated by means of entry level assessment, aptitude and psychometric tests. The tests are designed to assess the level of supervisory skills, entrepreneurial potential and construction knowledge as well as potential required for the different occupations.

3.1.1 Literacy and Numeracy

- □ Caste Study: the candidates are required to answer questions in respect of a detailed report, e.g. on a construction project. The intention of this case study is to determine if the candidates can retain information by reading the report and to confirm this information correctly by answering the relevant questions. This is an important skill required by emerging contractors, as they have to convey the correct information to the people asking the questions. Emerging contractors must be given the full scope of the project and must be able to retain this information correctly.

- □ Numeracy assessment: the candidates are given calculations to perform in the first part without the use of a calculator and in the second part with a calculator. Both parts cover addition, subtraction, division and multiplication. The first test also requires decimal calculations whereas the second test further requires the calculations of percentages. Calculations form an integral part of a contractor's daily work and are therefore important.

3.1.2 Psychometric Tests

- □ Patterns: the aim of this test is to measure a testee's ability to copy given patterns according to prescribed requirements. This is considered a valid indication of drawing ability. Achievement in this test will probably predict success in an occupation where information has to be read from plans, e.g. in the construction of buildings and services.

- □ Inspection: the test is based on the assumption that the speed and accuracy with which drawings are perceived and compared, in order to establish differences, are some valid indicators of perceptual speed.

- □ Spatial Perception: the aim of this test is to determine a testee's two-dimensional spatial perceptual ability by measuring the extent to which a testee can perceive two-dimensional geometrical figures and to mentally rotate them on a plane surface. This test should contribute to predicting achievement over a wide spectrum of occupations such as electrical work, building and plumbing.

- Mathematics: the aim of this test is to obtain an indication of a testee's ability to solve mathematical problems. This test should contribute to predicting success in the areas of tendering and estimating which are main areas of a building contractor's responsibilities.

3.2 Experience and Training

- Previous relevant experience, especially in the building and civil engineering industries will be to the benefit of candidates. It should, however, be taken into account that although small contractors accessed the building industry to a limited extent, they found it very difficult to enter the engineering industry.

- Management and skills training are essential for the career development of small and emerging contractors. A large number of existing small contractors were never given the opportunity to obtain formal management training and this should be taken into account.

- Interviews that are planned and well structured could serve as a handy instrument to clear up any uncertainties during selection of candidates.

- Although training and practical experience are important and should be developed further, new entrants with good abilities and potential should not be excluded.

3.3 Empowerment Actions

Selection criteria should always be open, fair, transparent, accountable, consultative and democratic. It is however, generally accepted that preference should be given to previously marginalised groups, e.g. to increase the involvement of PDIs and women.

3.4 Regional preference

Participants from a region where training is planned, i.e. EMC region, could get preference when candidates are selected. "Regions" should however not be defined too small so that future movement or operation of small and emerging contractors is limited.

ANNEXURE C

CONTRACTING ENTREPRENEURIAL TRAINING (CET)

Module 1: UNDERSTAND BUSINESS PRINCIPLES Expected Training Outcome: Business Awareness Specific Training Outcome: The training will enable the participant to describe: - 1. Characteristics of successful entrepreneurs 2. Business environment 3. Needs for separation of business and family 4. Business principles 5. Business and life skills 6. Role of Banking	MODULE 2: UNDERSTAND CONTRACTING PRINCIPLES Expected Training Outcome: Contracting Business Awareness Specific Training Outcome: The training will enable the participant to describe - 1. Characteristics of successful contracting business 2. Structures within the construction industry 3. Contracting Business principles and processes within the contracting environment 4. Statutory requirements and legal aspects of contracting business 5. Tendering requirements, steps and procedures 6. Contract documents and procedures 7. Contract implementation steps and processes 8. Contract accounting principles and book-keeping procedures
MODULE 3: START YOUR CONTRACTING BUSINESS Expected Training Outcome: Able to take all necessary steps to start own Construction Business. Specific Training Outcome: The training will enable the participant to - 1. Analyse contracting environment 2. Prepare Feasibility Study 3. Prepare action plans 4. Choose appropriate form of business and establish business entity 5. Acquire Start-up Finance 6. Comply with statutory and legal requirements for Contracting Business start up 7. Acquire resources	MODULE 4: MARKET YOUR BUSINESS Expected Training Outcome: Able to market his/her own contracting services, build networks and select work opportunities Specific Training Outcome: The training will enable the participant to - 1. Market his/her business 1.1 Network 1.2 Advertise 1.3 TAC's etc. 2. Build networks 3. Select work opportunities

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MODULE 5: OBTAIN WORK - PRICE & BID A CONTRACT

Expected Training Outcome: Able to obtain work

Specific Training Outcome: The training will enable the participant to -
1. Collect and analyse contract documentation
2. Price contract
3. Apply contract documentation procedure
4. Prepare and submit quotes/tenders
5. Negotiate Bids
6. Finalise Contracts
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MODULE 6: COMPLETE YOUR CONTRACT

Expected Training Outcome: Able to complete work and obtain payments

Specific Training Outcome: The training will enable the participant to -
1. Plan his/her contract implementation
2. Organise site
3. Apply quality principles
4. Prepare variation orders
5. Obtain progress payments
6. Complete work
7. Obtain final payments
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MODULE 7: MANAGE YOUR RESOURCES

Expected Training Outcome: Able to manage his/her physical resources (Plant, labour and materials)

Specific Training Outcome: The training will enable the participant to -
1. Determine requirements
2. Source resources
3. Obtain resources
4. Control his/her resources
5. Utilise his/her resources
6. Implement site safety requirements
7. Apply industrial relations principles and procedures
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MODULE 8: PLAN YOUR BUSINESS STRATEGY

Expected Training Outcome: Able to make short, medium and long-term business plans (Strategic Plan) for his/her Contracting Business

Specific Training Outcome: The training will enable the participant to -
1. Analyse contracting environment
2. Make planning decisions and prioritise
3. Make a SWOT analysis
4. Strategize his/her business
5. Make a business plan
6. Make Action Plans and Budgets
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MODULE 9: MANAGE YOUR BUSINESS

Expected Training Outcome: Able to control and manage his/her business as a growth oriented running business entity

Specific Training Outcome: The training will enable the participant to -
1. Establish key business criteria
2. Establish baselines and targets
3. Implement site administration procedures
4. Set up management information systems
5. Measure his/her business results
6. Take corrective actions
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MODULE 10: COMPLY WITH REQUIREMENTS

Expected Training Outcome: Aware of and able to comply with statutory and contract requirements

Specific Training Outcome: The training will enable the participant to -
1. Comply with statutory requirements
2. Comply with local authority requirements
3. Comply with contract requirements
4. Use contracting business checklist
5. Know and exercise his/her rights, obligations and responsibilities
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MODULE 11: BUILD SUPPORT STRUCTURES	MODULE 12: GROW YOUR BUSINESS
Expected Training Outcome: Able to build support structures and networks Specific Training Outcome: The training will enable the participant to: 1. Create and maintain support networks 2. Manage his/her business image 3. Get a better deal 4. Undertake damage control 5. Improve customer satisfaction 6. Manage crisis	Expected Training Outcome: Able to grow/expand his/her business Specific Training Outcome: The training will enable the participant to: 1. Determine opportunities for growth 2. Develop strategic alliances 3. Engage in professional partnerships 4. Diversify 5. Increase business capacity 6. Restructure financial profile

ANNEXURE D

CRITERIA FOR SELECTION OF EMERGING CONTRACTORS ON TRAINING/PILOT PROJECTS

The EMC has committed itself to the development of entrepreneurs to become independent prime contractors.

The EMC therefor expects similar commitment from entrepreneurs. The basis of selection criteria hereafter assesses commitment by individual entrepreneurs to the EMC's Contractor Development Programme.

1. Pre-selection

Candidates who would like to be considered must comply with the following pre-selection criteria:

- Previous selection as an emerging contractor through an open process as described in the EMC Guidelines
- Must have passed one or more accredited management modules
- Prepare and submit an application
- Must be available to attend the training project full time.

2. SELECTION CRITERIA FOR TRAINING PROJECTS

Applicants will be rated according to the following selection criteria for selection on training projects.

- Attendance during management training courses
- Marks achieved in managerial training modules
- Previous experience on contracts comprising similar work types (experienced small and emerging contractors will not be eligible)
- Attendance of KMC/EGSC contractor meetings/workshops with small and emerging contractors.
- Completeness of application form.

The selection criteria are outlined in Table 1 on the following page.

TABLE 1: SELECTION CRITERIA FOR PILOT PROJECTS	
CRITERIA	POINTS
Attendance during management courses	
▮ 100%	30
▮ 90-100%	28
▮ 80-89%	24
▮ 50-79%	20
▮ 0-49%	0
Average marks achieved for management modules	
▮ 100%	
▮ 90-100%	30
▮ 80-89%	29
▮ 70-79%	28
▮ 50-69%	27
▮ 30-49%	25
▮ 10-29%	15
▮ below 10%	10
Previous experience on contracts of similar nature:	
♦ No experience	20
♦ 0-2 month	18
♦ 2-4 months	14
♦ 4-6 months	10
♦ 6-9 months	5
♦ more than 9 months	0
Attendance KMC meetings with small and emerging contractors	
♦ 100%	10
♦ 50% - 99%	8
♦ 1% - 49%	3
♦ 0%	0
Completeness of application	
▮ Complete	10
▮ Good information, not complete	8
▮ Poorly completed	0
TOTAL POSSIBLE POINTS	100

CONTRACTOR DEVELOPMENT PROGRAMME

APPLICATION FOR A TRAINING PROJECT:

APPLICANT	
Surname and full names:	
ID number:	
Name of business/CC:	
Residential address	
Postal address	
Tel no.	
Cel no.	
Fax. No.	
Date selected as an EC	

MANAGEMENT TRAINING COURSES ATTENDED

Dates	Venue	Trainer

PREVIOUS CONSTRUCTION EXPERIENCE

Starting date	Ending date	Consultant	Type of work and contract value

CURRENT COMMITMENT(S)

Starting date	Ending date	Consultant	Type of work and contract value

ANNEXURE E

IDENTIFICATION AND CATEGORISING OF PROJECTS FOR THE CONTRACTOR DEVELOPMENT PROGRAMME (CDP)

In essence, all EMC capital projects form part of this programme. It is realised however, that not all projects or all the sections of a project are suitable for execution by developing contractors.

In order to ensure that an optimum number of EMC funded projects are made available for the CDP, the following stepped approach should be followed to identify and categorise suitable projects.

Step 1: Once the EMC's budget has been approved, the Manager: Contractor Development Programme shall prepare the form *PROJECTS/SUBPROJECTS IDENTIFIED ON EMC BUDGET FOR THE CDP* in liaison with the Divisional Heads for submission to the CDP Steering Committee. Project Leaders/consultants shall liase with the Manager: Contractor Development Programme to ensure that projects are planned and designed according to its classification.

Step 2: In the design report, the design engineer/architect/project leader must provide more detailed information regarding the sections of project identified for the CDP, by completing the form: PROJECTS/SUBPROJECTS IDENTIFIED FOR THE CONTRACTOR DEVELOPMENT PROGRAMME. The preparation of the form should be done in consultation with the Manager: Contractor Development Programme.

BUDGET APPROVAL STAGE

PROJECTS/SUBPROJECTS IDENTIFIED ON EMC BUDGET FOR THE CONTRACTOR DEVELOPMENT PROGRAMME

CONTRACTOR DEVELOPMENT PROGRAMME (CDP)

Categorisation of Projects on approved Capital Budget
(List of Projects to be approved by EMC CDP Steering Committee)

VOTE NUMBER	PROJECT NAME	PROJECT BUDGET	Prime Major or Structured Joint Venture	PROJECTS OR SUBPROJECTS	
				Prime Minor or Micro	Developmental contracts

....
Manager: Contractor Development Programme Date

....
Chairperson CDP Steering Committee Date

DESIGN STAGE

PROJECTS/SUBPROJECTS IDENTIFIED FOR THE CONTRACTOR DEVELOPMENT PROGRAMME

CONTRACTOR DEVELOPMENT PROGRAMME (CDP)

Confirmation of Categorisation of a Project on approved Capital Budget

(ONE COMPLETED FORM PER PROJECT TO BE INCLUDED IN DESIGN REPORT)

Area :						
Project Name :						
Project Budget :						
Vote No :						
SUBPROJECTS IDENTIFIED FOR THE HCDP						
DESCRIPTION OF SUBPROJECTS	Prime major	Prime minor & micro	Developmental	NUMBER OF CONTRACTS FOR SUBPROJECT	TOTAL VALUE OF SUBPROJECT	PERCENTAGE OF PROJECT BUDGET
Total:						

(*Signatures*)

....

(*Name Consulting firm*) Date

....

Manager: Contractor Development Programme Date

....

(EMC Divisional Manager/Project Leader) Date

ANNEXURE F

COMPARISON OF ALLOCATION OF FUNDS BETWEEN CONVENTIONAL AND COMMUNITY-BASED PROJECTS WITH SUPPORT SERVICES A TYPICAL EXAMPLE			
CONVENTIONAL PROJECT	Allocation (% of total)	COMMUNITY-BASED CONSTRUCTION PROJECTS	Allocation (% of Total)
Design & supervision services	15%	Design and supervision	16%
Contractor		Contractor support	
Contractual requirements	10%	Construction management	8%
Time related items	5%	Materials management (6% on materials)	2%
Overheads & profits	15%	Co-ordination and monitoring	2%
Materials (incl. profit)	35%	Materials	32%
Labour	20%	Emerging contractor	
		Contractual requirements	5%
		Time related items	5%
		Overheads & Profit	10%
		Labour	20%
TOTAL	100%	TOTAL	100%

ITEMS OF THE LEGISLATURE

NON-DELEGATED MATTERS

COMMUNITY SAFETY OVERSIGHT COMMITTEE

COMMUNITY SAFETY OVERSIGHT COMMITTEE REPORT ON THE OVERSIGHT VISIT TO ELANDSFONTEIN FIRE STATION ON 12 NOVEMBER 2024

PURPOSE

To report to the Council on the Community Safety Oversight Committee's announced oversight visit to Elandsfontein Fire Station on 12 November 2024.

EXECUTIVE SUMMARY

The Community Safety Oversight Committee (CSOC) conducted a follow-up visit on 12 November 2024 to the Elandsfontein Fire Station project, which has faced challenges due to poor workmanship by the contractor, resulting in a termination of the contract in 2020 and subsequent legal proceedings. The ongoing legal matter, expected to be heard in March 2025, has halted construction until its resolution, with the department hopeful for clarity on how to proceed. The Committee noted the deterioration of the site due to a lack of maintenance and vandalism and has requested the department to secure the area by installing fencing and carrying out necessary cleaning and maintenance, along with providing quarterly updates on the legal proceedings.

BACKGROUND INFORMATION

It was brought to the attention of the Committee during the first quarter of the 2022/23 financial year that the construction of the Elandsfontein fire station had been halted due to ongoing legal proceedings. In response, the Committee conducted its first oversight visit to the site on 6 September 2022 to assess the situation on the ground. As the legal proceedings remain unresolved, the Committee decided to conduct a follow-up site visit on 12 November 2024 to inspect the condition of the infrastructure, which has been on hold since the first quarter of the 2022/23 financial year.

KEY DELIBERATIONS

The Community Safety Oversight Committee (CSOC) visited the Elandsfontein Fire Station project, which is a multi-year initiative with the design phase completed during the 2018/19 financial year. According to the project manager, Mr. Ntokozo Kiewiet, the department encountered difficulties with the contractor in 2019 due to concerns raised by the engineer over poor workmanship. As a result, the contractor's contract was terminated in 2020, prompting the contractor to challenge the termination in court. The Committee was informed that no construction could take place on-site until the legal proceedings are concluded. This matter is expected to be heard in March 2025, with the department hopeful that a resolution will be reached on the day, providing clarity on how the project can proceed. The Committee acknowledged the department's response and resolved to request quarterly updates regarding the court proceedings and their impact on the project's progression.

Since construction work has been halted at the Elandsfontein fire station, the site has unfortunately been left vulnerable to vandalism and neglect.

The absence of ongoing activity or supervision has led to significant deterioration, with both the structure and materials being damaged or stolen. The lack of proper maintenance has further exacerbated the situation, with overgrown vegetation and exposed building elements now posing a safety hazard. This highlights the urgent need for immediate intervention to secure the site and prevent further damage while the legal proceedings remain unresolved. In response, the Committee has resolved to request the department to tighten security around the site by erecting fencing and undertaking essential cleaning and maintenance of the construction area.

LEGAL COMMENTS

The City of Ekurhuleni Standing Orders provides that a report on an Oversight Visit must be submitted to Council within sixty days after the visit. (Rule 135(1)(e))

Rule 60 provides that a Councillor may not reflect on the merits of any matter on which a judicial decision in a court of law is pending. The Committee is thus not reflecting on the merits of this matter but seek to be informed about the progress in the matter hence recommendation two (2) was approved by the Committee as advised in terms of this rule.

The report is supported.

RECOMMENDATION

1. **That** the Community Safety Oversight Committee's report on the oversight visit to Elandsfontein Fire Station on 12 November 2024**, BE NOTED.**

2. **That the** Disaster and Emergency Management Services Department **PROVIDE** the Committee with a quarterly update on the legal proceedings regarding Elandsfontein Fire Station from **30 April 2025.**

3. **That** the Council **TIGHTEN** security around the construction area through **ERECTING A FENCE** by **30 May 2025.**

4. **That** the Council **UNDERTAKE** Essential Cleaning and Maintenance of the construction area from **30 March 2025** onwards.

COMMUNITY SAFETY OVERSIGHT COMMITTEE REPORT ON THE CITY OF EKURHULENI'S UNAUDITED FINANCIAL AND PERFORMANCE RESULTS FOR THE FIRST QUARTER OF THE 2024/25 FINANCIAL YEAR

PURPOSE

To report to the Council on the deliberations of the Community Safety Oversight Committee regarding the City of Ekurhuleni's unaudited financial and performance results for the first quarter of the 2024/25 financial year.

EXECUTIVE SUMMARY

The City of Ekurhuleni's unaudited financial and performance results for the first quarter of the 2024/25 financial year were referred to the Community Safety Oversight Committee (CSOC) on 31 October 2024 for deliberation. The CSOC discussed this item during its ordinary meeting on 5 November 2024 and formulated questions for the executive to respond to at its meeting on 14 January 2024. The CSOC reviewed the responses provided by both departments and discovered that staff shortages and procurement delays had resulted in both departments failing to achieve their quarterly targets. As both departments outlined mechanisms to address these challenges, the committee resolved to note the report and to closely monitor the implementation of these mechanisms to assess whether they will yield positive results. The committee then resolved to formally note the report.

KEY DELIBERATIONS

DISASTER AND EMERGENCY MANAGEMENT SERVICES DEPARTMENT

The Community Safety Oversight Committee (CSOC) is concerned that the department spent R225 039 920 on employee-related costs against a quarterly budget of R247 250 733, resulting in an under-expenditure of 9% (R22 210 813). The Committee was informed that the department was operating with a staff complement of 181, compared to the required complement of 261, which contributed to the under-expenditure. In response, the department reached out to the Human Resources Department to fill the available funded positions, including four (4) shift commanders. However, only one position has been filled to date. A motivational letter to fill the vacant positions was shared with the Committee, which acknowledged the response provided. The Committee expressed concern that ongoing delays in recruitment stemming from the centralisation of the recruitment budget are becoming a significant bottleneck for the department's operations. Given these challenges, the Committee resolved to engage the Human Resources Department during its planned joint oversight session with the Corporate and Shared Services Oversight Committee which will provide the opportunity for the Committee to request clear and timely responses to all outstanding requests for appointments and the advertisement of vacant positions, particularly those identified as critical.

The Community Safety Oversight Committee (CSOC) expressed concerns regarding the department’s over-expenditure on claimed overtime during the first quarter of the 2024/25 financial year. The department’s overtime expenditure amounted to R3 642 609, surpassing the quarterly budget of R2 309 139 by R1 333 470. In response, the Committee was informed that the over-expenditure was primarily due to the essential and unpredictable nature of the department’s services, including emergency responses, special event inspections, and infrastructure repairs. To address the over-expenditure moving forward, the department has implemented proactive measures, including strict pre-approval processes for overtime, reducing standby personnel, and streamlining incident response protocols. The Community Safety Oversight Committee acknowledged the department’s response and resolved to continue closely monitoring the department’s overtime expenditure in the coming quarters. This will ensure that the measures in place are effective and that the department remains within its allocated overtime budget for the remainder of the financial year.

The department reported an under-expenditure of R268 512 (78%) in its contracted services budget for the first quarter of the 2024/25 financial year. The total expenditure for contracted services amounted to R75 403, against a quarterly budget of R343 915. The department attributed this significant under-expenditure to delays in the awarding of the Section 110 tender for the South African Bureau of Standards (SABS). On 26 November 2024, the Bid Adjudication Committee (BAC) reviewed the tender item and referred it for corrections. This delay in the tender process prevented the department from proceeding with the necessary procurement actions and expenditures as initially planned, resulting in the under-utilisation of the allocated budget for contracted services. The Committee was informed that the department is taking proactive steps to expedite the procurement process and ensure that the full annual budget is utilised by the end of the financial year. The response from the department was acknowledged by the Committee, which resolved to monitor the department’s expenditure closely to ensure that all budgeted funds are spent effectively, without compromising the quality of service delivery.

The Community Safety Oversight Committee (CSOC) expressed concern that the department did not utilise its quarterly budget of R15 000 for repairs and maintenance during the first quarter of the 2024/25 financial year. During the 2023/24 annual reporting, the Committee was informed that this under-expenditure was primarily due to delays in awarding the Hydraulic and Rescue Equipment maintenance contract and requested an update on the awarding of the tender for the 2024/25 financial year. The Committee was informed that the Bid Specification Committee (BSC) had considered the item on two occasions, 18 September, and 27 November 2024. On both occasions, the BSC referred the item back for further review, citing concerns about market-related pricing issues. Specifically, the specialised hydraulic rescue equipment, commonly known as the "Jaws of Life," has a limited market in South Africa, making it difficult to benchmark pricing against neighbouring municipalities, which are using the RT4 tender for similar equipment. The department indicated that it has since amended the item and resubmitted it to Supply Chain Management (SCM), eagerly awaiting the next available BSC meeting date for further consideration. The Committee expressed further concern that the city currently does not have the "Jaws of Life" equipment and urged the department to engage with SCM urgently to ensure the prompt approval and awarding of the tender.

The Committee emphasised that this equipment is essential for effective rescue operations and that delays in finalising the contract could hinder the department’s ability to deliver life-saving services.

The Community Safety Oversight Committee (CSOC) expressed concern that the department had not spent any of its capital expenditure (capex) budget by the end of the first quarter of the 2024/25 financial year. This lack of expenditure in the first quarter was primarily attributed to delays in the awarding of contracts for multi-year projects, including the Katlehong, Tsakane, and Leon Ferreira Fire Stations, with appointment dates set for 1 October 2024, 4 September 2024, and 6 September 2024, respectively. To ensure that the annual budget is fully utilised by the close of the financial year, the department has implemented a range of measures. These include monthly reporting, project management oversight, and robust quality control procedures, all aimed at ensuring the full utilisation of the capital expenditure budget by year-end. The Committee acknowledged these responses and resolved to monitor the progress of these projects closely, ensuring that the allocated budget is spent effectively and that service delivery quality is maintained.

EKURHULENI METROPOLITAN POLICE DEPARTMENT

The Community Safety Oversight Committee reviewed the quarterly revenue performance of the Ekurhuleni Metropolitan Police Department (EMPD) concerning fines, penalties, and forfeits for the 2024/25 financial year. The EMPD had set a quarterly revenue target of R203 066 771 for this category. However, by the end of Quarter 1, the department had achieved R100 246 399, representing 49% of the target. The EMPD explained that the shortfall was partly due to its use of the accrual accounting method. Under this method, revenue is recorded when law enforcement notices are issued, rather than when payments are actually received. As a result, the department reports revenue even if offenders have not yet made payments, which creates discrepancies between recorded revenue and actual cash inflows. Despite the shortfall in the first quarter, the committee was informed that the department’s efforts to improve cash collection, through robust mechanisms and a steady increase in revenue on a cash basis, suggest that the target of realising at least 80% of fines, penalties, and forfeits as cash payments by the end of the financial year remains achievable. The Committee took note of the response and resolved to closely monitor this line item to ensure that the 80% revenue target is attained by the end of the financial year.

The department reported an expenditure of R57 359 358 for contracted services during the first quarter, against a quarterly budget of R81 457 040, resulting in an under-expenditure of 30% (R24 097 682). The Committee requested an explanation for this under-expenditure and asked for details on the mechanisms in place to ensure that the full annual budget is utilised by the end of the financial year, without compromising service quality. In response, the committee was informed that the under-expenditure was primarily due to delays in processing invoices and the ongoing tender process for animal feed. Despite this, the department has implemented several measures to ensure the full utilisation of its annual budget by the financial year-end.

These measures include improvements in internal processes, monthly expenditure monitoring, and closer collaboration with service providers. Together, these actions aim to address the under-expenditure and ensure that the budget is fully utilised.

The Committee expressed concerns regarding the department's failure to spend its quarterly budget of R505,749 for repairs and maintenance. During the 2023/24 financial year, the EMPD attributed this under-expenditure to the centralised control of maintenance requests, in line with the Municipal Standard Chart of Accounts. This centralisation limits the EMPD's direct access to funds, as all repair and maintenance budget allocations for buildings, grounds, and vehicles fall under the responsibility of the relevant departments, namely Real Estate and Transport. The Committee was informed that the under-expenditure of the repairs and maintenance budget during the first quarter was due to delays in approvals, staff shortages, procurement delays, and the centralisation of control over building and grounds maintenance. While communication and coordination mechanisms are in place, inefficiencies have been identified, and steps are being taken to address these issues. The Committee was further informed that the EMPD is implementing several measures to improve budget utilisation. These measures include developing quarterly maintenance schedules, enhancing the reporting system, and providing staff training. In addition, with the operationalisation of the Alcohol Evidentiary Centre, it is anticipated that the budget for repairs and maintenance will be fully utilised in the upcoming quarters. The Committee noted the response by the department.

The Committee discovered that the EMPD has not utilised the allocated budget of R15,000,000 for the establishment of the Motor Vehicle Registration Authority (MVRA) and Driver's Licence Testing Centre (DLTC) in Katlehong (Katlehong 1). During the 2023/24 financial year, as part of the Service Delivery and Budget Implementation Plan (SDBIP) responses, the Committee was informed that the failure to spend the allocated funds was due to delays in invoice payments by the Department of Finance. In response, the Committee was informed that the failure to utilise the allocated R15,000,000 budget for the MVRA and DLTC project in Katlehong was primarily due to delays in the procurement process, rather than solely to delays in invoice payments by the Department of Finance. The Department further clarified that the project is now expected to proceed with the appointment of a construction company and consultants in early 2025, following the regularisation of the procurement process. The Committee noted the response and resolved to closely monitor progress and expenditure in subsequent quarters.

The Committee noted that the department has utilised R13,825,610 (92.17%) of its annual capital expenditure budget of R15,000,000 for vehicles, including related commitments. The Committee sought further details regarding the services rendered under this project, along with the associated invoices. The Committee was informed that the department has made significant progress in utilising its allocated capital expenditure budget for vehicles, with 6 vehicles delivered and the corresponding invoices paid. The outstanding deliveries involve 11 BMW 320d sedans, which have yet to be received. The Committee was also informed that the installation of various items of equipment for these vehicles was managed by the Fleet Management Division, and invoices related to these items can be obtained directly from them.

The Committee resolved to monitor the delivery of the outstanding 11 BMW 320d sedans and the completion of equipment installations to ensure that the full budget is effectively utilised by the end of the financial year.

LEGAL COMMENTS

The report was referred to the Committee in terms of Rule 134 of The CoE Standing Orders and the Committee is reporting back to Council in terms Of Rule 135.

The report is supported.

RECOMMENDATION

That the Community Safety Oversight Committee report on the City of Ekurhuleni's Unaudited Financial and Performance Results for the First Quarter of the 2024/25 Financial Year**, BE NOTED.**

COMMUNITY SAFETY OVERSIGHT COMMITTEE REPORT ON THE DEPARTMENTAL AND ENTITY SDBIP (BUSINESS PLANS) PERFORMANCE REPORTS FOR THE FIRST QUARTER OF THE 2024/25 FINANCIAL YEAR (PERIOD: JULY - SEPTEMBER 2024)

PURPOSE

To report to Council on the Committee's deliberations pertaining to the Departmental and Entity SDBIP (Business plans) performance reports for the First Quarter of the 2024/25 Financial Year.

EXECUTIVE SUMMARY

Item B-F (03-2024) was referred to the Community Safety Oversight Committee (CSOC) on 28 November 2024 for consideration. The report was included in the CSOC agenda for the meeting on 14 January 2025, where it was discussed alongside the unaudited Service Delivery and Budget Implementation Plan (SDBIP) reports for the same quarter. After deliberation, the CSOC concluded that the findings in the business report aligned with those in the unaudited SDBIP reports for the first quarter. It was also noted that the business plans and achieved targets are in line with the City of Ekurhuleni's 2055 Growth and Development Strategy. Consequently, the CSOC resolved to acknowledge and note the report.

KEY DELIBERATIONS

The first quarter departmental and entity SDBIP (Service Delivery and Budget Implementation Plan) performance report was reviewed and deliberated alongside the first quarter unaudited SDBIP report. The business plan report served as a benchmark, facilitating comparison and assessment of the department's actual performance against its intended performance. The Committee resolved to note the report.

LEGAL COMMENTS

The Committee seeks to report back to Council in terms of Rule 135 of the CoE Standing Orders after the matter was referred to the Committee in terms of Rule 134.

The report is supported.

RECOMMENDATION

That the Community Safety Oversight Committee report on the departmental and entity SDBIP (Business plans) Performance Reports for the First Quarter of the 2024/25 Financial Year, **BE NOTED**.

CORPORATE SERVICES OVERSIGHT COMMITTEE

CORPORATE AND SHARED SERVICES OVERSIGHT COMMITTEE REPORT ON THE CITY OF EKURHULENI (CoE) UNAUDITED FINANCIAL AND PERFORMANCE RESULTS FOR THE FIRST QUARTER OF 2024/25 FINANCIAL YEAR

PURPOSE

To report to Council on the Corporate & Shared Services Oversight Committee's deliberations on the Unaudited Financial and Performance Results for the First Quarter of 2024/25 FY.

EXECUTIVE SUMMARY

On 31 October 2024, the Ordinary Council Meeting considered various items, including item A-F (54-2024): The City of Ekurhuleni Unaudited Financial and Performance Results for the First Quarter of the 2024/25 FY. Subsequently, the Council resolved to refer this item to all Section 79 Oversight Committees for further scrutiny. The Committee had resolved to use November Ordinary Meetings to conduct Oversight visits. In the month of December, there was a Council recess. This resulted in the delays in scrutinising and finalising the item.

On 16 January 2025, the Committee considered this item and adopted questions, which were sent to the departments for written responses. On 06 February 2025, the Committee deliberated on written and oral responses from the departments. Subsequently, the Committee resolved to prepare this report for Council, which outlines key Committee deliberations on this item with a specific focus on the following departments: Internal Audit (IA), Corporate and Legal Services (CLS), Communications and Brand Management (CBM), Strategy and Corporate Planning (SCP), Risk Management (RM), Service Delivery Coordination, and Human Resource Management and Development (HRM&D). On 10 February 2025, the Committee held a special virtual meeting to adopt this report to be sent to Council. This report is mandated by the Council standing orders, rule 134 (1), which stipulates that a committee must report to Council on a matter referred to it by Council.

KEY DELIBERATIONS

The following section provides key Committee deliberations on the CoE's Unaudited Financial and Performance Results for the First Quarter of the 2024/25 FY.

- **Communication and Brand Management Department**

The noted with great concern the ongoing under-spending on the other expenditure budget. In the past two FYs, the department has been under-spending on this line item. The under-spending has been attributed to lack of media buying tender. In the quarter under review, the department budgeted R2 021 724 on other expenditure line item and spent R321 254, which translates to -84% (-R1 700 470) under-spending. The reported R321 254 budget expenditure was utilised to advertise the human resources vacancies (R149 333), and to pay the skills development fund levy and the workmen's compensation fund (R171 921). In the quarter under review, the under-spending was also attributed to a lack of formal tenders to procure media services. However, the department assured the Committee that it is in the process of making appointments on the Signage and Events tenders earmarked to serve at the Bid Evaluation Committee (BEC) and Bid Adjudication Committee (BAC) in the third quarter. The department indicated that the finalisation of this process will enable the department to deliver on its mandate and address the backlog of the previous quarters, especially on signage. In the meantime, the department is using the advertisement of mini tenders to address critical communications needs. The Committee noted the response and will continue to oversee the expenditure on other expenditures.

The department budgeted R208 440 on inventory consumed line item and spent R6 893, which translates to 97% under-spending. The reported R6 893 budget expenditure was utilised to procure stationery. The under-spending on this line item was also attributed to a lack of formal tender to procure media services and events. This had a negative impact on the implementation of events. The department reported that it could not carry out any special events in the quarter under review. To address the reported underperformance, the department committed to engaging the Supply Chain Management (SCM) division to advertise a mini-tender while finalising the formal tender to procure media services.

The Committee noted that the department managed to implement two (2) brand visibility interventions in the quarter under review. The implemented brand visibility interventions include the utilisation of the CoE digital platforms (Facebook, TikTok, and X). The digital platforms were utilised to showcase projects, programmes, and achievements and communicate challenges to build the City's brand. The digital campaigns implemented in the quarter under review include the City Manager's legacy projects, revenue enhancement to encourage payment of services and to address illegal connections, and the hackathon programme for youth to showcase Information Technology (IT) skills and to develop smart solutions for the City. The second intervention was destination marketing. The intervention was implemented in partnership with Airport Company South Africa (ACSA) to host the Airports Council International Conference. The conference attracted over 350 senior delegates throughout the African continent over a period of seven days at OR Tambo International Airport. The department indicated that the city was given a prime position to promote its brand as a tourist destination, investment opportunity, and potential Aerotropolis City. This had a significant influence on brand positioning and on developing strategic partnerships. The department spent R650 000 to coordinate and implement the conference.

The Committee also enquired about the planned brand visibility interventions for the 2024/25 FY. In response, the department outlined that it is going to coordinate events and cover the State of the City Address, Chris Hani Month, and Budget Speech. The Committee is of the view that the department must come up with more innovative ideas for promoting the brand visibility of the city. The Committee believes that more events can be implemented to promote the CoE brand in addition to the existing interventions. The department affirmed that the addition of new brand visibility interventions can be considered. Therefore, the Committee recommended that the department investigate other programmes that can form part of the existing brand visibility interventions to promote the brand of the city. The identified interventions must be included in the

2025/26 Service Delivery and Budget Implementation Plan (SDBIP) of the department for implementation.

- **Corporate and Legal Services Department**

In the quarter under review, the department budgeted R22 061 575 on contracted services and spent R13 614 961, which translates to -38% (-R8 446 614) under-spending. The Committee enquired about the reasons for the reported under-spending, including the details and outcomes of the reported expenditure. In response to the reasons for under-spending, the department indicated that the budget for contracted services covers legal cost advice and litigation vote. The expenditure of this vote is due and payable once an invoice is submitted for services rendered, which makes it difficult to predetermine and control the expenditure of the contracted services budget. Concerning the details of the reported R13 614 961 budget expenditure, the department indicated that the budget was spent on two categories. The first category of expenditure was utilised to handle litigation and miscellaneous matters for and against the city. The purpose was to protect the CoE's interests and to defend any adverse judgment against the CoE that may negatively affect the CoE financially or set a negative precedent. The second category of expenditure was utilised to handle litigation matters that emanated from the insurance claims. Concerning the outcomes of the reported expenditure, the department dealt with 189 contingent liabilities, 20 contingent assets, and 133 miscellaneous matters. From the above cases, only five cases were finalised. This illustrates that there is slow progress in finalising litigation matters. The department reported that it faces a challenge in securing the court date, which has been highlighted as a national crisis because the Courts are inundated with cases. To mitigate the challenge, the department is implementing alternative dispute resolutions to prevent litigation from escalating to Court.

In addition, the Committee conducted a follow-up about the implementation progress of establishing a litigation unit to handle litigation matters in-house, and about the process of securing the authorisation of seven (7) Legal Advisors by the National Prosecuting Authority (NPA). This is an attempt to mitigate the litigation costs and to improve the finalisation of litigation matters. The department reported that there are delays in the process of securing authorisation for Legal Advisors. The department made a follow-up to the NPA in January 2025 and submitted the hard copies of the Curriculum Vitae (CV) and qualification documents of the Legal Advisors upon request from the NPA. The department assured the Committee that it will keep putting pressure on the NPA to expedite the matter. Concerning the current progress, the department reported that it is in the process of securing authorisation from the NPA and finalising issues with the Judiciary and Legal Practice Council (LPC). After completing this process, the next phase will include obtaining authorisation from the City Manager and/or Council for officials to appear in court in civil litigation.

The Committee also noted with concerns that the department spent R53 980 on overtime. The Committee is in cognisance of the need for the CoE departments to allocate work within normal working time, and to compensate employees with time-off instead of monetary value as part of the cost containment measures and reducing overtime costs. Therefore, the Committee enquired about the work that required overtime and measures that were implemented to reduce overtime costs such as giving employees time off instead of monetary value. The department's response reflected that one employee worked overtime for three consecutive months (July-September 2024). The department indicated that the employee is employed as an Admin Officer: Legal Cluster, but she was given additional tasks to also perform the duties of the Chief Committee Officer: Bid Adjudication Committee (BAC) position. The department indicated that the performance of these duties also extended outside Council working hours and to weekends. The Committee raised concerns over the employee who is inundated with additional duties. The department assured the Committee that is in the process of filling the vacant positions in the department including the Chief Committee Officer: Bid Adjudication Committee (BAC) position to reduce the workload on employees and the overtime costs.

- **Human Resource Management and Development Department**

The department reported that it received an R2 930 991.68 budget on transfers and subsidies (R2 744 791.68 Mandatory Grant and R186 200.00 Discretionary Grant funding). The budget is allocated for the implementation of the Workplace Skill Plans (WSP). Therefore, the Committee enquired about the implemented WSP in the quarter under review. In response, the department reported the completed implementation of the Municipal Finance Management Programme training for eighteen Councillors and the Governance skills development training for two Ward Committees. Other training programmes were reported as still in progress or as scheduled. The Committee noted the response and will continue to oversee the implementation of WSP in the FY under review.

The department budgeted R3 882 549 on inventory consumed and spent R440 673, which translates to -89% (-R3 441 876) budget under-spending. The department attributed the reported under-spending to cost containment measures implemented across the city, which resulted in non-spending of the planned budget. The reported R440 673 budget expenditure was utilised to perform the following three services: the procurement of stationery to cater for day-to-day operations of the department (R108 994.65); to implementation of the WSP- Employees Grant (R319 004.78); and to perform the competency assessment of new appointments of senior management (R12 673.72).

The department budgeted R2 049 480 on other expenditures and spent R1 849 040, which translates to 90% budget expenditure. The reported R1 849 040 budget expenditure catered for the following three items: skills development fund levy (R295 246.89); workmen's compensation fund (R317 907.00), which are mandatory levies; the payment of transport to assist employees to attend the funerals of co-workers (R10 000); and the payment of Benoni office lease (R1 225 886.34) to house the CoE employees.

The department budgeted R2 150 000 on contracted services and spent R5 294 209, which translates to 146% (R3 144 209) over-spending. The department reported that the budget was utilised for the payment of service provider (Health Risk Manager contract) for the assessment of additional sick leave applications and incapacity (R171 208); verifications of qualifications and criminal checks of new appointments (R362 828.50); and for the payment of Law Firms who represent the City on Labour matters (R4 760 172.18).

The Committee noted with concern that the department spent R104 474 on overtime budget. The Committee expects the department to be exemplary in driving the implementation of the overtime policy across the city and in ensuring that mitigation plans are implemented to reduce overtime costs. Therefore, the Committee enquired about the work that required overtime and measures that were implemented to reduce overtime costs. In response, the department indicated that one (1) employee worked overtime during the quarter under review to perform the following services, which necessitated overtime: COIDA patch testing and implementation; Irp5/IT3 pre-printed reports creation for 24/25 FY; calculation of annual increases items costing; bugs on formulas after Oracle patching identification and corrections; and development and implementation for New Bankers (Standard Bank). Concerning measures to reduce overtime costs, the department initiated a shadowing programme for business continuity which is anticipated to also have a positive impact on the reduction of overtime costs. The Committee will continue to oversee the overtime expenditure in the department to determine the impact of the implemented measure.

- **Internal Audit Department**

In the quarter under review, the department budgeted R3 626 121 on contracted services and spent R2 599 505, which translated to -28% (-R1 026 616) budget under-spending. The department attributed the reported under-spending to the delays in processing the invoices from the Finance Department. The department assured the Committee that the budget was utilised, and the invoices were submitted to Finance for payments. The budget was spent to perform audit reviews of the quarterly annual financial statements and performance information, and the audit reviews at ERWAT and IT Department.

The Committee noted that the department achieved its quarterly target to finalise 60% of forensic investigations. In the quarter under review, the department dealt with five forensic investigations and managed to finalise three investigations. The Committee enquired about the plan to improve the finalisation of forensic investigations in the FY under review. In response, the department outlines the following steps: implementation of the system of tracking cases; constant reporting of progress to the Audit and Risk Committee, and COGTA; weekly monitoring of progress on cases and holding the staff accountable for any delays; reporting other delays from the client departments to the City Manager for speedy resolutions; strengthening of the relationship with the departments such as Legal and Risk Department and Human Resources Management and Development Department to ensure speed resolution of the investigations; and maintaining the relationship with the EMPD, MPAC, Hawks, SIU, Public Protector and Government agencies. The department assured the Committee that a high number of cases are being finalised and that currently there are no backlogs.

- **Risk Management Department**

In the quarter under review, the department budgeted R118 709 367 on other expenditures and spent R100 191 567, which translates to 84% of budget expenditure. The department reported that the budget was utilised to pay for the insurance premium (R95 313 410). The insurance premium was paid to the Insurer to cover the city against unforeseen events on insurable goods, assets, liabilities, commercial crimes, contingent construction, SASRIA, and state benefits. The remaining budget was utilised to pay for the excess fee (R2 928 264), liability claim (R1 044 385), brokerage fee (R93 478), motor claim (R703 714), skills development fund levy and workmen's compensation fund (R108 316). The Committee noted the breakdown of the budget expenditure and enquired about the value for money related to the insurance premium paid to the insurer. The Committee was interested in understanding the number of insurance claims that were processed and paid for by the insurance provider. In response, the department indicated that it processed 271 insurance claims at a value of R4 676 363. However, all the claims were paid by the city. The Committee expressed its dissatisfaction because this does not reflect good value for money.

- **Service Delivery Coordination**

In the quarter under review, the department budgeted R936 585 on other expenditures and spent R912 324, which translates to 97% budget expenditure. The budget catered for the mandatory skills development fund levy and the workmen’s compensation fund. The department also budgeted R648 052 on inventory consumed and spent R597 460, which translates to 92% budget expenditure. The budget was utilised to procure printing materials and stationery for all Customer Care Centres (CCCs). This was to enable the city to print proof of residents and statements of accounts for residents and other operational requirements.

In the FY under review, the department budgeted R91 000 000 on capital budget. Of the allocated capital budget, R18 500 000 is allocated for the upgrade of Duduza CCC, R35 500 000 is allocated for the upgrade of Daveyton CCC, and R37 000 000 is allocated for legacy projects. However, the Committee noted with great concern that the department only spent R3 782 507 of the allocated capital budget. The budget was spent on legacy projects budget to cover professional and consultancy fees, and zero budget was spent on the upgrade projects. The reported non-spending might come back to haunt the department during the budget adjustments process, with the possibility of budget cuts, which will have a negative impact on the completion of the projects. Therefore, the Committee enquired about the reasons for delays in budget expenditure and project implementation, and the project scope of each project in the FY under review. In response, the department attributed the delays to the lengthy process of issuing IPWs. The department finalised the appointment of consultants and contractors on time. However, there were delays in issuing the Instruction to Perform Work (IPW) to the appointed consultants and contractors for them to resume work. The department assured the Committee that the process of issuing IPWs has been finalised and the appointed consultants and contractors have resumed work. The department provided a detailed project scope for both the legacy projects and the upgrade projects, as noted in the following section:

The project scope for Thokoza Regional Park includes a soccer stadium; ablutions facilities; paving and parking. The project scope of Kwa-Thema Multipurpose Sports Facility includes completion of the guard house; completion of stormwater; implementation of the sports facilities - soccer field, basketball field, and tennis court; completion of the Clearview fencing; completion of the refuse yard area; refurbishment of the swimming pool area and the swimming pool; installation of the two entrance gates (pedestrian gate and vehicle gates); and irrigation system. The project scope for the Duduza CCC upgrade includes Clearview fencing; civil works; installation of the entrance gate; existing building refurbishment; guard house block alteration; guard house & plant room block; and office building. The project scope for Daveyton CCC includes removal, stripping of damaged waterproofing and roof sheets and replacement with new; repairs to structurally damaged walls; removal and replacement of damaged number laminated floors and floor tiles; removal and replacement of damaged doors, security gates and windows; installation of new aluminium windows and doors; removal and replacement of damaged ironmongery; removal and replacement of damaged ceilings boards and ceiling grid; completion of construction works; repairs and replacement of damaged plumbing fixtures and completion of all outstanding plumbing works; full refurbishment of Social Services Building External facade and completion of internal installations; removal and replacement of old steel staircases with new; enhancement of energy efficiency in buildings; completion and remedial work on electrical installations, installation of facility signage and operational safety signage; improvement of security features; replacement of stolen mechanical and fire equipment; servicing of existing functional mechanical and fire installations; installation of lift and completion of outstanding works in the lift shaft; construction of covered solar powered carport structures; unblocking of stormwater pipeline and addressing stormwater management deficiencies on site; replacement of missing/damaged drain & manhole covers; reconstruction of concrete surface drains; stormwater water reticulation; construction of new Stormwater channels and subsoil drainage systems; construction of water conservation tank stand and installation of tanks; and installing of additional Clearview fence and security gates to match existing. The Committee noted the detailed project scope and will oversee the implementation process.

The Committee also noted with great concern the ongoing failure to achieve the target of responding to official complaints through the municipal complaint management system. In the quarter under review, the department targeted to respond to 72% of official complaints and managed to only respond to 39.93% of official complaints. This means that -32.07% of official complaints were not addressed in the quarter under review. The Committee raised concerns with the reported underperformance on this target as this reflects the city’s failure to address the service delivery needs and concerns of CoE residents. To mitigate the under-performance, the department implements an automated system to escalate long overdue queries to responsible service departments and supervisors for action and resolving. The automated system also escalates the reported incidents to DHs for calls that breach 90% of the Service Level Agreement (SLA); and to HoD for calls that breach 100% of SLA. The automated system produces a report for all incidents that have breached 150% SLA Date/Time and sends the notification to the office of the City Manager. In addition, the department issues a non-compliance certificate to the Head of Departments that fails to respond to service delivery incidents within the SLA to push the departments to respond to service delivery issues. In the quarter under review, the department issued fifteen non-compliance certificates to HoDs from the following departments: Health & Social Development; Finance; Roads & Stormwater; Real Estate; Human Settlement; Energy;

Transport and Fleet; EMPD; SRAC; Communications and Brand Management; Economic Development; ERM; City Planning; Water & Sanitation; and Waste Management.

LEGAL COMMENTS

In terms of the Standing Orders By-Law of Council 2023, the Corporate Shared Services oversight committee is required to submit a written report on its consideration of the departments' financial and non-financial performance. The process followed was in line with the reporting requirements as set out in the Municipal Finance Management Act (Act 56 of 2003) and the Municipal Structures Act (Act 117 of 1998).

The terms of reference authorizes the oversight committee to scrutinize the reports of the departments submitted to the Municipal Council pursuant to the provision of legislation. It goes further to mandate the oversight committee to consider the quarterly SDBIP report of the department and its entities referred by resolution of council to the committee on implementation of the Budget of the departments and entities, the financial situation of the departments and entities, reported service delivery achievements against set performance targets and indicators for the delivery of basic services.

It is upon the above premise that this finds support from a legal perspective.

RECOMMENDATIONS

1. **That** the Corporate and Shared Services Oversight Committee Report on the City of Ekurhuleni (CoE) Unaudited Financial and Performance Results for the First Quarter of the 2024/25 Financial Year (FY) **BE NOTED.**

2. **That** the Communications and Brand Management Department **DEVELOPS** additional annual brand visibility interventions to promote the brand of the city and include the interventions in the Service Delivery and Budget Implementation Plans (SDBIP) of the department starting from the **2025/26 FY.**

CORPORATE AND SHARED SERVICES OVERSIGHT COMMITTEE REPORT ON THE OVERSIGHT VISIT TO THE KWA-THEMA MULTIPURPOSE SPORTS FACILITY 07 NOVEMBER 2024

PURPOSE

To report to Council on the Corporate and Shared Services Oversight Committee's oversight visit to the Kwa-Thema Multipurpose Sport Facility 07 November 2024.

EXECUTIVE SUMMARY

The purpose of conducting an oversight visit is to conduct an independent verification of the work performed on the ground against the performance reported by the respective department. Equally, the Committee received the implementation progress report of Kwa-Thema Multipurpose Sport Facility from the Service Delivery Coordination Department in the fourth quarter of 2023/24 FY. The Kwa-Thema Multipurpose Sport Facility project is part of the legacy projects funded through the USDG. The project intends to build a multipurpose sports facility for the residents of Kwa-Thema.

Acting on the reported implementation progress, the Committee Researcher conducted a pre-oversight visit to Kwa-Thema Multipurpose Sports Facility and developed a motivation for the Committee to conduct an oversight visit to the project. The Committee adopted the motivation and resolved to conduct an announced oversight visit to the project on 07 November 2024.

The nature of an announced oversight visit requires the respective department to also attend the oversight visit. Equally, the Committee invited the department to come and take the Committee through the project and address the follow-up questions during the oversight visit. However, the department did not attend the oversight visit and requested the Kwa-Thema Customer Care Centre (CCC) Manager to represent the department. The CCC Manager did not address all the questions from the Committee. Therefore, the Committee resolved to note the questions and send them to the department for written responses. The questions were submitted to the Department in the month of December and the responses were received in the month of February.

On 06 February 2025, the Committee considered the written responses and resolved to prepare this report for Council. The report provides a consolidation of the above activities and the findings of the Committee.

KEY FINDINGS AND DELIBERATIONS

In the 2023/24 FY, the project was allocated a budget of R12 500 000. The scope of the project in the 2023/24 FY entailed the building of change rooms, stormwater and plumbing, electrical work, a guard house, and a refuse yard. However, these phases were not completed. During the fourth quarter report, the department reported that the following phases of the project have been performed: section of stormwater; section of Clearview fencing; a section of electrical works; conduit pipes; refuse yard structure and roofing; and a guard house structure. During the oversight visit, the Committee found that only small parts of the reported sections of the project were performed. The Committee raised a sharp concern to the department that none of the planned phases of the projects were completed while the budget was spent. The below pictures display the work that has been performed in the project:

Change rooms: inside view.

Change rooms: outside view.

Incomplete refuse yard

Incomplete guard house: foundation

Civil work: open sinkhole


Civil work: water connection

Civil work: electrical work


Remaining attended material

Concerning the breakdown of the expenditure in the expenditure, the department reported that R4 441 476.94 was spent on professional and consultant services; R688 163.55 was spent on the Clearview fencing; R1 391 261.33 was spent on the changing rooms; R33 245.99 was spent on the guard house; R1 174 173.66 was spent on civil works; and R1 340 173.23 was spent on other services such as preliminary and general work. The reported expenditure breakdown amounts to R9 068 547.92, and the difference of R3 431 452.08 was not accounted for, from the R12 500 000 budget. Overall, the Committee was dissatisfied with the work on the ground and maintained that the work performed did not reflect good value for money. The Committee contend that the department should have satisfied itself first of the work performed before submitting the invoices to pay the contractors. This indicates that due diligence was not performed in the project. As a result, contractors were paid without completing the required work. This is viewed to be tantamount to wasteful, fruitless, and irregular expenditure. Therefore, the Committee recommends that the expenditure in this project must be referred to the Municipal Public Accounts Committee (MPAC) to conduct a deeper investigation into the project for possible irregular, fruitless and wasteful expenditure.

Amongst the reasons cited by the department for the identified delays and failure to complete the scope of the project, were the challenges the department faced with the first contractor (Totobela Trading Pty Ltd) appointed to the project. The department reported that Totobela Trading Pty Ltd's contract was terminated because of poor performance. The Committee is of the view that a strong message must be sent against contractors who fail to complete the work they are contracted to perform. The Committee enquired about the possibility of blacklisting the contractor from doing any business with the city. In response, the department indicated that the process of blacklisting underperforming contractors falls under the purview of the supply chain management department. Therefore, the Committee recommended that the department must refer Totobela Trading Pty Ltd to the SCM department to blacklist the company from doing any work with the City of Ekurhuleni.

The department also raised concerns about the delays in the supply-chain processes. The contracting of contractors and issuing of IPWs takes a long time to finalise. As a result, contractors start work late, towards the end of the financial year. For example, the department reported that a new contractor has been appointed to perform the remaining work. However, the IPWs are not yet issued to the appointed contractor. This has a negative impact on the completion of the planned work.

The Committee also found that there were no contractors on site, meaning the project was on hold. In addition, there was no security on site, meaning the project was neglected. The Committee found that the neglect of the project caused minor vandalism to the work that was performed and attracted criminal activities in the project site. This includes stealing fences, windows, and electrical work. The Committee is of the view that this will cause a major setback and increase the costs of the project because the department will have to go back and replace the stolen goods and the vandalised structure in the project. Therefore, the Committee recommends that the department must ensure that there is always security available in the project site.

LEGAL COMMENTS

The terms of reference of the Corporate Shared Services oversight committee makes provision for the committee to undertake either planned/unplanned or announced or unannounced site inspections or visits. The terms of reference further provides as follows;
Oversight visits are integral to the work of the Committee and conducted on areas, topics or themes identified by the Committee for investigation.
The visits can be planned and co-ordinated with the department or can be unplanned and /or unannounced to the department, also be reactive or proactive.

4.2.3.1 In undertaking Oversight visits, the Committee must –

i. Identify oversight priority areas, linked to the planning and budget cycle in order for oversight visits to be meaningful and relevant.

ii. Ensure that the Oversight visit is undertaken in the interest of the Committee and relates to the objectives and programmes of the Committee, further emanating from an identified matter requiring investigation by the Committee.

iii. Provide an account of the visit and as it occurred.

iv. Provide an account of the findings of the Committee, lessons learnt, recommendations and the proposed plan of taking them forward.

Rule 135 (1) (e) of the Standing Orders By-laws mandates the committee to submit site inspection reports to council within 60 days after the visit.
Based on the above, the report is supported from a legal perspective.

RECOMMENDATION

1. **That** the Corporate and Shared Services Oversight Committee report on the oversight visit to Kwa-Thema Multipurpose Sport Facility legacy projects 07 November 2024 **BE NOTED.**

2. **That** the Council **REFERS** the expenditure of R12 500 000 budget for the implementation of the Kwa-Thema Multi-Purpose Sport Facility Project in the 2023/24 FY to Municipal Public Accounts Committee to conduct a deeper investigation into the project and report back to Council on the progress of the investigation by **31 June 2025.**

3. **That** the Service Delivery Coordination Department in consultation with the Finance department (Supply Chain Management division) **UNDERTAKES** necessary measures to ensure that Totobela Trading Pty Ltd is prohibited from doing any work with the City of Ekurhuleni by **31 March 2025.**

4. **That** the Service Delivery Coordination Department **ENSURES** the provision and availability of twenty-four-hour security in the project site by **30 March 2025** and throughout the project cycle.

CORPORATE AND SHARED SERVICES OVERSIGHT COMMITTEE REPORT ON THE OVERSIGHT VISIT TO THOKOZA REGIONAL PARK ON 14 NOVEMBER 2024

PURPOSE

To report to Council on the Corporate and Shared Services Oversight Committee's oversight visit to Thokoza Regional Park on 14 November 2024.

EXECUTIVE SUMMARY

Oversight visits serve as a critical tool for Section 79 Oversight Committees to hold the Executive accountable. This enables Oversight Committees to oversee the implementation on the ground against the set performance standards and to hold the Executive accountable based on the identified implementation progress or outcomes. Against this backdrop, the Corporate and Shared Services Oversight Committee conducted an oversight visit to the Thokoza Regional Park project. Thokoza Regional Park project is part of the legacy projects funded through the Urban Settlements Development Grant (USDG) from the National Treasury. The project intends to build a park for the residents of Thokoza.

In the fourth quarter of the 2023/24 FY, the Service Delivery Coordination Department submitted the implementation progress report of the Thokoza Regional Park project. Following the reported progress, the Committee Researcher conducted a pre-oversight visit to the project and developed a motivation for the Committee to conduct an oversight visit to the project. The Committee adopted the motivation and resolved to conduct an announced oversight visit to the project on 14 November 2024.

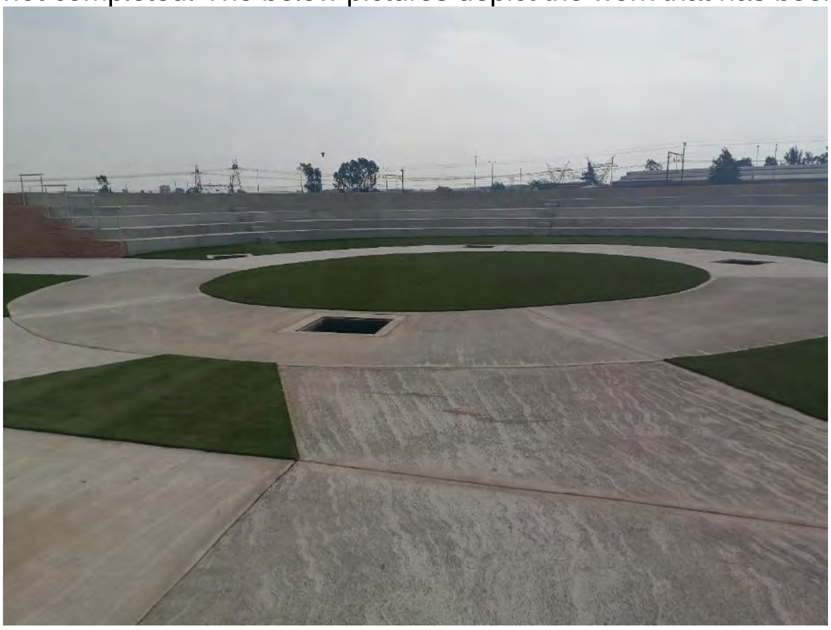
The Committee invited the department to attend the Oversight visit to address the follow-up and clarity-seeking questions during the Oversight visit. The department attended the Oversight visit addressed the follow-up questions and committed to submitting the additional and accurate information to the Committee. The Committee sent additional questions to the department on 13 December 2024 to request additional information. The department submitted the additional information in February 2025.

On 06 February 2025, the Committee considered the responses and resolved to compile this report for Council. The report details the above activities and the findings of the Committee during the Oversight visit.

KEY FINDINGS AND DELIBERATIONS

In the 2023/24 FY, the project was allocated R12 500 000 to complete phase two of the project. In the fourth quarter report of 2023/24 FY, the department reported that the project managed to complete the following sections of phase two: guard house; Amphitheatre; platforms; paving on parking; and earthworks. During the oversight visit, the Committee established that the project managed to complete the guard house as reported. The Guardhouse has a kitchen area and a toilet. Concerning the other phases, the Committee found that the civil works, Amphitheatre, and the parking area were only partially completed. For example, the

Amphitheatre still needs a canopy to provide shade where people will be seated, and the parking area still needs shade. The Committee raised concerns about the progress of the project and failure to complete the tasks set out in each phase of the project. This might delay the completion timelines of the project and risk the department running out of budget before the project is completed. In response, the department assured the Committee that the Thokoza Regional Park project is still within the project timelines and there are minimal challenges with the contractors except when there are delays in the payment of invoices. In the event of delays in payments, the contractors stop working because it affects the payment of salaries to their employees. In addition, the department pointed to the Committee that the site has hard rocks/stones underneath, which requires the contractor to use machines/chemicals to blast the hard rocks and that process takes time. Concerning the concerns about the issue of running out of funding, the department indicated that it has adopted the approach of building and completing sections that can be usable even if the project does not get the funds. This would allow the residents to utilise the completed facilities in the park. However, this does not align with the Committee's findings. The Committee identified that most part of the project was not completed. The below pictures depict the work that has been performed in the project:

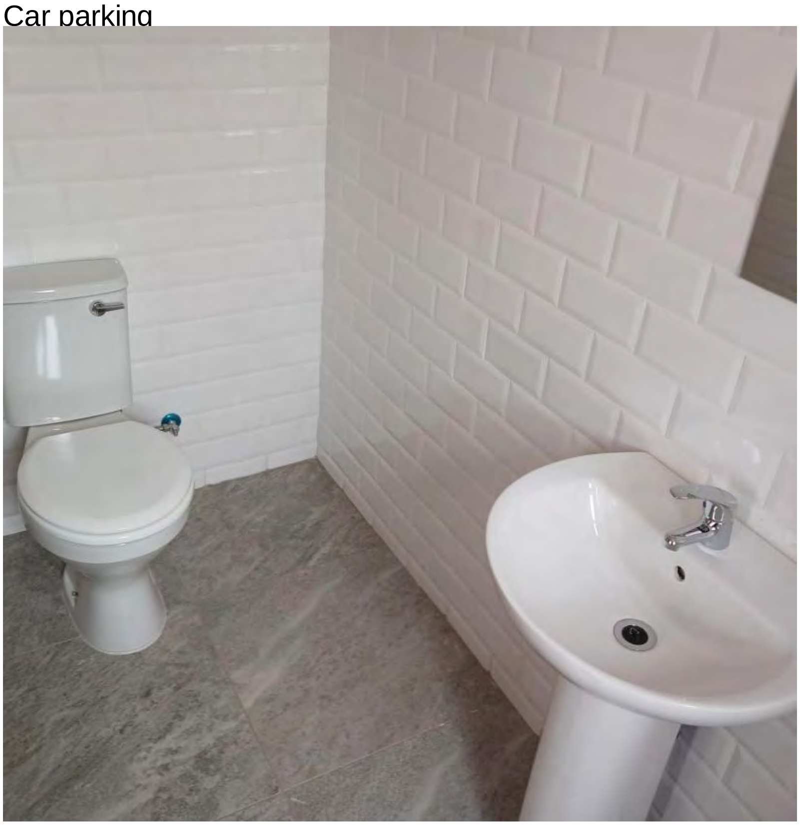


Amphitheatre

Civil work: water connection pipe

Refuse yard progress: challenges with the rock underground.

Civil work: refuse pipes


Car parking

Guard house bathroom


Guard house outside view

The Committee also identified that some parts of the Amphitheatre were already showing cracks. In this regard, the Committee raised that the supply chain management (SCM) policy obligates the contractor to fix any cracks and damages in the project buildings. Section 22.22.2. of the City of Ekurhuleni Supply Chain Management Policy on guarantees, warranties, security, and sureties stipulates that if, during the warranty period, goods do not comply with the requirements because of faulty material used during manufacture, or faulty finishing, or any deficiency, latent or otherwise, the contractor shall be requested without delay, by registered mail, to replace or repair the goods depending on the circumstances. In accordance with the provisions of the SCM policy, the Committee recommended that the department conduct an inspection of the work performed in phase two of the project and write to the contractor to fix all the damages in the project including the evident cracks in the Amphitheatre.

The Committee also raised a general concern to the department about the vandalism and poor maintenance of parks across the city. The Committee enquired about the maintenance plans of the Thokoza Regional Park upon its completion. In response, the department indicated that the maintenance of parks is the responsibility of the Sport, Recreation, Art, and Culture (SRAC) Department. After project completion, the department will hand over the park to the SRAC Department, which will assume the responsibility of running and maintaining the park. The Committee noted the response and expressed another concern about the location of the park. The park is located on the outskirts of Thokoza. The Committee is concerned about the visibility of the parks and the ability of some residents to walk to and from the park. In response, the department assured the Committee that the specification of the project was aimed at the larger local community of Thokoza and that the park was identified and adopted through the Integrated Development Plan (IDP) processes.

LEGAL COMMENT

The terms of reference of the Corporate Shared oversight committee makes provision for the committee to undertake either planned/unplanned or announced or unannounced site inspections or visits. The above-mentioned terms of reference provides as follows;
Oversight visits are integral to the work of the Committee and conducted on areas, topics or themes identified by the Committee for investigation.
The visits can be planned and co-ordinated with the department or can be unplanned and /or unannounced to the department, also be reactive or proactive.

4.2.3.1 In undertaking Oversight visits, the Committee must –

i. Identify oversight priority areas, linked to the planning and budget cycle in order for oversight visits to be meaningful and relevant.

ii. Ensure that the Oversight visit is undertaken in the interest of the Committee and relates to the objectives and programmes of the Committee, further emanating from an identified matter requiring investigation by the Committee.

iii. Provide an account of the visit and as it occurred.

iv. Provide an account of the findings of the Committee, lessons learnt, recommendations and the proposed plan of taking them forward.

Rule 135 (1) (e) of the Standing Orders By-laws mandates the committee to submit site inspection reports to council within 60 days after the visit.
Based on the above, the report is supported from a legal perspective.

RECOMMENDATIONS

1. **That** the Corporate and Shared Services Oversight Committee report on the oversight visit to Thokoza Regional Park legacy projects on 14 November 2024 **BE NOTED.**

2. **That** the Service Delivery Coordination Department, through applicable contractual and Legislative regime **ENGAGE** the relevant contractor/s to fix the damages/poor workmanship identified in the project by **31 June 2025.**

3. **That** the Service Delivery Coordination Department **PROVIDES** quartely reports on progress made in respect of 2 above.

ECONOMIC DEVELOPMENT OVERSIGHT COMMITTEE

ECONOMIC DEVELOPMENT OVERSIGHT COMMITTEE REPORT ON THE CITY OF EKURHULENI (COE): UNAUDITED FINANCIAL AND PERFORMANCE RESULTS FOR THE FIRST QUARTER OF THE 2024/25 FINANCIAL YEAR (FY)

PURPOSE

To report to Council on the deliberations and recommendations of the Economic Development Oversight Committee in considering the City of Ekurhuleni (CoE): Unaudited financial and performance results for the first quarter of the 2024/25 Financial Year (FY).

EXECUTIVE SUMMARY

The report on the 2024/25 FY unaudited financial and performance results for the first quarter was tabled in the Programming meeting of 25 October 2024 and was referred to Council. The item was subsequently tabled in the Council meeting on 31 October 2024 and was referred to all Oversight Committees. The Economic Development Oversight Committee (EDOC) tabled the item in its meeting of 7 November 2024, wherein questions were raised. The Member of the Mayoral Committee (MMC) for Economic Development was invited to the oversight committee meeting of 16 January 2025 wherein she responded to the questions raised by the oversight committee. The committee reconvened again on 6 February 2025 to formally adopt the report and resolved that it be referred to Council. This report encapsulates the deliberations on the concerns raised by the Committee and its resolutions in considering the first-quarter report.

Key issues include the following: The committee noted with concern the department's operational under-expenditure of R9 693 067 (15%), attributed to delays in procurement, training approvals, and maintenance activities. The committee also raised concerns about significant over-expenditure in employee-related costs. Furthermore, the committee noted that capital expenditure stood at R12 456 789, reflecting a 58% under-expenditure. Delays in infrastructure upgrades, ICT enhancements, and township enterprise projects were attributed to procurement inefficiencies and prolonged bid adjudication. The Committee stressed the need for early planning and improved financial management to prevent disruptions in service delivery and economic development

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KEY DELIBERATIONS

During the review of the first quarter of the 2024/25 FY, the committee noted with concern that the department recorded an under-expenditure of R9 693 067 (15%) from a budget of R335 897 629, with an intended spending target of R64 283 933 by the end of the first quarter for operational expenditure. While this reflects an improvement from the previous year's 57% under-expenditure, the shortfall highlights issues in resource utilization and budget alignment. The under-expenditure was attributed to depreciation & asset impairment, finance charges, inventory consumed, contracted services, transfers & subsidies, and other expenditure. For inventory consumed, the Committee noted an under-expenditure of R5 285 653 (78%), attributed to the unavailability of a panel of service providers for Ekurhuleni Presidential Employment Stimulus (EPEP) tools of trade, limiting purchase orders.

Delays in approvals for training workshops, and community initiatives further contributed to the under-expenditure. The committee noted the response.

For contracted services, the committee noted with concern that the department incurred an under-expenditure of R2 034 379 (63%). The department indicated that this was due to maintenance delays at the Ekurhuleni Fresh Produce Market (EFPM) and other facilities, as well as slow processing of Service Request Orders (SROs) for smart prepaid meters. The committee raised concerns over service delivery impacts and urged fast-tracking of approvals. The committee also noted an under-expenditure of R2 265 508 (70%) in other expenditure. The department indicated that it was mainly due to delays in finalizing the lease agreement between Airports Company South Africa (ACSA) and the City, affecting lease payments. Additionally, bursary disbursements are scheduled to take place during the third quarter, further impacting expenditure. The committee noted the response and further stressed the need for improved planning and proactive financial management.

The committee also noted with concern significant over-expenditure in employee-related costs, with actual spending of R45 596 138 against a budget of R33 552 646, an over-expenditure of R12 043 492 (36%). This was attributed to overlapping EPEP contracts, annual bonuses, high vacancy rates requiring acting allowances and travel-related allowances. The committee urged better workforce planning and cost control. Additionally, overtime over-expenditure of R57 569 (15%) was linked to misalignment between EFPM operational hours and employee working hours. The committee resolved that EFPM working hours should align with industry standards to reduce overtime costs.

Furthermore, the committee expressed concern over the rejection of 73 out of 77 Ekurhuleni Community Enterprise Development Fund applications due to non-compliance. The department cited issues such as missing tax clearance certificates, disclosure forms, partnership funding confirmation letters, and lease agreements. To address this, compliance workshops and roadshows were conducted with 150 Small Medium and Micro Enterprises (SMMES) participating. The committee welcomed this initiative and requested updates on its effectiveness.

With regards to Community Development Initiatives, the committee noted procurement delays for training, incubation, financial services, and enterprise development support. The department indicated that non-compliance among foreign-owned spaza shops has escalated into a crisis, necessitating a reallocation of funds to support South African-owned tuck shop owners for safety and sustainability. This has required new specifications and market analyses before proceeding with the procurement process. The committee noted the response and will continue to monitor progress going forward.

The committee also requested an update on the 15-month contract renewal for the Vuk'uphile III Learner Contractor Development Programme to ensure 27 contractors receive second project allocations. The department indicated that jurisdictional issues led Corporate Legal Services to recommend abandoning the initial submission and consulting MANCO. Since the programmes Memorandum of Agreement (MOA) with the National Department of Public Works ended in 2022, there is no valid MANCO body to authorize a renewal. The department had planned to provide mentorship, business administration, and financial management support while encouraging learner contractors to apply for the CoE Contractor Development

Programme. The Committee recommended developing a revised strategy to address legal and jurisdictional challenges.

The committee noted that capital expenditure for first quarter of the 2024/25 FY stood at R12 456 789, reflecting a 58% under-expenditure. Key projects, including infrastructure upgrades at the EFPM and township enterprise development initiatives, faced significant delays. Fleet acquisition and ICT enhancements also lagged despite their strategic importance. The committee raised concerns over slow implementation and questioned the department on contributing factors. The department attributed the delays to prolonged bid adjudication and supplier responsiveness issues, particularly for infrastructure projects requiring extensive due diligence. ICT enhancements were delayed due to contract finalization issues but were expected to commence in the second quarter. The department assured the committee that measures were in place to fast-track procurement and improve performance. However, the committee remained concerned about recurring procurement delays and emphasized the need for early planning to prevent disruptions in critical projects affecting service delivery and economic development.

The committee also noted with concern that despite an increased capital budget from R24 650 000 in the 2023/24 FY to R35 253 940 in the 2024/25 FY, several key economic development projects including Labore & Withok Industrial Park, Tsakane Automotive City, the Special Economic Zones (SEZ) Project, and Etwatwa Business Park, were not budgeted for in the 2024/25 FY. The committee sought clarity on this as well as requesting the department to provide the criteria used to prioritize projects. The department outlined three prioritization criteria which are: 1. Investment vs. Budget Availability – Projects in the construction phase (Stage 4) are prioritized over planning-stage projects. 2. Revenue Generation Capacity – New infrastructure projects and maintenance of existing revenue-generating infrastructure (e.g., township hubs) are given priority. 3. Compliance – Projects previously affected by budget cuts are prioritized to meet regulatory requirements, such as occupancy certification. The committee welcomed the response.

The committee also reviewed the department's service delivery progress as per the Metro-Wide Service Delivery and Budget Implementation Plan (SDBIP) for the 2024/25 FY noting achievements and ongoing challenges. For Growing Inclusive Local Economies, the department exceeded its target of 6 000 work opportunities through public employment programmes by creating 6 503 in the first quarter. While commendable the committee raised concerns regarding the sustainability of these outcomes.

For Improved Ease of Doing Business, the department reduced the average time required to finalize business licenses to 12.54 days well below the 21-day target. The same trend was noted for informal trading permits. However, the committee raised concerns about the department's reliance on temporary staff from EPEP to achieve this efficiency. The department stated that temporary administrators and field workers assist with application processing and awareness campaigns allowing applications to be finalized in under 21 days. The committee emphasized the need for a sustainable approach that reduces dependency on temporary staff recommending structural reviews to integrate permanent staff while leveraging technology and streamlining procedures.

For Increased Ekurhuleni GDP Growth Employment and Revenue, the committee requested details on steps taken to achieve the R10 billion target for the 2024/25 FY for the R-value of investments attracted. The department highlighted frequent engagement with urban project developers', investors and Invest SA Gauteng and noted the role of the Ekurhuleni Investment Conference held on 26-27 November 2024 in boosting investor confidence. The committee requested quarterly updates on investment attraction progress and detailed reporting on investment commitments.

The committee noted that the township hub rental policy is key to equitable economic development and requested an update. The department stated that it is consolidating inputs from other departments before submitting the policy to Legal and Corporate for review. Following the merger of the Economic Development and Real Estate Departments meetings were held with the facility management division to streamline processes and eliminate redundancies. The committee welcomed this update and requested clear timelines for policy finalization and implementation.

For Improved Skills and Capacity Amongst Ekurhuleni Residents, the committee raised concerns about the lack of reportable progress for grant funding through Public Private Partnerships (PPPs) in Q1 and requested details on specific plans to secure and manage these partnerships. The department responded that it has identified public and private sector institutions for collaboration on vocational training, learnerships, skills programs, recognition of prior learning and bursaries. The committee recommended enhancing monitoring mechanisms to ensure partnerships yield tangible benefits and requested a comprehensive framework outlining responsibilities, benefits and anticipated outcomes.

LEGAL COMMENTS

The Oversight Committee seeks to report back to Council in terms of Rule135 of the CoE Standing Orders after the report was referred to the Committee in terms of rule 134.

The report complies with the provisions of the CoE Standing Orders and is supported.

RECOMMENDATIONS

1. **That** the contents of the Economic Development Oversight Committee report on the City of Ekurhuleni (CoE): Unaudited financial and performance results for the first quarter of the 2024/25 Financial Year (FY) **BE NOTED**.

2. **That** the Department of Economic Development **ESTABLISHES** a procurement task team to expedite bid adjudication processes for capital projects and that the Task team be operational by **30 June 2025**, with quarterly progress reports.

3. **That** the Department of Economic Development **DEVELOPS** a strategy to resolve all the challenges related to the Vuk'uphile III Learner Contractor Development Programme. Strategy to be adopted and implemented by the end of the fourth quarter of the 2024/25 FY.

ENVIRONMENTAL RESOURCES & WASTE MANAGEMENT SERVICES OVERSIGHT COMMITTEE

ENVIRONMENTAL RESOURCE AND WASTE MANAGEMENT OVERSIGHT COMMITTEE REPORT CITY OF EKURHULENI (COE): UNAUDITED FINANCIAL AND PERFORMANCE RESULTS FOR THE FIRST QUARTER OF THE 2024/25 FINANCIAL YEAR

PURPOSE

To report to Council on the deliberations of the Environmental Resource and Waste Management Oversight Committee regarding the unaudited financial and performance results for the first quarter of the 2024/25 Financial Year (FY).

EXECUTIVE SUMMARY

The first quarter unaudited financial and performance results report was initially referred to the Environmental Resource and Waste Management Oversight Committee for review on 25 October 2024. The Committee considered the item in its meeting on 14 November 2024 after which oversight questions were sent to the department for response. On 16 January 2025, the department presented its responses, subsequently, the current report was tabled in the Committee's ordinary meeting of 6 February 2025 for adoption. The current report details the deliberations between the Committee and the department and the recommendations to be considered by Council.

KEY DELIBERATIONS

Revenue Collection

The Committee noted that the Environmental Resource and Waste Management Department had reported significant variances in revenue collection during the first quarter of the 2024/25 financial year. Refuse revenue collection was initially reported as being 13% below the budget, amounting to R371 198 821 against a quarterly target of R427 327 863. Additionally, interest earned from receivables was recorded as 90% below target, while rental income from fixed assets and the sale of goods exceeded targets by 24%.

Upon request for further clarification, the department indicated that there was no under-collection in refuse revenue during the first. It stated that the department had met its 95% target when service charges for refuse revenue and operational revenue, such as the environmental levy and litter picking, were combined. The reported discrepancies had resulted from adjustments made to comply with (Generally Recognised Accounting Practice) GRAP 9, which split these revenue line items as of August 2024. The department further explained that the Budget Office had yet to split the corresponding budgeted amounts, which would be addressed during the budget adjustment process. Similarly, interest earned from receivables was clarified to have reached 99% of the target when combined with interest under non-exchange revenue, with similar adjustments pending.

In addressing the Committee's concern regarding plans to mitigate revenue shortfalls, the department reiterated that its 95% target had been met and emphasised that the apparent discrepancies were due to accounting adjustments rather than underperformance. However, the department expressed its commitment to enhancing revenue generation and identified uncollected service fees as a critical focus area. This three-year project aimed to minimise financial losses by auditing and aligning billing practices more effectively with actual services rendered.

The department outlined several strategies it had initiated to improve revenue collection. These included auditing businesses in central business districts to ensure billing aligned with service frequencies, identifying and billing residential properties converted to businesses without proper approvals, and addressing guesthouses not charged under business tariffs. Furthermore, the department planned to quantify revenue losses in hostels, re-blocked informal settlements, and un-proclaimed areas under municipal jurisdiction. It intended to work with Statistics South Africa to verify properties with backyard dwellings generating more than one bin of waste and to incorporate these into billing processes. Additional measures included incorporating provincial-owned un-proclaimed areas into the billing system, billing electrified informal settlements, and ensuring spaza shops and registered street vendors were correctly accounted for in revenue streams.

The Committee acknowledged these corrective measures and recommended ongoing monitoring of the implementation to ensure alignment with financial targets for the remaining quarters of the financial year. The department's proactive approach, particularly the focus on uncollected service fees and billing audits, was seen as a positive step toward improving revenue collection and minimising discrepancies in future reports.

Employee-related costs

The Committee noted that the department's total expenditure for the first quarter of the 2024/25 financial year was 17% below budget, with actual spending amounting to R599 961 752 against a budget of R721 780 488. Employee costs reflected a significant underspend of 12%, resulting in an R40 million gap in staffing expenditure. This raised concerns about whether critical vacancies remained unfilled and if this underspend had adversely impacted service delivery and operational efficiency.

In response, the department stated that the underspend in employee-related costs had no negative impact on service delivery or critical operations. It emphasised that measures were in place to ensure that essential services were maintained without interruption. However, the Committee reiterated its concerns about the potential strain placed on existing employees and the ability to sustain service levels under such circumstances.

Regarding the status of filling vacant positions, the department provided an updated report detailing progress as of 7 November 2024. Recruitment efforts were ongoing for several critical positions across various divisions. In Waste Management, 18 Regional Overseer positions and 7 Operations Officer roles had been re-advertised, with the recruitment processes still underway. For Area Managers, interviews had been conducted, recommendations made, and appointments finalised, with start dates pending. Two Executive Managers assumed duties on 1 September 2024, while one Senior Manager for landfills was at the verification stage. Additionally, 343 General Assistant roles were being filled in two intakes: the first began on 1 November 2024, with 89 employees starting, and the second commenced on 2 December 2024, adding 254 employees.

In the Environmental Protection, Resilience, and Project Management division, progress was mixed. A Catchment Specialist assumed duties on 1 August 2024, but the Senior Manager for contract management and other roles such as Compliance Monitoring Officer and Environmental Assessment Practitioner had not yet been advertised and were planned for Phase 2 of recruitment. In the Compliance division, the Manager for Environmental Impact remained unadvertised, pending the next phase of the hiring plan.

In the Parks and Cemeteries division, the recruitment process has advanced significantly. Several managers and senior roles, including the Manager for Cemeteries, the Manager for Parks Operations & Conservation, and 5 out of 6 Chief Horticulturists, assumed their duties between September and October 2024. Shortlisting for the Senior Manager for Planning and Operations was completed on 6 November 2024, with interviews scheduled for 13 November 2024. However, a few positions, such as two Manager roles for Planning & Operations and one Chief Horticulturist, were set to be re-advertised.

For Strategic Planning, two key specialists—one for Technical Knowledge & Information Management and one for Climate Change—assumed duties in November and August 2024, respectively. The Environmental Protection, Resilience, and Project Management division filled its Divisional Head role in July 2024, while other divisional head positions in Legislative Compliance and Support Services had not yet been advertised and were slated for Phase 2. The Committee commended the department for its efforts in addressing critical vacancies but highlighted the importance of expediting the recruitment process to ensure service delivery was not compromised. It recommended enhanced monitoring of recruitment timelines and closer collaboration with Human Resources to streamline the hiring process for remaining critical positions.

Contracted services and inventory consumed

The Committee noted significant underspending on contracted services and inventory consumed during the quarter under review. Contracted services were 52% below budget, with the actual expenditure of R55 266,908 against a budget of R115 616 147. Inventory consumed reflected a 22% underspend. These variances prompted concerns regarding potential delays or disruptions in the department's service delivery.

In response to the Committee's concerns, the department explained that the underspending on contracted services was primarily due to invoices submitted to the Finance Department which, at the time of reporting, were not yet captured in the financial system or paid. This delay in processing invoices created a discrepancy between actual on-the-ground activities and reported expenditures. The department clarified that all essential services contracts were in place during the reporting period, and no delays or cancellations occurred.

For inventory consumed, the underspending was attributed to specific challenges across various programs. In Parks and Cemeteries, the annual budget of R1.5 million remained unspent as funds were fully committed to a herbicide tender. Environmental Protection and Resilience allocated R1 million for the first quarter but did not generate invoices due to delays in appointing consultants for water quality monitoring. Expenditure for landfill sites exceeded year-to-date projections, indicating future budget shortfalls and had some invoices which had not yet been paid at the time of reporting. The department assured the Committee that nonpayment of invoices did not disrupt operations, as service providers continued working despite threats to withdraw if delays persisted.

The Committee acknowledged the department's efforts to manage delays and ensure service continuity but expressed concern about the impact of persistent payment issues on service providers. It recommended improved coordination with the Finance Department to accelerate invoice processing and minimise reporting discrepancies. Additionally, the Committee emphasised the need for proactive budget planning and procurement processes to prevent future delays and ensure alignment with service delivery mandates.

Capital Expenditure
The Committee noted significant underspending across the department's capital expenditure (CAPEX) during the quarter under review. Despite an original budget of R100 200 000 and no recorded virements or adjustments, the department reported limited expenditure across multiple projects, raising concerns about project execution and prioritisation.

The department explained that the underspending was primarily due to revisions in budget allocations to accommodate ward priorities and incomplete multiyear projects that required additional funding. These adjustments were necessitated by financial budget cuts and delays in service provider payments. As a result, the department focused its efforts in the quarter under review on administrative processes such as revising feasibility studies, and obtaining approvals for Service Request Orders (SRO), Activity Plan Workflows (APW), and Bills of Quantities (BOQ). These planning activities delayed physical project implementation but did not incur significant costs during the quarter.

The department clarified that all projects experienced underspending in Q1. However, 55% of the project budget had been committed through orders and Instruction to Perform Work certificates (IPWs), ensuring implementation during subsequent quarters. Key projects, such as the development of the Simmer & Jack Waste Site, the upgrading of the Platkop Landfill Site, and the establishment of parks and depots, were affected by this delay. The department assured the Committee that progress had been made, with significant commitments already in place for the current quarter.

To address underspending and ensure the execution of priority projects within the remaining quarters, the department emphasised its commitment to utilising allocated funds efficiently. Challenges such as minor community unrest in the Katlehong area, stemming from conflicts between project contractors and ward committees, were being mediated to enable uninterrupted project continuation.

Several other projects, including the Brakpan Depot, Metro Park Duduza Depot, and Edenvale Depot, remained unfunded in the current financial year. The department indicated that these would require adjustments during mid-year budget reviews or realignments in future fiscal years.

The Committee acknowledged the administrative groundwork undertaken in the first quarter but emphasised the need for expedited implementation to avoid further delays. It recommended continuous monitoring of project progress, proactive engagement with communities to mitigate disruptions, and collaboration with Finance to address payment delays. Additionally, the Committee encouraged the department to present regular updates on project execution and expenditure to ensure alignment with service delivery targets.

Metro Parks Depots and ward-specific initiatives

The Committee noted that several high-priority projects, including the construction of Metro Parks Depots in Katlehong 2 and ward-specific initiatives, reflected no actual spending or commitments during the quarter under review, despite the allocated budgets. This lack of expenditure raised concerns about potential delays in project initiation and progress.

The department explained that the absence of expenditure and commitments during the first quarter of the 2024/25 FY was due to the late appointment of contractors and consultants, which occurred only on 22 October 2024. To address this, the department committed to initiating expenditures by 15 December 2024, and ensuring that spending was aligned with project timelines to achieve significant progress by the end of the second quarter of the FY under review. The Committee emphasised the importance of adhering to these updated timelines, particularly for projects critical to community service improvements. The Committee recommended close monitoring of these timelines to avoid further delays.

Deemed Indigents

The Committee noted a significant revenue shortfall within Solid Waste Management Services for the 2023/24 financial year. In response to inquiries regarding the primary causes of this shortfall, the department attributed it to the council-implemented deemed indigent program, which expanded the eligibility for free basic services (FBS). This raised concerns about whether funding from the national or provincial spheres was provided to cover the financial implications of such programs.

The department clarified that it received funding through the equitable share allocation, which is designated to fund free basic services for poor households, including waste services. For the 2023/24 financial year, the allocation of equitable share funds for waste services amounted to R741 million, as per the approved budget. Both indigents and deemed indigents were supported under this allocation.

However, the department highlighted a significant challenge in that the revenue received was insufficient to meet the actual costs of providing these services. The allocation excluded several key categories of households, such as backyard dwellers, informal settlements, hostels, and un-proclaimed townships. These groups, despite benefiting from waste services, were not accounted for in the equitable share allocation, leading to financial pressures on the department. The Committee recommended that the department engage with national and provincial authorities to address these gaps in funding allocations, ensuring that all service recipients are adequately accounted for in future equitable share distributions.

LEGAL COMMENTS

RECOMMENDATION

1. **That** the Environmental Resource and Waste Management Oversight Committee report on the unaudited financial and performance results for the first quarter of the 2024/25 Financial Year, **BE NOTED**.

2. **That** the Department of Environmental Resource and Waste Management conduct a feasibility study on the commercialization of access to the City's generated solid waste by **30 August 2025**.

3. **That** the feasibility study on *2 Supra* be submitted to Council by **25 September 2025.**

ECONOMIC DEVELOPMENT OVERSIGHT COMMITTEE (EDOC) REPORT ON THE OVERSIGHT VISIT TO THE REIGER PARK ENTERPRISE HUB AND RAMAPHOSA VOCATIONAL SKILLS CENTRE ON 14 NOVEMBER 2024

PURPOSE

The purpose of this report is to brief Council on the observations, findings, deliberations, and recommendations of the Economic Development Oversight Committee's (EDOC's) announced oversight visit to Reiger Park Enterprise Hub and Ramaphosa Vocational Skills Centre conducted on 14 November 2024.

EXECUTIVE SUMMARY

The committee has been monitoring the construction of the Reiger Park Enterprise Hub and Ramaphosa Vocational Skills Centre Project since inception. The committee has a mandate to ensure that public resources are used effectively and that infrastructure projects deliver tangible benefits to the community. Hence, it was necessary for the committee to conduct the oversight visit. The project is located at the junction of Leon Ferreira Drive and Goedehoop Street, Reiger Park Township, Boksburg, Gauteng Province.

The Reiger Park Enterprise Hub and Ramaphosa Vocational Skills Centre is part of Ekurhuleni's initiatives to promote small and medium enterprises and vocational skills development. These projects aim to support local economies by providing infrastructure and resources to stimulate innovation, entrepreneurship, and skill development in the community. The main objectives of the visit were to:

- Assess the actual outputs and outcomes achieved with the allocated funds.
- Engage with project managers and stakeholders to understand challenges faced.
- Review project sustainability plans and ongoing operational capabilities to ensure long-term benefits.

Prior to the visit, the Committee's support staff conducted a pre-oversight visit on 13 November 2024 and no issues were identified, thus, the Committee proceeded with the visit. During the visit, the Committee received a presentation from the Project Manager followed by a question-and-answer session. The committee also conducted a walk-about around the facility to verify and assess the work done. Following this, the committee formulated the follow-up questions to the department, to which written and verbal responses were provided. The committee deliberated on the findings of the oversight visit during its meeting held on 16 January 2025. The committee reconvened again on 06 February 2025 to formally adopt the report before submission to Council, this report, therefore, discusses the process followed, the objectives of the oversight visit, as well as the findings and resolutions of the committee.

KEY DELIBERATIONS

The Committee noted that according to the multi-year budget allocations spanning from the 2016/17 Financial Year (FY) to 2023/24 FY as approved by Council, the budget for the Reiger Park Enterprise Hub and Ramaphosa Vocational Skills Centre reflects a series of strategic adjustments and spending patterns that warrant an oversight visit by the committee. The committee noted that the cumulative expenditure from 2016/17 FY to 2023/24 FY amounts to R128 326 923 underscoring the project's strategic significance and financial investment by the municipality. Looking at the amount spent to date, the committee felt it necessary to conduct an oversight visit to assess whether the amount spent correlate with measurable outcomes and consistent project progress in line with strategic objectives.

Expenditure on the project as observed by the committee is as follows: for the 2016/17 FY, an amount of R15 000 000 was allocated and the department managed to spend R4 424 000. In the 2017/18 FY, the department allocated R7 034 000 and actual expenditure at the end of the of the FY was R6 726 000. For the 2018/19 financial year, the budget's allocation for the project stood at R5 000 000, and the department incurred actual expenditure of R4 873 000 by year-end. In 2019/20, an additional budget allocation of R5 000 000 was approved, with expenditure closely aligned at R4 993 923. From 2020/21 onward, the project's adjusted budget allocation increased significantly to R30 598 000. By the end of the FY, the department's expenditure was R29 568 000, indicating a high level of fund deployment. In 2021/22, the budget was adjustment to R20 500 000, but actual expenditure substantially exceeded the budget, amounting to R30 240 000. In the 2022/23 FY and 2023/24 FY, adjusted budgets of R25 000 000 and R23 000 000, respectively, were allocated, with corresponding expenditures of R24 854 000 and R22 648 000. The Committee then requested the department to verify the amount spent on the project to date by providing a cost breakdown of the project since inception, the department indicated that since the project has been ongoing from the 2016/17 FY, expenditure has reached R107 840 419 to date.

The committee also requested the department to indicate project milestones achieved to date. The department indicated that with regards to planning work, project stages 1 & 2 – completed and received PRC approval. Project stages 3 & 4 – completed and received PRC approval. Building plans – approved by the City Planning Department. Subdivision application – approved for Erf 477 Reiger Park Extension 1, allowing the facility to have its own service account upon completion. External road designs – approved by the Roads & Stormwater Department. With regards to construction progress (as of December 2024), the department indicated that the Training Centre was 95% complete (See Figure 1), Office Block A – 82% complete, Office Block B – 70% complete (see Figure 2), Restaurant A & B – 90% complete each (See Figure 3), Public Ablutions – 90% complete, Open Restaurant – 95% complete, Workshop A – 65% complete, Workshop B – 43% complete, Sewer & Water Pipeline – 88% complete, Fire Water Installation – 45% complete, Paving Around Buildings – 32% complete. The committee noted the response and is satisfied with the progress on site (see figure 1 to 4 below).

The committee also noted with concern that the project has encountered several challenges, including the fact that the project's intention to serve two wards (Ward 34 & 93) has led to

disagreements between the local community where the project is situated and the neighbouring ward, primarily concerning employment opportunities and sub-contracting arrangements and raised concerns. The department indicated that to resolve the issue, they ensured ongoing communication with Ward 34 and Ward 93 through monthly Project Steering Committee (PSC) meetings involving: Ward Councillors, Community Leaders (CLOs, Business Forum Representatives), Contractors, Departmental Project Managers; Principal Agents. The department also indicated that key engagement actions taken to try stabilizing the situation was urgent PSC meetings scheduled, when necessary, MMC's office intervention to address community concerns and subcontractor issues. Workshops with local SMMEs to clarify project terms and contractual rates. However, despite the department's efforts, Ward 93 withdrew from the project in August 2024 and has been absent from PSC meetings since September 2024. As a result, engagements now primarily involve Ward 34. The Department continues to manage community concerns while addressing disputes over employment and subcontracting opportunities. The Committee noted the response.

Additionally, during the review of the fourth quarter of the 2023/24 FY, the department informed the committee that Ngwanashogole Trading Enterprises (Pty) Ltd that was appointed on 25 March 2022 from the A-RE 04-2021 contractor panel to execute Phase 1 of the project, with a capped Instruction to Perform Works (IPW) of R60 million (excluding VAT) and a contract valid until 30 June 2024. Although R23 million was allocated to the project for the 2023/24 FY, this amount was insufficient to complete the Phase 1 scope. The department planned to use the 2024/25 FY budget with a new contractor to complete the outstanding work. However, by 30 June 2024, there was no approved successor panel to A-RE 04-2021 for appointing CIDB Grade 6GB to 9GB contractors. The only valid panel was A-RE 10-2022, which covered contractors of lower CIDB Grades (2GB/1GBPE to 5GB/4GBPE). Given these constraints and the value of the outstanding scope, the department, from March 2024, developed two work packages for completion by A-RE 10-2022 contractors. Ultimately, two contractors from the A-RE 10-2022 panel with 5GB/4GBPE grading were procured to execute the remaining work packages for Phase 1, aiming to bring the project to full functionality. The committee raised concerns regarding the fact that more than one contractor and panel of consultants has worked on the project, the committee argued that this leaves accountability for liability with regards to structural defects very questionable and requested the department to clarify how they planning to handle it should the need arise.

In responding to the committee, the department indicated that all contractors that have been appointed at the project were appointed under the Joint Building Contracts Committee (JBCC) conditions of contract which inter-alia makes provisions for contractors having to attend to any identified defects prior to the issuance of a practical completion certificate, which is a prerequisite for 50% release of the contractor's retention. Furthermore, the JBCC makes provision for dealing with identified defects on the contractor's work during the 90 days defects liability period wherein a contractor must remedy any snag list defects prior to issuance of their final completion certificate and release of their outstanding half of retention.

Following issuance of the final completion certificate and until 5 years form the certified date of final completion, a contractor would still be liable to remedy any latent defects that appear on their work on the project. It should be noted that part of the costs that have been expanded on consultants to date includes stage 6 work where consultants reconcile and closeout a specific contractor's scope of work prior to handing over the project to a new contractor. Through this approach, the specific contractors are held responsible for the work they completed on the project.

During the oversight visit, the committee engaged with contractors on-site and community stakeholders involved in the project. Contractors and consultants raised concerns over significant delays in payment processing by the Department of Finance. At the time of the visit, contractors reported outstanding fees of over R3.6 million, while consultants had over R1 million in unpaid invoices. Due to these non-payments, both contractors and consultants stated that they had kept the project going using their own funds but had since exhausted their financial resources. As a result, they informed the committee that they would be forced to suspend work on-site in the following week if payments were not received. Community members, particularly SMMEs subcontracted for the project, also expressed frustration with delayed payments and threatened to halt construction and confiscate vehicles on-site until they were compensated for services rendered. The committee acknowledged these concerns and assured stakeholders that it would engage the department to seek a resolution. The committee noted the response and resolved to engage the Finance Department for a joint oversight committee meeting through the Finance Oversight Committee as an intervention strategy.

Following these concerns, the committee requested the department to: Explain the challenges in processing payments. Provide an update on the payment status for contractors and consultants. And to Assess the impact of work suspension should payments remain outstanding. The department responded that they process invoices within one week of receipt and submit them to the Finance Department for payment. However, in most cases, Finance takes three to five months to process invoices, leading to delays. The department further indicated that despite escalating the issue through structures like the CAPEX War Room, the payment backlog remains unresolved. Regarding the latest payment status, the department reported that only one outstanding invoice was settled in December 2024. As of that date, outstanding invoices amounting to R7 586 096 remained unpaid for both consultants and contractors. These invoices, submitted between 22 November 2024 and 17 December 2024, had not even been accrued by the Finance Department on the SOLAR system. The committee noted the response and resolved to escalate the matter by engaging the Finance Department through a joint oversight meeting with the Finance Oversight Committee as an intervention strategy.

The department also outlined several consequences should the project be halted due to non-payment:

- Project Delays: The practical completion date needs to be revised, which is problematic since there is no budget allocation for Reiger Park in the outer years. All work must be completed within the current FY to ensure a successful handover to the community.
- Weather-Related Damages: External works could be damaged by rainfall during the suspension period, requiring rework at an additional cost to contractors.

- Security Costs: Contractors would have to pay for site security during the suspension, increasing their financial burden.
- Extension of Time Claims: Contractors may file claims for time extensions with cost implications, negatively impacting the City's financial position.
- Interest Claims: Contractors are entitled to claim interest on overdue payments, further worsening the City's financial strain.

The committee noted the response and recommended that the department urgently resolve outstanding payments with the Finance Department to prevent work stoppage and develop a contingency plan to safeguard project progress and mitigate risks associated with payment delays as well as engage with affected stakeholders, particularly subcontractors and community SMMEs, to prevent disruptions.

Additionally, the committee requested clarification on whether a demand or market research study had been conducted for the proposed workshops and spaza shops. The department confirmed that no such study was conducted due to budget constraints following the approval of stage 3 & 4 and building plans during the project's planning phase. The decision to convert a portion of the restaurant areas into tuck-shops was driven by financial limitations, which resulted in almost half of the project's scope being cut. The department argued that this conversion would reduce costs by eliminating expensive restaurant fittings and equipment while preventing the facilities from becoming underutilized or "white elephants." They further indicated that this approach would enhance accessibility for SMMEs in the Reiger Park community and drive traffic to the enterprise hub to ensure its functionality.

The committee also inquired about how the project would meet its intended objectives of promoting SMMEs and vocational skills training. The department responded that they had identified a variety of private and public sector institutions to partner with in implementing vocational training through learnerships, skills programs, and recognition of prior learning opportunities. Due to financial constraints within the City, the department, in conjunction with appointed training service providers through the Human Resource (HR) panel of training institutions, intends to submit additional funding requests to various SETAs for discretionary grants to cover stipends, learning facilitation, and overhead costs. Furthermore, institutions have been identified to ensure that participants can apply their acquired skills in practical environments, increasing their competitiveness in the job market. The department further noted that enterprise development institutions such as National Youth Development Agency (NYDA), Institute of Business Advisors Southern Africa (IBASA), and Small Enterprise Development Agency (SEDA) would provide business advisory services, financial literacy programs, and non-financial support where possible.

Regarding sustainability measures, the department emphasized that the enterprise hub is strategically positioned to provide local entrepreneurs with a secure and professional business environment. Training facilities within the hub will be used to support SMMEs through programmes delivered in collaboration with stakeholders such as NYDA, SEDA, South African Revenue Service (SARS), and Gauteng Enterprise Propeller (GEP).

Additionally, the department is currently undertaking a stakeholder mapping exercise with the aim of housing additional partners within the hub. From an economic infrastructure perspective, the project has made use of sustainable construction materials, which will contribute to the long-term functionality of the facility. The department also indicated that the Medium-Term Revenue and Expenditure Framework MTREF budget includes provisions for the maintenance of all its facilities, including the Reiger Park Enterprise Hub, to ensure it continues to operate at an optimal level throughout its lifecycle.

The Committee welcomed the department’s response and resolved to monitor the project's progress, particularly in ensuring that it meets its objectives. The Committee will also assess the effectiveness of the proposed sustainability measures to ensure the hub remains functional in the long term and will continue to follow up on stakeholder engagement efforts to enhance enterprise development opportunities within the facility.

Figure 1: Reiger Park Enterprise Hub and Ramaphosa Vocational Skills Centre Project Training Centre

Figure 2: Reiger Park Enterprise Hub and Ramaphosa Vocational Skills Centre Project Office Block B

Figure 3: Reiger Park Enterprise Hub and Ramaphosa Vocational Skills Centre Project Recreational Area (Braai Area)

Figure 4: Reiger Park Enterprise Hub and Ramaphosa Vocational Skills Centre Project

LEGAL COMMENTS

The CoE Standing Orders and in particular Rule121 (d) provides that a Committee may investigate and report on issues that are referred to it or on its own accord and may further ‘‘exercise any other powers assigned to it by the Constitution, legislation, and the other provisions of these rules and resolutions of the Council (m)’’. Rule 134 (2) provides that a Committee must report to Council when dealing with any matter on its own initiation. A Committee must report to Council within sixty days after a committee has undertaken an oversight visit (Rule 135(e)).

The report complies with the provisions as stated in the CoE Standing Orders and is supported.

RECOMMENDATION

1. **That** the contents of the Economic Development Oversight Committee oversight visit report to the Reiger Park Enterprise Hub and Ramaphosa Vocational Skills Centre on 14 November 2025 **BE NOTED.**

2. **That** the Department of Economic Development **DEVELOPS** and **IMPLEMENTS** an infrastructure maintenance strategy to ensure that the Reiger Park Enterprise Hub and Ramaphosa Vocational Skills Centre remains in optimal condition. This should include regular inspections, upkeep of sustainable construction materials, and a dedicated maintenance budget within the MTREF, the department should submit quarterly reports to Council starting **30 June 2025.**

3. **That** the Department of Economic Development **CONDUCTS** a demand or market research study to validate the decision to convert restaurant areas into tuck-shops. This study should assess local business needs, consumer behaviour, and the economic viability of the proposed tuck-shops and workshops and should be **SUBMITTED** to Council by **30 June 2025.**

4. **That** the Department of Economic Development **ESTABLISHES** a structured monitoring and evaluation framework to track the project's impact on SMME development, job creation, and vocational skills training. Quarterly progress reports should be submitted to the Committee to ensure accountability and effective oversight.

FINANCE
OVERSIGHT COMMITTEE

FINANCE OVERSIGHT COMMITTEE REPORT ON THE CITY OF EKURHULENI'S SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP), CAPITAL AND OPERATING BUDGET ADJUSTMENTS FOR 2024/25 FINANCIAL YEAR

PURPOSE

To report to Council on the deliberations and resolutions of the Finance Oversight Committee in considering Item A-F (14-2025), namely, City of Ekurhuleni's SDBIP, Capital and Operating Adjustments Budget for 2024/25 Financial Year.

EXECUTIVE SUMMARY

Item A-F (14-2025): City of Ekurhuleni Metropolitan Municipality SDBIP, Capital and Operating Adjustments Budget for 2024/25 Financial Year (FY) was referred to the Finance Oversight Committee on 30 January 2025. The Finance Oversight Committee tabled the item in its meeting held on 4 February 2025 for noting. Following an analysis by the support staff, Committee members were given an opportunity to raise questions on the item and these were consolidated and forwarded to the Department of Finance for written and verbal response. In its meeting held on 18 February 2025, the Committee deliberated, raised questions and engaged with the department before developing and adopting this oversight report. This report encapsulates the observations, deliberations and resolutions of the Committee in considering the item.

The adjustments budget is considered by Council guided by section 28 of the Municipal Finance Management Act (MFMA) (56 of 2003). In terms of subsection 2, an adjustments budget:

a) Must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;
b) May appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes;
c) May, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;
d) May authorise the utilisation of projected savings in one vote towards spending under another vote;
e) May authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council;
f) May correct any errors in the annual budget; and
g) May provide for any other expenditure within a prescribed framework.

The following section contains the Finance Oversight Committee's deliberations on item A-F (14-2025). In considering the item, the Committee focused on the City's reallocation of funds from operating to capital budget, roll-over adjustment of grants, upward adjustment of operating revenue and budget, decrease in employee-related costs and increase in contracted services budget, upward adjustment in capital budget, poor project/contract management, as well as ESKOM debt.

KEY DELIBERATIONS

The Committee noted that the City's reallocation of R50 million from capital to operating budget within the Public Transport Network Grant (PTNG) was necessitated by the implementation of Phase 1B and 1C corridors, which requires huge infrastructure development on identified routes, namely, Kempton Park – Rhodesfield and Boksburg - Vosloorus. The reallocation of these funds occurs within the PTNG framework and does not affect implementation of other projects in the City. The department further indicated that there are robust internal controls to ensure that the budget is utilised for the provision of the two phases. As one of the conditionalities of the grant, the City was required to commit the funds to specific projects, which was done. The Committee will be monitoring the expenditure on this grant going forward.

The Committee is concerned about the rollover adjustment amount of R6.1 million and R1 million for Human Settlements Development Grant (HSDG) and Sports, Recreation, Arts, and Culture (SRAC) grant respectively, since this means that the City was not able to utilize funds intended for important community development and social services to the community. As such, the Committee asked the Department of Finance how the City will ensure that the grants will be spent in full by the end of the current financial year. To this, the department intimated that the responsible departments have already committed the funds to specific projects and that the budget office has made the allocations already so that the activities of the projects can commence as early as possible. Furthermore, the department said that this should be seen as an improvement as the City was struggling with spending of grants in the previous financial years and this has since improved drastically in the 2023/24 financial year, which has seen less than R10 000 000 of under-expenditure of the grants. The Committee will be monitoring the developments regarding this expenditure going forward.

On operating budget, the Committee noted an upward adjustment of R838 million in operating revenue and R828 million in operating expenditure, which yields an operating surplus of R10 million. The increase in revenue is as a result of supplementary valuations and re-classifications of exchange to non-exchange revenue, agency services from licences and permits and interest from receivables to non-exchange revenue in compliance with new mSCOA provisions. Therefore, the Committee wanted to know if there is a real improvement in revenue collection and how will the increase in surplus revenue translate into improved service delivery. On the first question, the department stated that the average collection rate for the year-to-date stands at 86.07% and that the upward adjustment in operating revenue was as a result of the revenue generated by the City. For instance, the increase in revenue was realised as a result of increase in the value of valuation roll from July to December 2024. An analysis of the January supplementary roll show an increase in property value by R682 million.

On the second question, the department indicated that the projected surplus was already allocated to activities where the current commitments or obligations are greater than the budget allocation and have a potential to expose the City to litigation cases as well as incidents of unauthorised expenditure. The appropriation of these funds is meant to enhance the City's revenue collection through contracted services to bolster service delivery such as grass cutting, roads maintenance, water and electricity, traffic lights, bulk services, etc. The Committee noted the department's responses on this issue.

The Committee is concerned about the downward adjustment of employee-related costs from R12 234 764 470 to R11 732 131 080 in the current financial year. This is because most of the City's departments, including key basic service delivery ones like Water, Energy, Ekurhuleni Metropolitan Police Department (EMPD), Disaster and Emergency Management Services (DEMS) and Human Settlements, operate in limping mode due to high levels of vacancy rate. Against this background, the Committee sought an explanation for the downward adjustment, how this will affect the staffing levels and the ability of departments to meet their service delivery targets, as well as the City's recruitment plan going forward. In response, the Department of Finance said that the downward adjustment was necessitated by non-utilisation of employee-related costs or what is referred to as sunk costs, by mid-year due to merged and abolished positions in the reviewed institutional structure. This means that these funds will never be utilised unless they are re-appropriated. Thus, they are reallocated to contracted services line item in order to improve delivery of services to the community of Ekurhuleni.

On the question of recruitment going forward, the department intimated that the City has embarked on a programme to increase the human resource efficiencies within the institution as there is evidence of wastages in management practices seen in two areas. First, the department is amazed that the biggest employee-related expenditure happens in non-revenue generating departments such as Health and Social Development Department, which is the provincial mandate, and EMPD. This, it was argued by the department, is not sustainable as the few revenue-generating departments, such as water and energy, cannot carry the increasing human resources expenditure of non-revenue generating departments. Second, the department decried a seemingly general abuse of overtime in the institution, where some employees deliberately withhold their productivity until the last hour of the business day and claim overtime from there. This is seen in the fact that there is no correlation between the amount of overtime worked and delivery of services in those departments. This abuse is inherent in the fixed shift system of the City, which requires employees to work from 8:00 to 16:30, which is neither efficient nor sustainable for the metropolitan municipality such as the City of Ekurhuleni. As such, there was concurrence between both the department and the Committee that there is an urgent need for review of the City's shift system and consider other systems such as rotating shift or on-call shift systems. As an interim measure to curb this abuse, though, the department has instituted tight control for overtime, where heads of departments have to write motivations for their staff members to work overtime prior to the commencement of such work.

The Committee, together with the Corporate and Shared Services Oversight Committee, will be monitoring how the issue of human resources inefficiencies is being addressed going forward. For instance, the Committee requires a comprehensive understanding of which departments are guilty of poor management practices and what evidence does the Department of Finance have of these practices. Also, the Committee is of the view that the City conduct a benchmarking and feasibility study on alternative shift system suitable for maximum productivity for the City of Ekurhuleni starting in 2025/26 financial year.

Generally speaking, the Committee is gravely concerned about the apparent trend of a decrease in employee-related costs and an increase in contracted services in the City against the National Treasury's (NT's) recommended norms. In MFMA Circular 71, the NT prescribes norms for remuneration to between 25-40% and 2-4% for contracted services against operational expenditure. An analysis of the adjustments budget shows that the City's original remuneration budget ratio was at 20.4%, year-to-date expenditure at 19.7% and proposed budget to be at 19.2%. This is below the prescribed NT norm, suggesting that there might be no need for moratorium on filling of vacancies. Conversely, the ratio for contracted service was 10.75% calculated from the original budget, 9.7% on year-to-date expenditure, and 12.4% on the proposed budget. This suggests an aggressive approach to unnecessarily reduce employee-related costs and increase contracted services budget which spells disaster as, according to Circular 71, it may mean that the municipality is outsourcing service delivery and does not prioritise internal capacity building. This, in return, could make the City to be dependent on outsourcing of service delivery without proper accountability measures in place. This is particularly worrisome in the context of Council taking a resolution to insource cleaning and security services in the City.

In response, the department acknowledged that this trend is problematic, but it is difficult to embark on mass employment drive as there is a firm belief that the City can manage the available human resources capacity better. As such, one of the conditions to be included in Reviewed IDP/MTREF for 2025/26 for approval of contracted services requests will be a demonstration of what the departments are doing to improve efficiencies in the department. Nonetheless, the City is implementing Council resolution, albeit at small scale, through a decision to insource security and cleaning services for the City's Head Office and Customer Care Centres (CCCs). The Committee would like to urge the Executive Mayor to table a budget with clear indication of how this situation is going to be addressed starting in 2025/26 financial year going forward.

The Committee is of the view that the negative impact of the inverse relationship between employee-related costs and contracted services budget manifests itself on the proposed upward adjustment of R15 000 000 for Corporate Legal Department. There had been an increase in contingency liability in the City over the years, accompanied by an increase in legal costs as evidenced by the proposed upward adjustment of R15 000 000. Yet, the City has a functional Legal Department, which raises a question about its capacity to assist the City to avoid litigation. In addition, it seems even the contracted legal services do not assist the City neither in reducing the contingency liability nor capacitating the legal department in performing these duties internally.

Furthermore, the Committee noted that there is an upward adjustment of 16.8% (R1 084 768 882) from R6 458 705 521 to R7 543 474 403 in capital budget driven by various departments' requests for the current financial year. Some of the adjustment requests, such as ICT – for sound system in Council Chamber, ICT equipment and fibre at Nigel area; Transport and human settlements –

PTNG and HSDG roll-over respectively, Environmental Resource and Waste Management – waste collection, purchasing of new bins and grass cutting, and Roads and Stormwater – repairs and maintenance, are understandable. However, the Committee took issue with upward adjustments in a few departments as follows:

On Real Estate Department, the Committee is gravely concerned that the department was allocated an additional capital budget of R10 000 000 for the completion of the SAAME building renovation project in Germiston. The project was started over six years ago in 2018, spent over R184 million, had about 5 extensions of the date of practical completion, over 5 contractors. Yet, the project is still incomplete, and additional finances are being pumped in it. This says a lot about the failure of project and/or contract management in the City. It indicates dysfunctional internal controls on expenditure and project management. In response, the department agreed that the project is an embarrassment to the current administration as it should have been completed long time ago. To this effect, the department assured the Committee that the project is now under the stewardship of the Economic Development HOD and will be completed by the end of the current financial year. The Committee will be monitoring the developments around this project in the third and fourth quarter.

In addition, the Committee singled out the Katlehong Driving and Licencing Centre as one of the projects that seemingly are beset by various supply chain problems as it is progressing at a very slow pace. The project had commenced around 2017 and has experienced various challenges such as poor workmanship, delays in payment of invoices, and lack of expenditure due to delays in procurement processes. In 2024/25 financial year, for instance, the project was allocated an amount of R15 000 000, but no expenditure was realised due to delays in appointing a new contractor. At the time of the Committee meeting with the Finance Department, the tendering process was at the Bid Adjudication Committee (BAC) level with expectation of an appointment of the contractor soon. The Committee will be monitoring the developments around this project in the third and fourth quarter.

The Committee further noted that the Ekurhuleni Housing Company (EHC) was allocated an amount of R4 242 558 and wanted to understand the rationale behind this allocation as well as whether there were mechanisms in place to ensure that the budget will be spent. To this, the department indicated that the budget is to support the entity's turnaround strategy with deliverables including the lease renewal programme, strengthening of credit control and eviction processes, and installation of access control in various complexes. As such, the budget is intended to be utilised in various projects including Germiston Fire Station Phase 2 project (R2.6 million), access control system in Delville Complexes (R1.2 million) and replacement of obsolete computer equipment and purchasing of a new motor vehicle (R500 000). The Committee will monitor the development around the implementation of the turnaround strategy going forward.

On the SDBIP performance indicators, the Committee noted that out of the 25 affected targets, 16 were adjusted downward, while there was a general upward adjustment in the operating and capital budget. This is particularly worrisome in relation to human settlement, which is one of the biggest service delivery issues in the City. To this, the department explained that it is simplistic to assume that increase in budget must translate into increase in SDBIP target as there is very little correlation between the two. For example, the reduction of the annual target on number of serviced stands from 280 to 0 came as a result of the contractor abandoning the site because of delays in payment which contributed to its cashflow problems. This has nothing to do with budget reduction or increase. Also, this does not mean that the decrease in targets will have a negative impact on the City's infrastructure development long-term strategy.

The Committee has also sought to be taken into confidence regarding the public notice released by ESKOM on Saturday, 15 February 2025, that the City will be subjected to power cuts due to non-payment of its debt amounting to R2.3 billion. To this, the department said that there is a dispute between the City and ESKOM about the actual amount owed is R1.6 billion for over 30 days and that the balance was unfairly billed to the City. As it stands, the dispute was referred to the Minister of Electricity, Dr. Kgosientsho Ramokgopa, and it is expected that it will be resolved soon. As such, there will be no power cuts in the City. Be as it may, the Committee would like to recommend that the Department of Finance develop a strategy to deal with Eskom's disputed/historical debt.

As a general concern, some of the Committee members were unsettled that the City seems to fail to adequately address persistent service delivery failures, reliance on external legal services, financial mismanagement, including the ongoing dispute with Eskom over the outstanding debt. Despite repeated issues in grant expenditure, project delays, and overtime abuse, there are no concrete accountability measures in place. Projects such as SAAME building renovation project and Katlehong Licensing Centre have faced repeated delays and cost escalations, yet there are no corrective measures to prevent further mismanagement. Without proper oversight and accountability, these projects risk becoming further financial burden. This raises concerns about whether poor performance is truly being addressed or merely noted without consequences. As such, the Committee urges the Department of Finance to ensure that these issues are not simply acknowledged but addressed through credible and viable strategies.

LEGAL COMMENTS

The report is submitted and considered in terms of Rule 135 (d) of the Standing Orders of Council. Which mandates the committee to submit report to Council within in Sixty (60) days after referral by Programming Committee or Council read with Rule 121(1)(c).

The Municipal Finance Management Act, (Act No.56 of 2003) (MFMA), initiated municipal financial reforms. The key aims of the MFMA is to modernize budget, accounting and financial management practices. It further aims to provide strategic guidance in the financial planning of the municipality. Section 28 of the MFMA states that, "a municipality may revise an approved annual budget through an adjustments budget".(*as quoted above*).

As part of the municipal financial reforms, the Municipal Budget Reporting Regulations (MBRR) was gazetted in 2009. The main objective of the MBRR is to formalize norms and standards to improve the credibility, sustainability, transparency, accuracy and reliability of municipal budgets. It further ensures that the process on amendments of approved budgets is done appropriately.

Regulation 23(1) of the Municipal Budget Reporting Regulations (MBRR) 2009 specifies that an adjustment provided for in Section 28(2)(b), (d) and (f) must be tabled by not later than 28 February of the current year. Furthermore, provided in the sub-regulation is that only one adjustment budget could be considered except where additional revenue forthcoming from provincial or national government are made available to accelerate budgeted service delivery programs.

Additionally, an adjustment budget must also be tabled in terms of Section 29(3) of the MFMA and must be tabled at the first available opportunity after the unforeseen and unavoidable expenditure referred being incurred, in the next council sitting or within 60 days of incurring.

Regulation 25 (MBRR): Approval of adjustment budget: provides;

(1) A municipal council must consider the full implications, financial or otherwise, of the adjustment budget and supporting documentation referred to in regulation 21 before approving the adjustment budget.

(2) .... (self-omission).

(3) When approving an adjustments budget, a municipal council must consider and adopt separate resolutions dealing with each of the matters listed in item 4 of Schedule B.

On analysis, the department has provided responses to the oversight committee, in respect of the explanation of how the adjustment budget affects the annual budget. Further, providing a motivation of material change to the annual budget, as contained in the key deliberations above.

We also noted that the department is reporting on listed items grouped together without separating them. The reporting issues as specifically required by the regulation 25(3) must be considered separately and a resolution be taken to each of the listed items. Although the deviation is not material to the item. It is important that the department be advised to strictly follow the legislative provisions' requirements.

Generally, an adjustment budget endeavors to provide for a more realist and accurate picture of the financial position of the City, due to compelling realities on the implementation of the planned budget during the financial year. And it remains compelling since it mitigates or eliminates weak opaque financial management and ensures financial resources are utilized optimally through a process of re-prioritization. As changing circumstances might ensue which requires amendments.

It is important to note that there were members of the Committees who submitted dissenting views on the oversight report. As provided for by Rule 134 (4) of Council Standing Orders By-law, the dissenting issues raised were the following:

- The inefficiencies of the departments cannot be perpetuated as outlined in the body of the report. For this reason, it must be recommended that the Executive Mayor should set out what the strategy is regarding the balance between staffing and, therefore, employment costs and contracted services both in the adjustment budget and the Reviewed Integrated Development Plan (IDP) and Medium-Term Revenue and Expenditure Framework (MTREF) and indicate the operational and cost benefits of the adopted strategy.

- The report lacks accountability for under-performance.

- The report does not provide a clear resolution on critical financial issues, including the City's ongoing dispute with Eskom over outstanding debt and the continued reliance on external legal services.

- While the budget adjustments indicate increased allocations in several areas, the report fails to explain why performance targets have been reduced in key service delivery sectors, such as Human Settlements. The reduction of targets despite increased funding suggests inefficiencies in planning and execution that are not sufficiently scrutinized in the report.

- The City's increasing shift from internal capacity to outsourced services raises long-term sustainability concerns. The Oversight Report does not critically assess whether this trend is improving service delivery or simply increasing costs without measurable benefits. Transparency is needed to ensure that outsourcing decisions are justified and cost-effective.

- Projects like the SAAME initiative and the Katlehong Licensing Centre have faced repeated delays and cost escalations, yet the report does not outline corrective measures to prevent further mismanagement. Without proper oversight and accountability, these projects risk becoming further financial burdens.

- The report does not sufficiently reflect public input on key issues affecting residents, such as water supply challenges, electricity disruptions, and deteriorating infrastructure. Effective oversight should ensure that public concerns are meaningfully incorporated into the City's performance evaluation and future planning.

  Further indicating that the adjustment budget report will not be supported in its current form due to outlined inefficiencies.

This report A-F (14-2025) complies with the requirements as set-out in Section 28 of the MFMA and its regulations. Therefore, it is supported from a legal and compliance perspective for oversight purposes.

RECOMMENDATION

1. **That** the Finance Oversight Committee report on the City of Ekurhuleni's SDBIP, Capital and Operating Adjustments Budget for the 2024/25 Financial Year, **BE NOTED.**

2. **That** the City Of Ekurhuleni (CoE): Adjusted Capital and Operating Budget 2023/24 Financial Year and Adjusted 2024/2025 Service Delivery and Budget Implementation Plan **BE APPROVED.**

3. **That** the City of Ekurhuleni **CONDUCTS** a benchmarking and feasibility study on alternative work arrangements or shift system suitable for maximizing productivity for the City of Ekurhuleni and **SUBMITS** a report to Council by **30 June 2025.**

4. **That,** the Executive Mayor **DEVELOPS** and **SUBMITS** a cost strategy on balancing the staffing requirements, current employment cost and contracted services costs in the Reviewed Integrated Development Plan (IDP) and Medium-Term Revenue and Expenditure Framework (MTREF) 2025/26 financial year (FY). Also, indicate in the strategy the operational and cost benefits of the strategy and report back to Council.

5. **That,** the Finance Department **GOING FORWARD** in the new financial year 2025/2026 reporting cycle, reports adjustment budget resolutions in line with regulation 25(3) of the Municipal Budgeting Reporting Regulations read with item 4 Schedule B of the same regulations.

6. **That,** the Finance Department **DEVELOPS** and **IMPLEMENTS** a financial recovery plan to pay-off Eskom's outstanding debt and report back to Council by **30 May 2025**.

FINANCE AND CORPORATE AND SHARED SERVICES JOINT OVERSIGHT COMMITTEE REPORT ON THE CHARTERED INSTITUTE OF GOVERNMENT FINANCE, AUDIT AND RISK OFFICERS 2024 ANNUAL CONFERENCE HELD ON THE 4TH - 6TH OF DECEMBER 2024: CAPE TOWN INTERNATIONAL CONVENTION CENTRE

PURPOSE

To provide feedback to Council on the attendance by the City of Ekurhuleni delegation led by the Finance Committee at the Charted Institute of Government Finance, Audit and Risk Officers (CIGFARO) Annual Conference held on the 4th - 6th of December 2024 at the Cape Town International Convention Centre.

EXECUTIVE SUMMARY

The conference theme was “Taking Stock: The mSCOA reform to date”. The Conference ran over 3 days, 4 - 6 December 2024, was attended by both members of the Finance and Corporate and Shared services Committees as well as the Chair of Chairperson Cllr Julius Mdluli, Chairperson of the Corporate and shared Services Cllr Dineo Matsi, Cllr Clarise De Lange-Williams, Cllr Thabani Goje, Cllr Golden Maduana, Cllr Khumbuzile Msimango and the Committee Coordinator, Baloyi Seapele (Administrative Support). Alderman Dino Peterson requested to be excused due to ill health. The majority of municipalities across the country were invited to the conference and attended. Notwithstanding cost containment measures, the City of Ekurhuleni (CoE) delegation would have requested an exemption from the cost containment measures to represent the CoE and such exemption was granted only insofar as only a maximum of seven (7) representatives of the CoE attended.

KEY DELIBERATIONS

The key deliberations, which took place during the Conference, are discussed hereunder as presented per the programme of the Conference.

DAY 1, WEDNESDAY, 4 DECEMBER 2024

Session 1: Mr. Amos Twala, CIGFARO incoming President, Topic: Opening

In absentia of the CIGFARO President Dr. Emmanuel Ngcobo, Mr Amos Twala, incoming CIGFARO President, presented the conference theme, “Taking Stock: The mSCOA reform to date”. The incoming President opened the conference and explained that the primary purpose of the Municipal Standard Chart of Accounts (mSCOA) is a framework that aims to improve the financial reporting of local governments in South Africa. The primary purpose of mSCOA is to standardize how municipalities record and classify their financial information and budgets.

He further emphasized that in order to ensure that municipalities are mSCOA-complaint there must be alignment between Municipal Infrastructure, Planning and Development (IDP) with budgets and Annual Financial Statements. Mr Twala cited as the advantages of the mSCOA:

- Improved financial management

- mSCOA integrates a municipality's financial systems into one place, which can help prevent overspending and ensure that all financial activities align with the budget
- Improved data quality
- mSCOA enforces accounting standards, which can lead to more accurate and credible data
- Standardized business processes

Despite celebrating 10 years of mSCOA and its advantages, the incoming President indicated that municipalities are still receiving negative outcomes and that the Auditor General of South Africa (AGSA) has reported over R6.4 billion in unauthorised expenditure and R27.59 billion in irregular expenditure for 2022/23 financial year.

In closing, the incoming President of CIGFARO implored the delegates to consider the following questions in the next three days of the conference:

- Has the introduction of mSCOA improved financial management in municipalities?
- Has data quality improved in municipalities?
- Is the information received from municipalities credible?
- Are the municipal processes now standardised?
- Are municipalities in compliance with Recognised Accounting Principles (GRAP)?

He officially declared the conference open and wished for fruitful discussions.

Session 2: Carl Stroud, Director: Budgets City of Cape Town, Topic: Key Lessons Learnt from our mSCOA Journey

Mr. Carl Stroud opened by emphasising that South Africa is one of the most regulated countries in the world in terms of local government. However, despite these extensive regulatory frameworks, he cited challenges such as corruption, inefficient management, and lack of capacity in some municipalities as the reasons why it is difficult to effectively implement these laws. He indicated that many local governments in South Africa struggle with service delivery, and the over-regulation can sometimes lead to bureaucratic inefficiencies.

Mr. Carl Stroud outlined the following City of Cape Town's mSCOA implementation strategy approach journey from 2011 that enabled the city to fully implement the system:

- City Manager appointed members to the Steering Committee to drive the implementation of piloting and subsequently enacting the regulation.
- It was made clear that mSCOA is a municipal business reform not an IT or finance reform.
- Change management pitched at each level in the organisation – from information sessions at depot level to presentation to Executive Management and Council Committees.
- Clear business requirements documented and signed off for implementation on how mSCOA segments are to be used in the transactional systems.
- In addition, the city's decentralised finance structure played a key role in fostering an all-inclusive approach, ensuring broader accessibility and participation in this reform.

Despite the strategy, the presenter also cited the challenges the City of Cape Town experienced during the implementation stages of the Mscoa. The main challenges were the financial and employee-related costs in which the City had to spend R20m to fully implement the system. It further employed 150 employees to manage the daily operations of the system. The presenter outlined the following City of Cape Town's technical principles adopted at the onset of the mSCOA implementation:

- Keep process changes and user selections to a minimum
- Select SAP (Systems Applications and Products) to host mSCOA solution and full mSCOA chart
- Continue to plan and transact against SAP objects
- Built a relational database
- An mSCOA long code may be represented by more than one short code or combinations of short codes
- In the sub ledgers the use of SAP objects would assist in determining lower levels or movement types.

Mr Carl Stroud concluded by stating that the investment has yielded positive results as the city has now reached a 97% collection rate.

Session 3: Heinrich Salome: mSCOA Advisor, National Treasury. Topic: Municipal System Demonstrations Observations

Mr Heinrich Salome explained that the National Treasury (NT) conducted on-site demonstrations at multiple municipalities and across all mSCOA system vendors. The purpose of these engagements was to understand the mSCOA implementation challenges at the various municipality. Secondly, the intention of the engagements was for the relevant stakeholders to take note of the observations and address the gaps through the respective roadmaps. Lastly the speaker emphasized that the gaps should be corrected before the minimum business processes and system specifications are regulated.

These engagements provided the NT with an understanding of the mSCOA implementation challenges at various municipalities. The NT assessed the system's functionality in terms of its compliance with the following key municipal business processes:

Integrated Development Plan (IDP), Projects and Budget Management

- There are no documented workflow processes for planning and coordination of budget inputs from other departments within the systems.
- Several municipalities are not doing their IDP on their system and from the observations there has not been any of the municipalities preparing their IDP using the IDP Module on the system.
- Some budget modules are not fully functional and adequately aligning to the levels on the IDP.

Supply Chain Management (SCM)

- The requisition is done manually outside the system and later captured on the system

- The quotations are sourced outside the system and the evaluation processes are done manually
- Tender and contract management are manually performed.
- The contract and commitment register are maintained outside the system.

Expenditure Management

- The approval and preparation of payment batches is still a manual process with no automated system workflow being followed.

Inventory

- Manual processes are used for the accounting of water inventories.
- Process within the stores is still manual.

Billing

- Meter reading adjustments are a challenge.
- There are no system workflows or standard operating procedures for new water connections.
- Many third-party systems are being used and does not integrate with the core financial system.

HR/Payroll Management

- Third Party systems are used by most municipalities.
- Budgeting in relating to payroll is still done outside the system.
- There are integration challenges with the third-party system to the core financial system.
- No controls on third party systems to block payments exceeding budget.

General Ledger

- Aspects such as Balance sheet budgeting is done manually and not automated on the financial system.
- Investments and grants management are currently being done manually, and, in many instances, implementation is still in progress.
- VAT reconciliation is performed manually and not on the financial system.

Asset Management

- The asset management modules are not implemented and excel, or third-party systems are still used.
- These third-party modules do not integrate with the core financial system.
- Depreciation is processed manually and journalised into the general ledger.

Year-End Reporting

- Opening balances are not rolled forward.

- Most systems do not have an Annual Financial Statements (AFS) module. Most municipalities use third party systems to compile there AFS.
- The third party AFS Modules are not seamlessly integrated with the financial system.
- There is also no drill-down capability from the third-party modules to the financial system.

In conclusion the speaker indicated that the NT proposed the following measures as the way forward in assisting the municipalities:

- Municipalities must address gaps in mSCOA implementation in road maps.
- NT has met with the system vendors to share and discuss the observations and recommended they (vendors) must do a full system demonstrations in 2025 in order to demonstrate the functionalities that could not be observed at the municipal engagements.
- Municipalities must embrace technology as modernising will improve operational efficiencies and ultimately service delivery.

Session 4: **Faez Salie, Western Cape Government, Topic: Observations – Provincial Treasury Perspective**

In opening Mr Faez Salie explained that the mSCOA system agents are the service providers that offer Integrated Financial Management and Internal Control Systems (IFMIS) for local government in South Africa. Firstly, the speaker encouraged that municipalities must sign the binding agreement with the system providers and also establish who the contractual parties are. Lastly, municipalities must evaluate and conclude with which party the commercial risk resides.

The presenter further emphasized that the credibility of the data strings has been a concern in most municipalities and as a result the Western Cape Provincial Government recommends the following measures to assist the municipalities:

- Credibility and accuracy of the data strings must be verified before submission.
- Ensure that all third-party related transactions are complete in the monthly reconciliations.
- Incorrect or incomplete data string submissions are considered as non-submissions.
- Not properly disclosing property rates rebates to the correct project segment.
- If the budget is not locked, the transactional amount will exceed the budget amount resulting in potential unauthorised expenditure.
- Bulk Purchases Water is now treated as an Inventory item

Mr Salie outlined the root causes of the lack of creditable data strings in the municipalities. Among other reasons the following were cited:

- Lack in capacity
- Unwillingness to lock the budget on the system before transactions take place
- Manual population
- Dependency on the system vendors
- Modules are not fully utilised
- Not rolling-over opening balances

During the discussions most of the delegates from various municipalities cited lack of financial resources as the main reason municipalities are unable to fully implement the mSCOA systems. In closing the presenter encouraged municipalities to effectively deal with the root causes.

Day 2, Thursday, 5 December 2024

Morning Breakaway Sessions

Commission 1:

Bongani Mdletshe and Kashnee Sewnarain, mSCOA Regulations Team: Topic: Strategic and IDP Planning and mSCOA Integrated Consultative Forum (ICF)

In discussing the implementation of the mSCOA on strategic and IDP planning both the speakers outlined the purpose of Integrated Consultative Forum (ICF) as mainly to adequately address the ability to extract financial information linked to the IDP and improve the accuracy and efficiencies of reporting alignment in the IDP. Moreover, they emphasised the importance of strengthening internal controls through segregation of duties, system automation, electronic record management as well as embedding mSCOA and other related reporting requirements.

The speakers outlined the business considerations and principles strategic and IDP planning as follows:

- The long-term strategy is often high-level and focuses on vision, broad goals, and desired outcomes. It sets out a framework but does not delve into specific projects or detailed action plans for each year.

- While the long-term strategy may inform the development of the IDP, it is not constrained by the specifics of the 5-year term or the operational capacity of the municipality. It is more about setting the stage for future development.

- Assessing the current financial position and performance of a municipality involves a high-level analysis of its financial health, revenue sources, expenditures, and overall fiscal management. The purpose of the assessment is to review the current financial position of the municipality and ensuring that all role players, including our Council, fully understands the current financial situation of the municipality, prior to planning for IDP preparation/review processes.

- Public participation enhanced via interactive surveys and polls via the municipal website, and the ability to coordinate inputs from the community.

- The ability to rank projects, based on a ranking model and criteria determined by the municipality on the system for consideration by management and Council.

- Embedding the creation and population of the IDP projects as well as other related financial information, to directly populate the IDP document, is aimed at reducing errors and performing repetitive work.

During the forum the speakers indicated that there were key comments that were considered during the process. The main concern raised was the capacity required to implement recommended processes, tasks and procedures. Secondly, the stakeholders raised concern on roles not aligned to organisational structure. Lastly there is an overreach in requiring the IDP process to be automated and should be removed from the NT project.

In closing the speakers outlined key points for consideration by municipalities:

- Implement effective change management to prepare staff for the changes and counter possible resistance to change
- Leadership to drive the implementation of the strategic planning and IDP process
- Tailor processes to municipal organogram
- Review the documented process, including manual verses system related tasks
- Compare the recommended process to the existing process of the municipality
- Ability to modify tasks and procedures based on organogram structure
- Consider electronic systems

Commission 2:

Roohan Singh and Dawood Asmal, mSCOA Regulations Team: Topic: Contract Management, ICF

The speakers indicated that the NT continued to hold various mSCOA Integrated Consultative Forums on contract management in order to enhance contract management processes as per MFMA Circular No. 80. In the discussions, the presenters outlined the following business considerations and principles that municipalities must consider in relation to contract management:

- The requirement for a fully integrated Contract Management system with direct links and interfaces to the Project Management, Supply Chain Management, Expenditure and Grant Management systems has been considered.

- Contract requirements identified should be included in the Annual Procurement Plan and project specifications.

- A risk assessment has been considered after the award of the contract. The contract is then amended and tailored accordingly.

- A legal assessment has been considered after the award of the contract. The contract is then amended and tailored accordingly.

- The linkage of the Commitment Register to the Contract Register has been considered. Minimum contract information to be captured and maintained on the system has been considered.

- The update of the Contract Management system with contract expenditure information has been considered. This would include the update of the Contract Management system with the approved contract invoices captured via the Expenditure system. Further automatic updates to the Commitments is also considered.

- Contract reporting has been considered. This would include the standardisation of progress reports and close report which would be system generated.

During the process the following key comments received from the engagements:

- Amendments to contracts after negotiations where applicable should be reviewed by legal to reduce the risk of exposure of the municipality

- Possibly include a Project Dashboard per Project that would allow the contract manager and project manager to manage aspects of the project.

- Review planned corrective actions implemented by Project Holder - "The Delegated Contract Official would also monitor the contract performance by reviewing the planned corrective actions implemented by the Delegated Departmental Official

- "Consider termination of contract" - Notice of breach prior to termination - if breach is not remedied it may lead to termination.

Both speakers concluded the presentation by stating that municipalities must tailor tasks and procedures to municipal organogram (roles and responsibilities).

Commission 3

Roohan Singh and Dawood Asmal, mSCOA Regulations Team: Topic: Project Management and Reporting ICF

In opening the presenters stated that the ICF is required to discuss processes in an objective manner, without the promotion or advocating any system vendors or systems in the market:

Both speakers outlined the business considerations and principles of project management

- Consideration was given to define the business processes as project planning, execution, monitoring, reporting and close.

- The process to identify potential Capital and Operational projects from the long-term development strategy has been considered. This is prior to the compilation of the IDP. Potential projects are created on the project management system and would be allocated to end users/departments prior to the compilation of the IDP.

- Project strategic information including project goals, stakeholders, potential funding, region, impact and GIS are determined at the initial stage of project planning.

- The process of ranking projects from the list of projects identified in the project wish list has been considered and incorporated into the sub process. This includes activities that includes preparing a project ranking model, criteria for model and a review of these rankings.
- The end user from the relevant department/function is to drive the process to ensure projects specific to their department are included in the IDP.

- The activities relating to drafting the project scope and the project plan are to be system driven and captured on the project management system.

- The end user from the relevant department/function is to prepare the draft project budget via the project management system which would then feed the main budget system with this information.

- Budgeting and managing projects relating to Project Municipal Running Costs will be manged by the finance and payroll departments/functions.

- The end user from the relevant department/function is to draft project specifications on the project management system which would then feed the SCM system with this information.

Key Comments considered during the process

- Plan implementation requirements for the project - "Key milestones" – suggest to include management of the scope, time, resource, and quality assurance, which must be defined upfront in order for there to be a baseline from which the milestones/deliverables can be measured.

Afternoon Breakaway Sessions

Commission 1:

Jannie Hanse and Kashnee Sewnarain, National Treasury mSCOA Regulations Team. Topic: Asset Management, ICF

The NT integrated consultative forum on asset management was aimed at improving day to day asset management, including automated updating of the asset register, and effective monitoring of repairs and maintenance. During the discussions the speakers outlined the following business considerations and principles of asset management as follows:

- Process modelling aligned to the life cycle of the asset management, i.e planning, acquisition, maintenance, asset verification and condition assessment and asset disposal.

- Budgeting and planning of capital and operating projects to be performed in projects management system.

- Asset management system to provide replacement and maintenance of assets budget data to projects management process for consideration.

- Budget for depreciation for planned assets (budgeted assets) as well as existing assets to be determined in asset management system.

- Impairment budget to be driven from day-to-day management of assets and identification based on existing condition assessments.

- Review of segmentation for transactional posting critical to ensure budget inputs are aligned adequately.

- Acquisition of assets to be driven directly via the SCM Process. Assets to be recognised on processing of goods received note, and updated to asset register electronically.

- Completing asset attributes (asset identification code, asset classification, item description, location etc) to be done in asset management system.

- Implementation of maintenance based on work orders / schedules as per repairs and maintenance for planned and unplanned maintenance (electronic management of repairs and maintenance)

- Electronic reporting mechanisms including automation of the asset reconciliation process and reporting requirements of the AFS.

- Embedding electronic record management, including bill of quantities and payment certificates, asset acquisition details and relevant supporting documentation.

- Automated verification and condition assessment process linked to asset management system.

- This process does not consider the impact of the trading services reform, as this is still under the consideration.

- However, correct use of mSCOA segments in particular Function segment when budgeting for, transactions and reporting on trading services used correctly

- Incorporating fleet management as part of the process is under consideration, particularly as to whether this is a standalone, or can be embedding in existing processes.

The presented outlined key Comments considered during the process

- Expressed concern about the potential unintended consequences of the proposed reforms on smaller municipalities with limited capacity. Requested a balanced approach that considers the varying capacities of different municipality categories.

- Concern with maintaining one asset register instead of separate financial and technical asset register

- Consideration to assignment of a custodian, that may not necessarily be an individual, but rather a unit/cost centre

During the discussions and deliberations, the delegates expressed concern about the potential unintended consequences of the proposed reforms on smaller municipalities with limited capacity as the digitisation may come with financial costs and therefore requested a balanced approach that considers the varying capacities of different municipality categories. In conclusion the presenters stated that municipalities must compare the recommended process by the ICF to the existing process of the municipality.

Commission 2:

Jannie Hanse and Kashnee Sewnarain, National Treasury mSCOA Regulations Team. Topic: Inventory Management – Water Inventory

The speakers explained that the mSCOA working group on water inventory was established. The role of group participants was, among other reasons, to share information and experience related to the subject matter including best practice methods for consideration. As a result, the mSCOA working group resulted in the following findings:

System Functionality

- Water loss calculations are performed manually and journalised on the system.
- Completeness of the calculation of capitalised cost to inventory for costs of conversion is a challenge.
- Fair value still being recognised for non-purchased water.
- Meters not functional impacting completeness of calculation

The following business considerations and principles on water inventory were discussed:

- Water inventory reporting must be generated from the system.
- Fair valuation of water inventory acquisitions for non-purchased water is no longer permitted. Cost of conversion is to be considered.
- Supporting documentation must be available and maintained in system to support calculations.

During the discussions the presenters recommended that when municipalities are choosing a water inventory management system they must prioritize features that enable real-time tracking of water levels, automated alerts for low stock, accurate consumption analysis, integration with existing systems like billing and user-friendly reporting capabilities to optimize water usage and manage supply effectively .They must also consider factors like the size of your operation, water source, and budget when selecting a system.

Commission 3:

Neville Nel and Silma Koekemoer, mSCOA Regulations Team. Topic: Performance Management

Both presenters outlined the objective as to enhance performance management processes as per MFMA Circular No. 80. They further indicated that performance management originates from the municipal IDP and SDBIP (strategic and service delivery objectives), and manages the contracts and deliverables of senior managers, as well as the administration, including electronic performance evaluation, submission of portfolios of evidence, and tracks progressive consequence management.

They further outlined the business considerations and principles of performance management as follows:

- Performance management is planned from the top down and assessed from the bottom up.

- Integration is required from the IDP / SDBIP, projects, HR management, and other enabling functions, and including reporting and dashboard functionality.

- The ability to review and modify the system parameter setup is important for this process, including creation of reports and dashboards across the municipal processes.

During the process there were key comments that were considered. It was discussed that budget allocation is difficult to manage on an individual basis, particularly in municipalities where costing has not been rolled out in detail yet. It was also discussed that consequence management must be added to the process.

The speakers further indicated that electronic performance management system offers advantages like streamlined performance reviews, continuous feedback, improved goal alignment, and easier data access, while potential disadvantages include technology dependence, potential for bias in automated assessments, and employee resistance to constant monitoring.

The presenters recommended that before municipalities implement electronic performance management system, they must look for features that enable continuous feedback, 360-degree reviews, goal tracking, automated reminders, clear alignment with municipal objectives, and user-friendly interfaces.

Commission 4:

Avon Pinetown Silma Koekemoer, mSCOA Regulations Team. Topic: Revenue and Debt Management

The objective of the discussion on revenue and debt management was to enhance revenue management processes as per MFMA Circular No. 80. It was also discussed that Reconciliations should be processed and supported by the system. Key business considerations and principles:

- The ability to distribute invoices to consumers electronically (email / sms / WhatsApp) including
- hand deliveries (certain municipalities)

- There should be data validation processes (ongoing and projects) to ensure that the correct
- owners / consumers and contact details are on the system and receive their invoice

- Review and modification of system parameter setup based on changing circumstances – tariffs, penalties, restriction of services, rebates and free services

- Tariff setting – integration with costing and budget functionality

- Extensive use of automated reporting and dashboards to monitor billing and revenue collection, with action plans to address issues

- Legislative reporting requirements should be extracted from the system and not require manual population

During the discussions key comments were considered during the discussions:

- Add credit review before providing services to consumers

- Full integration with core financials

- Maintenance of pre-paid meters

Day 3, Thursday, 6 December 2024

Morning Break-away Sessions:

Commission 1:

Bongani Mdletshe and Silma Koekemoer, mSCOA Regulations Team:
Topic: Supply Chain Management

The objective of the discussions on Supply Chain Management was to enhance supply chain management processes as per MFMA Circular No. 80. The process entails strategic sourcing transforms public procurement through analysis of procurement needs, identifying cost-reducing opportunities, and developing appropriate sourcing strategies and supplier relationships to obtain best value for money.

During the discussions the following key business considerations and principles on SCM were considered:

The ability to receive an invoice and statements from a supplier electronically, to ensure the tracking and validation of invoices that have been received by the municipality, together with supporting documentation (records management).

- Validation of budget and cash flow, funds availability, supplier compliance – improved engagement across departments and with suppliers.

- Legislative reporting requirements should be automated and extracted from the system and not require manual population

Commission 2: Morning Session

Chloe Gradwell Mike Steyn, mSCOA Regulations Team: Topic: Records Management

The discussion on records management is aimed at enhancing records (documents) management processes as per MFMA Circular No. 80 – distinction between documents and records and intends to ensure that all municipal records (data, information, documents, records) are secured and where possible, electronically managed. The following business considerations and principles were discussed:

- The ability to receive and send documents (records) internally, as well as to external municipal stakeholders has been considered, including the tracking, validation and security associated with records management.

- The process is reliant on a municipal records management policy, adequate infrastructure and integration. It should be driven by municipal leadership across the departments and functions to succeed.

- Legislative and compliance, as well as adequate security and future access to records, remain key considerations

The discussions on records management resulted in outlining the following key elements that must be adopted by the municipality:

- Capturing and classification system (file plan) for the municipality
- Archiving policy aligned with legislation
- Security – access and security control
- Back-up and disaster recovery
- Audit trail maintenance, compliance monitoring and reporting
- Digital certificates and signatures
- Quality assurance process
- Integration with core (financial) systems

Key Comments Considered in the Process

- The records management portion according to National Archives Act is just one extra step that would solve a big problem experienced in local government, and therefore should be considered in the process modelling
- Electronic Records Management Policy
- Indicated the correct reference to legislation and framework

Commission 3:

Chloe Gradwell and Mike Steyn, mSCOA Regulations Team: Topic: Municipal Website Management

The speakers explained the aim of the presentation on municipal website management as to enable the municipalities to maintain websites that serve as a gateway to relevant information and services in line with MFMA and other legislation.

The presenters outlined the business considerations and principles that municipalities must take into account when developing their websites:

- The website should serve as the default platform for members of the community to interact with the municipality. If a particular service or information source is not directly available on the website, the website should guide one to such information sources or services.

- Transactional-type services should be accessed via a link to the relevant transactional system and not serviced by the website itself.

- Information security policies should apply to ensure that members of the public are not able to access information via the website that is not intended for general public consumption.

- Mobile apps may augment municipal websites, providing access to similar information and services provided by the website, but would not replace the need for a website.

During the deliberations, the delegates raised the following key issues that municipalities must also consider during the process:

- Municipality must ensure that there is cyber security in place for services such as payments made via the municipal website.

- Not all website updates would be required to go through change control steps applied to typical IT changes.

- Services must be made available via App or must be done via the website

- Public participation must take place on the municipal website.

Vote of thanks: Mr Amos Twala, incoming CIGFARO President

Mr Amos Twala, the incoming CIGFARO President, thanked all the delegates from various municipalities who attended the conference. He encouraged all municipalities to apply and implement all the seven segments of the mSCOA.

Lastly, he implored with all the delegates to attend future CIGFARO workshops. Mr Twala officially closed the conference.

KEY LESSONS LEARNT

The three-day conference was fruitful. Discussions from various speakers and experts on mSCOA resulted in the some of the key lessons learnt:

- Training and capacity development

  Municipalities must enhance training programmes for municipal staff to reduce reliance on external vendors as the system requires proper understanding of mSCOA functionalities and application across all levels of staff within municipalities for successful implementation.

- Leadership commitment

  Strong leadership buy-in and active participation from senior management are essential to drive change and overcome resistance to new processes.

- Data quality control:

  Ensuring accurate and reliable data input is vital for generating meaningful financial reports and analysis.

- Cross-departmental collaboration

  Effective communication and coordination between different departments within the municipality are necessary for seamless integration of financial information.

- Continuous monitoring and adaptation

  Regular reviews and adjustments to processes are needed to address emerging challenges and adapt to changing circumstances.

- Multiple systems exist in various municipality, therefore sufficient time is required to rationalize them into the core system.

- Alignment with Generally Recognised Accounting Practice (GRAP) Standards

- The officials must consider and apply the seven segments of the mSCOA i.e. funding, function, costing, item, project, region and standard classification which are designed to provide a comprehensive framework for recording and reporting municipal financial transactions by classifying them across different aspects to allow for accurate comparison and analysis of financial performance between different municipalities.

In conclusion, the CIGFARO conference was a success and fruitful and therefore future similar events must be attended.

LEGAL COMMENTS

The report is submitted and considered in terms of Rule 138 of the standing orders of Council. Which mandates the committee to submit report to Council within in Sixty (60) days of any study visit that they have undertaken.
Further Rule 134(3) (a) provides that a committee report must be formally adopted by the committee. The committee officially adopted the report in the ordinary committee meeting of 4 February 2025.

Therefore, the report is supported from a legal and compliance perspective.

RECOMMENDATION

That the contents of the report regarding the Charted Institute of Government Finance, Audit and Risk Officers 2024 Annual Conference held on the 4th - 6th of December 2024 at the Cape Town International Convention Centre, **BE NOTED**.

INFRASTRUCTURE

INFRASTRUCTURE SERVICES OVERSIGHT COMMITTEE REPORT ON THE OVERSIGHT VISIT TO ERF 1358, ATLASVILLE EXTENSION 1, BOKSBURG ON THE 17 OCTOBER 2024

PURPOSE

To report to Council on the Infrastructure Services Oversight Committee's unannounced oversight visit to erf 1358, Atlasville Extension 1 at Boksburg on the 17 October 2024.

EXECUTIVE SUMMARY

According to Rule 121 (d) of the Standing Orders, Section 79 oversight committees have within their powers to embark on both unannounced and announced oversight visit in order to get first-hand experience by investigating and reporting on issues on its own initiative and to verify the implementation of /or operations of a particular matter. As such, the Infrastructure Services Oversight Committee embarked on an unannounced oversight visit to erf 1358, Atlasville Extension 1, Boksburg.

During the oversight scrutiny of the 2023/24 financial year unaudited Annual Report, the Oversight Committee noted that erf 1358 Atlasville Extension 1 was amongst the land parcels released for business purposes. During the ordinary committee meeting of 10 October 2024, the Oversight Committee resolved to embark on an unannounced oversight visit to verify the reported land released to public for development. Then, a pre-site visit was conducted on 15 October 2024, where property details and extent of the erf were collated. Subsequently, an oversight visit was conducted by the Oversight Committee on 17 October 2024.

After the oversight visit, the Committee sent written questions to the department, specifically requesting for more information on the release of the said erf and the department satisfactory presented their responses on 07 November 2024 during the Infrastructure Services Oversight Committee virtual meeting.

The following section provide key observations from the oversight visit.

KEY DISCUSSIONS AND OBSERVATIONS

The Oversight Committee Members arrived on site, the Chairperson welcomed all present and outlined the purpose of the oversight visit. By observations, the Committee noted that erf 1358 is a Total fuel station and the property was barricaded with the outdoor advertising sign located in the corner of Finch and Nightingale Road reserve. In addition, the Committee noted that there is an existing concrete slab and outdoor furniture built on Nightingale Road reserve, adjacent to the fuel station. It was noted with great concerned that the slab is built on top of a water servitude. As this was an unannounced oversight visit, the Committee resolved to send clarity seeking questions, as noted on site and details of the terms and conditions of the lease.

Indeed, in engaging with the Real Estate Department, the Committee noted that the lease is for a portion of the road reserve of Nightingale Road, near the intersection with Finch Street

and adjacent to erf 1358. According to the signed lease agreement, the portion in extent of 11m², has been released to Total South Africa (PTY) LTD for a period of five (5) years, with a total of R40 365 expected income for the period of the lease. In relation to the outdoor adverting sign, the department indicated that there's an existing lease agreement in place. Lastly, as it relates to the concrete slab, the department indicated that in concluding the lease, comments were received from the Water and Sanitation Department that, there are existing sewer lines affected by the sign. The owner will be liable for any cost incurred in the event of the above service being damaged. Moreover, clause 4.3 of the lease agreement states the following:
"The COMPANY shall further apply in the prescribed manner for wayleave approval from the Head of Department: Roads and Stormwater which application shall include service plans identifying and indicating all underground services of Telkom and the municipality or any other service provider of any nature where the advertising sign is to be constructed."

Overall, the Oversight Committee was satisfied with the engagements with the department and encourages the department to ensure that the lease terms and conditions are adhere to.

LEGAL COMMENTS

The terms of reference of the Infrastructure Services Oversight Committee makes provision for the committee to undertake either planned/unplanned or announced or unannounced site inspections or visits. Oversight visits are integral to the work of the Committee and conducted on areas, topics or themes identified by the Committee for investigation.

The visits can be planned and coordinated with the department or can be unplanned and /or unannounced to the department, also be reactive or proactive. In undertaking Oversight visits, the Committee must –

i. Identify oversight priority areas, linked to the planning and budget cycle in order for oversight visits to be meaningful and relevant.
ii. Ensure that the Oversight visit is undertaken in the interest of the Committee and relates to the objectives and programmes of the Committee, further emanating from an identified matter requiring investigation by the Committee.
iii. Provide an account of the visit and as it occurred.
iv. Provide an account of the findings of the Committee, lessons learnt, recommendations and the proposed plan of taking them forward.

Rule 135 (1) (e) of the Standing Orders By-laws mandates the committee to submit oversight visit reports to council within 60 days after the visit. The site visit was conducted on 17October 2024 taking into account the recess of the legislature activities, the report is compliant. Based on the above, the report is supported from a legal perspective.

RECOMMENDATION

That the Infrastructure Services Oversight Committee report on the oversight visit to erf 1358 Atlasville Extension1, Boksburg on the 17 October 2024 **BE NOTED.**

INFRASTRUCTURE SERVICES OVERSIGHT COMMITTEE REPORT ON THE OVERSIGHT VISIT TO A PORTION OF REMAINDER OF ERF 575, EDEN PARK ON 17 OCTOBER 2024

PURPOSE

To report to Council on the Infrastructure Services Oversight Committee's unannounced oversight visit to erf 575, Eden Park on 17 October 2024.

EXECUTIVE SUMMARY

During the Oversight process of the 2023/24 financial year unaudited Annual Report (AR), the Real Estate Department (RED) reported that twenty-one (21) properties were released to the public for religious and social use purposes. Then, for the purposes of oversight exercise and verification, the Committee resolved to randomly conduct an unannounced oversight visit to erf 575, Eden Park, as reported by the Real Estate Department. According to Rule 120 (4) of the Standing Orders, Section 79 oversight committees have within their powers to embark on both unannounced and announced oversight visit in order to get first-hand experience and to verify the implementation of/or operations of a particular project. As a results, an administrative pre-site visit was conducted on 15 October 2024, where property details and extent of the erf were collated. Subsequently, an oversight visit was conducted by the Oversight Committee on 17 October 2024.

After the oversight visit, the Committee sent written questions to the department and the department presented their responses on 16 January 2025 during the Infrastructure Services Oversight Committee virtual meeting.

The following section provide key observations from the oversight visit.

KEY DISCUSSIONS AND OBSERVATIONS

The Committee arrived on erf 575 and noted the illegal dumping taking place on the said erf. Then the Committee noted that, actually, the released property is a portion of a remainder of erf 575, in extent of 700 m², which is the Eden Park Early Childhood Development Centre (ECD). It was furtherly noted that the release of the property was still in the tender process stage. Where the department is inviting interested parties to manage, control and operate the centre. It must be noted that, the property was reserved for the Health and Social Development Department and the department erected the centre to increase access to high-quality ECD services, with the aim of providing quality education to children from low-income households.

Upon arrival at the Centre, the Committee conducted a walk-about to assess the condition and extent of the property. The Committee was welcomed by a security personnel who accompanied the Committee Members as they assessed the property. The Committee noted with grave concerned that the Centre has been vandalised and damaged by criminals who gain access through the back of the property. It was also noted that the Centre is fully furnished with playground equipment.

In engaging with the Real Estate Department about the Centre, they reported that they have previously released the property through an open tender but there was no successful bidder to operate as they did not meet the requirements and complained of affordability. As noted above, the property belongs to the Health and Social Development Department and the Real Estate Department involvement is only limited to asset management as per the Council Leasing Policy. Through administrative consultation, it was established that, the Standing Committee on Gender, Children, Youth and People with Disabilities is currently in discussions with the relevant departments to find a lasting solution for the function and operations of the Centres across the City. That a plan and solution will soon be presented to Council for implementation.

On the issue of vandalism, the Committee is of the view that Ekurhuleni Metropolitan Police Department should increase security measures on site to eliminate the risk of vandalism and damage to property. Lastly, the Real Estate Department is encouraged to engage with the department of Environmental Development and Waste Management to regularize the noted illegal dumping on erf 575. Overall, the Committee was satisfied with the engagement with the department and will continue to monitor the issue of the Centre in finding a lasting solution.

PHOTOS

Figure 1: illegal dumping behind the Eden Park ECD

Figure 2: Illegal dumping behind the Eden Park ECD


Figure 3: lights removed due to theft and vandalism

LEGAL COMMENTS

The item is prepared by the committee in terms of Standing Orders Rule121(d) which provides that a committee, subject to the Constitution, legislation, the other provisions of these Rules and resolution of Council may: investigate and report on issues that are referred to it or on its own initiative.

The committee conducted an oversight in line with its terms of reference, which provides that an Oversight visit can be planned and coordinated with the department or can unplanned and/or unannounced. With the aim of investigating matters on its own initiative and verifying status of matters.

Furthermore, Rule 135 (1) (e) of the Standing Orders By-laws mandates the committee to submit site inspection reports to council within (sixty) 60 days after the visit. The site visit was conducted on 17 October 2024 and a report is destined for the Council sitting of February 2025.

On conducting site visit the committee observed and noted a number of issues which were of concern, the centre is dealing with a vulnerable and important portion of the society which needs to be protected and cared for. The centre is catering for children as the centre is an early childhood development centre. This is a segment of the population which needs to be developed and natured early in order to develop the culture of reading and writing for a meaning in the country.

The committee further noted with frustration that, the centre was newly developed and now is slowly dilapidating, due to lack of occupation of the centre. The centre is slowly being vandalised, invaded by vagrants and there is over-grown grass on the premises. Whilst there is a security in the premises, however the vandalization continues.

Effective management of infrastructure and community facilities is central to the municipality providing an acceptable standard of services to the community. Infrastructure impacts on the quality of the living environment and opportunities to prosper. Not only is there a requirement to be effective, but the manner in which the municipality discharges its responsibilities as a public entity is also important. The municipality must demonstrate good governance and customer care, and the processes adopted must be efficient and sustainable. Councillors and officials are custodians on behalf of the public of infrastructure and community assets.

Based on the above, the report is supported from a legal perspective.

RECOMMENDATION

1. **That** the Infrastructure Services Oversight Committee report on the oversight visit to a portion of remainder of erf 575, Eden Park on 17 October 2024 **BE NOTED.**

2. **That** the Ekurhuleni Metropolitan Police Department **UNDERTAKE** to make provision for additional security guards to protect the early childhood development centre situated at erf 575, Eden Park to mitigate further vandalism of the city’s asset in the current financial year and report back to the committee on 30 March 2025.

INFRASTRUCTURE SERVICES OVERSIGHT COMMITTEE REPORT ON THE OVERSIGHT VISIT TO ERF 6676 AND ERF 6678, PALM RIDGE EXTENSION 5, KATLEHONG ON 17 OCTOBER 2024

PURPOSE

To report to Council on the Infrastructure Services Oversight Committee's unannounced oversight visit to erf 6676 and erf 6678, Palm Ridge Extension 5 at Katlehong on 17 October 2024.

EXECUTIVE SUMMARY

During the Oversight process of the 2023/24 financial year unaudited Annual Report (AR), the Real Estate Department (RED) reported that two (2) land parcels have been released to the public for agricultural or farming purposes. Then, for the purposes of oversight exercise and verification the Committee resolved to conduct an unannounced oversight visit on the said erf. According to Rule 120 (4) of the Standing Orders, Section 79 oversight committees have within their powers to embark on both unannounced and announced oversight visit in order to get first-hand experience and to verify the implementation of/or operations of a particular project. As a results, an administrative pre-site visit was conducted on 15 October 2024, where property details and extent of the erf were collated. Subsequently, an oversight visit was conducted by the Oversight Committee on 17 October 2024.

After the oversight visit, the Committee sent written questions to the department and the department presented their responses on 16 January 2025 during the Infrastructure Services Oversight Committee virtual meeting.

The following section provide key observations from the oversight visit.

KEY DISCUSSIONS AND OBSERVATIONS

The Committee arrived on erf 6676, which is next to erf 6678. Even though the properties are next to each other, they have been released separately. Both properties have been leased for a period of nine (9) years and eleven (11) months for purposes of agricultural purposes. Erf 6676 is 1996 m² in extent with R288 354 expected revenue over the lease period, while erf 6678 is 5559 m² with a total of R335 569 anticipated revenue over the contractual period.

Upon arrival on site, the Committee conducted a walk-about on both properties to assess the conditions and extent of the properties, as there were also visible structures on both farms. It should be noted that, both properties are adjacent to residential properties and they are not fenced. On erf 6676, there was a temporary structure used as a car wash and the department indicated that the occupant was using it informally and has been notified of the legal occupant. While the Committee was doing a walk-about on erf 6676, a small grave was noted and in response the department indicated that in concluding the lease agreement, comments were received from all departments and there was no acknowledgement of any grave on the property. Furthermore, the department conducted their own oversight visit and it was established that some kids from the adjacent community had buried a dog in the property and time to time, they visit and clean the grave and the issue will be dealt with by the tenant. On erf 6678, noted a fenced structure and neighbours indicated that the property is used by Mr Tshabalala (lease holder) for livestock and cattle farming. They also indicated that they have been using the adjacent property since 1994, however, they do not reside in the property but they also use it for livestock farming. Moreover, they also voiced their frustration with crime and stock theft, especially at night as the area does not have services. In engaging the department with the issue of services, the department indicated that the lease holders are responsible for services and application thereof. The Oversight Committee also requested for the signed lease agreements for both released properties and noted the terms and conditions of the lease and anticipated revenue. In addition to the terms and conditions of the lease, the Committee noted the comments received from internal departments and view the release of these properties as means to regularise their usage while contributing to revenue enhancement, which is commendable.

Overall, the Committee was satisfied with the engagement with the department and indeed confirmed and verified the report of the department and encourages the department to monitor and ensure the terms of the lease are adhere to.

PHOTOS

Figure 1: grave of a dog on erf 6676

Figure 2: Structure on the farm, erf 6678

LEGAL COMMENTS

The Standing Orders of CoE S121(d) provides that a Committee, subject to the Constitution, legislation, the other provisions of these Rules and resolutions of Council may: investigate and report on issues that are referred to it or on its own initiative.

Further, the Terms of Reference of the Infrastructure Oversight Committee make provision for the committee to undertake either planned/unplanned or announced or unannounced oversight inspections or visits. The aforementioned terms of reference furthermore provides that Oversight visits are integral to the work of the Committee and are conducted on areas, topics or projects identified by the Committee as requiring further clarification and investigation.

Furthermore, Rule 135 (1) (e) of the Standing Orders By-laws mandates the committee to submit site inspection reports to council within (sixty) 60 days after the visit. The oversight visit was conducted on 17 October 2024 and a report is destined for the Council sitting of February 2025.

Based on the above, the report is supported from a legal perspective.

RECOMMENDATION

That the Infrastructure Services Oversight Committee report on the oversight visit to erf 6676 and erf 6678 Palm Ridge Extension 5, Katlehong on the 17 October 2024 **BE NOTED.**

TRANSPORT ROADS AND STORM WATER

OVERSIGHT COMMITTEE

TRANSPORT, ROADS AND STORMWATER OVERSIGHT COMMITTEE REPORT ON SERVICE DELIVERY COORDINATION: PERFORMANCE OF THE EXECUTIVE MAYORS FIRST 100 DAYS IN OFFICE

PURPOSE

To report to Council on the deliberations of the Transport, Roads and Stormwater Oversight Committee on service delivery coordination: performance of the Executive Mayors' first 100 days in office

EXECUTIVE SUMMARY

During the October Council meeting of 2024, item B-Corp (09-2024) to all Section 79 Committees for review. The Transport, Roads, and Stormwater Oversight Committee first considered the report as a noting report. However, upon reviewing the contents of the report during the Committee's meeting on 12 November 2024, it was resolved that oversight questions be crafted and submitted to the department to respond to during the 14 January 2025 Committee meeting. In the said meeting, only the Department of Roads and Stormwater presented their responses while the Department of Transport Planning and Fleet Management requested an extension for the submission of their responses. The Department of Transport's responses were received and tabled in the special meeting convened on 23 January 2025. Subsequently, the Committee prepared the report with the intent to table the report in the Committee's meeting on 4 February 2025 for adoption. However, the item was withdrawn from the Committee report due to the late resubmission of follow-up questions. The current report incorporates the latest set of responses to follow-up questions provided by the department. It further provides a summary of the Committee's review process, emphasises key discussions, and outlines the recommendations proposed for the Council's consideration.

The Department of Transport Planning and Fleet Management

The Committee noted the progress and budgetary allocations for various projects under the Department of Transport Planning and Fleet Management. In Area 7B, the trunk routes along Pretoria Road (Mars to Plane Streets) were allocated R34 995 000 for construction. However, the department confirmed that two contractors were appointed, Musawenkosi and Urban Plan, with IPW values of R20 million each, bringing the total project value to R40 million. While quality standards and safety regulations were met, challenges arose due to the theft of traffic accommodation signs and safety barriers, which required frequent replacements. The department then submitted contradictory remarks on the handing over of the project to the City. Initially, the department reported that the project had not yet been handed over to the City due to the late commencement in the previous financial year, with contractor procurement only finalised in April 2024. But later, it was submitted that The project was officially handed over to the City on 15 December 2024, with some outstanding snags that are expected to be resolved by 14 February 2025.

For Area 7A, the trunk routes along Pretoria Road at the Wellington Intersection had an allocated budget of R35 256 000, but the project value was confirmed to be R22 million. The department stated that the project was completed on schedule and within the allocated budget.

However, contradictory remarks were made on the handing over of the project yet again, wherein in its initial statement, the department reported that the project had not yet been handed over to the City, as the asset capitalisation process was still underway. However, in a later response, the department asserted that the project was successfully handed over to the City on 28 June 2024.

The Committee further noted the implementation of the 6km Non-Motorised Transport (NMT) project along CR Swart Drive and within the CBD, which was allocated a budget of R25 000 000. The department confirmed that the NMT project was completed, with 4.2km constructed along CR Swart Drive under an IPW of R11 500 000 and 1.8km in the CBD under an IPW of R8 050 000, which included the construction of six bus stops. The Auditor General selected this project for verification, and supporting documentation, including the 2024 Annual Report and Asset Capitalisation Certificates, were provided as evidence of completion. The department acknowledged that while maintenance and expansion plans exist, budgetary constraints have hindered full maintenance efforts. It was further stated that the project did not encounter significant challenges, apart from delays in contractor payments and adverse weather conditions.

Regarding the refurbishment of the Zonkizizwe Taxi Rank (Phase 1), the department reported that outstanding activities included electrical components at hawker stalls and ablution facilities, ramps for people with disabilities, defects at the entrance and exit gate, and paving at the pedestrian gate. This was said to have been a result of the contractor facing delays in reworking certain elements that were initially done incorrectly, as well as late delivery of ordered materials. Despite these setbacks, the department remained committed to finalising the project. In a later report, the department stated that the previous contractor, Sithembe Transportation and Projects, had committed to completing the snags by 28 November 2024, but failed to meet this deadline. As a result, the contractor was instructed to vacate the site following advice from Corporate Legal Services. The department is now finalising the approval of an IPW for a new contractor, with work expected to resume in February 2025. The department further confirmed that Phase 2 of the Zonkizizwe Taxi Rank refurbishment project is currently underway and is expected to be fully completed by 30 June 2025.

The Committee emphasised the need for improved project planning, particularly in ensuring timely contractor appointments and payment processing to prevent delays in completion and handovers. Additionally, it recommended close monitoring of ongoing infrastructure projects and the development of contingency plans to mitigate challenges such as theft of infrastructure and delayed material deliveries.

The Department of Roads and Stormwater

The Committee noted the department’s efforts in constructing new roads and stormwater systems, as well as maintaining existing infrastructure. The department confirmed that the construction of 1.89 km of new roads and two stormwater systems in the specified wards was successfully completed within quarter one (1) of the FY under review.

The project was delivered within the allocated budget of R15 million, which was divided into Pedestrian Management Corporate (R5 million) and Kheshwa Stormwater System (R10 million). The department provided Completion Certificates as verification.

To ensure the longevity of the newly constructed infrastructure, the department stated that all completed projects are handed over to the Maintenance Division. Maintenance interventions were reported to typically commence after five years to preserve the expected asset lifespan. The Committee acknowledged this plan but emphasised the need for proactive monitoring and early detection of defects to prevent deterioration before the formal maintenance period begins.

The department also reported that 500 potholes were patched and 100 stormwater systems were maintained citywide. Verification reports and supporting evidence, including job cards. The Committee reviewed these documents and highlighted the importance of ensuring that all recorded maintenance work aligns with actual service delivery on the ground.

Regarding the outstanding patching of roads and potholes in Brakpan, Kempton Park, Edenvale, Alberton, Boksburg, Germiston, and Vosloorus, the department confirmed that all outstanding roads were attended to in accordance with the quarterly maintenance plans. The Committee emphasised the need for a structured reporting mechanism to track and verify the status of maintenance work across all regions, ensuring that planned maintenance aligns with actual service delivery outcomes.

The Committee further recommended that the department explore innovative road maintenance solutions, such as durable road materials and advanced pothole repair technologies, to enhance the longevity and efficiency of road networks. Additionally, regular community engagement and feedback mechanisms were suggested to ensure that residents could report road infrastructure issues in a timely manner, facilitating faster response times and improving overall service delivery.

LEGAL COMMENTS

The Municipal Council referred this item to the Transport Planning, Roads and Stormwater Oversight Committee in terms of Rule 122 read with Rule 121(1) (c) and (d) of the Standing Orders By-Law, 2023. In essence, the rules make provision for Council to refer matters to the Oversight Committee. Furthermore, the Oversight Committee is empowered to consider the items referred to it, and investigate and report on matters referred to it.

Rule 135 (1) of the Standing Orders By-Law mandates the Oversight Committee to submit its report on quarterly reports within 60 days after referral by the Programming Committee or Council.

While noting that the report is submitted outside the prescribed timeframes, the reasons adduced warrant a favourable consideration by Council and it is thus submitted that the late submission should be condoned.

It is as a result thereof that this report finds support from a legal perspective.

RECOMMENDATION

That the Transport, Roads and Stormwater Oversight Committee’s report on service delivery coordination: performance of the Executive Mayors first 100 days in office, **BE NOTED**.

TRANSPORT PLANNING, ROADS AND STORMWATER OVERSIGHT COMMITTEE'S REPORT ON AN UNANNOUNCED OVERSIGHT VISIT TO THE EDENVALE MECHANICAL WORKSHOP ON 05 NOVEMBER 2024

PURPOSE

To report to Council on the Transport Planning, Roads and Stormwater Oversight Committee unannounced oversight visit to the Edenvale Mechanical Workshop on 05 November 2024.

EXECUTIVE SUMMARY

The Transport Planning, Roads and Stormwater Oversight Committee through the prescripts of the Structures Act, Section 79 is part of portfolio committees established to assist Council in efficiently and effectively performing some of its functions and exercising some of its powers including overseeing the Department of Transport Planning and Fleet Management. Moreover, the Committee's Terms of Reference mandates the Oversight Committee to conduct announced and/or unannounced oversight visits in a quest to efficiently and effectively perform some of its oversight duties and powers as bestowed by Council. The oversight visit was necessitated by reported and observed inefficiencies within Fleet Division mechanical workshops which affect the standard of service delivery provided by various departments across the City. The Committee undertook this visit on 5 November 2024 and thereafter crafted follow-up questions before Council's December recess for the department to respond on the 14 January 2025 ordinary Committee meeting. The Department of Transport and Fleet Management reported that the responses to the oversight visit were not yet ready on this date. This necessitated that a special meeting be called which was convened on 23 January 2025 wherein responses to this and other items were presented. Following the special meeting, this report was drafted and served in the Committee's ordinary meeting of 4 February 2025 for adoption by the Committee.

BACKGROUND

The Committee resolved to continuously monitor the City's Fleet Department workshops due to increasing concerns over operational inefficiency and complaints from service delivery departments. These concerns emerged from the Department of Transport Planning and Fleet Management's underperformance in the 2022/23 financial year, highlighted by a 34% underspend in the repair budget. Additionally, departments like Energy raised issues regarding non-operational vehicles, severely affecting service delivery. The Fleet Department has yet to provide sufficient solutions to address these challenges, prompting further oversight.

KEY DELIBERATIONS

Expired License Discs: A Symptom of Systemic Inefficiencies

During the Committee's oversight visit to the Edenvale Mechanical Workshop, serious concerns arose regarding the state of the municipal fleet.

A significant number of vehicles displayed expired license discs, with some lapsed for over a year and others exceeding two years (see figure 1). This glaring administrative lapse is not merely an issue of compliance but an indicator of deeper systemic inefficiencies within the fleet management and maintenance processes.

The prolonged presence of these vehicles in the workshop suggests persistent delays in repair and maintenance, which, in turn, diminish the operational capacity of the user departments. When vehicles remain out of service for extended periods, they exacerbate backlogs in service delivery, compromise departmental efficiency, and ultimately affect the municipality's ability to meet service delivery targets. The situation points to structural challenges such as delays in the procurement of spare parts, limited workshop capacity, and ineffective oversight of repair timelines. If left unaddressed, these inefficiencies could have cascading effects, further straining municipal resources and reducing the reliability of public services.

The issue of expired licenses compounds these operational setbacks. The fact that these vehicles have remained unlicensed for such extensive periods raises questions about the adequacy of tracking and fleet management during their time at the workshop. Vehicles with expired licenses are not legally permitted on the road, meaning that even after undergoing repairs, they cannot be immediately reintroduced into service. This creates yet another layer of delay, further disrupting the department's ability to respond to service demands in a timely manner.

Furthermore, the extended lapse in licensing—ranging from one to two years or more—suggests one of two critical failures: either these vehicles have been left idle for an excessive period, leading to wasteful expenditure and underutilisation of assets, or they may have been operated in non-compliance with South African road regulations prior to being brought in for repairs. If the latter is the case, the department has potentially exposed itself to significant legal and financial risks, including penalties, insurance liabilities, and reputational damage. Such governance failures undermine public confidence in the municipality's ability to manage its fleet effectively and ensure regulatory compliance.

Addressing these challenges requires a comprehensive review of fleet maintenance protocols, the introduction of stringent monitoring mechanisms for vehicle repairs. Without urgent intervention, these inefficiencies will continue to impede service delivery, increase operational costs, and erode public trust in municipal governance.

Figure 1: Expired license discs at the Edenvale Mechanical Workshop

Obstruction of Oversight and Discriminatory Conduct

Upon proceeding to the workshop's offices, the Committee encountered significant resistance from an employee who was reportedly serving as the operations manager of the facility. Despite the Committee formally introducing itself and clearly outlining the purpose of the visit, the individual demonstrated a marked reluctance to cooperate or provide the necessary assistance. This obstruction hindered the Committee's ability to fulfil its oversight mandate.

The situation further deteriorated when a racially charged altercation ensued between the employee and a Committee member. The individual in question exhibited a troubling and selective willingness to engage with certain members of the Committee based on racial lines, effectively undermining the principles of impartiality and professionalism expected at a workplace. Such behaviour not only erodes the legitimacy and authority of the Oversight Committee but also creates a hostile and discriminatory environment that is fundamentally at odds with the values of public service.

The presence of racial bias in engagements of this nature was deeply concerning, as it compromised the integrity of municipal operations and reinforced divisions that are against Batho Pele principles the City is governed. Given the gravity of this incident, The Committee recommended that the department reinforce adherence to ethical workplace standards and ensure that employees fully understand and respect the role of oversight structures in upholding good governance.

Operational Disruptions in Fleet Management

During its review of the tracking sheet, the Committee identified a significant discrepancy between the number of vehicles recorded and those physically present at the workshop. Employees attributed this shortfall to a concerning issue: numerous vehicles remained with external service providers who had refused to return them due to outstanding payments. This situation highlights the City's deteriorating financial position and its consequent inability to honour contractual obligations, directly undermining the sustainability of critical municipal operations.

The withholding of these vehicles has severe operational repercussions. Many of the affected vehicles play a crucial role in essential services such as waste management, water and sanitation services and emergency response. Their prolonged unavailability not only disrupts day-to-day municipal functions but also exacerbates existing service delivery backlogs. This directly impacts residents, particularly in vulnerable communities that rely on timely and efficient public services. Furthermore, the growing dysfunction in fleet management diminishes public confidence in the City's capacity to govern effectively and fulfil its service delivery mandate.

Beyond immediate operational challenges, the broader financial implications of non-payment are severe. The City's failure to meet its contractual obligations strains relationships with service providers, discouraging future cooperation and potentially leading to stricter contractual terms, increased costs, and reduced willingness among suppliers to engage with the City.

Additionally, vehicles held for extended periods face increased risks of deterioration, which escalates maintenance costs upon retrieval and, in some cases, renders assets irreparable. Without decisive corrective action, the City risks further erosion of its service delivery capacity, deepening financial instability, and compounding the negative effects on municipal governance.

Need for Structural Reform

During its engagement at the Edenvale Mechanical Workshop, the Committee was informed that the facility operates with a staff complement of five (5) employees, consisting of a foreman, an inspector, an artisan, and two (2) mechanics. However, the Committee was alarmed to learn that one of the mechanics is exclusively assigned to administrative tasks, while the remaining employees do not actively perform the duties for which they were hired. Instead, all mechanical work designated for the workshop is outsourced to external service providers, effectively rendering both the staff and the facility functionally redundant.

This situation raises serious concerns about the efficiency, accountability, and overall purpose of maintaining an in-house municipal workshop. The presence of employees who are not engaged in their core functions suggests severe mismanagement and a fundamental misalignment between the workshop's operations and its intended mandate. The continued employment of staff in roles they do not fulfil constitutes wasteful expenditure, as salaries are paid without a corresponding return in service delivery. Furthermore, the blanket outsourcing of all repair and maintenance tasks negates the rationale for maintaining a municipal workshop and, paradoxically, escalates operational costs, given that external service providers typically charge higher rates than in-house maintenance teams.

The Committee recognises that this issue is symptomatic of broader inefficiencies within the City's centralised fleet management system. As a response, the Committee has called for a Focused Intervention Study (FIS) to conduct a comprehensive assessment of the effectiveness—or lack thereof—of the current fleet repair and maintenance model. The findings of this study will provide the necessary empirical basis for the Committee to advise Council on potential structural reforms, including whether to optimise, decentralise, or discontinue the in-house workshop system in favour of a more sustainable and cost-effective approach.

The current state of affairs at the Edenvale Mechanical Workshop underscores the urgent need for a review of municipal asset management policies, financial oversight mechanisms, and human resource utilisation strategies. Without decisive intervention, the persistence of such inefficiencies will continue to undermine the City's ability to deliver essential services effectively and manage its resources responsibly.

LEGAL COMMENTS

The terms of reference of the Transport Planning, Roads and Stormwater oversight committee make provision for the committee to undertake either planned/unplanned or announced or unannounced site inspections or visits. Clause 4.2.3 of the aforementioned terms of reference provides as follows;

Oversight visits are integral to the work of the Committee and conducted on areas, topics or themes identified by the Committee for investigation.

The visits can be planned and co-ordinated with the department or can be unplanned and /or unannounced to the department, also be reactive or proactive.

4.2.3.1 In undertaking Oversight visits, the Committee must –

i. Identify oversight priority areas, linked to the planning and budget cycle in order for oversight visits to be meaningful and relevant.

ii. Ensure that the Oversight visit is undertaken in the interest of the Committee and relates to the objectives and programmes of the Committee, further emanating from an identified matter requiring investigation by the Committee.

iii. Provide an account of the visit and as it occurred.

iv. Provide an account of the findings of the Committee, lessons learnt, recommendations and the proposed plan of taking them forward.

Rule 135 (1) (e) of the Standing Orders By-laws mandates the committee to submit site inspection reports to council within 60 days after the visit.

Based on the above, the report is supported from a legal perspective.

RECOMMENDATION

That the Transport, Roads and Stormwater Oversight Committee's report on the unannounced oversight visit to the Edenvale Mechanical Workshop on 05 November 2024, **BE NOTED.**

TRANSPORT PLANNING, ROADS AND STORMWATER OVERSIGHT COMMITTEE'S REPORT ON AN UNANNOUNCED OVERSIGHT VISIT TO THE KEMPTON PARK MECHANICAL WORKSHOP ON 05 NOVEMBER 2024

PURPOSE

To report to Council of the Transport Planning, Roads and Stormwater Oversight Committee's unannounced oversight visit to the Kempton Park Mechanical Workshop on 05 November 2024.

EXECUTIVE SUMMARY

The Transport Planning, Roads and Stormwater Oversight Committee through the prescripts of the Structures Act, Section 79 is part of portfolio committees established to assist the Council in efficiently and effectively performing some of its functions and exercising some of its powers including overseeing the Department of Transport Planning and Fleet Management. Moreover, the Committee's Terms of Reference mandates the Oversight Committee to conduct announced and/or unannounced oversight visits in a quest to efficiently and effectively perform some of its oversight duties and powers as bestowed by Council. The oversight visit was necessitated by reported and observed inefficiencies within Fleet Division mechanical workshops which affect the standard of service delivery provided by various departments across the City. The Committee undertook this visit on 5 November 2024 and thereafter crafted follow-up questions before Council's December recess for the department to respond to on the 14 January 2025 ordinary Committee meeting. The Department of Transport and Fleet Management reported that the responses to the oversight visit were not yet ready on this date. This necessitated that a special meeting be called which was convened on 23 January 2025 wherein responses to this and other items were presented. Following the special meeting, this report was crafted and served in the Committee's ordinary meeting of 4 February 2025 for adoption by the Committee.

BACKGROUND

The Committee resolved to continuously monitor the City's Fleet Department workshops due to increasing concerns over operational inefficiency and complaints from service delivery departments. These concerns emerged from the Department of Transport Planning and Fleet Management's underperformance in the 2022/23 financial year, highlighted by a 34% underspend in the repair budget. Additionally, departments like Energy raised issues regarding non-operational vehicles, severely affecting service delivery. The Fleet Department has yet to provide sufficient solutions to address these challenges, prompting further oversight.

KEY DELIBERATIONS

Deteriorating Conditions and Safety Hazards at Kempton Park Mechanical Workshop

Upon arrival at the Kempton Park Mechanical Workshop, the Committee observed a further decline in conditions compared to its previous visit. Of particular concern were persistent safety hazards, as fire extinguishers remained un-serviced, and the smoke sensor had yet to be maintained. This failure to address critical fire safety measures poses a significant risk to both employees and municipal assets, highlighting a concerning disregard for workplace safety protocols.

Additionally, the Committee noted troubling inefficiencies in employee productivity and adherence to occupational safety standards. On the morning of the oversight visit, several employees were observed idling at a table cluttered with papers and files. More alarmingly, a switched-on heater was placed on the same table, presenting a clear fire hazard in an environment already compromised by inadequate fire prevention measures (see Figure 1). This not only underscores a lack of workplace discipline and oversight but also raises questions about management's ability to enforce basic operational and safety protocols.

The worsening conditions at the workshop suggest systemic neglect and poor compliance with occupational health and safety regulations. Given the potential consequences—including workplace accidents, damage to municipal infrastructure, and liability concerns—the Committee views this matter as requiring immediate intervention and recommends to the department urgent service of fire safety equipment and to enforce stricter safety protocols with clear accountability measures for non-compliance. Failure to address these concerns will not only compromise municipal service efficiency but also expose the City to potential legal and financial liabilities. The Committee will continue to monitor this issue closely.

Figure 1: Potential fire hazard

Severe Neglect of Work Equipment and Underutilisation of Staff

The Committee noted with grave concern that the workshop's two-post car lift has not been serviced since 2016 (see Figure 2), rendering it potentially unsafe and unreliable for operations. This nine-year period of neglect is indicative of poor asset management, inadequate maintenance planning, and a disregard for workplace safety regulations. The failure to service the car lift raises serious safety concerns. A malfunctioning lift poses a significant risk of mechanical failure, potentially endangering employees who may attempt to use it. Furthermore, the lack of maintenance suggests that critical repairs and servicing tasks requiring a lift cannot be performed at the workshop, significantly reducing its operational effectiveness.

Given this state of disrepair, it is no surprise that the only work currently being carried out at the workshop is tyre changes, a task that does not require the use of specialised repair equipment. This further reinforces the broader inefficiencies observed at the facility, as a fully staffed workshop should be handling a range of mechanical repairs and maintenance tasks rather than operating as little more than a tyre-changing station.

Figure 2: Un-serviced car lift

Unsafe and Hazardous Working Conditions at Kempton Park Mechanical Workshop

The Kempton Park Mechanical Workshop presents an alarming and hazardous work environment that poses serious health and safety risks to employees. The Committee's observations during the oversight visit reveal severe neglect, structural decay, and unsafe living conditions, all of which call into question the City's commitment to maintaining a safe and compliant workplace.

At the entrance to the kitchen, a white container is used to collect leaking water from the roof (see Figure 3). However, this container has been left unmaintained for an extended period, resulting in the water turning black, greasy, and emitting a foul odour. This is not only a hygiene issue but also a breeding ground for bacteria and mould, posing a direct health risk to employees who work in proximity to it. Additionally, the kitchen ceiling is mould-infested and exhibits signs of structural decay (see Figure 4). The extent of the rotting suggests that it may collapse at any time, putting employees in immediate danger. Despite these serious risks, no remedial action appears to have been taken by workshop management or the relevant municipal department.

Figure 3: Container with contaminated water from ceiling leak

Figure 4: Decayed ceiling

The situation is further exacerbated by the non-functional water taps in the kitchen (see figure 5), meaning employees do not have access to safe drinking water while at work. This is a direct violation of occupational health and safety regulations, which require that all workplaces provide clean, potable water for employees.

The Committee also found the bathroom floors completely flooded due to an ongoing plumbing fault (see Figure 6). Employees reported that these unsanitary conditions are a persistent issue, with no effort made to resolve the problem. Standing water in a workplace bathroom creates a slip hazard, encourages mould growth, and increases the risk of disease transmission. Even more concerning was the yellowish discolouration of water from the taps, raising serious questions about water contamination (see Figure 7). The presence of discoloured water suggests rust, bacterial growth, or chemical pollutants, all of which make the water unsafe for human use. The lack of access to clean water—both for consumption and hygiene—violates not only workplace safety laws but also basic human rights standards.

Figure 5: Kitchen taps not functional

Figure 6: Flooding in bathrooms

Figure 7: Yellow coloured water from bathroom tap

In addition to the severe health and safety hazards observed at the Kempton Park Mechanical Workshop, the Committee was deeply disturbed to learn that female employees are required to use male bathrooms due to the prolonged non-functionality of the female restrooms. This situation is a clear violation of workplace safety regulations, gender equity policies, and basic human dignity. The forced reliance on male restrooms not only subjects female employees to discomfort and indignity but also raises serious concerns about privacy, safety, and gender-based discrimination. This is particularly unacceptable in a municipal facility where compliance with labour laws and gender-sensitive workplace policies should be non-negotiable.

Furthermore, the prolonged inaccessibility of female restrooms suggests a broader pattern of neglect by the responsible authorities. The fact that this issue has been left unaddressed for an extended period signals a disregard for female employees' well-being and highlights institutional failure in maintaining a safe and equitable working environment.

The Committee also observed severe neglect in the maintenance of the workshop premises, further compounding the already unsafe and unhealthy working conditions. The area between the entrance and the parking lot is in a state of disrepair, with overgrown grass, stagnant water, and hazardous access routes that make daily operations difficult for employees (see Figure 8 below). A particularly concerning issue is the large puddle of stagnant water, possibly sewage, which has remained in the same spot for an extended period. The water has turned greenish in colour, is covered with green vegetation, and emits a strong foul odour. This stagnant water is a breeding ground for mosquitoes and bacteria, posing a serious health risk to employees and visitors. Additionally, if the water is indeed sewage-related, it represents a major sanitation failure that requires urgent intervention.

Due to the poorly maintained terrain, employees are forced to navigate the flooded and uneven ground using bricks as makeshift stepping stones to access the workshop. However, this improvised system becomes completely ineffective after rainfall, as the bricks become submerged in water, making it impossible for employees to safely enter the workshop. This poses a serious risk of injury, as employees may slip, fall, or be exposed to contaminants in the stagnant water.

Figure 8: Unmaintained workshop premises

The findings from this oversight visit have reinforced the Committee's longstanding concerns about the inability of the City's mechanical workshops to meet the growing fleet repair and maintenance demands of the City.

Despite significant financial resources being allocated to sustain these workshops, the return on investment remains alarmingly low, raising serious questions about the viability of the current in-house repair and maintenance model.

The chronic neglect of equipment, underutilisation of staff, and increasing reliance on external service providers suggest that the City's in-house repair and maintenance framework is fundamentally flawed. Rather than serving as cost-effective, high-functioning facilities, these workshops have become inefficient, poorly managed, and financially draining entities that do not deliver meaningful value for money.

Given the dismal state of municipal workshops, the Committee strongly recommends an urgent, independent assessment of the City's fleet maintenance strategy. This review must determine whether:

i. The current workshop model is financially and operationally viable – Does the City benefit from maintaining these workshops, or would a fully outsourced model yield better results?
ii. There is a lack of managerial oversight – Who is responsible for ensuring workshop efficiency, and why have these issues persisted without corrective action?
iii. Resource allocation is justified – If the workshops continue to function at minimal capacity, should funds be redirected to alternative fleet maintenance solutions?
iv. Public-private partnerships (PPPs) could improve efficiency – Would a hybrid model, incorporating private-sector expertise while retaining some in-house capacity, be more effective?

The status quo is unsustainable. The Committee will not endorse continued expenditure on failing workshops without a clear, evidence-based justification. If an independent review confirms that these workshops cannot be salvaged, the City must take decisive action—whether through full-scale restructuring, downsizing, or transitioning to an external service model.

LEGAL COMMENTS

The terms of reference of the Transport Planning, Roads and Stormwater oversight committee make provision for the committee to undertake either planned/unplanned or announced or unannounced site inspections or visits. Clause 4.2.3 of the aforementioned terms of reference provides as follows;
Oversight visits are integral to the work of the Committee and conducted on areas, topics or themes identified by the Committee for investigation.
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iii. Provide an account of the visit and as it occurred.

iv. Provide an account of the findings of the Committee, lessons learnt, recommendations and the proposed plan of taking them forward.

Rule 135 (1) (e) of the Standing Orders By-laws mandates the committee to submit site inspection reports to council within 60 days after the visit.
Based on the above, the report is supported from a legal perspective.

RECOMMENDATION

1. **That** the Transport, Roads and Stormwater Oversight Committee's report on the unannounced oversight visit to the Kempton Park Mechanical Workshop on 5 November 2024, **BE NOTED.**

2. **That** the Department of Transport and Fleet Management **CONDUCT** a comprehensive review of the City's maintenance strategy which should address if the current workshop model (i.e. 20/80 split, where 20% of maintenance is conducted in-house and 80% is outsourced to external service providers) is financially and operationally viable; if current and continued resource allocation (i.e. all operational finance and staff allocation) is justified; and if public-private partnerships (PPPs) could improve efficiency, by 30 June 2025.

3. **That** a report on *2 Supra* be **SUBMITTED** to Council for consideration and approval by 30 July 2025.

TRANSPORT PLANNING, ROADS, AND STORMWATER OVERSIGHT COMMITTEE'S REPORT ON UNANNOUNCED OVERSIGHT VISIT TO THE TEMBISA BUS RAPID TRANSPORT STATION ON 05 NOVEMBER 2024

PURPOSE

To report to Council on the deliberations of the Transport Planning, Roads and Stormwater Oversight Committee an unannounced oversight visit to the Tembisa Bus Rapid Transport (BRT) station on 05 November 2024.

EXECUTIVE SUMMARY

The Transport, Roads and Stormwater Committee undertook an unannounced oversight visit to the Tembisa Bus Rapid Transport (BRT) station. The purpose of this visit was to assess the current state of BRT infrastructure implementation and independently verify information previously provided to the Committee by the department. The visit allowed the Committee to ensure that progress aligned with official reports and addressed discrepancies directly through on-site observations. The Committee's Terms of Reference mandate the Oversight Committee to conduct announced and/or unannounced oversight visits in a quest to efficiently and effectively perform some of its oversight duties and powers as bestowed by Council. The Committee undertook this visit on 5 November 2024 and thereafter crafted follow-up questions before Council's December recess for the department to respond to at the 14 January 2025 ordinary Committee meeting. The Department of Transport and Fleet Management reported that the responses to the oversight visit were not yet ready on this date. This necessitated that a special meeting be called which was convened on 23 January 2025 wherein responses to this and other items were presented. Following the special meeting, this report was drafted and served in the Committee's ordinary meeting on 04 February 2025 for adoption by the Committee.

BACKGROUND

Bus Rapid Transit System (BRT)

Since 2008, the City of Ekurhuleni has worked toward developing the Integrated Rapid Public Transport Network (IRPTN), with the Bus Rapid Transit (BRT) system forming a key road-based component. The BRT program, an essential part of the national Public Transport Strategy approved by the Cabinet in 2007, is designed to transport large volumes of commuters across urban centres in a quick, safe, and efficient manner.

The BRT buses incorporate advanced low-floor technology to meet Euro V emission standards, significantly reducing pollutants such as sulphur dioxide by nearly 80%. This system also improves vehicle stability, contributing to both passenger safety and environmental sustainability. The BRT's cashless automated electronic fare system enhances passenger convenience while minimising delays associated with cash handling.

Harambee BRT Stations

Harambee BRT stations are intended to offer a comprehensive, safe, and accessible transit experience for all passengers. Key features include dedicated bus lanes, ensuring priority transit movement, and pedestrian bridges equipped with elevators to support universal access. Station designs emphasise clear and visible boarding gates, supported by intuitive signage to guide commuters effortlessly. Additionally, the stations are to feature real-time route information for up-to-date navigation assistance.

In terms of ticketing, stations are designed to provide kiosks for the purchase and reloading of EkuCards and QR code-based tickets, making the fare process more efficient. To support inclusivity, the stations are further designed to incorporate tactile paving for visually impaired passengers, universally accessible restrooms, and both visual and audible announcements for all users.

The fare collection system ought to utilise a tap-in and tap-out mechanism, allowing for smooth and efficient passenger flow. This combination of advanced technology, safety considerations, and accessibility features aligns with the City's broader goals of developing a world-class public transport system that serves all members of the community, regardless of their mobility needs. Through these well-planned developments, the Harambee BRT stations aim to transform public transport in the City, offering a modern, environmentally conscious, and inclusive transit solution.

KEY DELIBERATIONS

Cleanliness and Waste Management
Upon arrival at both stations, the Committee observed an alarming accumulation of litter within the premises, including paper waste, plastic wrappers, and other debris, indicative of a lack of consistent maintenance and general upkeep and further raising concerns about the overall management of the facility. Additionally, the presence of construction and discarded materials, such as broken tiles, abandoned pipes, and cardboard scattered throughout the facilities (see Figure 1), not only detracted from the station's visual appeal but also posed serious safety hazards to personnel.

Furthermore, the encroachment of unmanaged vegetation along pedestrian pathways and fencing demonstrates a lack of routine landscaping and boundary upkeep, further compromising accessibility and the overall functionality of the facility (see Figure 2).

The Committee expressed deep concern about the implications of these deficiencies, particularly their potential impact on the station's structural integrity, and its alignment with the city's service delivery standards.

Figure 1: Discarded materials at MA Mkhwanazi Station

Figure 2: Unmanaged vegetation at Rev. RTJ Namane

Structural Integrity and Installation Defects

The Committee also noted widespread damage to the infrastructure, including displaced bricks along interior walls and missing window panels (see Figure 3). The bricks placed along the window panels appeared to have been deliberately arranged to serve as thermal insulation, minimising heat loss and enhancing the retention of warmth within the stations. Automated fare gates, while installed, exhibited surface wear and damage, raising concerns about durability and long-term usability.

Figure 3: Displaced bricks at MA Mkhwanazi Station and Rev. RTJ Namane station

Most astonishingly, at the MA Mkhwanazi Station, the Committee noted doorframes exhibiting significant signs of neglect and deterioration (see Figure 4). Rust was prominently visible along the edges and at the bottom of the doors, likely caused by prolonged exposure to moisture and the use of substandard materials or insufficient protective coatings during installation. The floor beneath the doors had visible water stains and damp patches, indicating inadequate drainage systems or a lack of proper waterproofing in the area. Additionally, the door itself appeared scratched and scuffed, suggesting either frequent misuse or poor-quality materials. These factors, if not addressed promptly, could potentially exacerbate long-term structural and functional problems for the facility.

Figure 4: Rusted door frames at MA Mkhwanazi Station

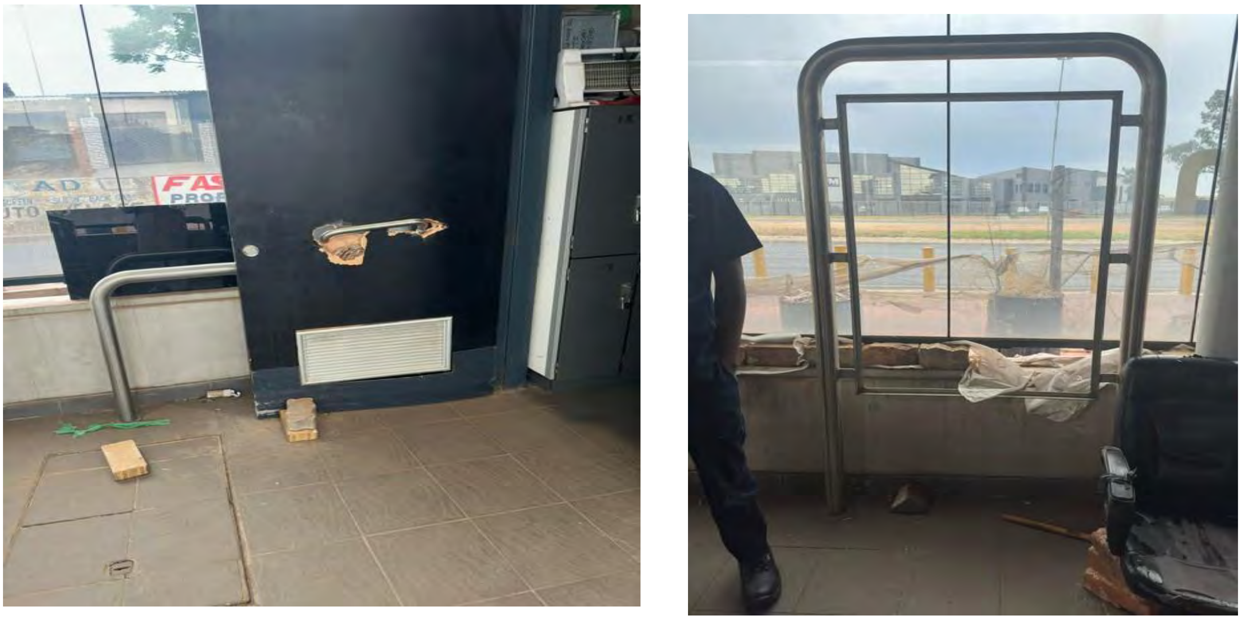

Figure 5 Broken door handle and Broken windows at Rev RTJ Namane station

The Committee further observed that insufficient security has left the station vulnerable to vandalism and unauthorised access. Vandalism was evident, with a damaged door handle (see Figure 5), broken windows, and scattered debris within operational spaces.
The Committee expressed deep concern over the premature deterioration of infrastructure at the Bus Rapid Transit (BRT) stations prior to their formal handover.

This early degradation indicates significant lapses in construction quality and project oversight, which will necessitate extensive rehabilitation efforts. Such corrective measures are expected to inflate the overall project costs, creating further budgetary strain. Additionally, the Committee highlighted that addressing issues such as vandalism, structural defects, and poor maintenance will impose additional financial burdens on the Department. These concerns underscore the urgent need for stronger security measures to prevent vandalism and a comprehensive maintenance strategy to safeguard the integrity of the infrastructure and optimise public investment.

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Figure 6: Fire Extinguisher

Safety and accessibility

The Committee further raised significant concerns regarding critical safety, accessibility, and maintenance shortcomings at the BRT stations. While fire safety equipment, such as extinguishers (see Figure 6), was installed, the absence of visible compliance certificates and appropriate directional signage raised serious questions about their readiness for emergency use. Adding to the Committee's concerns, restroom areas were found to be operational but poorly maintained, with visible stains, unpleasant odours, and accumulated grime on floors and fixtures, reflecting substandard hygiene and upkeep. Emergency exits were either unmarked or partially obstructed, failing to meet established safety standards and potentially endangering personnel in an emergency. These deficiencies collectively underscore a troubling lack of adherence to essential regulatory and maintenance standards.

Drainage and Concerns

The Committee also noted with alarm the presence of water pooling in recessed hatches and low-lying areas, a clear indication of defective drainage systems. This issue poses a significant risk of long-term structural damage to the infrastructure if left unaddressed. Compounding the problem, clogged drainage grates were observed, further exacerbating water retention around entrances and pathways. These conditions not only threaten the durability of the stations but also create potential safety hazards for commuters, such as slippery surfaces and stagnant water. The Committee emphasised the urgency of addressing these drainage deficiencies to prevent further deterioration and ensure the stations remain safe and functional.

LEGAL COMMENTS

The terms of reference of the Transport Planning, Roads and Stormwater oversight committee make provision for the committee to undertake either planned/unplanned or announced or unannounced site inspections or visits. Clause 4.2.3 of the aforementioned terms of reference provides as follows;
Oversight visits are integral to the work of the Committee and conducted on areas, topics or themes identified by the Committee for investigation.
The visits can be planned and coordinated with the department or can be unplanned and /or unannounced to the department, also be reactive or proactive.

4.2.3.1 In undertaking Oversight visits, the Committee must –

i. Identify oversight priority areas, linked to the planning and budget cycle in order for oversight visits to be meaningful and relevant.
ii. Ensure that the Oversight visit is undertaken in the interest of the Committee and relates to the objectives and programmes of the Committee, further emanating from an identified matter requiring investigation by the Committee.
iii. Provide an account of the visit and as it occurred.
iv. Provide an account of the findings of the Committee, lessons learnt, recommendations and the proposed plan of taking them forward.

Rule 135 (1) (e) of the Standing Orders By-laws mandates the committee to submit site inspection reports to the council within 60 days after the visit.

Based on the above, the report is supported from a legal perspective.

RECOMMENDATION

That the Transport Planning, Roads, and Stormwater Oversight Committee report on the unannounced Oversight visit to the Tembisa Bus Rapid Transport (BRT) station held on 05 November 2024, **BE NOTED**.

WATER, SANITATION & ENERGY

OVERSIGHT COMMITTEE

WATER SANITATION AND ENERGY OVERSIGHT COMMITTEE REPORT ON THE EKURHULENI WATER CARE COMPANY (ERWAT)'S UNAUDITED FINANCIAL AND PERFORMANCE RESULTS FOR THE FOURTH QUARTER OF THE 2023/24 FINANCIAL YEAR

PURPOSE

To report to the Council on the Water, Sanitation, and Energy Oversight Committee's deliberations regarding the Ekurhuleni Water Care Company (ERWAT)'s unaudited financial and performance results for the fourth quarter of the 2023/24 financial year.

EXECUTIVE SUMMARY

Item A-F (37-2024) was referred to the Water, Sanitation, and Energy Oversight Committee (WSEOC) on 25 July 2024 for deliberation. The WSEOC discussed this item during its ordinary committee meeting on 08 August 2024 and formulated questions for the executive to address at the September 2024 meeting. However, due to several outstanding matters, the WSEOC decided not to invite the executive to the September 2024 meeting. The questions were subsequently forwarded for response at the meeting scheduled for 10 October 2024, but the WSEOC was unable to conclude deliberations on the matter. An extraordinary committee meeting was arranged for 17 October 2024 to finalise engagement with the executive. The Committee further requested ERWAT to present the legal opinion on whether the current board of directors forms a quorum. This was presented during the January 2025 meeting. The WSEOC deliberated on the responses provided by ERWAT and noted that the organisation had a significant under-expenditure on employee-related costs due to unfilled positions, an over-expenditure in repairs and maintenance, and challenges related to board governance. Since the Committee had resolved the matter regarding the board of directors in Item A-F (56-2024), it resolved to note the report.

KEY DELIBERATIONS

The Water, Sanitation and Energy Oversight Committee (WSEOC) discovered that ERWAT incurred an under-expenditure of 15.64% (R19 091 735.18) against a quarterly budget of R122 069 918 for employee-related costs. The WSEOC was informed that the primary reason for this under-expenditure was the presence of 94 funded vacant positions. It was further noted that ERWAT is currently in the process of filling these vacant positions, with some expected to be filled by the end of October 2024. One of the positions that will be filled soon is that of a new Human Resources Manager, who is critical in driving the recruitment process. The WSEOC acknowledged ERWAT's response and resolved to closely monitor the entity to ensure it operates with a staff complement of over 95% by the end of the 2024/25 financial year.

Regarding the line-item remuneration of directors, the WSEOC discovered that ERWAT had an under-expenditure of 29.24% by the end of the fourth quarter. The entity spent R226 562 against a quarterly budget of R320 194. The WSEOC further noted that ERWAT had budgeted for eight directors; however, since the 2021/22 financial year, the entity has only had five directors. By the end of the fourth quarter of the 2023/24 financial year, only three directors remained due to resignations.

The WSEOC was informed that ERWAT's board composition had fallen below the required minimum, making it impossible to reach a quorum. Despite this, it was reported that the board continued to fulfil its responsibilities. ERWAT highlighted that the shareholder (City of Ekurhuleni) had been informed of the challenges facing the current board. The WSEOC was particularly concerned to note that the board of directors continued to operate without forming a quorum and further enquired whether the decisions taken by the board were legally valid given that a quorum was not present. In response, ERWAT provided a legal opinion clarifying that, according to the Memorandum of Incorporation (MoI), a quorum for a board meeting requires 51% of the directors present. ERWAT’s board comprises six directors, including the Managing Director, meaning that a quorum is met when four directors are present. Although the entity had only three members, it remains compliant with the MoI’s stipulation, as four directors would constitute a quorum, even though the board was underrepresented during the period in question. After considering the legal opinion, the Committee resolved to note the response, given that it had already resolved (on Item A-F 56-2024) that the stakeholder should immediately advertise and appoint an additional two board members to ensure the board can function optimally.

In relation to repairs and maintenance, the WSEOC noted that by the end of the fourth quarter, ERWAT experienced an over-expenditure of R31 520 630 in repairs and maintenance, spending R69 098 679 against a budget of R37 578 049. This represents a significant over-expenditure. It was reported that the over-expenditure was attributed to concerted efforts by stakeholders to address maintenance procurement logistics. To mitigate the persistent over-expenditure, the entity is already utilising budget and work management systems designed to proactively manage any variances or deviations from planned activities, ensuring that overall performance remains within acceptable industrial norms. The WSEOC noted ERWAT's response and resolved to closely monitor whether the mitigation measures implemented will assist in adhering to these acceptable industrial norms.

ERWAT has demonstrated improved water quality compliance, achieving an average of 84% for the 2023/24 financial year, attributed to reduced load shedding and improved maintenance of critical equipment. As shown in Figure 1 below, approximately 42% of water care works are operating beyond their design capacity, necessitating urgent upgrades to infrastructure. The WSEOC acknowledged the efforts made by ERWAT regarding water quality compliance.

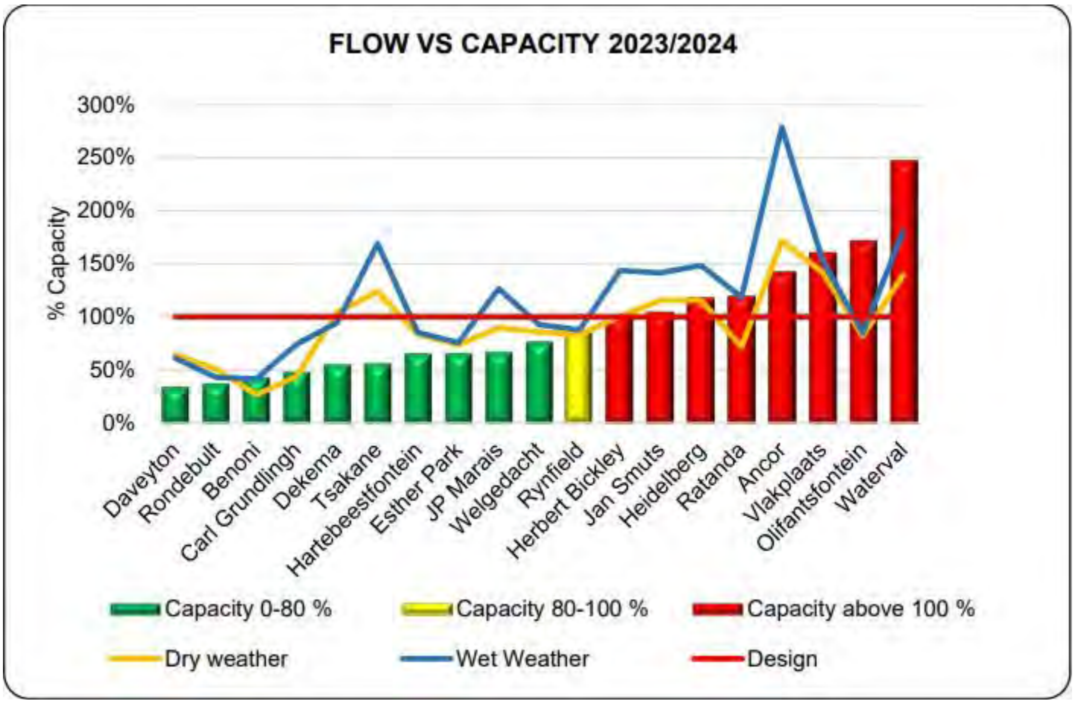

Figure 1: 2023-2024 design capacity vs operating capacity of all ERWAT WCW

The WSEOC noted that ERWAT utilised R133 044 002 (98.10%) of its capital budget by the end of the fourth quarter. The WSEOC was informed that the 2023/24 budget was primarily spent on equipment supply and installation rather than capacity expansion. ERWAT further emphasised that the future budgets for the next three financial years (2024/25: R95 million; 2025/26: R121 million; 2026/27: R142.5 million) are insufficient for capacity increases. It also indicated that since their request for funding from external institutions was turned down, ERWAT is considering exploring tariff intervention mechanisms to fund the upgrading of the water care works. The WSEOC noted the response provided and resolved to request the City to consider availing funds for the upgrade of the water treatment works to avoid a total collapse of the facilities.

LEGAL COMMENTS

In terms of the Standing Orders By-Law of Council, the Committee is required to submit a written report on its consideration on the department's financial and non-financial performance. The process followed was in line with the reporting requirements as set out in the Municipal Finance Management Act (Act 56 of 2003) and the Municipal Structures Act (Act 117 of 1998).

The Oversight Committee terms of reference are also instructive in these instances in that Clause 4.1.3 of the terms of reference authorises the Oversight Committee to scrutinise the reports of the department and its entities submitted to the Municipal Council pursuant to the provision of legislation. Clause 4.2.2.2. goes further to mandate the Oversight Committee to consider the quarterly SDBIP report of the department and its entities referred by resolution of council to the committee on implementation of the Budget of the department and its entities, the financial state of affairs of the department and its entities, reported service delivery achievements against set performance targets and indicators for the delivery of basic services.

It should be noted that despite this report being submitted outside of the prescribed 60 days period, the reasons given for the delay are substantive and worthy of condonation.

It is upon the above premise that this finds support from a legal perspective.

RECOMMENDATION

That the report on Water, Sanitation and Energy Oversight on Ekurhuleni Water Care Company (ERWAT)'s Unaudited Financial and Performance Results for the Fourth Quarter of the 2023/24 Financial Year, **BE NOTED.**

WATER, SANITATION AND ENERGY OVERSIGHT COMMITTEE REPORT ON THE CITY OF EKURHULENI'S UNAUDITED FINANCIAL AND PERFORMANCE RESULTS FOR THE FIRST QUARTER OF THE 2024/25 FINANCIAL YEAR

PURPOSE

To report to the Council on the deliberations of the Water, Sanitation, and Energy Oversight Committee concerning the City of Ekurhuleni's unaudited financial and performance results for the first quarter of the 2024/25 financial year.

EXECUTIVE SUMMARY

Item A-F (54-2024) was referred to the Water, Sanitation, and Energy Oversight Committee (WSEOC) on 31 October 2024 for deliberation. The WSEOC discussed this item at its ordinary meeting on 07 November 2024 and formulated questions for the executive to address at its January 2025 meeting. During this meeting, the WSEOC considered the responses provided by the executive and noted that both departments faced significant challenges, particularly with overspending in employee-related costs (mainly overtime) and repairs and maintenance. It was highlighted that both departments are taking steps to fill vacant positions, which are expected to help reduce overtime expenditure. Additionally, delays in capital expenditure were attributed to a slow procurement process, although efforts are underway to catch up with the projected expenditure plan. Following further deliberations on these responses, the Committee resolved to note the report.

KEY DELIBERATIONS

DEPARTMENT OF ENERGY

The Water, Sanitation and Energy Oversight Committee (WSEOC) discovered that the Department of Energy had spent the entirety of its quarterly budget, amounting to R155 580 771, on employee-related costs for the year under review. It was also noted that the department exceeded its overtime expenditure budget by R4 183 487, with actual spending reaching R27 372 704 against a quarterly budget of R23 189 217. In response, the Department explained that this over-expenditure was due to operating with a staff shortage. To address this, the Department informed the Committee that a request to fill critical vacancies had been submitted to the Human Resources Department. The Committee was subsequently informed that the Human Resources Department had requested that a Needs Analysis be conducted for all the positions the Department wishes to fill. This analysis has been completed and submitted for the Operations & Maintenance Division, Electricity Master Planning & Projects Division, and the Alternative & Renewable Energy Division.

In terms of controlling overtime expenditure, the Committee was informed that the Department has implemented a policy that limits overtime to staff with prior approval for duties performed outside normal working hours. The Department has also engaged with the Human Resources Department to expedite the filling of vacant positions, which is expected to help reduce the reliance on overtime. The Committee noted the Department’s response and resolved to closely monitor the situation to ensure that overtime expenditure remains within the approved budget in the subsequent quarters.

Regarding repairs and maintenance expenditure, including "Other materials," the Department significantly exceeded its quarterly budget of R267 367 587. Actual spending amounted to R407 049 451, resulting in an over-expenditure of R139 681 864 (approximately 52%). The Committee was informed that this over-expenditure was due to multiple unplanned outages that required the replacement and repair of cables, substations, minisubs, and auxiliary distribution equipment. To address this, the Department reported that it has ramped up planned maintenance activities aimed at reducing the occurrence of forced unplanned outages. However, it was noted that many outages were caused by third-party interference, which the Department has limited control over. In the quarter under review, the Department highlighted several incidents of vandalism and theft at key substations, including Germiston Ext 8, Anderbolt, and Witkoppie substations, which led to secondary faults in the downstream networks. Additional factors contributing to the over-expenditure included faults caused by issues at Eskom’s Alrode substation, illegal connections, high demand during winter months, and ongoing vandalism. The Committee took note of the Department's response.

As of the end of the quarter under review, the Department had spent R9 223 760 (1.67%) of its annual capital budget of R552 214 824. The WSEOC noted that 90% of the capital projects had 0% expenditure by the end of the quarter. The Committee was informed that the under-expenditure was largely due to delays in appointing service providers. The Department explained that the process of appointing contractors is currently underway, with the items under review by the Bid Evaluation Committee (BEC). The Department anticipates that service providers will be appointed by 13 December 2024, with work on-site expected to commence in January 2025. The Committee acknowledged the Department’s response and resolved to closely monitor the performance of the Department in the subsequent quarters.

DEPARTMENT OF WATER AND SANITATION

The Water, Sanitation and Energy Oversight Committee (WSEOC) observed that the Department of Water and Sanitation spent R141 697 187 (92%) of its quarterly target of R153 944 898 on employee-related costs for the quarter under review. Additionally, the Department exceeded its overtime budget for the quarter, spending R23 091 746, which is 18% more than the quarterly budget of R19 896 336. The Committee was informed that this over-expenditure is primarily due to the ongoing staff shortage, which has led to increased reliance on overtime. The Department clarified that it had submitted a memorandum and a needs analysis for critical vacancies to the Human Resources Department on 22 October 2024, but approval from the Head of Department (HOD) of Human Resources is still pending.

The Department further explained that it is currently operating with only 38% of its fleet capacity, due to breakdowns and unroadworthy vehicles, which necessitates additional working hours for repairs and maintenance. The ongoing water crisis was also highlighted as a contributing factor to the overtime expenditure. To manage overtime costs, the Department has introduced a system where only pre-approved personnel are authorised to work overtime. This system is designed to ensure better planning and a more equitable distribution of overtime hours. The Committee acknowledged the Department's response and resolved to closely monitor overtime expenditure in subsequent quarters to ensure it remains within the approved budget.

The Department spent R24 116 670 (22%) of its quarterly budget of R112 041 030 on repairs and maintenance, which raised concerns within the WSEOC regarding the failure to meet the 95% spending target, particularly given the challenges associated with aging infrastructure. The Committee was informed that the under-expenditure was primarily due to delays in payments to service providers, which in turn affected their ability to carry out maintenance work. Despite the under-expenditure, the Department assured the Committee that it continues to maintain its sewer and water infrastructure using internal labour and resources. However, the ongoing issues with aging infrastructure remain a significant concern. The Committee noted the Department's response and resolved to request further clarification from the Finance Oversight Committee during the forthcoming joint oversight meeting.

By the end of the quarter under review, the Department had spent R62 533 874 (10.60%) of its annual capital budget of R590 000 000. The WSEOC also noted that 90% of capital projects had no expenditure by the end of quarter one. The Department acknowledged that the actual capital expenditure was lower than planned, primarily due to unprocessed invoices and delayed payments to service providers. The Department further clarified that approximately R129.7 million of capital expenditure was contingent upon a panel awarded in quarter one, which is expected to have a significant impact in quarter two. In an effort to address the non-payment of invoices, the Department has written to the Finance Department requesting intervention to resolve payment delays, as these non-payments are severely hindering project progress and expenditure. The Committee noted the Department's response and resolved to further engage the Finance Oversight Committee through a joint meeting to obtain reasons behind the non-payment of invoices.

The Department achieved 39.95% of its quarterly target for water-related callouts and 31.54% for sanitation-related callouts, both of which fell significantly short of the target of 85%. The WSEOC was informed that the shortfall was primarily due to ongoing issues with the IMS system, including challenges with network accessibility, login difficulties, SIM card connectivity problems, interruptions during software updates, and issues with fleet availability. Additionally, the delay in the approval of revised service level standards for Water and Sanitation is expected to continue hindering the achievement of the targeted response times for closing completed jobs on the system.

LEGAL COMMENTS

In terms of the Standing Orders By-Law of Council, the Committee is required to submit a written report on its consideration on the department's financial and non-financial performance. The process followed was in line with the reporting requirements as set out in the Municipal Finance Management Act (Act 56 of 2003) and the Municipal Structures Act (Act 117 of 1998).

The Oversight Committee terms of reference are also instructive in these instances in that Clause 4.1.3 of the terms of reference authorises the Oversight Committee to scrutinise the reports of the department and its entities submitted to the Municipal Council pursuant to the provision of legislation. Clause 4.2.2.2. goes further to mandate the oversight committee to consider the quarterly SDBIP report of the department and its entities referred by resolution of council to the committee on implementation of the Budget of the department and its entities, the financial situation of the department and its entities, reported service delivery achievements against set performance targets and indicators for the delivery of basic services.

The report is submitted outside the prescribed timeframes (60 days), the reasons adduced are worthy of condonation.

It is upon the above premise that this finds support from a legal perspective.

RECOMMENDATION

That the Water, Sanitation and Energy Oversight Committee report on the City of Ekurhuleni's unaudited financial and performance results for the first quarter of the 2024/25 financial year**, BE NOTED.**

WATER, SANITATION AND ENERGY OVERSIGHT COMMITTEE REPORT ON THE EKURHULENI WATER CARE COMPANY'S UNAUDITED FINANCIAL AND PERFORMANCE RESULTS FOR THE FIRST QUARTER OF THE 2024/25 FINANCIAL YEAR

PURPOSE

To report to the Council on the deliberations of the Water, Sanitation, and Energy Oversight Committee regarding Ekurhuleni Water Care Company's Unaudited Financial and Performance Results for the first quarter of the 2024/25 financial year.

EXECUTIVE SUMMARY

The report on the Ekurhuleni Water Care Company’s unaudited financial and performance results for the first quarter of the 2024/25 financial year was referred to the Water, Sanitation, and Energy Oversight Committee (WSEOC) on 31 October 2024 for deliberation. The WSEOC discussed the report at its ordinary meeting on 7 November 2024 and formulated questions for the executive to address at its January 2025 meeting. During the January 2025 meeting, the executive presented responses, revealing under-expenditure on employee-related costs due to vacant positions, and under-expenditure on repairs and maintenance due to expired contracts and delays in contract appointments. The entity assured the Committee that these issues would be addressed in the second quarter. The Committee noted the response, stressing the importance of timely contract procurement to avoid delays in essential services. The Committee resolved to note the report.

KEY DELIBERATIONS

The Water, Sanitation, and Energy Oversight Committee (WSEOC) noted that ERWAT had spent R104 263 427 (80.98%) of its quarterly budget of R128 758 779 for employee-related costs. The Committee was informed that the under-expenditure was attributed to the existence of vacant positions within the entity. ERWAT further highlighted its ongoing efforts to fill these vacant funded positions, with 42 positions expected to be filled by the end of the second quarter of the 2024/25 financial year. The Committee was also informed that the recruitment process for these vacant positions is progressing steadily, with expectations that 80% of the remaining vacancies, including those arising from retirements and resignations will be filled by the end of the current financial year. After considering this response, the Committee resolved to note the response presented.

ERWAT allocated a quarterly budget of R740 270 for the remuneration of its Board of Directors. However, by the end of the quarter, only R226 562 had been spent. The Committee was informed that the under-expenditure was primarily due to the entity having only three Board Members at the time.

The WSEOC raised concerns regarding ERWAT's continued scheduling of Board meetings under these circumstances and requested a legal opinion on whether meetings held with only three Board Members present were legally valid.

In response, ERWAT provided a legal opinion clarifying that, according to the Memorandum of Incorporation (MoI), a quorum for a Board meeting requires 51% of the Directors present. ERWAT's board comprises six directors, including the Managing Director, meaning that a quorum is met when four directors are present. Although the entity had only three members, it is still compliant with the MoI's stipulation, as four directors would constitute a quorum, even though the board was underrepresented during the period in question. After considering the legal opinion, the Committee resolved to request that ERWAT immediately advertise and appoint additional two Board Members to ensure the board can function optimally.

The Water, Sanitation, and Energy Oversight Committee (WSEOC) observed that Ekurhuleni Water Care Works (ERWAT) experienced an under-expenditure of 37% in its quarterly budget for repairs and maintenance. The entity's actual expenditure amounted to R15 247 597, compared to the allocated budget of R41 773 080. The Committee was informed that this under-expenditure was primarily due to the expired maintenance contracts and the subsequent delay in signing new contracts. However, ERWAT has since signed these contracts, with the expectation of improved spending in the second quarter of the financial year. The WSEOC acknowledges the challenges ERWAT faced regarding the expired contracts and appreciates the clarification provided by ERWAT and acknowledges that procurement processes can sometimes result in delays, especially in relation to specialist equipment and services. While the Committee understands the complexities involved, it also emphasises the importance of planning ahead and avoiding delays in securing contracts for essential services at the start of the financial year. The timely appointment of maintenance contractors is crucial to ensuring the uninterrupted functioning of the infrastructure and to avoiding any deferred or delayed maintenance work, which could have long-term operational impacts.

LEGAL COMMENTS

In terms of the Standing Orders By-Law of Council, the Committee is required to submit a written report on its consideration on the department's financial and non-financial performance. The process followed was in line with the reporting requirements as set out in the Municipal Finance Management Act (Act 56 of 2003) and the Municipal Structures Act (Act 117 of 1998).

The Oversight Committee terms of reference are also instructive in these instances in that Clause 4.1.3 of the aforementioned terms of reference authorises the Oversight Committee to scrutinise the reports of the department and its entities submitted to the Municipal Council pursuant to the provision of legislation. Clause 4.2.2.2. goes further to mandate the oversight committee to consider the quarterly SDBIP report of the department and its entities referred by resolution of council to the committee on implementation of the Budget of the department and its entities, the financial state of affairs of the department and its entities, reported service delivery achievements against set performance targets and indicators for the delivery of basic services.

The late submission outside the prescribed is merited and worthy of favourable consideration. It is upon the above premise that this finds support from a legal perspective.

RECOMMENDATION

1. **That** the Water, Sanitation and Energy Oversight Committee report on the Ekurhuleni Water Care Company's Unaudited Financial and Performance Results for the first quarter of the 2024/25 Financial Year**, BE NOTED.**

2. **That** the Shareholder **EXPEDITE** the appointment of the board of directors as prescribed in the MOI and provide quarterly reports on progress made thereto.

WATER SANITATION AND ENERGY OVERSIGHT COMMITTEE REPORT ON THE DEPARTMENTAL AND ENTITY SDBIP (BUSINESS PLANS) PERFORMANCE REPORTS FOR THE FIRST QUARTER OF THE 2024/25 FINANCIAL YEAR (PERIOD: JULY - SEPTEMBER 2024)

PURPOSE

To report to Council on the Committee's deliberations pertaining to the departmental and entity SDBIP (Business plans) performance reports for the first quarter of the 2024/25 Financial Year.

EXECUTIVE SUMMARY

Item B-F (03-2024) was referred to the Water, Sanitation and Energy Oversight Committee (WSEOC) on 28 November 2024 for consideration. The report was included in the Committee agenda for the meeting on 16 January 2025, where it was discussed alongside the unaudited Service Delivery and Budget Implementation Plan (SDBIP) reports for the same quarter. After deliberation, the Committee concluded that the findings in the business report aligned with those in the unaudited SDBIP report for the first quarter. It was also noted that the business plans and achieved targets are in line with the City of Ekurhuleni's 2055 Growth and Development Strategy. Consequently, the Committee resolved to acknowledge and note the report.

KEY DELIBERATIONS

The first quarter departmental and entity SDBIP (Service Delivery and Budget Implementation Plan) performance report was reviewed and deliberated alongside the first quarter unaudited SDBIP report. The business plan report served as a benchmark, facilitating comparison and assessment of the department's actual performance against its intended performance. The Committee resolved to note the report.

LEGAL COMMENTS

In terms of the Standing Orders By-Law of Council, the Committee is required to submit a written report on its consideration on the department's financial and non-financial performance. The process followed was in line with the reporting requirements as set out in the Municipal Finance Management Act (Act 56 of 2003) and the Municipal Structures Act (Act 117 of 1998).

The Oversight Committee terms of reference are also instructive in these instances in that Clause 4.1.3 of the aforementioned terms of reference authorises the Oversight Committee to scrutinise the reports of the department and its Entities submitted to the Municipal Council pursuant to the provision of legislation. Clause 4.2.2.2. goes further to mandate the oversight committee to consider the quarterly SDBIP report of the department and its entities referred by resolution of council to the committee on implementation of the Budget of the department and its entities, the financial state of affairs of the department and its entities, reported service delivery achievements against set performance targets and indicators for the delivery of basic services.

It is upon the above premise that this finds support from a legal perspective.

RECOMMENDATION

That the Water, Sanitation and Energy Oversight Committee report on the departmental and entity SDBIP (Business plans) performance reports for the first quarter of the 2024/25 Financial Year, **BE NOTED**.

STANDING COMMITTEES

1978

PUBLIC PARTICIPATION AND PETITIONS

1979

REPORT OF THE PUBLIC PARTICIPATION AND PETITIONS STANDING COMMITTEE ON THE RECEIVED, PROCESSED, RESOLVED AND OUTSTANDING PETITIONS FOR THE FOR THE PERIOD OF OCTOBER-DECEMBER 2024 (SECOND QUARTER OF 2024/2025 FINANCIAL YEAR)

PURPOSE

To provide the Council with quarterly reports of the received, processed, resolved and outstanding petitions for the Second Quarter of the 2024/2025 Financial Year for consideration.

EXECUTIVE SUMMARY

The Committee consistently in pursuit of resolving petitions place more efforts into addressing the petitions received within its committee-approved framework notwithstanding the challenges relating to the quantity or volumes of petitions the Committee receives, the Committee consistentlyresolves petitions in terms of the Petitions By-Law.

The statistics record of the petitions includes the petitions that were carried forward from the previous years and could not be concluded by the Committee due to the lack of sufficient information as well as tangible implementation.

The Committee, on 23 October 2024, conducted two (2) hearing meetings with petitioners and respective departments and undertook three (3) site visits on 24 October 2024 during the quarter under review.

In the previous Council meetings, the resolutions were adopted wherein the Departments were requested to submit outstanding petitions to the Committee to be finalised. There has been a steady response to the resolution and a backlog on addressing these outstanding petitions persists. The Committee has been planning a hearing meeting with the City Manager and Executive Mayor to ensure that the resolution of Council on petitions is implemented.

The meeting was scheduled for 11 October 2024 wherein invited MMCs attended to account for the delayed or non-response to petitions. The MMCs who attended committed that all responses be submitted to the Committee by 08 November 2024.

The Committee resolved that for all other invited MMCs who did not attend, a follow-up will ensue with the Office of the Executive Mayor.

A record of the petitions concluded during the Second Quarter of the 2024/2025 Financial Year (July-September 2024) inclusive of those dating from the previous years as well is as follows:

Number of petitions concluded:

- 2018= 0
- 2019=1
- 2020=1
- 2021= 2
- 2022 = 0
- 2023= 17
- 2024= 6

Total= 27

The status quo report regarding the progress made thus far during the Second Quarter October-December 2024/2025 financial year.

SUMMARY OF THE PETITIONS RECEIVED PER WARD: SECOND QUARTER

The following are the number of petitions received per ward from October-December 2024

Ward Number	Number of Petitions Received	Concluded	Outstanding
95	2	0	2
61	1	0	1
86	1	0	1
34	1	0	1
111	2	0	2
40	1	0	1
32	1	0	1
92	1	0	1
02	1	0	1
100	1	0	1
105	1	0	1
35	1	0	1
41	2	0	2
33	3	0	3
68	1	0	1
112	1	0	1
31	1	0	1
104	1	0	1
90	1	0	1
37	1	0	1
18	1	0	1
57	1	0	1
29	1	0	1
10	1	0	1
7	1	0	1
TOTAL	30	0	30

The Following is a summary of the petitions received and referred to the relevant respective affected departments, which are expected to provide responses. (October-December 2024).

Department	**No. of petitions referred**	**Resolved**		
			Without responses	**With Provisional responses**
Real Estate	5	0	4	1
Roads	8	0	8	0
Human Settlement	13	2	8	3
EMPD	7	2	5	0
City Planning	11	0	10	1
Energy	7	0	7	0
Water Services	11	0	10	1
Waste Management	6	0	6	0
SRAC	2	1	1	0
Health	1	0	1	0
Economic Development	1	0	1	0
Finance	1	0	1	0
Parks & Cemeteries	2	0	2	0
Legal Services	1	0	1	0
CP&E	1	0	1	0
Service delivery Coordination	2	0	2	0
ERM	1	1	0	0
Office of Speaker	6	0	6	0
TOTAL	**86**	**6**	**74**	**6**

LEGAL COMMENTS

The right to petition is expressed in section 17 of the Constitution, Act 108 of 1996 which guarantees everyone a right to petition. Section 195 further provides that people's needs must be responded to, that the public must be encouraged to participate in policy-making and that publicadministration should be accountable. Several ways have been developed to promote public involvement. One way the public can exercise their right to participate is through submitting a petition.

The Petitions and Public Participation committee is responsible for receiving, processing and consideration on all compliant petitions received by the committee in terms of the Petitions By-Law adopted by Council. The committee ensures that all written public requests and grievances are timeously and efficiently addressed. The committee further provides information and knowledge, a platform to the Public on how to interact with Council/Council structures in an open, transparent and productive manner and has the powers to:

a. To determine Council's response to each petition.
b. To directly respond to a Petitioner.
c. To direct, instruct or recommend for further investigation regarding the petition.

d. To route the petition and/or attend to it in any other responsible manner includingresolving to embark on a site inspection.

This report is therefore submitted in line with Rule 141 of the reviewed Standing Orders of Council which mandates the Petitions and Public Participation committee to submit quarterly which:

(a) set out the activities of the committee and the time to respond to the petitions received.
(b) Include an assessment of the effectiveness of the petitions process and procedures; and
(c) Include an assessment of each Member of the Mayoral Committee's performance with respect to petitions received and an evaluation of trends.
(d) Petitions and Public Participation Committee Quarterly report must include responses from the departments on how issues captured from constituency work were processed. The report is supported.

RECOMMENDATION

1. **That** the report of the Public Participation and Petitions Standing Committee regarding the petitions received, processed, and concluded as wellas outstanding for the period from October to December 2024 **BE NOTED.**

2. **That** the Office of the City Manager **ENSURES** that a record of **One Hundred and Sixteen (116)** outstanding petitions carried forward from the previous political term (2016-2021) **BE FINALISED** and a report in this regard be furnished to the committee by **14 March 2025.**

3. **That** the Office of the City Manager **ENSURES** that a record of One Hundred and Sixteen (116) outstanding petitions carried forward from the previous political term (2016-2021) **BE FINALISED** and a report in this regard be furnished to the committee by **14 March 2025.**

4. **That** the Office of the City Manager **ENSURES** that a record of One Hundred and Sixteen outstanding petitions carried forward from the end of 2024/25 Second Quarter **BE FINALISED** and a report in this regard be furnished to the committee by **14 March 2025.**

5. **That** should the Office of the City Manager fail to **FINALISE** and furnish the committee with responses to outstanding petitions carried forward at the end of the 2024/25 Second Quarter by **14 March 2025**, the City Manager along with Heads of Departments be **SUMMONED** to a hearing.

6. **That** Public Participation and Petitions Standing Committee (PPPSC) **SCHEDULE** a Hearing meeting with departments and the City Manager by no later than **30 April 2025** to address all outstanding petitions from the previous political term, (2016 – 2021).

MOTION

1984

MOTION OF NO CONFIDENCE AGAINST THE SPEAKER OF COUNCIL, COUNCILLOR NTHABISENG TSHIVENGA TO BE TABLED DURING THE ORDINARY COUNCIL MEETING SCHEDULED ON THE 27 FEBRUARY 2025, IN TERMS OF RULE 83 OF THE COUNCIL STANDING ORDERS.

NOTING **THAT:**

1. In accordance with Section 37 of the Muniolpal Structures Act 117 of 1998 as amended, the Speaker of Council is required to preside at meetings of the council
2. In accordance with section 37 of the Municipal Structures Act 117 of 1998 as amended and read with Rule 102, performs the duties and exercises the powers delegated to the Speaker of Council must maintain order during meetings.
3. As set out in Schedule 7 Of the Municipal Structures Act 117 of 19 98 as amended the Speaker of Council must ensure complianoe in the Council and Counoil committees with the Code of Conduct; and
4. Must ensure that Council meetings are conducted in accordance with the rules and orders of the council.

FURTHER **NOTING** THAT:

Rule 102 of the Standing Orders by law requires that general authority responsibility of the Speaker of Council:

(1) *In exercising the authority of the Speaker of Council, as provided for in the Constitution and legislation and these Rules, the Speaker must-*

(b) ensure *that parties represented in Council participate fully in the proceedings of the Council and its committees and farms and facilitate invo/vemenl in the processes of Council in accordance with section 19(3) of the Structures Act; and*

(cJ when ever possible, consult with relevant offlce-bearers and structures withln Council to achieve the efficient and effective func:tioning of Council in a transparent and accountable manner..

(2) The Speaker must maintain and preserve the order of and the proper decorum in the Council and uphold the dignity and good name of Council.

(3) The S1J8alcer is res,ponsible for the strict obse,vance of these rules and must decide questions of order and practice in Council, such a ruling is final and bindlng and may not be debated as provided for in rule 67 (3).

(4) The Speaker must act fairly and impartially and apply the Rules with due regatd to ensuring the parlicipation of memb,t:Jrs of all political patties in Council in a manner consistent with democracy.

BELIEVING THAT:

- It is evident that Council under Councillor Nthabiseng Tshivenga as the Speaker of Council, has not succeeded in keeping proper decorum, schedules, and resolutions.
- Council in the ordinary council meeting of the 28th January has failed at keeping order and the decorum of council under Item A-EI (01-2025), to the extent that Council found the Speaker to be adverse and reprimanded in terms of Schedule 7 of the Municipal structures Act 117 of 1998 as amended
- The Speaker of Council has failed to ensure conduct as expected in that councillors within the City of Ekurhuleni Council chambers have been assaulted and physically injured under her watch, all whilst she would have had authority to protect them.
- The Speaker of Council has failed to ensure compliance in Committees in terms of Rule 115(3) of the City of Ekurhuleni Standing Order by laws in that the Speaker unreasonably and Unduly failed to comply with section 79 of the Municipal Structures Act 117 of 1998 as amended to allow for Council to elect a section 79 Chairperson for the Finance Oversight Committee within the stipulated timeframe and unduly subjected the decision of that Oversight Committee to legal and compliance authority.
- The private office of the Speaker stands accused of alleged fraudulent and graft activities. to which the necessary decorum and august functions of the office remain in dispute as per the questions submitted and received in the Council meeting darted 28th January 2025.

RECOMMENDATIONS:

1. **That** Council **NOTES** the motion of no confidence against the Speaker of Council Councillor Nthabiseng Tshivenga.
2. **That** the motion of no Confidence in the Speaker of Council, Councillor Nthabiseng Tshivenga, **BE APPROVED** by Council.
3. **That** upon the motion being **APPROVED,** an Extraordinary Council meeting **BE CONVENED** within seven (7) days or shortly thereafter to elect a new speaker in line with schedule 3 of the Municipal Structures Act 117 of 1998 as amended.

Proposed by:

Ald. Alco K Ngobese

1010 21'2025

Seconded *by:*

Cllr Phumanazo D Mchunu

ACKNOWLEDGEMENT OF RECEIPT
CITY OF EKURHULENI
OFFICE OF THE SECRETARY TO COUNCIL

SIGNATURE: Debie
DATE: 10/02/2025

1987

MOTION TO COUNCIL IN TERMS OF RULE 83 OF THE STANDING ORDERS OF COUNCIL OF THE CITY OF EKURHULENI: REQUEST FOR THE COMMEMORATION OF THE VICTIMS OF THE DAVEYTON MASSACRE

Noting that:

1. On 24 March 1991, a tragic and violent incident unfolded in Daveyton, Ekurhuleni, where 12 people lost their lives and approximately 38 others were injured after the police opened fire on ANC supporters who had gathered for a political rally.

2. Among the innocent lives lost was Nomathamsanqa Matsholo, a 9-year-old girl, who was struck and killed by a stray bullet, highlighting the indiscriminate nature of the violence.

3. The Truth and Reconciliation Commission (TRC) and other investigative bodies have since found that the police used excessive force in managing the tensions between the African National Congress (ANC) and Inkatha Freedom Party (IFP) supporters, leading to this gruesome loss of life.

4. The Daveyton Massacre remains one of the most painful yet lesser-acknowledged events in South Africa's struggle history, warranting formal recognition and remembrance by the City of Ekurhuleni.

Believing that:

1. Honouring the victims of the Daveyton Massacre through a formal commemoration will strengthen reconciliation efforts among the bereaved families, survivors, and the broader community.

2. A dedicated annual day of remembrance will contribute to social cohesion and justice, ensuring that the memories of those who perished are preserved and respected.

3. Transforming the existing memorial park into a recognized local heritage site will serve as a permanent educational and historical landmark for future generations, deepening public understanding of this chapter in our history.

Resolves that:

1. The 24th of March of each year be officially designated in the City of Ekurhuleni's Annual Council Calendar as a day of commemoration for the victims of the Daveyton Massacre.

2. The City of Ekurhuleni erect a monument of remembrance within the memorial park dedicated to the heroes and heroines who perished, ensuring their sacrifices are permanently etched in the collective memory of our society.

3. The City, in consultation with relevant stakeholders, develop an annual program of activities to accompany the commemoration, including educational initiatives, community dialogues, wreath-laying ceremonies, and where possible, guided by the existing renaming policy, some of these people can be considered for public facilities and streets to be named after them, to ensure the lessons of the past inform our shared future.

Proposed by

Seconded by

Cllr D Buitenlac

ACKNOWLEDGEMENT OF RECEIPT
cm- OF EKURHULENJ
OFFICE OF THE SECRETARY TO COUNCIL

SIGNATURE..........
DATE........

MOTION SUBMITTED IN TERMS OF RULE 83 OF THE CITY OF EKURHULENI STANDING ORDER BY-LAWS (AS AMENDED IN 2023): DECLARATION OF EMERGING SINKHOLES AS A MUNICIPAL DISASTER.

NOTING THAT:

1. The City of Ekurhuleni is experiencing a growing crisis of unrehabilitated sinkholes, with more than 20 currently identified within the Vosloorus and Katlehong Customer Care Areas (CCA), including seven (7) unrehabilitated sinkholes in Ward 95 alone. While these areas currently reflect some of the most critical cases, sinkhole formation is a citywide phenomenon affecting multiple regions across the municipality, exacerbated by similar underlying geological vulnerabilities, aging infrastructure, and inadequate stormwater management.
2. The presence of sinkholes poses an escalating threat to human life, infrastructure, and the environment, leading to widespread displacement of families and disruptions in service delivery.
3. The Disaster Management Act of 2002 defines a disaster as "a progressive or sudden, widespread or localised. natural or human-caused occurrence which -

(a) ***causes or threatens to cause-***

(i) ***death, injury*** *or disease;*

(ii) ***damage to property, infrastructure or the environment;*** *or*

(iii) ***disruption* of *the life of a community;*** *and*

(b) ***is of a magnitude that exceeds the ability of those affected by* the *disaster to cope with its effects using only their own* resources;**

4. Several areas across the municipality are at risk of further sinkhole formation due to underlying geological conditions, aging infrastructure, and inadequate stormwater management, necessitating urgent intervention.

BELIEVING THAT:

1. On average, a single unrehabilitated sinkhole directly affects at least four (4) families or public infrastructure, including roads, water and sanitation systems, and electricity supply.

2. More than ten (10) families in Vosloorus and Katlehong CCAs have already been displaced for over a year due to the dangers posed by sinkholes, with their homes rendered uninhabitable.

3. The prolonged displacement of affected families, coupled with damage to municipal infrastructure and service disruptions, constitutes a crisis that meets the threshold for a municipal disaster as defined in the Disaster Management Act.

4. While the crisis in Vosloorus and Katlehong highlights the severity of the issue, it is indicative of a broader citywide challenge requiring coordinated intervention, proactive mitigation strategies, and sustainable long-term solutions to prevent further occurrences elsewhere in Ekurhuleni.

COUNCIL RESOLVES THAT:

1. The emerging sinkholes across the City **BE DECLARED** a municipal state of emergency in accordance with the Disaster Management Act as of 1 March 2025 to the 31st of May 2025.
2. That the City Manager be authorised to **ESTABLISH** a Municipal Disaster Management Advisory Forum as empowered in Section 51(1) of the Disaster Management Act which must be inclusive of Water and Sanitation Department, Roads and Stormwater Department, City Planning, Parks and Environmental & Waste Management with effect from the date of the Declaration of the State of Disaster.
3. That the City Manager, in conjunction with the Municipal Disaster Management Advisory Forum **ESTABLISH** the fullcost of repairing the sinkholes across the City.
4. That the City Manager be authorised to **REDIRECT** the savings from, but not limited to, CoE Repairs and Maintenance Budget Line Item (all departments as at the end of Quarter 3) to the rehabilitation of sinkholes projects.
5. That the City Manager be authorised to **APPLY** to the National and Provincial Government for Disaster Recovery and RehabilitationFunding, where necessary.
6. That the City Manager be authorised to ensure regular payment of rent where families had been evacuated or relocated to other places for safety reasons

Proposed by

Cllr K Madlala

Seconded by

Cllr N Shongwe

ACKNOWLEDGEMENTOFRECEIPT
CITY *OF* EKURHULENI
OFFICEOFTHESECRETARYTOCOUNCJL
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