



a world class African city



PIKITUP JOHANNESBURG SOC LIMITED

Registration No: 2000/029899/07

2016/17 MIDYEAR PERFORMANCE REPORT DECEMBER 2016

PIKITUP JOHANNESBURG SOC LTD

COMPANY INFORMATION:

Registration number: 2000/029899/07

Registered Address: Pikitup Head Office
10th Floor
Jorrisen Place
61 Jorrisen Street
Braamfontein

Postal Address: Private Bag X 74
Braamfontein
2017

Telephone number : (011) 712-5200

Website : www.pikitup.co.za

Bankers : Standard Bank of South Africa Limited

Auditors : Auditor-General of South Africa

Vision

To be the leading integrated waste management company in Africa and be considered amongst the best in the world.

Mission

To provide sustainable and innovative waste management solutions that exceed stakeholder expectations.

Approval

Mr Suren Maharaj
Chief Financial Officer

Date of approval:

Mr Lungile Dhlamini
Acting Managing Director: Pikitup

Date of approval:

Dr P Hanekom
Chairman of the Pikitup Board

Date of approval:

Mr A Still
MMC: Environmental and Infrastructure
Services

Date of approval:

Confirmation of Receipt:

Mr L Mfenyana
Cluster Champion
Group Governance

Date of approval:

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STRUCTURE OF THE REPORT

The purpose of the Quarterly Performance Report is to promote accountability to stakeholders and communities for decisions taken by Pikitup and to report on the performance of the company during the quarter. Quarterly Reports are used as management tools to periodically evaluate progress made against the set quarterly targets in the Business Plan. The reports show a direct link to planned quarterly targets

Report structure

The Quarterly Performance report is submitted in the format prescribed by Group Governance and includes the following:

- Chapter 1: Leadership and corporate profile
- Chapter 2: Governance
- Chapter 3: Service Delivery Performance
- Chapter 4: Organisational development performance
- Chapter 5: Financial performance
- Chapter 6: Auditor General's findings

1. LEADERSHIP AND CORPORATE PROFILE

1.1. Corporate Profile and Overview of the Entity

Pikitup Johannesburg (SOC) Limited (Pikitup) was established in 2000 as an independent municipal entity, wholly owned by the City of Johannesburg (CoJ). In terms of the service delivery agreement with CoJ, Pikitup is mandated to provide sustainable integrated waste management services to all residential areas (formal and informal) and business in CoJ.

It services the entire 1 625km² that is CoJ, collecting and disposing of the 1.6 million tons of domestic waste generated in 2014/15 by 4.8 million citizens. The mandate includes the provision of services to ensure the overall cleanliness of CoJ's streets (9 000 kilometres), open spaces, and certain public areas. It also offers commercial services to 17 000 businesses in the city.

Pikitup continues to deliver on its mandate to provide sustainable integrated waste management services whilst introducing a shift towards addressing the imperatives of the Growth and Development Strategy (GDS 2040), the Integrated Waste Management Policy, and the National Waste Management Strategy. As such, Pikitup seeks to reduce the waste stream going to landfills, while extracting maximum value from the waste stream at all stages of collection and disposal.

1.2. Strategic Objectives

Pikitup works within the framework of the 2040 Growth and Development Strategy (GDS 2014) as well as the Integrated Development Plan (IDP) for the City of Johannesburg so its goals and objectives are aligned to achieve the same outcomes. The strategic goals of the company are:

- Shift towards Integrated Waste Management and Waste Minimisation
- Grow the contribution of the waste sector in the Green Economy
- Promoting and Ensuring the Effective Delivery of Waste Services
- Successful Partnerships and Stakeholder Engagement
- Build an Effective and Efficient Waste Management Company

1.3. Salient Features

Pikitup provides two categories of services: council services and commercial operations:

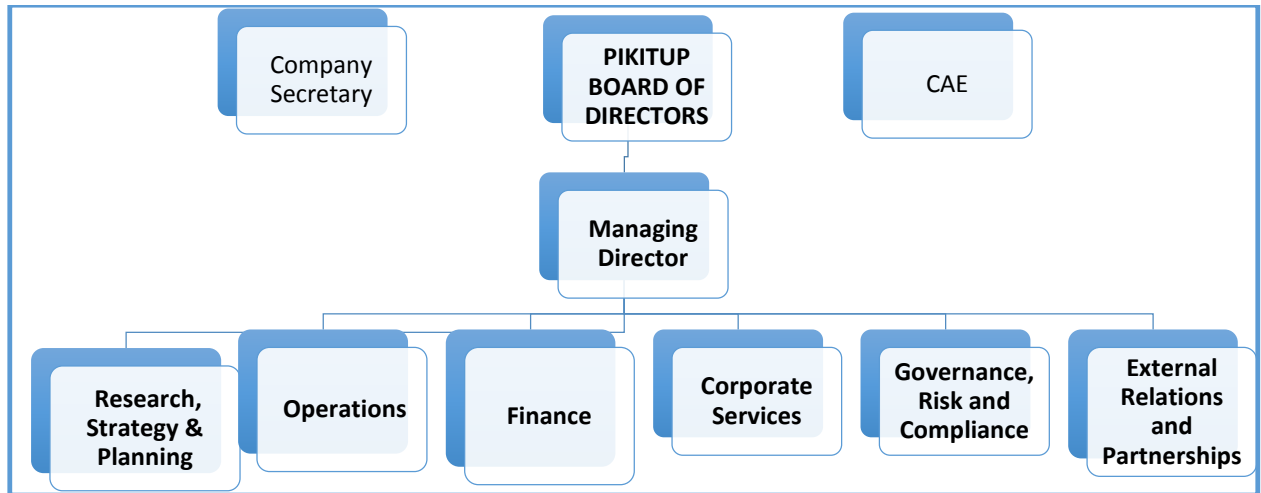
Council services	Commercial operations
<p><i>CoJ mandated services. In terms of Constitution municipality has sole mandate to collect domestic waste from residents and this is paid through tariffs. Residents cannot choose to use other service provider for domestic waste collection.</i></p>	<p><i>Where we service businesses (competing with other private companies) or where there are opportunities to collect revenue through other mechanisms</i></p>
<ul style="list-style-type: none"> • Collection and disposal of domestic waste • Street cleaning: lane flushing, general area cleaning (street sweeping and litter picking) • Management of litter bins • Collection of illegally dumped waste • Collection and disposal of animal carcasses found in a public places • Operation of garden sites • Operation and management of landfill sites • Cleaning of informal settlements • Recycling activities • Jozi@Work 	<ul style="list-style-type: none"> • Bulk collection services • Dailies - collection of putrescible food waste • Services for special events • Private operators pay disposal fees for waste disposal at Pikitup's landfill sites

Pikitup owns and operates 12 waste management depots strategically located across CoJ's seven regions. It manages 42 garden sites, four operational landfill sites, and two closed landfill sites in CoJ. In addition, some waste is disposed at two privately owned landfill sites (Mooiplaats and FG Landfill). All landfill sites comply with permit requirements and are licensed by the national Department of Water Affairs and Forestry.

The customer base consists of 1 016 919 domestic customers, 1 785 Business Round Collected Refuse (RCR) customers, 1 065 Bulk service customers, 705 dailies, 522 institutions and several compost customers.

1.4. High-level organisational structure

The Pikitup organogram is aligned to the strategic focus and core mandate of the company and is represented as follows:



1.5. Chairperson’s Foreword

During the second quarter, there was a lot of focus on discussion the strategic direction of the company to ensure alignment to the strategic vision as well as the new political priorities. Various engagements have taken place with the MMC and management to ensure delivery of the proposed agenda.

There are still areas that are of concern to the Board and the main focus areas still remain the diversion of waste from landfill and ensuring that the city is clean. The scourge of illegal dumping and littering cannot be sustained and real alternatives need to be implemented to address the cleanliness of the city. This is even more evident during the Festive Season, especially in high density, low income areas.

The Board remains committed to ensure that the strategic priorities be implemented and targets achieved.

Dr P Hanekom
Chair: Pikitup Board

1.6. Acting Managing Director’s Report

Pikitup is confronted with various challenges, such as the shift to a waste minimisation and diversion model, volatile labour relations as well as various changes in the political and company leadership structures. During this time the team has continued to focus on its core mandate to ensure a clean city whilst progressing the waste minimisation agenda.

During this time we have also worked on improving our relationship with labour and engaged with the Local Labour Forum. There are still many outstanding issues, but the process to build trust and develop an environment of consultation has begun. This is an objective that will take some time to achieve, but we believe that the process was started.

In addition, my role as acting Managing Director, was to ensure some stabilisation of the organisation. The senior management team also engaged on various matters and in particular, the macrostructure that will enable the organisation to deliver on its mandate.

Consultation and dedicated focus will continue to ensure that our targets are met and that action plans are put in place to address areas where there are challenges.

Mr Lungile Dhlamini
Acting Managing Director

1.7. Chief Financial Officer's Report

The results for the second quarter of the 2016/17 financial year (October to December 2016) were positive with a surplus of R 47.419m being created due to total income being over budget and total expenditure being under budget. For the year to date a surplus of R 51.364m exists, well ahead of the budget.

Revenue for the quarter is R 23.550m (4.5%) above budget. This variance is due to:

- A minor positive variance for commercial income, specifically for Bulk Container Services and Landfill Fees.
- A major increase in billing for the City Cleaning Levy as a result of additional customers identified during the 2015/16 financial year end audit.
- Grant income (for the EPWP workers) being received earlier in the financial year than budgeted (thus only a timing difference when compared to the budget).
- The positive results above were partially negated as a result of negative results for Domestic RCR which has underperformed when compared to budget during the financial year to date.

Expenditure for the quarter is below budget by R 30.266m (5.7%) as a result of:

- Contractor costs – all line items show savings compared to budget.
- Bad debt provision – improvements in the collection levels of long outstanding debt have resulted in the required provisions being lower than budgeted.

During the second quarter proposals for the adjustment budget as well as the 2017/18 budget were developed in consultation with the respective departments. Draft budgets were submitted to the shareholder by the end on November 2016.

Mr Suren Maharaj
Chief Financial Officer

2. GOVERNANCE

During the second quarter, the annual financial statements and the performance information audit were finalised by the AGSA. The Company obtained an unqualified audit opinion with a material adjustment paragraph. In addition, AGSA raised other compliance paragraphs on SCM, expenditure management, revenue management and contract management.

The ARC and the Board raised concerns on the audit findings raised by the AGSA. As a result of these concerns, the Board requested Internal Audit to on a quarterly basis submit a tracking register which indicates progress made on resolving the audit findings raised by the AGSA and Internal Audit.

2.1. Board of Directors

Pikitup's board comprises of the following 11 directors: Dr T Hanekom (Chairperson), L Dhlamini (Acting Managing Director), S Maharaj (Chief Financial Officer), Dr W Nyabeze, Adv D Rampai, Adv G Badela, Bishop D Adams, L Brenner, N Kana, L Matshekga and S Bogatsu. F Dekker remains the Company Secretary.

2.1.1. Meeting Attendance

The attendance at meetings and other engagements held during the quarter were as follows:

Table 2-1 : Meeting Attendance

Description	BOD	*ARC	*SEHRC	*OSD	AGM
Number	3	2	1	1	-
Bishop Adams D	3		1	1	
Adv Badela G	3		-	1	
Bogatsu S	3		1	1	
Brenner, L	3	2			
Buys, R	-	2			
Dhlamini, L	3	2	1	1	
Dr Hanekom T	3			1	
Hattingh, W	-	1			
Kana, N	3		1		
Maharaj, S	3	-			
Matshekga, L	3	2			
Mufana, G	-	2			
Nair, A	-	-		-	
Nyabeze, W	3			1	
Adv Rampai, D	2		1		

2.2. Board Committees

2.2.1. Audit and Risk Committee (ARC)

L Matshekga (Chairperson) L Brenner, R Buys, W Hattingh and G Mufana.

The ARC met twice during the year under review. The role of the committee is to assist the Board by performing objective and independent review of the functioning of the organisation's finance, accounting and internal control mechanisms. The Committee exercises its functions through close liaison and communication with management and the internal and external auditors. In terms of its mandate, the ARC reviews and assesses the integrity and the quality of risk control systems and ensures that risk policies and strategies are effectively managed and executed. The Committee has a documented charter and work plan which are updated as and when necessary.

As recommended in King III, an Audit and Risk Committee assessment was conducted, the results of which confirmed that the Committee had discharged its mandate in full. The Board confirms that the Committee discharged its mandate during the period under review.

2.2.2. Social, Ethics Human Recourses Committee (SEHRC)

B Bogatsu (Chairperson), T Hanekom, D Rampai G Badela, and A Adams.

The SEHRC met once during the quarter under review. The SEHRC monitors Pikitup's activities having regard to relevant legislation, codes of best practice, matters relating to social and economic development and the Pikitup's standing in terms of the 10 principles set out in the United Nations Global Compact, the OECD recommendations regarding corruption, the Employment Equity Act and the Broad-Based Black Economic Empowerment Act. In addition, the Committee oversees Pikitup's conduct as a good corporate citizen, including its promotion of equality, prevention of unfair discrimination, reduction of corruption, contribution to development of the communities in which its activities are predominantly conducted or within which its services are delivered; the environment, health and public safety, including the impact of Pikitup's activities and services.

2.2.3. Operation and Service Delivery Committee (OSD)

W Nyabeze (Chairperson), D Adams, N Kana, Adv G Badela and Adv D Rampai

The OSD met once during the year under review. The objectives of the Committee are to oversee strategy formulation and implementation at operational level; to ensure that operational and environmental management within Pikitup is aligned with business strategy and to support and guide the Board and Executives in key operational, environmental and technical initiatives. The Committee has a documented charter and work plan which are updated as and when necessary. The Board confirms that the Committee discharged its mandate during the period under review.

2.3. Company Secretarial Function

The primary function of the Company Secretary is to act as the link between the Board and management and to facilitate good relationships with the shareholder. The Company Secretary is responsible for the general administration, more specifically to ensure compliance to good corporate governance practices and to provide guidance to the directors on corporate governance principles and applicable legislation. The Company Secretary has certified in terms of section 268(d) of the Companies Act that all statutory returns have been submitted to the Companies and Intellectual Property Commission.

2.4. Risk Management

Pikitup is committed to a process of risk management that is aligned with the principles of good corporate governance, as provided for in the Municipal Finance Management Act No. 56 of 2003 (MFMA), the King III Report on Good Governance for South Africa and National Treasury guidelines on the management of risks by government entities, in order to ensure a responsive, accountable and productive administration.

Pikitup has a comprehensive Enterprise Risk Management Framework which requires that risk assessments are undertaken regularly, appropriate risk responses put in place and that the efficacy of these risk responses are monitored and reported to the governance structures of Pikitup on a regular basis. The Audit and Risk Committee meets quarterly to provide an oversight on risk management.

2.4.1. Risk Management Performance

Annual Risk Management Plan (ERM Plan)

As at the end of 2nd quarter, the progress against the ERM plan is as follows:

Figure 2-1: Quarter 2 performance against planned activities

Objective	Initiative/Project	Quarter 2
		Achievements Against Targets
To embed risk management in all organisational activities	Risk Management Capability	Review of Pikitup micro structure has commence and continuing Training needs for risk management key stakeholders identified and consultation with human capital development business unit undertaken
	Integrate risk management with business planning, performance management and project management	Risks is a standing agenda item on J@W project meetings and such quarterly meetings are continually attended by ERM department – 14 November 2016

Objective	Initiative/Project	Quarter 2
		Achievements Against Targets
	Risk information recording and reporting	<p>Provision of one-on-one training and support on BarnOwl risk management software continued which contributed to the improved utilization of the system across the company</p> <p>Update of 13 key risks information to reflect Board risk workshop outcomes</p> <p>Generation and communication of system risk monitoring reports is undertaken on an ongoing</p> <p>Internal stakeholder risk reporting undertaken:</p> <p>Audit and Risk Committee (ARC) report</p> <p>Risk management performance quarter report</p> <p>External stakeholder risk reporting undertaken:</p> <p>CoJ-GRAS report</p> <p>COJ GRGC -ARC chairperson & Business disruption interventions report</p> <p>Representation in shareholder governance structure meetings - GRGC</p>
	Incidents reporting	Implementation of Incidents reporting, analysis and learning
	ERM Network	<p>Quarterly Risk Champions Forum meeting held</p> <p>Forum between IA & ERM department establishment</p>
To ensure actions plans arising out of risk assessments and monitoring activities are closed out timely	Operational risk assessment and cascade risk management process	Review of business unit risks register is an ongoing process undertaken quarterly and two risks have been escalated to key company risks
	Control Design and Risk Management Assurance	<p>Implementation of risk treatment action plans for 13 key risks is progressing though at a slower pace than anticipated.</p> <p>Progress reporting by management against risk treatment action plans for 13 key risks (strategic risks) has improved significantly since Q1</p> <p>Risk management consultation meetings, risks information and risk trend analysis were undertaken in Q2 as planned which resulted in the review of residual risks ratings where necessary</p> <p>Risk governance oversight monitoring for Q2 was undertaken by Audit and Risk Committee</p>

Objective	Initiative/Project	Quarter 2
		Achievements Against Targets
To ensure business continuity in the event of business disruption	Business Continuity Management	Review of emergency management & business continuity plan for critical services commenced towards the end of Q2 Review of strike management plan focused on conducting business impact analyses for 60% depot and 25% landfill
To ensure coordinated and integrated assurance services on company risks	Combined Assurance Implementation	Review of Combined Assurance Framework has been completed Development of a Combined Assurance Implementation Plan commenced with good progress

2.4.2. Progress on Management of Risks

Pikitup management identified 13 key risks inherent to the business. Risks action plans to manage risks have been developed and are being implemented by management

The table below set out the 13 key risks for Pikitup business along with strategic goals and objectives, ranked by residual risk level:

Rank by RR	SDBIP 2016 - 2017			Risk		
	Goals	Objectives	KPI's	Risk Title	Risk Owner	RR
1	Building an Efficient, Effective and viable waste management company.	To become a leading Organisation in Waste Management.	Note1	Ineffective employer and employee relationship.	CSE	25
2	Integrated Waste Management, Waste Prevention and Waste minimisation.	To ensure waste to landfills are minimised.	% landfill compliance to GDARD regulations and permit conditions as issued by DEA and DWAF	Unavailability of landfill air space. (9 years of airspace left)	WMOE	16
3	Building an Efficient, Effective and viable waste management company.	To become a leading Organisation in Waste Management	Note1	Information security, including cyber threats	CSE	14

SDBIP 2016 - 2017				Risk		
Rank by RR	Goals	Objectives	KPI's	Risk Title	Risk Owner	RR
4	Building an Efficient, Effective and viable waste management company.	To become a leading Organisation in Waste Management.	Note1	Inadequate ICT service delivery in support of business strategy.	CSE	12
5	Build an efficient and effective waste and viable management company	To become a leading Organisation in Waste Management	Note1	The work force skills not aligned to the strategic objectives of the business as structured in the Waste minimisation plan.	CSE	12
6	Effective, efficient waste services.	To ensure effective and efficient waste services.	Number of Illegal dumping spots cleared	Failure to meet stakeholders' cleanliness expectations throughout the City of Johannesburg.	WMOE	10
7	Building an Efficient, Effective and viable waste management company.	To become leading organization in waste management.	Quarterly Safety, Health & Environmental Audits	Environmental degradation resulting from Waste Management activities.	GRCE	10
8	Realisation of value throughout the Waste Value Chain.	To use waste as a resource for poverty alleviation and job creation.	No. jobs created through Co-Operatives.	Limited budget to meet all Jozi@Work expectations.	SSE	10
9	Build an efficient and effective waste and viable management company	To become a leading Organisation in Waste Management	Note1	Insufficient strategic and operational business intelligence and data to foster strategic decisions.	SSE	10
10	Building an Efficient, Effective and viable waste management company.	To become leading organization in waste management.	Note1	Inability to successfully execute strategic projects	GRCE	9

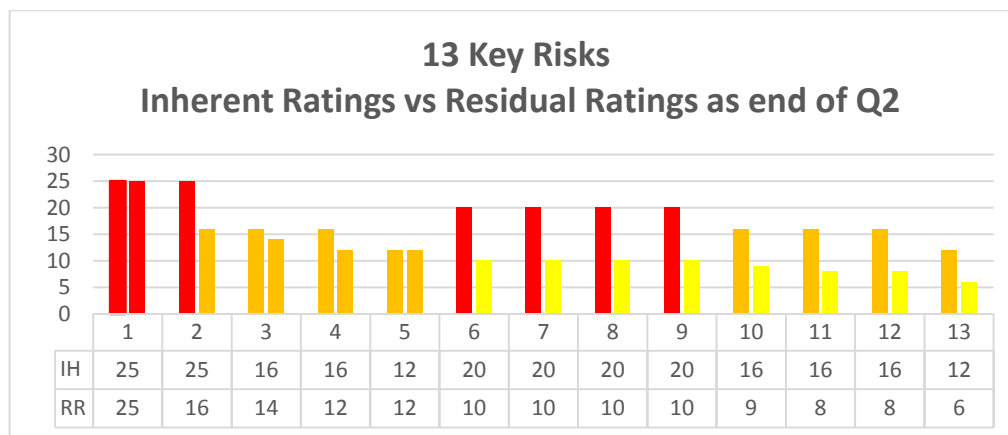
SDBIP 2016 - 2017				Risk		
Rank by RR	Goals	Objectives	KPI's	Risk Title	Risk Owner	RR
11	Building an Efficient, Effective and viable waste management company.	To become a leading Organisation in Waste Management	Note1	High rate of incapacity and absenteeism.	CSE	8
12	Partnerships and Stakeholder Involvement	Mobilisation of public at large to change behaviour.	Number of campaigns implemented	Inability of behaviour change of public at large (external and internal) with waste minimisation and waste prevention programmes / objectives not achieved.	SSE	8
13	Integrated Waste Management, Waste Prevention and Waste minimisation.	To ensure waste to landfills are minimised.	Tons of green/builders/dry waste diverted	Inability to mainstream waste minimisation into operations.	WMOE	6

Note1: Risks emanated from support functions and impact various core functions KPI's

2.4.3. Risk Ratings Movement Analysis

Inherent and Residual Risk Levels

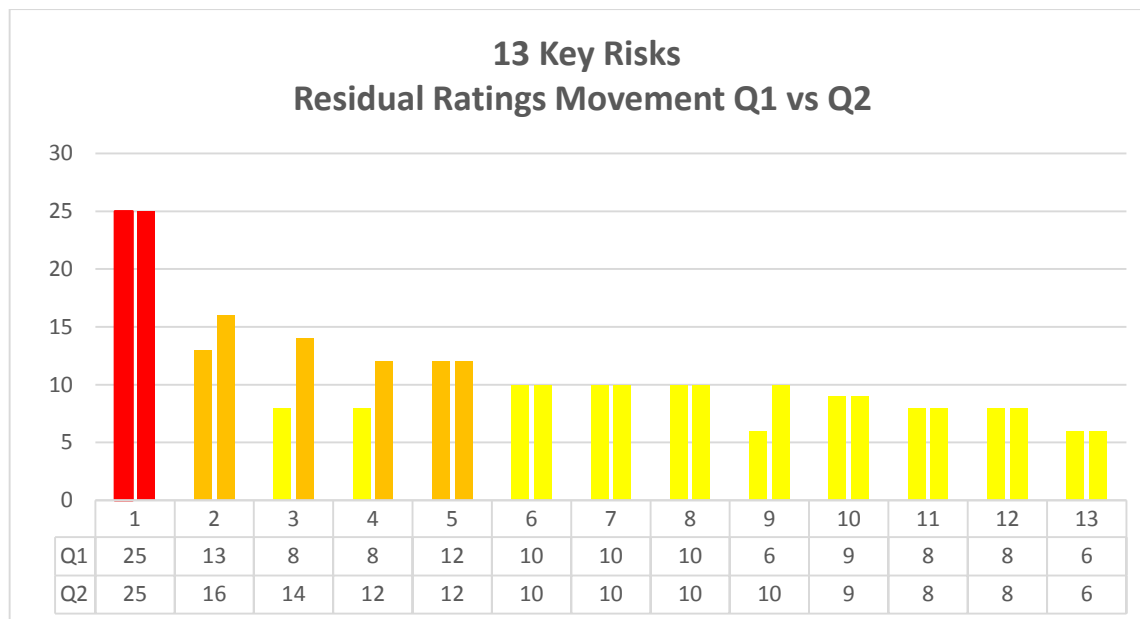
The table below is for the comparison of inherent and residual risk levels for the 13 key risks:



Movement on Risk Residual Levels

The residual ratings of three (3) risks from the seven (7) risks reviewed in Q2 have been increased.

The table below is for the comparison of residual risk levels for Q1 and Q2 for the 13 key risks:



2.5. Internal Audit Function

Internal audit function has a specific mandate from the Audit Committee to independently appraise the adequacy and effectiveness of the entity's risk-management process, internal controls, and governance processes - reporting its findings to the Divisional Management, Executive Committee, External Auditors, the Audit and Risk Committee and Board of Directors. The Chief Audit Executive reports administratively to the Managing Director and to the Audit Committee on a functional basis. The mandate of the internal audit function is documented in the approved internal audit charter.

The internal-audit coverage plan is based on results of both the entity's wide risk assessment performed by the entity's Executive Committee, and the approved business plan. The coverage plan is updated annually, based on the risk-assessment, internal and external emerging strategic issues and results of audits performed in the previous financial year. This ensures that the audit coverage focuses on identified internal and external emerging risk.

In addition, the internal audit function is responsible for investigating all incidences of fraud, corruption and other acts of unethical behaviour. These incidences are reported internally and externally via the Group anonymous tip-off hotline. The internal audit function reports on a quarterly basis to the Audit and Risk Committee, and the Executive Committee, on the activities undertaken with regards to fraud investigation, prevention and detection activities. Internal audit also reports on identified trends regarding fraudulent acts and other acts of unethical behaviour and their impact on the overall entity's risk profile.

2.6. Corporate Ethics and Organisational Integrity

The Board and management recognise that the entity is formed under a political structure. As such, it has a social and moral standing in society with all the attendant responsibilities. The Board is therefore responsible for ensuring that the entity protects, enhances and invests in the well-being of the economy, society and natural environment, and pursues its activities within the limits of social, political and environmental responsibilities outlined in international conventions on human rights. The foregoing is inextricably linked with Pikitup's mandate to provide municipal waste management and minimisation services as codified in the governance instruments that regulate its activities.

Pikitup has developed an Ethics Management Programme which is supported by the Codes of Conduct prescribed by the MSA. The foregoing is amplified by clear direction on the annual declaration of financial interests by all directors and staff, a policy on the declaration of possible conflicts of interest together with an Ant-Fraud and Corruption Policy. The latter enhanced by stakeholders being able to report, anonymously if necessary, any matter of suspicion through Pikitup's anti-fraud and corruption hotline. As explained in more detail elsewhere in this report, the Board reconstituted the Social, Ethics and Human Resources Committee, which Committee, with a fresh mandate and under new leadership closely monitors and guides Pikitup's management of ethics and leadership development.

2.7. Sustainability Report

Pikitup works to ensure the continued relevance and sustainability of the company, and to add value to the CoJ. The company provides value through a number of channels:

2.7.1. Value creation

1. Creating a clean, healthy environment which is conducive to civic pride, investment, and confidence in local government. A clean city is achieved through waste collection from households, street cleaning, illegal dumping and disposal of waste at landfills. These activities are implemented in a cost efficient and effective manner to ensure value for money to the ratepayers.
2. Contributing to the sustainable development goals and limiting negative environmental impacts by changing our business model to ensure waste minimisation (reduce waste to landfills). This is achieved through, encouragement of recycling activities, implementation of new technologies (e.g. biodigestors, landfill gas extraction, health care risk waste facilities, waste to energy, etc.). The new business model also ensures that value is extracted from waste (i.e. viewing waste as commodity and a useful resource). As such, recycled waste provides an alternative revenue source for the company, which also reduces reliance on grant funding from the shareholder.
3. The methodologies used in the implementation of waste management activities, such as Separation@Source, Jozi@Work and Food for Waste, ensure that opportunities are extracted from the waste value chain. Through the establishment of cooperatives and entrepreneurial development initiatives, sustainable jobs are created and new business established. This is a direct contribution to the National Development Plan to reduce inequality, reduce poverty and reduce unemployment. These programmes include the establishment of cooperatives, training as well as ongoing support of the cooperatives. Training includes waste related matters as well as entrepreneur training and development.
4. Pikitup provides a waste collection service to 831 352 formal households on a weekly basis, there has been an increased in the number from previous years;

5. Pikitup is providing a waste refuse management service to 164 informal settlements consisting of 183 895 structures.
6. There are 22 hostels within the CoJ where cleaning activities such as litter picking, illegal dumping and domestic waste collection are performed by Pikitup.

2.8. Anticorruption and Fraud

Pikitup adopted a comprehensive approach to the management of fraud risk and this policy confirms that Pikitup supports and fosters a culture of Zero Tolerance to fraud in all its forms.

Fraud represents a significant potential risk to the entity's assets, service delivery efficiency and reputation. As such, Pikitup will not tolerate fraudulent or corrupt activities, whether internal or external to the entity, and will vigorously pursue and prosecute any parties, by all legal means available, which engage in such practices or attempt to do so.

Fraud prevention is a process that is adopted, in putting mechanisms in place, to manage Pikitup's vulnerability to fraud. Such mechanisms are designed to prevent, deter and detect fraud. The Board has approved an updated and revised Fraud Prevention Policy and Response Plan. The Pikitup Communications Department developed a fraud prevention policy statement and poster, which was translated into 3 languages, distributed to all employees and posted at depots, garden sites, landfill sites and head office. The anti-fraud hotline (080 000 2587) remains in operation and all reports made thereon, is reported directly to the Internal Audit Department and the ARC for consideration.

2.9. ICT Governance

Pikitup has adopted an Information Communications and Technology (ICT) governance framework in accordance with the guidelines contained in King 3. King 3 recognises that ICT has become an integral part of doing business today, as it is fundamental to the support, sustainability and growth of institutions. ICT cuts across all aspects, components and processes in business and is therefore not only an operational enabler for an institution, but an important strategic asset which can be leveraged to create opportunities and to facilitate service delivery. Pikitup's ICT governance framework aims to combine the consensus of experts into a best practice document to be used as a step-by-step approach to develop and implement ICT governance (or aspects thereof).

The benefits of the ICT governance framework include shorter implementation periods, diminished costs, a structured development process as well as an improved end-product. Going forward, Pikitup intends to build on the COBIT framework and Pikitup's ICT Governance Framework will look into the application of COBIT (as a comprehensive ICT governance framework) to develop, implement and maintain an ICT governance system would cause Pikitup to comply with the ICT governance requirements of King III. It will also expand on the use of ITIL to support COBIT4.

In January 2013, the Department of Public Service and Administration published the implementation guideline for corporate governance of Information and Communication Technology Policy Framework. For the past year, Pikitup focused on phase 1 of the implementation which requires the creation of an enabling environment. To this end, a draft ICT Governance Policy, Charter and Plan (ICT Governance Framework) has been developed.

Executive management through the Executive Committee continues to be accountable/responsible for the corporate governance of ICT. Pikitup is poised to implement the second phase during the next financial year which will focus on the enablement of business by ICT and the actual implementation of Governance and management of ICT. It is noted that the framework includes best practices such as COBIT and King III. It is expected that with the implementation of the Governance Framework, the key challenge of alignment experienced during the financial year will be addressed. Much of the project that ICT embarks on will be aligned to the strategic requirements of Pikitup.

For the quarter under review the ICT department placed emphasis on improving the infrastructure and population of the employee structure.

Focus areas and achievements for the quarter are highlighted below:

FOCUS AREA	ACHIEVEMENTS FOR THE QUARTER	IMPACT ON THE BUSINESS
Business Intelligence	<ul style="list-style-type: none"> Engaging the waste minimisation team on the installation and configuration of the special reader software 	<ul style="list-style-type: none"> Optimisation of the organisations value chain
Business information systems (BIS)	<ul style="list-style-type: none"> SOW and discussions with the appointed service provider for the SAP Implementation and upgrade project 	<ul style="list-style-type: none"> Improved services offering to internal and external clients
Infrastructure	<ul style="list-style-type: none"> Weighbridge software pilot implementation Installation of security monitoring at landfills and additional sites (Goudkoppies and Linbro park) Network points and fibre roll-out 	<ul style="list-style-type: none"> Stable network environment at all Pikitup sites Connectivity between multiple offices within the different Pikitup sites
Disaster recovery	<ul style="list-style-type: none"> Regular backing up of company data 	<ul style="list-style-type: none"> To ensure that all business data can be recovered when needed

2.10. Compliance with Laws & Regulations

There are various pieces of legislation that Pikitup has to comply with. Some of the legislation is general and relates to the general management and operation of a public entity, labour relations and others. There are, however, legislation that is specific to waste management that has to be complied with as well.

Compliance to legislation is monitored and included in the operations and risk management processes of the company. All laws and regulations have been complied with during the quarter.

3. SERVICE DELIVERY PERFORMANCE

3.1. Highlights, Achievements and Challenges

Table 3-1: Summary of Pikitup Performance

Focus Area	Progress Achieved in quarter	Action Plan
Waste Diversion	<ul style="list-style-type: none"> ○ During the 2nd quarter of 2016/2017, total waste diverted is 37 820 tons which is composed of green waste, 13 932; builders rubble, 15 696 tons and dry waste 8192 tons respectively. The total quarterly target is 75 000 tons, hence only 50.4% of the quarterly target was achieved ○ Green waste contributed 13 932 tons of the total waste diverted during the 2nd quarter of 2016/2017, which is 11.61% of the annual target of 120 000 tons. However, the quarterly target is 30 000 tons, hence the green waste diversion of 13 932 tons is 46% of the quarterly target; ○ Builders rubble diversion for the 2nd quarter is 15 696 tons. The quarterly target is 25 000 tons, therefore only 63% of the quarterly target was achieved. ○ Dry waste recycling target of 20 000 tons has not been achieved in this quarter with only 9082 tons having been diverted. This is higher than last quarter's diversion rate but at less than 50% of the target more efforts will be undertaken operationally to improve the diversion rates ○ Dry Waste Diversion in this quarter experienced another downward trend. Only 8192 tonnages were diverted against a target of 20000. 	<ul style="list-style-type: none"> ● Expedite 2nd phase of green waste call for the expression of interest in the new financial year for additional green waste off-takers ● Builder's rubble off take by a private partner was entered into in 2nd quarter and the full complement of the plant is deployed and being operated at Robinson Deep Landfill. This initiative should substantially increase builders' rubble diversion in the 3rd and 4th quarters in 2016/2017. ● At the beginning of the 3rd quarter the rollout of S@S in partnership with the private sector will be implemented. This will ensure increased dry waste diversion. It is expected that at the beginning of the 3rd quarter an additional 88 000 households in the City will be covered reducing the gap between the performance and the target.
Jozi@Work	<ul style="list-style-type: none"> ● New work packages were advertised for the Zondi area (Region D) and 11 Cooperatives recommended for appointment. The work package implementation date is 1 January 2017. Work packages were also advertised for Hillbrow and Joubert Park (Region F) and implementation will start 1 February 2017. 	Work packages will be advertised for Region C, E and G in January 2017 with implementation in March 2017. Work packages for repairs and maintenance (yard upkeep) will also be advertised.

Focus Area	Progress Achieved in quarter	Action Plan
	<ul style="list-style-type: none"> Through Pikitup's EPWP programme 1 075 jobs were created during the second quarter 	
Service Delivery	<ul style="list-style-type: none"> Inability to replace fleet is impacting on service delivery with high rate of adhoc fleet required and therefore over expenditure on fleet costs. Completion of rounds were specifically affected in Roodepoort and Zondi depots. Even higher volumes of waste was collected in the Inner City during the Festive period and an overall average of Level 2 cleanliness was achieved. 	<ul style="list-style-type: none"> Optimisation measures to be put in place to ensure round balancing takes place and resources are better utilised.

More detail on the progress and performance in the respective focus areas, is provided in the body of the report.

3.1.1. Waste Avoidance, Prevention and Minimisation

During the 1st quarter of 2016/2017, total waste diverted is 33 747 tons which is composed of green waste, 13 673; builders rubble, 10 992 tons and dry waste 9 082 tons respectively. The total quarterly target is 75 000 tons, hence only 45% of the quarterly target was achieved.

Table 3-2: Progress on Diversion of Waste (tonnages per waste stream)

Waste Stream	2015/16	2016/17 Waste Diversion Performance (tons of waste)				
	Actual	Q1	Q2	2016/17 Year to Date	Annual Target	% of Target
Green waste	50 098	13 673	13 932	27 605	120 000	23%
Builders rubble	83 029	10 992	15 696	26 688	100 000	27%
Dry waste	37 374	9 082	8 192	17 274	80 000	21,59
Total	170 501	33 747	37 820	71 568	300 000	23,86%

Separation@Source

In this quarter the Programme experienced a lot of consultative work in efforts to refine the model of implementing S@S under new political leadership also due to poor results experienced with the current traditional model as well as J@W. There was also a lot effort that went into bringing the company closer to important dry waste collecting stakeholders in the form of Waste Pickers. Two consultation sessions were held with Waste Picker representatives from the operational landfill sites as well as some representatives of Waste Pickers in the Inner City Streets. These sessions which need to be ongoing resulted in agreements on the need to constantly engage with the pickers on Pikitup planned projects so that information on how the plans will affect pickers can be shared. Research outcomes of

the partnership with the Wits University also pointed limitations with regard the City's S@S programme on reclaimer integration.

In addition, the MMC held a consultative session with the Recycling Industry on the best ways to achieve increased diversion of dry waste by the City. The results of this session will be used to refine the implementation model as indicated above.

This quarter also saw the revised Memoranda of Understanding (MoUs) with the cooperatives and garden site being entrepreneurs undertaking the project being signed. The MoUs which are valid for a year while the model is being reviewed assist Pikitup manage relations with these community entities that are assisting the City to implement the programme.

Table 3-3: Dry Waste tonnages diverted Table

S@S TONNAGES		20 000	40 000
Depot	Households	Q1	Q2
Waterval	67 318	881	838
Zondi	105 116	788	772
Midrand	46 535	335	305
Avalon	45 920	114	100.4
Central Camp	54 783	155	184
Marlboro	80 129	423	397.4
Southdale	69 438	606	499
Selby		96	86
Randburg	0	39	12.54
Garden sites		2115	590.2
Landfills		2884	2912.39
Jozi@Work Zondi		219	213.86
Jozi@Work Avalon	48589	163	876
Jozi@Work Selby		9	9.361
Jozi@Work Alex		144	245.33
Jozi@Work Randburg	24999		
Jozi@Work Waterval		13	8.4
Jozi@Work Roodepoort	27485	16	87.5
ABI/Mpact Schools		82	39
REDISA		0	0
Oil		0	0
TOTAL	570 312	9082	8192.454

Table 3-4: Participation Rate in Separation@Source

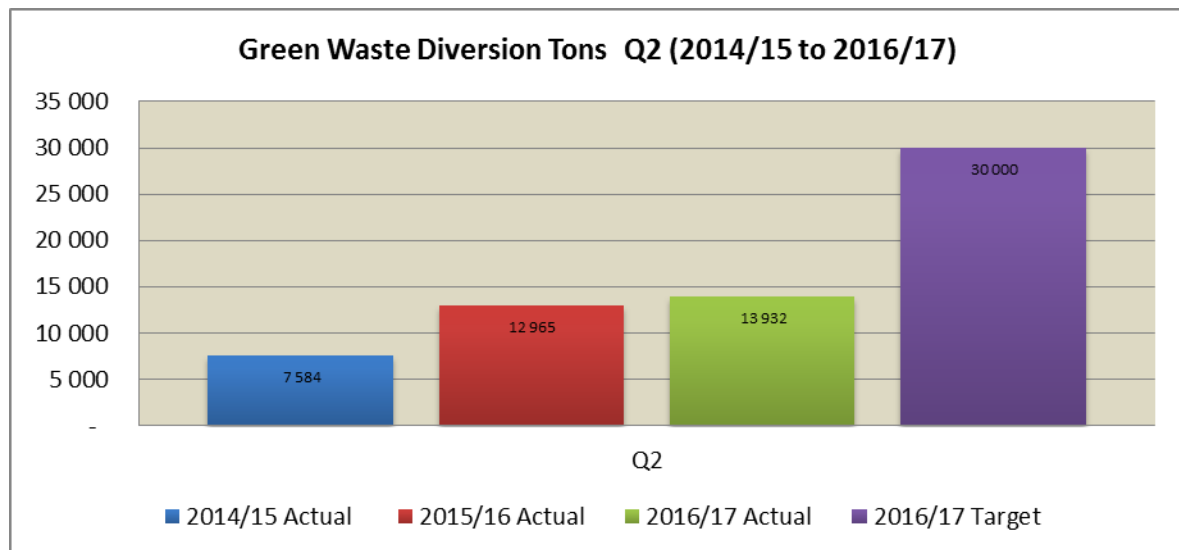
	Households	2015/16 Total	Q1	Q2
Waterval	67 318	40.13%	36.89%	34.83%
Zondi	105 116	15.95%	26.61%	26.05%
Midrand	46 535	21.52%	20%	18.21%
Avalon	45 920	12.38%	16.76%	28.7%
Central Camp	54 783	10.15%	7.86%	9.33%
Marlboro	80 129	14.66%	18.03%	22.28%
Southdale	69 438	13.60%	24.24%	19.96%
Randburg	24 999			2.45%
Roodepoort	27 485			7.44%
TOTAL	521 723	18.38%	22.61%	19.88%

Green Waste

Green waste diversion continued to improve in during the 2nd quarter of 2016/2017 financial year as a result of the entrenched partnership with private sector. The total green waste diverted during the 2nd Quarter of 2016/2017 is 13 932 tons against a quarterly target of 30 000 tons, which is a 46% achievement. Establishment of a third hub in Robinson Deep is being explored as remedial action in order to substantially increase the green waste diversion whilst taking into account the seasonality of the green waste.

Below is a graphical representation of the comparison of Q2, performance versus target and also versus 2014/15 and 2015/2016 achievements.

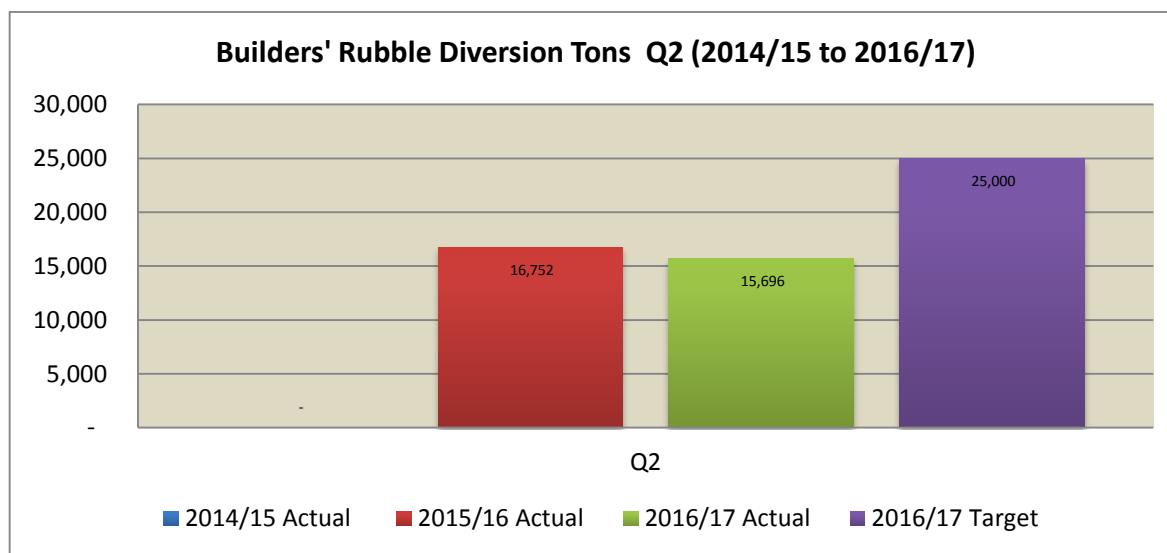
Table 3-5: Comparison of Quarterly Performance versus 2014/15 and 2015/16 and 2016/17 targets



Builder's Rubble

During the 2nd quarter of 2016/2017, 15 696 tons of builders rubble were diverted away from the landfill. This is 63% of the quarterly target which is 25 000 tons per quarter. However, builder's rubble tonnages are expected to increase significantly in the 3rd and subsequent quarters because a private sector operator has been appointed to divert builders' rubble away from Pikitup's landfills with effect from 01 October 2016 for a period of 3 years.

Table 3-6: Comparison of Quarterly Performance of builders' rubble 2015/16 and 2016/17 targets



Resource Recovery and Logistics Plan

In Q2 of the current financial year, steps were undertaken towards piloting, testing and implementation of the Resource Recovery & Logistics Plan that was approved by Board in Q1. Below is a high-level progress report on the progress on the implementation of the recommendations in the RRLP:

No.	Focus area	Progress
1	People and Change Management	A draft change management plan has been developed with specific focus on seeking support of organized labour and capacitation of general workers. This entails driving the case for change, preparing the environment for change, stakeholder engagement as well as addressing training needs. A commensurate budget allocation is also being sought.
2	Communities & Behaviour Change	Terms of reference for the "Provision of services to undertake research on possible instruments (economic and regulatory) that could be adopted within the City of Johannesburg, to encourage increased community, household and business participation in separation at source initiatives" i.e. Incentives & Disincentives Model, was done. Tested the market for proposals and market was unresponsive. Have since received proposals from Wits, UJ and CSIR's

No.	Focus area	Progress
		NRE Unit. Will review the proposals in Q3 and chart a way forward.
3	Partnerships	<p>S@S: First batch of partnerships have already been advertised and evaluated. Appointment processes underway for selected high income areas.</p> <p>Alternative Waste Treatment: A new TOR for the diversion of green waste has been developed and will be processed in Q3.</p>
4	Depot Boundary Realignment & Optimisation	A phased approach is being implemented. Current focus is on consolidating the RCR collection areas for each day so that the trucks are not sparsely distributed during a collection round so as to minimize overtime in the event of RCR truck breakdowns. 5 depots have been balanced and re-grouped. Overtime, fleet, resources also addressed. New rounds planned to begin in Feb 2017.
5	Infrastructure	A Consultant has been appointed to conduct feasibility study and obtain approvals, license and/or ROD from relevant Authorities for Kya Sands and Linbro Park Integrated Waste Management Facilities (IWMFs).
6	Recycling Facilities & Nodes (Schools, Buyback Centres, Garden Sites & at any other suitable sites)	Some garden sites in Avalon and Zondi have already been advertised under the J@W work packages. A mobile buy back centre in partnership with Polyco also being finalised by J@W in Kya Sands. Consultations with the reclaimers' representatives are also currently underway.
7	AD, Crushing Plants & Alternative Waste Treatment Plants	Contractor appointed to crush and divert builders' rubble away from landfills, first phase has been implemented at Robinson Deep Landfill site.
8	Fleet Configuration	A 4 yr. fleet replacement plan is currently being drafted for submission to GCSS. If approved, new vehicles will be delivered in the 2017/18 FY.
9	Separation @ Source	<p>Bin Pilot Study: Phase 1 - 250 x charcoal bins and 100 x yellow bins were delivered at Roodepoort Stores on the 20th Dec 2016. The above bins will be distributed to the pilot sites by the 20th Jan 2017, for the commencement of phase 1 of the study.</p> <p>Bin Pilot Study: Phase 2 - Specs for the pole mounted bins (50L) and floor mounted bins (85L) have been finalized. RFQ to be advertised in Jan 2017.</p>

No.	Focus area	Progress
10	Waste Characterisation Study	RCR waste characterization studies were conducted in 2014/15 financial year as part of the City's AWT Feasibility Study, so the next due date is 2019/20. In the same study grab samples and characterization of waste streams from other collection activities (i.e. Street cleaning, Commercial Bulk, Dailies and Illegal dumping) was also done, but may not be fully representative due to the uniqueness of each point source. A sampling protocol will be investigated in Q3 and Q4 for these waste streams.
11	Monitoring and Reporting	The RRLP Implementation Task team that is made up of Champions from various key departments has been established and meets on a monthly basis. A reporting template has also been developed and is used to monitor implementation progress.

Pursuance of Research Agenda

Key to the successful inversion of the waste triangle is the enhancement of the body of knowledge through partnerships with research institutions and academia around seizing opportunities in the waste value chain as well as addressing the City's waste challenges. Progress is as follows:

a. CSIR partnership

- **Bin Pilot Study**

This study is aimed at testing new types for bins to support the Separation at source programme with a view to influence participation rates and waste diversion away from landfills. The study is targeting samples of residential areas and areas with high foot traffic. Progress is as follows:

- Phase 1
 - The Regional Directors, Ward Councillors and Ratepayers Associations for Kelvin and Witpoortjie Ext 52 have been engaged and are in support.
 - Direct engagements with residents through door to door pamphlets and local news letter (Kelvin) has also been done.
 - 250 x charcoal bins and 100 x yellow bins were delivered at Roodepoort Stores on the 20th Dec 2016. These bins will be distributed to the pilot sites by the 20th Jan 2017, for the commencement of phase 1 of the study.
- Phase 2
 - Direct engagements with representatives from the targeted high rise buildings, townhouses, taxi ranks and hawker areas have been done.
 - Specs for the pole mounted bins (50L) and floor mounted bins (85L) have been finalized. RFQ to be advertised in Jan 2017.

- **Incentives / Disincentives to support the Separation at Source (S@S) Programme**

This study is aimed at sourcing primary data on why participation and waste diversion rates in the Separation at Source are perennially low and what economic and regulatory instruments could be applied to work in a City such as Johannesburg where there are other challenges such as economic disparities and others. Progress is as follows:

- Terms of reference for the "Provision of services to undertake research on possible instruments (economic and regulatory) that could be adopted within the City of Johannesburg, to encourage increased community, household and business participation in separation at source initiatives" i.e. Incentives & Disincentives Model, was done.
- Tested the market for proposals, and market was unresponsive. Have since received proposals from Wits, UJ and CSIR's NRE Unit.
- Will review the proposals in Q3 and chart a way forward.

b. WITS partnership

Various supervised research has been pursued by Honours, Masters and Doctoral students from WITS in order to better inform strategies of incorporating and supporting reclaimers operating within the City. Some of the preliminary results could not be presented in Q2 due to the unrest that affected most universities in Q2. As a result, these results will be shared with Pikitup in Q3.

3.1.2. Waste services

The table below outlines the consolidated waste tonnages which were collected during the period under review. Depicted by the table hereunder is a decrease of 39 663 tons for quarter 2 compared to quarter 1. This reduction can mainly be attributed to illegally dumped waste collected prior to the municipal elections of August 2016, where additional resources were utilised to comply with the City's expectations.

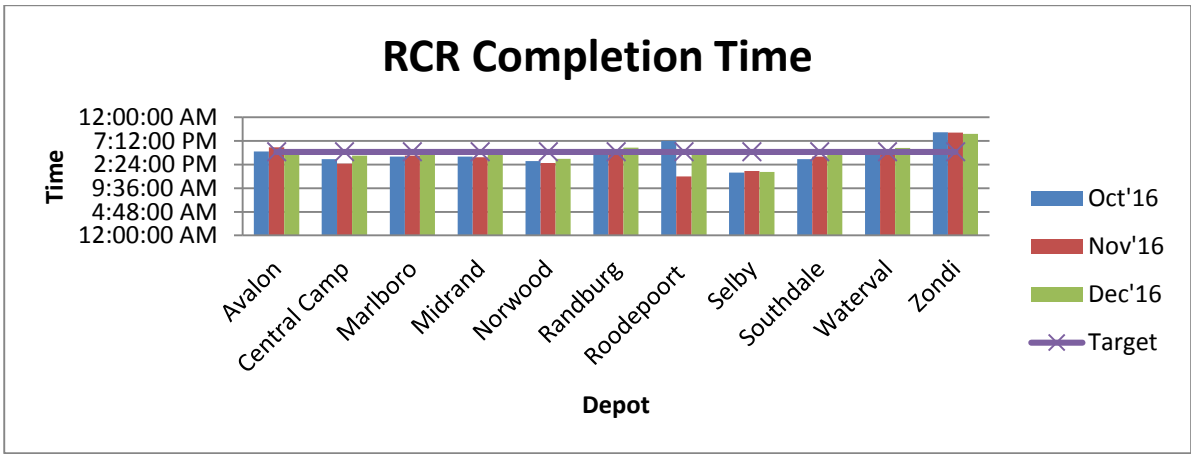
Table 3-7: Total Tonnages of Waste Collected by Pikitup

Waste Disposed Per Activity	2015/16 Total	2016/17		
		Qtr1	Qtr2	Total YTD
RCR	665,923	155 730	171 764	327 494
Street Cleaning	115,077	22 319	21 693	44 012
Illegal Dumping	312,503	121 766	62 219	183 985
Hostels	3,288	958	993	1 951
Informal Settlements	31,655	5 151	5 588	10 739
Garden Sites	123,384	24 420	28 425	52 845
TOTALS	1,251,830	330 344	290 682	621 026

It should be noted that at the time of reporting, consolidated waste tonnages for the month of December 2016 were not yet available and therefore interpolated for reporting purposes. The adjustments will be effected in the 3rd quarter reporting period.

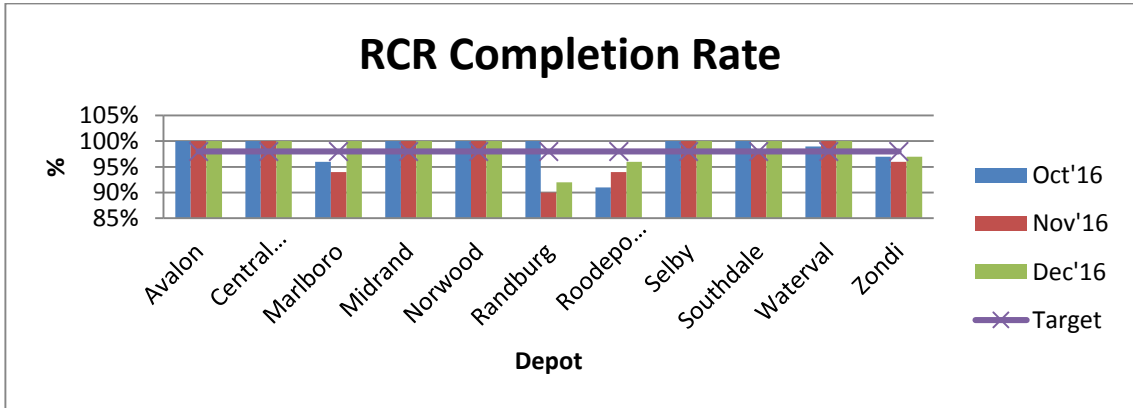
The RCR completion time graph below illustrates that almost all the Depots completed their waste collection rounds within the targeted time of 17h00, with the exception of Roodepoort Depot for the month of October and Zondi Depot for the months under review. In both instances it was due to the shortage of waste collection vehicles. Although the targeted completion time was not met, the RCR rounds were completed with the incurrence of overtime. A significant number of RCR compactors in relation to Zondi Depot were held at the supplier workshops due to non-payment of insurance claim related repairs. This matter was escalated to the City's relevant Department for remedial action. It is expected that the bulk of the vehicles in question would be released during the 3rd quarter of 2016/17.

Figure 3-1: RCR Completion Time



The completion rate figure below illustrates that four depots, namely: Marlboro, Randburg, Roodepoort and Zondi were unable to complete their rounds within the 98% target. It is acknowledged that on any given day where bins are not collected due to the non-completion of the round; such bins are incorporated in the following day's schedule. In an event where rounds are not completed by Friday of any given week, Saturdays are utilised to clear the backlog.

Figure 3-2: RCR Completion Rate



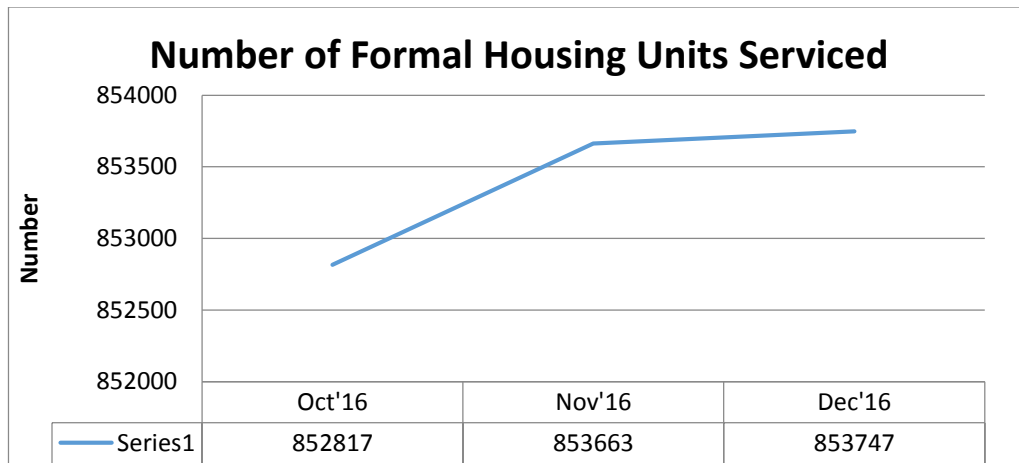
The low completion rate at the affected depots is as a result of shortages of RCR Loaders due to attrition, which is compounded by insufficient budget provision to enable the filling of vacant posts at this level. In the 2016/17 budget revision process this shortcoming has been taken into consideration.

In the case of Marlboro, it is envisaged that the Jozi@Work Program will alleviate the RCR staff shortages in Alexandra.

The RCR activity collected a total of 171 764 tons during the period under review. This is an increase of 10% from the 155 730 tons of RCR refuse collected in the previous quarter, which can be attributed to the growth of the City in various areas, i.e. the north western regions.

Pikitup currently provides a waste collection service to 853 747 formal housing units, which is an increase of 1 949 units (851 798) compared to the previous quarter.

Figure 3-3: Service Points



It should be noted that a formal housing unit may consist of a number of households generating waste taking into account the number of backyard dwellers in and around the City’s residential areas.

The **June 2015 Statistics South Africa, Census Report** indicates that there are approximately 1 480 000 formal households in Johannesburg.

A total of 5 197 240 bins were provided to customers within the last quarter of the period being reviewed as compared to 9 719 240 during the previous quarter, which constitutes an approximate 46.5% decrease of bins issued in the period under review. Of these, new services accounted for 38%, whilst additional bins accounted for 5%, damaged bins that were replaced accounted for 26% and stolen bins that were replaced accounted for 31% of the 240 bins that were issued during the quarter under review. The majority of new bins were rolled out to formalised areas. To be taken into cognisance is that, of the total of 5 197 240 bins issued during the period being reviewed, 57% accounts for replacement bins (damaged and stolen) which is significantly high and costly to Pikitup. However, the current Bin Replacement Policy allows for one (1) free replacement of a damaged or stolen bin. A subsequent bin replacement will be for the user’s account, except in cases where it is proven that Pikitup was at fault.

Table 3-8: Bins Issued

Depot	Number of Bins Issued												Total
	October '16				November '16				December'16				
	New	Additional	Damaged	Stolen	New	Additional	Damaged	Stolen	New	Additional	Damaged	Stolen	
Avalon	150	0	72	211	23	13	43	119	66	0	0	10	707
Central Camp	11	50	151	118	128	0	74	91	0	1	59	78	761
Marlboro	105	17	22	40	130	11	2	16	0	0	4	0	347
Midrand	220	1	13	5	141	2	7	1	0	0	0	0	390
Norwood	33	18	32	36	30	27	36	57	7	0	0	0	276
Randburg	58	0	17	30	86	8	61	31	10	0	11	3	315
Rooedeport	277	3	170	106	172	17	31	33	0	0	0	0	809
Selby	21	32	97	13	71	26	28	39	1	0	0	0	328
Southdale	72	9	67	59	26	21	126	128	0	0	0	0	508
Waterval	39	0	60	123	17	0	29	66	0	0	0	0	334
Zondi	33	1	96	134	22	10	40	86	0	0	0	0	422
Total	1019	131	797	875	846	135	477	667	84	1	74	91	5197

Inner City

The average cleanliness levels achieved in the Inner City, during the quarter under review is level 2.

The table below depicts cleanliness levels attained in the Inner City during the period under review:

Table 3-9: Inner City Cleanliness Levels

Quadrant 1	Level	Quadrant 2	Level	Quadrant 3	Level	Quadrant 4	Level
Bertrams	1	Hillbrow	2	CBD	2	Braamfontein	1
Doornfontein	2	Berea	2	Joubert Park	2	Newtown	2
Troyeville	1	Parktown	1	Jeppeshtown	2	Fordsburg	2
Malvern	2	Yeoville	2	City Suburb	2	Marshalltown	1
Jeppeshtown	3			Marshalltown	1	Selby	1
Average	Level 2						

It is a requirement that level 1 cleanliness is attained and maintained at all the given times in the Inner City, and therefore the Pikitup Inner City cleaning team is also playing a crucial role in improving the cleanliness of the Inner City, through programmes such as “Buyisa iJozi” – Bring Back Johannesburg.

This is a programme undertaken by all Inner City stakeholders to ensure that the Inner City is restored to the desired state that will rejuvenate the Inner City economy.

Informal Settlements

The cleaning program packaged for informal settlements has been configured as an all-inclusive refuse removal package that consists of the following activities:

- Round Collection Refuse (RCR);
- Street Cleaning which includes Litter Picking; and
- Removal and Clearing of Illegally Dumped Waste.

The above indicated activities are conducted on a daily basis, five days in a week, from Monday to Friday. There are however informal settlements that receive a one day per week service. These are typically formalised settlements that have been issued with 240l bins, and smaller settlements (less than 500 units) than those on a five day cleaning program.

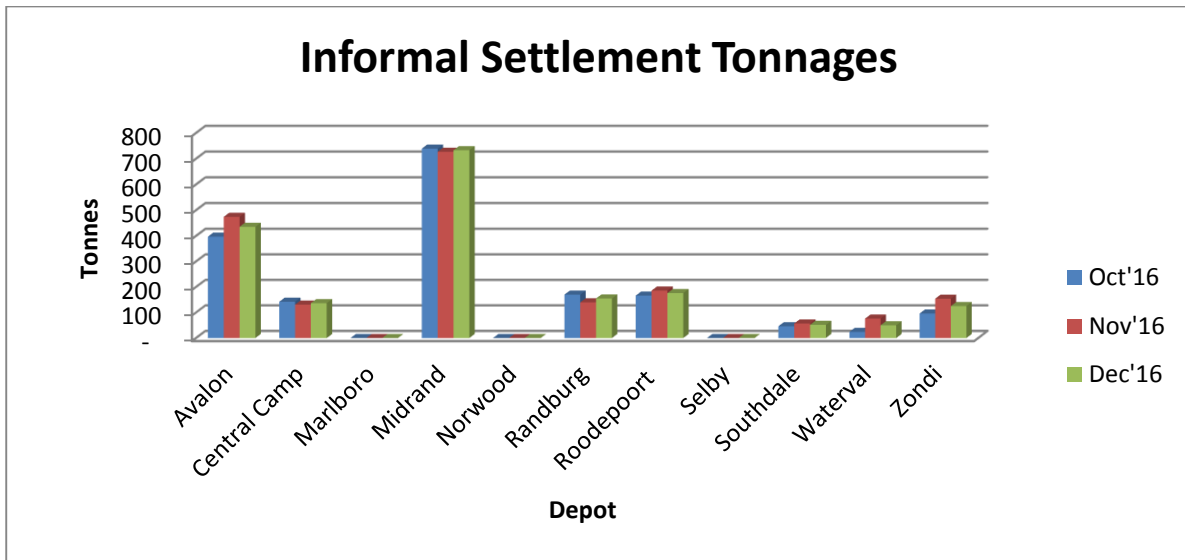
Pikitup covers **164** informal settlements consisting of an estimated **183 895** units with some elements of backyard dwellings. This represents all the informal settlements in the City, with some upgraded to formal residential areas (RDP housing) and some located at private properties, serviced privately.

Table 3-10: Informal Settlements Waste Service

DEPOT	UNITS	NUMBER OF SETTLEMENTS	LEVEL OF CLEANLINESS	SERVICE TYPE & INTERVALS
Avalon	27 054	25	3	Plastic bags/Litter picking/Illegal Dumping clearing – Daily Skips are placed at strategic areas and serviced daily 240l bins are issued to formalised areas such as RDP housing and serviced as RCR
Central Camp	9 215	10	3	
Marlboro	18 586	18	3	
Midrand	51 148	42	3	
Randburg	23 195	13	3	
Roodepoort	26 007	26	3	
Southdale	5 120	5	3	
Waterval	7 300	5	3	
Zondi	16 270	20	3	
TOTALS	183 895	164		

(*Information verified in conjunction with COJ Housing in 2015/16 Financial Year)

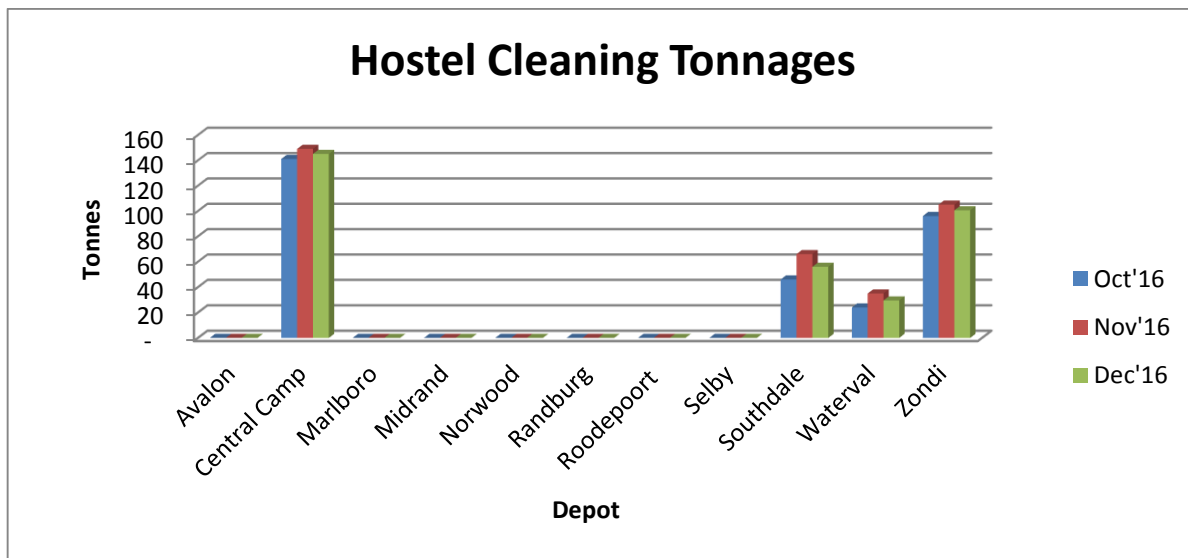
Figure 3-4: Informal Settlement Tonnages



A total of 5 588 tons of waste was removed from the informal settlements compared to 5 151 removed in the previous quarter. The increase is owed to seasonal waste generation patterns.

Hostel Cleaning

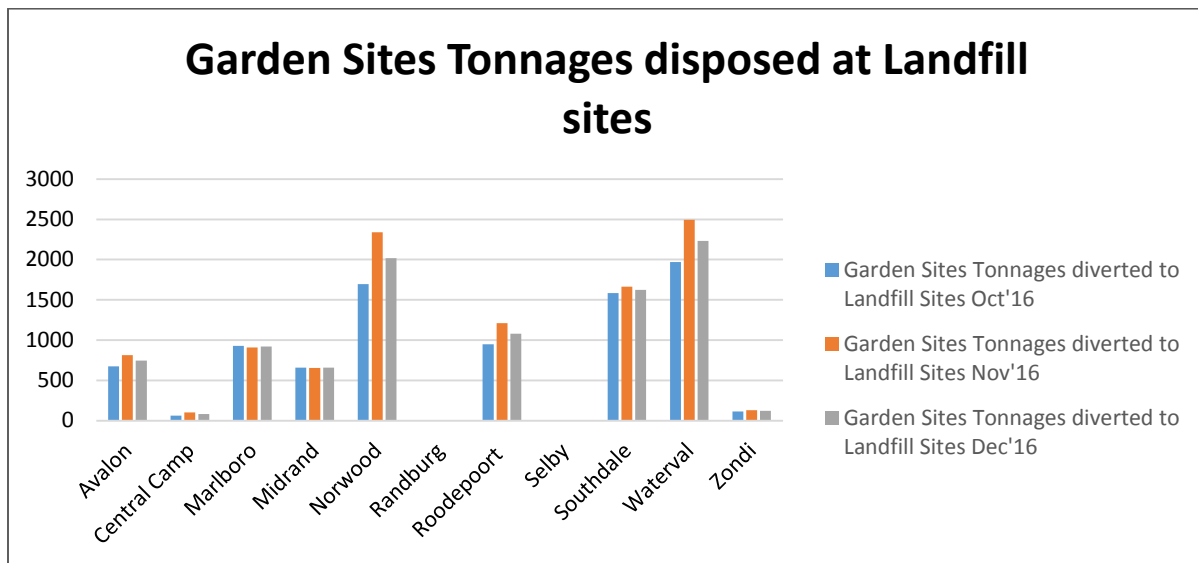
Figure 3-5: Hostel Cleaning



There are 22 hostels within the CoJ where cleaning activities such as litter picking, illegal dumping and domestic waste collection as well as bulk waste removal are performed by Pikitup. A total waste tonnage of 993 was collected during the period under review as compared to 958 tons that were collected in the previous quarter. The cost of cleaning the hostels which is currently costed at R1.4million per month is being claimed from the CoJ Housing Department.

Garden Sites

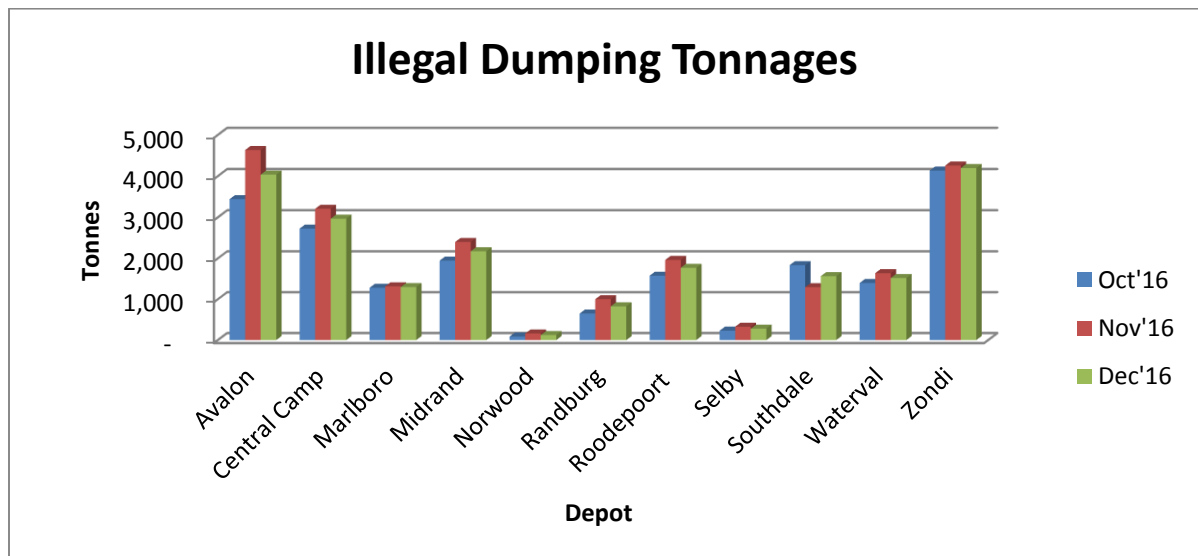
Figure 3-6: Garden Sites



A total of 28 425 tons was collected from the garden sites during the last quarter of the period under review as compared to 22 420 tons collected during the previous quarter, which represents approximately 26% increase in tonnages collected in this regard.

Illegal Dumping

Figure 3-7: Illegal Dumping Tonnages



A total of 62 219 tons was removed during the period under review as compared to 121 766 tons cleared in the previous quarter which depicts a substantial decrease of 49%. The main contributing

factor for the decrease is that in the previous quarter additional resources were utilised to clear illegally dumped waste throughout the City, in preparation for the municipal elections.

Table 3-11: Number of Illegal Dumping Spots Cleared

Number of Illegal Dumping Spots Cleared 2016/17 FY			
Depot	Quarter 4 (2015/16)	Quarter 1	Quarter 2
Avalon	838	660	812
Central Camp	269	469	366
Marlboro	166	740	323
Midrand	42	61	56
Norwood	28	30	23
Randburg	96	301	330
Roodepoort	121	1968	578
Selby	60	1133	213
Southdale	77	85	108
Waterval	48	61	264
Zondi	344	294	242
Total	2089	5802	3315

The number of illegal dumping spots cleared during the period under review have decreased from 5 802 to 3 315 comparing the last quarter to the period being reviewed. The reduction in clearing the illegal dumping during the period under review may have been influenced by the number of public holidays during the month of December, where you find that the illegal dumping equipment did not work the full month.

3.1.3. Landfill Management

This section provides a summary pertaining to the Disposal Management which incorporates operations of the four landfill sites, namely: Robinson Deep, Goudkoppies, Marie Louise and Ennerdale. Also incorporated under this section is the monitoring of the two closed landfills, namely: Linbro Park and Kya Sands.

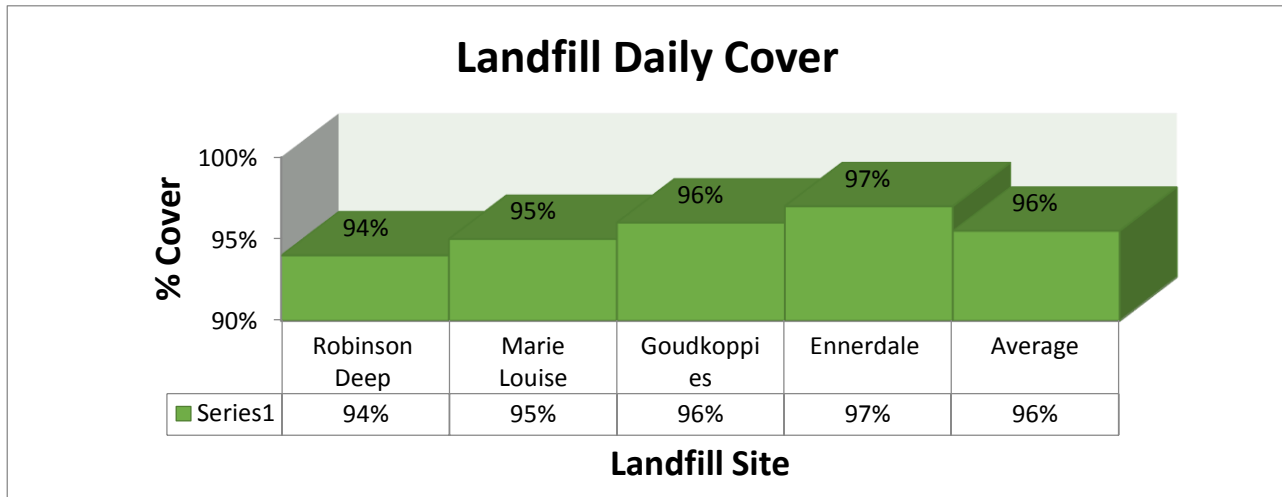
Landfill Cover

It is a permit requirement that the landfills should be covered daily, to minimise nuisances associated with the landfills, i.e. odour, breeding of vectors, to minimise percolation of precipitation as well as improve aesthetics associated with the landfill.

The daily cover achieved for the period under review has considerably improved. The visual assessments conducted show that an average of 96 % daily cover was achieved for the period under review.

The graph in the following figure below illustrates the landfill cover achieved for the respective landfill sites for the period under review.

Figure 3-8: Percentage Cover at the Landfills

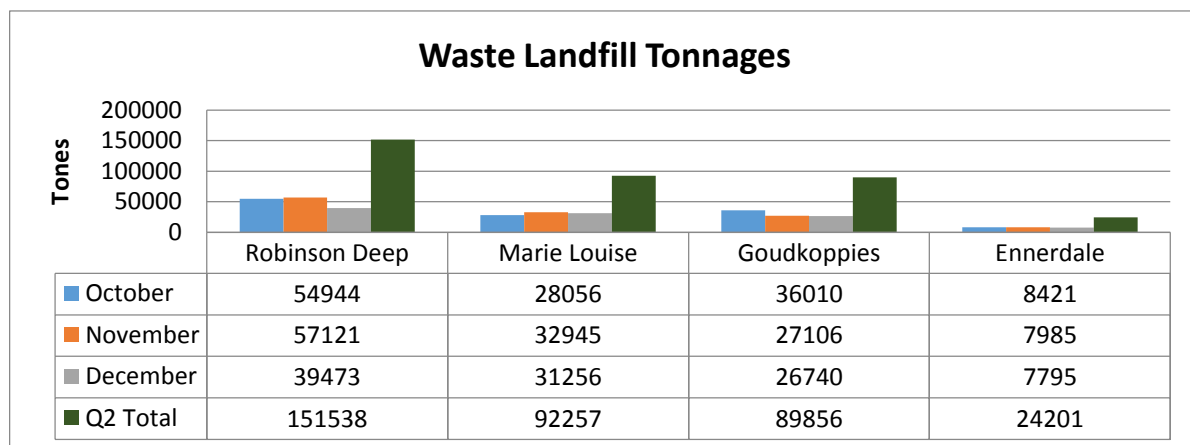


Landfill Tonnages

During the period under review, all the landfills weighbridges were operational, cameras operational and backup generators. The outstanding item still to be implemented regarding the software is the operation of the access control systems (Transponders and booms). It is anticipated that all control systems will be fully operational mid - February 2017.

The following figure below reflects waste tonnages received at each of the operating landfill sites for the period under review.

Figure 3-9: Landfill Waste Tonnage



A total of 357 852 tons of waste were disposed at the Pikitup operated landfill sites during the period under review (July – September 2016) as compared to 404 573 tons of waste disposed of in the first quarter (July- Sept 2016). This depicts a decrease of 46 721 tons from the previous quarter of waste disposed.

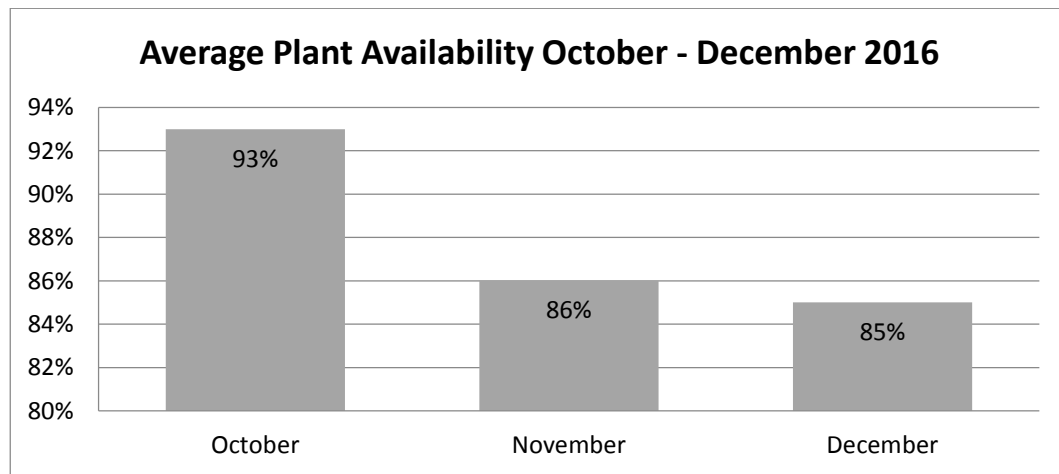
Table 3-12: Total Tonnages of Waste Disposed at Pikitup Landfills

Waste Disposed at Landfill Sites	Total for 2014/15	Total for 2015/16	2016/17		
			Quarter 1	Quarter 2	YTD Total
Robinson Deep	651 930	667 143	166 063	151 538	317 601
Marie Louise	268 246	373 051	125 741	92 257	217 998
Goudkoppies	308 562	266 034	76 119	89 856	165 975
Ennerdale	88 689	101 168	36 650	24 201	60 851
Total	1 317 427	1 407 396	404 573	357 852	762 425

Plant Availability

For the Quarter from October to December 2016 the availability of plant was a satisfactory with occasional breakdowns to the landfill compactors, grader and Back actor and normal maintenance. The average availability recorded for the four operating landfills was at 88%. The Figure below illustrates landfill yellow plant availability during the period under review.


Figure 3-10: Landfill Plant Availability (Oct-December 2016)



Landfill Audits

To ensure that the landfills are in compliance with the landfill site permits and licences an external auditor was appointed in May 2016. The next external audit undertaking for operational landfills and closed landfills will be conducted in June 2017.

Landfill Infrastructure Development

Landfill	Capital Project	Remarks
All operation landfills	Wheel washer systems.	The construction of wheel washers has been completed at Robinson, Goudkoppies and Marie Louise Landfills. The wheel wash at Goudkoppies cannot operate at Goudkoppies due to an electrical problem. The matter has been taken up with City Power. 
Goudkoppies Landfill	Construction of precast walling.	Walling upgrade and or refurbishment around the Goudkoppies landfill site to increase security and improve access control at the site. The construction has continued without incident. The construction has been completed successfully.
Ennerdale Landfill	Purchase of Corobrick property.	JPC still busy with purchase of the property. The purchase the property is on the critical path. The purchase of the property was now approved and JPC in the process of finalizing the purchase of the ground with Corobrick
Linbro park and Goudkoppies	Education Centre Linbro Park and New precinct offices Goudkoppies.	The construction commenced on the 14 March 2015. The construction has been completed successfully.
Goudkoppies Marie Louise Ennerdale landfill	Construction of recycling facilities.	The design for construction of the recycling facilities was under taken and completed .

The above improvements will enhance the landfill compliance in relation to the following:

- Walling will improve access control and security associated with the landfills, which is enshrined in all landfill operating licenses/permits, Section 4: Access Control; Condition 4.2.
- Wheel washing systems will assist with the prevention of grit contamination build up on access roads in and out of the landfill sites.

- Recycling facilities incorporating rubble crushing plants and wood chippers at the landfills will enhance waste reclamation activities off the tip face, ensuring a safer tip face working environment and promoting airspace preservation.

3.1.4. Fleet Management

Fleet Complement

The table below represents the Current Fleet Complement, in addition the column on the right indicates Fleet that is New, Replaced and Scrapped. The Ad-Hoc Rental Fleet that is used to complement the category A and C vehicles should be replaced as a matter of priority, significant savings will be derived if this is achieved, in addition there are approximately 84 vehicles operating under the Category C contract that are overdue for replacement and these should also be replaced as a matter of priority as significant savings will be derived as well as a significant improvement in reliability of the fleet.

CATEGORY	FIRST QUARTER	SECOND QUARTER	Replacements/New
A – Full Maintenance Lease	107	107	N/A
C – Managed Maintenance	293	293	It is to be noted that 23 RCR Compactors is in-active in respect of age and therefor un-economical to repair. Repair costs is in access of R 750 000.00 for the load body and hydraulic tail gate.
Ad-Hoc Rental	114	114	N/A
TOTAL	514	514	

The table below describe the current PIU Refuse Collection Rounds and the fleet compliment to achieve the desired results of service delivery.

PIU RCR Fleet Status						
Depot	Activity Type	RCR Rounds	PIU Units	Scrapped Units	Total Active Units	Excess/Shortfall
Avalon	RCR	13	15	4	11	-2
Central Camp	RCR	9	12	2	10	1
Marlboro	RCR	13	15	1	14	1
Midrand	RCR	13	10	1	9	-4
Norwood	RCR	12	11	1	10	-2
Randburg	RCR	18	13	1	12	-6
Roodepoort	RCR	19	22	4	18	-1
Selby	RCR	7	8	0	8	1
Southdale	RCR	10	11	2	9	-1

PIU RCR Fleet Status						
Depot	Activity Type	RCR Rounds	PIU Units	Scrapped Units	Total Active Units	Excess/Shortfall
Waterval	RCR	8	12	3	9	1
Zondi	RCR	13	15	4	11	-2
		135	144	23	121	-14

Fleet Availability

The table below reflects availability by depot, the table includes Pikitup Owned Fleet and complemented with Ad-Hoc Rental Fleet. Please note that availability is affected by the downtime of insurance repairs and no budget for ad-hoc replacements.

2 nd Quarter Availability 2016/2017					
Month	1st Quarter	2nd Quarter	OCT	NOV	DEC
PIU Depot					
Avalon	93%	99%	99%	97%	100%
Central Camp	89%	91%	77%	98%	98%
Marlboro	100%	96%	96%	95%	97%
Midrand	100%	99%	99%	99%	98%
Norwood	100%	99%	100%	98%	98%
Randburg	100%	93%	99%	89%	92%
Roodepoort	95%	97%	96%	96%	98%
Selby	98%	95%	95%	94%	95%
Southdale	100%	99%	98%	99%	100%
Waterval	100%	99%	99%	98%	99%
Zondi	97%	90%	86%	87%	96%
Total Fleet Availability	98%	98%	95%	100%	100%

Key Performance Indicators

a. Budget:

The table below reflects budget key performance indicators pertinent to Fleet Management that have a material impact on business performance, in particular the Budget and Financial Recovery Plan. It is to be noted that December costs are estimated as final figures will only be available after the 5th of January.

	1st Quarter (Total)	2nd Quarter (Total)	October	November	December
Maintenance	R 14 987 249.79	R 17 121 177.60	R 5 071 165.92	R 6 304 875.24	R 5 745 136.44
Tyres	R 5 634 486.00	R 6 445 930.00	R 1 836 484.00	R 2 517 292.00	R 2 092 154.00
Fuel	R 10 621 130.27	R 10 963 802.75	R 3 228 750.11	R 4 170 308.57	R 3 564 744.07
Ad-Hoc Rental	R 46 712 116.93	R 33 381 384.49	R 10 888 483.80	R 10 852 676.20	R 11 640 224.49
Total	R 77 954 982.99	R 67 912 294.84	R 21 024 883.83	R 23 845 152.01	R 23 042 259.00

b. CPK

The table below represents a Cents per kilometre comparison for the period under review.

	1st Quarter	2nd Quarter	Oct-16	Nov-16	Dec-16
Maintenance CPK	R 10.97	R 11.10	R 9.89	R 12.11	R 11.31
Tyre CPK	R 4.14	R 4.17	R 3.58	R 4.83	R 4.11
Fuel CPK	R 8.79	R 8.30	R 8.01	R 8.55	R 8.34
Total CPK	R 23.90	R 23.58	R 21.48	R 25.49	R 23.76

3.1.5. Commercial and Customer Services

The department is responsible for the commercial activities of the entity as defined in the waste management by-laws and the signed Service Delivery Agreement (SDA) with the parent municipality. Commercial customers are serviced by bulk operation unit reporting directly to Operation department and CCS department is responsible for customer service, billing and reporting. The financial results of the commercial activities will be reported by finance department together with the overall financial performance of the entity.

Bulk Commercial and Dailies Business Services

Pikitup's Bulk Commercial unit (under operations) is responsible for the collection and disposal of Bulk (skips) and Dailies (putrescible) waste from commercial customers who are billed according to the circulated tariffs and the number of lifts per month.

Number of Customers

These are the number of customers that are currently being serviced by the Bulk commercial unit. The total number of Bulk and Dailies customers as at 31 December 2016 is 1 512 compared to the total number of customers of 1 576 as at 30 June 2016. There is a continuous customer database clean up that is being performed by the department, hence the continuous fluctuation on the number of customers. It must be noted that there was no cancellation of service by customers during this period and additional 5 customers has been contracted. The sales team is currently working on a sales strategy to increase contract signing and win new business. Furthermore, it should be noted that contracts that were concluded within the period and not updated in the system are not taken into account for reports as billing of customers has not commenced.

Table 3-13: Total Commercial Customers at 31 December 2016

DEPOT	BULK			DAILIES		
	2015_2016	Qtr. 1	Qtr. 2	2015_2016	Qtr. 1	Qtr. 2
Central Camp	184	104	104	75	41	41
Marlboro	114	113	113	61	54	54
Midrand		194	194		12	12
Randburg	93	94	94	39	39	39
Roodepoort	163	55	56	65	72	72
Southdale	156	158	158	59	53	53
Waterval	57	58	58	122	114	114
Norwood	43	43	43	92	43	43
Selby	105	105	105	148	159	159
GRAND TOTAL	915	924	925	661	587	587

Sales Report

The sales team is engaging platinum customers with the view of prioritising these customers and also expand on the services offered in line with Revenue, Commercial and Customer Services (RCCS) strategy. We are challenged by the availability of skips, which will impact on growth of bulk service.

In order to improve the satisfaction level of our customers, we commissioned a survey to analyse our current customer experience with Pikitup. The aim was to collect data that will assist us to meet customer needs and provide a better service. The survey was concluded however the sample size must be increased in order to get a true reflect of customer satisfaction. We are in communication with relevant stakeholders to plot the way forward and put measures in place to improve areas of concern.

Customer Services: SAP CRM Queries

A number of interventions have been introduced during the year to improve the resolution rate. These interventions, together with steady bin stock levels have enabled the achievement of our target for the quarter under review. We will continue to implement current internal control measures to reduce the number of open queries.

Total number of open queries

Description	30 June 2016	30 Sept 2016	31 Dec 2016
Total number of open queries	4 614	2 985	3 022

Resolution rate

	Annual Rate 2015/16	Q1 2016/17	Q2 2016/17
Resolved within SLA	72.49%	80.59%	52.46%
Resolved out of the SLA (completed)	8.27%	3.14%	2.24%
Total Resolution rate	80.76%	83.73%	54.70%

Current Open Queries

Current open queries as at 31 December 2016 is 3 022 and the current quarter resolution rate within SLA is 52.46% which compared negatively to a quarterly target rate of 80%. The annual resolution rate within SLA for 2015/16 financial year is 72.49% which was below the annual target of 80%. The cumulative resolution rate for quarter1 and quarter2 is 74.79% which is less than the target rate of 80%.

The deterioration in the resolution percentage is due to a shortage in the supply of 240 liter bins. A variation on the tender for the supply of 240 liter bins was done in order to cater for the short supply, however this was not sufficient to cater for demand required. The SCM process to procure a successful tenderer went through the process but the tender award was not concluded within the current reporting period. Note that within the total open queries there are duplicate queries to the amount of 480 for both bin related and operational queries.

The team will continue to implement internal existing measures to improve and clear the any longstanding open queries which includes, assist depots to resolve queries correctly in the system and monitoring of queries on a daily basis for timeous resolution.

Table 3-14: Current Open Queries per Depot – As at end of 31 December 2016

Depot	2015/16	Q1 2016/2017	Q2 2016/2017
Waterval	61	75	124
Roodepoort	947	4 01	585
Norwood	166	36	125
Selby	57	57	44
Midrand	243	267	223
Southdale	304	282	224
Marlboro	213	238	233
Zondi	1 054	318	613
Marketing	125	98	60
Randburg	290	179	151
Central Camp	401	264	272
Avalon	752	211	355

Depot	2015/16	Q1 2016/2017	Q2 2016/2017
Bulk	1	0	13
Unallocated	0	555	0
Total	4 614	2 985	3 022

Top 5 Open Queries

The following table shows the Top 5 Open Queries per category as at 31 December 2016.

Table 3-15: Common Call Types

Call Type	2015/16	Q1 2016/2017	Q2 2016/2017
Request for new service	973	965	459
Replacement of damaged bins	1 558	853	611
Replacement of stolen bins	1 714	840	773
Reduction in service	-	149	-
Request additional bins	-	65	-
Street Cleaning			123
Illegal dumping	27	-	393
Collections not picked up	5	-	-
TOTAL	4 277	2 872	2 359

3.2. Game Changer Programmes

3.2.1. Jozi@Work

The Jozi@Work programme seeks to address the triple challenge government seeks to address namely:

- **The Enterprise Development Challenge** - Development of Community based Micro enterprises to enable them to engage in legitimate business with the State. This entails preparing them to be responsive to procurement requirements.
- **The Job creation Challenge-** Enabling the micro-enterprises to be employers and creators of sustainable jobs at local level and contribute to local economic development;
- **The Service Delivery Challenge-** To enable the micro-enterprise to deliver quality service to the communities they serve;

As at the end of December 2016, Pikitup has appointed two capability support agencies (CSA's), The Waste Group Projects and Tedcor. The total number of cooperatives appointed are 33. Thus during this period under review a total of 1418 persons are in employment through J@W. No new jobs were created through J@W during this period but new cooperatives will be appointed with the creation of new jobs in 2017.

Table 3-16: Number of jobs created through Jozi@Work 2016/17

REGION	COOPERATIVES	NUMBER OF PEOPLE EMPLOYED THROUGH J@W AT END OF Q2
	CURRENT	CURRENT
C	3	99
D	10	362
E	10	384
F	2	291
G	6	212
TOTAL	33	1418

The cleanliness of Zandspruit continues to be a challenge with people dumping where and when they want in open spaces as per below photos. Education and awareness are continuing in the area and in some areas it has the necessary impact.

Zandspruit Clinic

Before

After



Education and Awareness

Cooperatives visited households to request the residents to participate in the separation at source programme. They also continued with the distribution of bags to those already participating.

Education in Alexandra



One of the Cooperatives adopted a school in their ward (Emfundisweni Primary School; they started a vegetable garden and initiated recycling at the school.

Emfundisweni Primary School



One of the entities targeted the schools in the area to educate them on how to handle waste and save the environment. Below is the Operations Supervisor having a play for school children. It all begins with the child at home. Educators do visit households and business and teach on separation of domestic waste at source.

Education and Awareness at Schools – Industrial Theatre



Recycling

The recyclables are collected a day before RCR collection from the households and as and when the illegal dumps are cleared and maintained. The coops are hands on with recycling and for the quarter the tonnages increased.

Separation@Source



Mayoral Visit at Doornkop (Salvation Army Crèche): 30 November 2016

The Executive Mayor Mr H Mashaba visited Thulani Doornkop on 30 November 2016 and the coop for the area prepared the area for the visit. The visit was at the Salvation Army Crèche in Extension 4 Doornkop.

Salvation Army Crèche



On the 25th November 2016 the SAPS requested participation of Thulani Doornkop in their cleaning campaign the following are photometric evidence to the event:

Cleaning Campaign at Doornkop Police Station (Public Participation)



General issues:

The street cleaning component of the programme still remains the one area where all entities are doing well with challenges of road constructions by different COJ departments and private operators, grey water, sinking dumps and illegal electricity connections.

The issue of safety of employees especially in squatter camps like Kliptown and Slovo Park is also a concern.

3.2.2. Youth in Waste

Pikitup's Youth Unit is responsible for the implementation of EPWP. Through the programme 1075 beneficiaries were enlisted for a period of 2 months – "Operation Basisa" ((Xitsonga name meaning Clean-up).

The EPWP is one of government's short-to-medium term programmes aimed at reducing unemployment and thereby alleviating poverty. It is a nationwide programme aimed to draw significant numbers of the unemployed into the productive sector of the economy, gaining skills while they work and increasing their capacity to earn an income.

CoJ has adopted this programme with its own policy framework within which EPWP can be implemented in its service delivery models. For this reason, "Operation Basisa" will ensure an extensive clean-up campaign through the festive period, incorporating education and awareness within the identified areas within the City.

3.2.3. Communication and Stakeholder Engagement

Marketing

Pikitup Festive Season Waste Campaign

CMS embarked on the Festive Season Waste Management Campaign. The campaign educates and mobilises Johannesburg residents including businesses on practising effective waste management principles during the festive season.

The campaign was anchored on four themes/key messages:

- Bogus Pikitup employees
- Refuse collection schedule during festive holidays
- How to manage waste during festive seasons (promotion of free bulky waste service to curb illegal dumping)
- Recycling tips.

The following elements were carried out:

Print Advertising

Based on the previous investment made with The Independent Newspapers Group during the National Clean-Up and Recycle Week Campaign, the Marketing Unit negotiated free advertising space and published festive season information materials in the group's following titles:

- The Star
- Mercury
- Pretoria News
- Cape Times

Social Media Advertising

#PikitupWish, which was used in the last festive season campaign was again activated to publish festive season messaging. A 'Recycling Tip a Day' was published on a daily basis to encourage residents and businesses to recycle and adopt responsible waste management practices.

Internal and External Communication

Internal Communication

The unit continued to issue internal communique to staff notifying them about developments in the organisation. A total of 30 internal communique were circulated during the period under review.

External Communication

Two media releases were issued during the quarter. The media releases formed part of the Integrated Festive Waste Management Campaign. Consequently, the following positive media coverage was received during the period under review:

Table 3-17: Print News Coverage

DATE OF PUBLICATION	NAME OF PUBLICATION	HEADLINE
12/ 14/ 2016	The Star	10 fraud suspects held for asking for Christmas
12/ 14/ 2016	Pretoria News	10 fraud suspects held for asking for Christmas
12/ 14/ 2016	Mercury	10 fraud suspects held for asking for Christmas
12/ 14/ 2016	Cape Times	10 fraud suspects held for asking for Christmas
12/ 14/ 2016	The New Age	'No gifts for Pikitup staff'
12/ 14/ 2016	The New Age	'No gifts for Pikitup staff'
07/ 12/ 2016	Sandton Chronicle	Refuse collection problems
07/ 12/ 2016	Roodepoort Record	Pikitup schedule during the festive season released
07/ 12/ 2016	Sandton Chronicle	Refuse collection problems

Table 3-18: Online and Social Media Coverage

DATE	NAME OF PUBLICATION	HEADLINE
12/ 19/2016	702 Talk Radio	Pikitup warns on giving workers Christmas presents
12/ 19/2016	Cape Talk FM	Pikitup urges residents not to give its employees Christmas gifts
12/ 19/2016	Minor internet news	Pikitup urges residents not to give its employees Christmas gifts
12/ 19/2016	702 Talk Radio	No Christmas gifts to Pikitup employees
12/ 19/2016	Mix FM	Pikitup urges residents not to give its employees gifts
12/ 19/2016	Eyewitness News	Pikitup urges residents not to give its employees gifts
12/ 14/ 2016	Kaya FM	Pikitup urging residents not to give employees donations
12/ 14/ 2016	Rosebank Killarney Gazette	Illegal dumping worsens while legal dumps fill up
13/14/2016	Soweto TV	Pikitup urges residents not to give its employees Christmas gifts

Internal newsletter

The Communication and Stakeholder management department is currently finalising the appointment of a service provider for the provision of design and layout services of the internal newsletter. The

Supply Chain management department has narrowed down the selection to, two possible suppliers. The suppliers are currently undergoing compliance verification. A single edition of Piki-News was produced.

Events Management

Cities COP 16: 24 September – 5 October 2016

Pikitup, in partnership with the City of Johannesburg and other municipal entities participated in the City's COP 17, 2016. The 17th meeting of the Conference of the Parties to CITES (CoP17) took place in Johannesburg, South Africa from 24 September to 5 October 2016 at the Sandton Convention Centre.

This was the fourth meeting of the Conference of the Parties to CITES held on the African continent since CITES came into force on the 1st of July 1975.

CSM provided branding and educated guests on the City's waste management and waste minimisation efforts. Live Tweeting and live Face-book messages were posted throughout the duration of the conference.

COP 17 in pictures



PSA Construction Waste Management & Green Economy Forum – 13 October 2016

In keeping with the objectives of the integrated waste management campaign and the Stakeholder Engagement Plan - Pikitup hosted the second Proudly South African Construction Waste Management Forum at the Crown Plaza Hotel in Rosebank, Johannesburg, on the 13th of October 2016.

The forum fostered engagements on the importance of waste management and the role that the construction industry plays in preserving the environment.

Our associates in the waste industry namely: Proudly South African, CIDB and GBCSA were all in attendance at this auspicious occasion.

CSM provided branding, live Tweeting and Facebook postings of the event.



Pikitup Mayoral Clean-up at Joubert Park Art Gallery and Zandspruit: 14 October 2016

Pikitup participated in the Mayoral Clean-up Activity with the City of Johannesburg in Joubert Park in the inner city on 14 October 2016. A clean-up campaign was also carried out in Zandspruit.

CSM provided branding and general support at the event. Live Tweeting and Face-booking of activities was also done. Relevant Pikitup depots provided educators, cleaning staff, refuse trucks, collection of waste and all cleaning materials for the event to assist with recycling.

Clean-up activities in pictures



IWMSA Wastecon 2016: 17 – 21 October 2016

Throughout the years, Pikitup has been a patron member of the Institute of Waste Management of Southern Africa (IWMSA), which is a multi-disciplinary non-profit association that is committed to supporting professional waste management practices.

As a member of the IWMSA, Pikitup has benefitted on skills and knowledge sharing through networking in numerous events, including the bi-annual Waste Conference organised by IWMSA. Pikitup has also shared knowledge and intelligence institute members.

Pikitup participated in the form of an interactive exhibition stand and branding. Branding opportunities used included branded USBs carrying conference and Pikitup information.

Pikitup also submitted the following academic research Papers which were relevant to the conference topics:

- Alternative Waste Treatment Technologies / Viability of Establishing Alternative Waste Treatment Technologies.
- Job Creation Opportunities and Initiatives
- Paper on Reclaimers and Community Based Waste Collection

Pikitup exhibition stand at the conference



Pikitup November Games: 11 November 2016

The Pikitup annual November Games, are an integral part of the organisational culture and provide an interactive platform where Pikitup employees can take part in various cultural and sporting codes. Employees from all depots came out to support and take part in the day's activities.

Depot teams competed in Soccer, Walking, Netball, Athletics, Snooker and Mrabaraba with the hope of taking the trophy back to their respective depots.

CSM provided branding and support at the event.



Stakeholder Engagement and Partnerships

a) UNIVERSITY OF JOHANNESBURG STAKEHOLDER AWARDS.

The intent of the awards is to give recognition to Community Engagement Initiatives/partnerships by internal and external stakeholders, achieved according to policy and processes of UJ. Pikitup was also invited to witness the event as part of UJ stakeholder.

b) ROAD ACCIDENT FUND (RAF);

The intention is to establish a working cooperation partnership with the Road Accident Fund. The partnership will be cemented with a MoU. The purpose of this partnership is for Pikitup to support the RAF's road safety messaging and for RAF to support Pikitup's waste minimisation and cleaner city campaigns. The draft MoU is being discussed and once the technical areas have been worked out, it will be sent to the legal department for vetting.

c) FOOD SOUTH AFRICA (FSA);

A meeting was held with Food SA to encourage and inspire a working relationship, towards waste food minimisation. A plan is currently being drawn, to reflect mutual areas of cooperation and the relationship will be rolled in the coming year.

d) SOUTH AFRICAN NATIONAL TAXI COUNCIL (SANTACO);

Talks are in progress. Meeting was held with Mr Phillip Taaibosch, President of SANTACO and it is envisaged that a meeting will soon be held with the relevant executing manager.

e) SOUTH AFRICAN NATIONAL CIVIC ORGANISATION (SANCO);

Meeting held with the national coordinator of SANCO and talks are in progress.

f) MISS EARTH;

The CMS Department is experiencing difficulties in activating this relationship, due to among other things, the slow pace with which payments are being disbursed for services rendered. The relationship is currently very crucial to Pikitup and is a paid for service, which is cemented by a MoU.

We are currently negotiating with both Legal and Finance to assist us in managing the relationship.

g) OFFICE OF THE PREMIER;

The CMS Department is part of the provincial stakeholder management efforts and has been roped into the provincial stakeholder committee, looking at various stakeholder issues. The benefit of this collaboration and incorporation is that it allows Pikitup to source out issues at source and it gives our organisation an extended platform to use the greater provincial platforms, in disseminating corporate information to our stakeholders.

Education and Awareness

Various activations focusing on environmental education and awareness took place during this quarter. The following are the projects CSM participated in during the period under review:

- Education awareness in schools.
- Education and awareness in Region F with JHC
- Door to door and knock and drop at Kelvin.
- Eco-Rangers prize giving
- Data capturing for the door to door campaign

Education and Awareness in schools

In a quest to improve Separation@Source participation rates, Pikitup Marlboro Depot partnered with Cooperatives such as Shomang, Mveledzo, Lesedi, Twanani and Talefane to have this mission accomplished.

The following schools were visited during this quarter: Alex High, Gordon Primary, Ikayenzi Primary School, Carter Primary, Dr Knak, Pholosho, Iphutheng, Ikage, Bovet, Zenzeleni, Skeen and East Bank High. The following are some of the letters of appreciation from schools.

Education Awareness in Region F during Makhulong Holiday Programme with Johannesburg Housing Company

Once again, in a quest to improve participation rates in the Separation@Source project, Pikitup in partnership with the Johannesburg Housing Company, participated in the Makhulong Holiday Programme for young people. Over 400 children were taught and encouraged to recycle in support of the Separation@Source project.



Door to Door and Knock and Drop at Kelvin

In support of the Waste Minimisation Department, a door to door and knock and drop campaign was undertaken at Kelvin. The purpose of the exercise was to prepare residents about the Separation@Source pilot study to be undertaken in the area early in the new year. About 960 households were targeted.



PRIZE GIVING FOR SCHOOLS – ECO-RANGERS

From Tuesday, 15 November 2016, Pikitup conducted prize handovers for schools that performed well in the Eco-Ranger Schools Programme. The schools acknowledged were the ones that created artwork from waste, raised community awareness on waste and recycling, as well as those that initiated recycling partnerships. Five (5) schools walked away with R7500 each while the overall winner walked away with R25 000.



DATA CAPTURING

Following the door to door campaign that took place between July and September 2016, 18 young EPWP people were hired for the purpose of data capturing and to date, 45 765 out of 426 000 questionnaires have been captured on the system. Analysis of the questionnaires will take place once all the questionnaires have been captured.



3.3. Performance against Service Standards

The service standards outlined in the table below provides the report on the turn-around times of complaint lodged during the quarter. These standards are prescribed by the shareholder and is aimed to ensure adequate and timeous responses to customer complaints and queries.

Service Level Indicators (KPI)	Service Level Standards (turnaround time)	Quarter	Achievement	Variance Comments	Timeline Commitment to ensure 100% Resolution
Collecting domestic waste	7 days 100%	1	99%	Target met	Pikitup collects domestic waste once a week from all residential areas, a target of 98% was exceeded.
		2	98%	On target	
		3			
		4			
Collecting general business waste	7 days 100%	1	100%	Target met	Pikitup collects general business waste once a week from all business premises.
		2	98%	On target	
		3			
		4			

Service Level Indicators (KPI)	Service Level Standards (turnaround time)	Quarter	Achievement	Variance Comments	Timeline Commitment to ensure 100% Resolution
Collecting putrescible waste (wet waste)	Daily, up to 6 X a week 100%	1	100%	Target met	Pikitup collects daily putrescible waste 6 days a week.
		2	100%	Target met	
		3			
		4			
Cleaning of illegal dumping spot	7 days 100%	1	100%	Target met	Pikitup cleans all illegal dumping spots as per schedule on a daily basis. Unfortunately due to inadequate law enforcement this is an ongoing problem. All scheduled spots were cleaned during the quarter however continues to recur.
		2	???		
		3			
		4			
Removal of animal carcasses	24hrs 100%	1	100%	Target met	This is done within 24hrs of reporting.
		2	100%	Target met	
		3			
		4			
Delivery of an ordered Skip bin	7 days 100%	1	100%	Target met	Ordered skips were delivered on time.
		2	100%	Target met	
		3			
		4			
Collecting of refuse bags on the curbside	48 hrs. 100%	1	100%	Target met	All bags placed on the curbside were collected during the period under review
		2	98%	On target	
		3			
		4			

3.4. Capital Projects and Expenditure

The actual capital expenditure as at 30 November 2016 is 12%. The capital budget expenditure target of 30% has not been met, however it is still envisaged that the annual target will be achieved.

Table 3-19: Current Status of Capital Expenditure

Item	Budget	Actual	Commitment	Assigned	Available
Separation at Source	10,000,000				10,000,000
Purchase of 240L mobile bins	11,476,000	5,616,960		5,616,960	5,859,040
Garden Sites and EIAs	1,000,000		53,580	53,580.00	946,420
Ennerdale Landfill site	500,000				500,000
Goudkoppies Landfill site	500,000				500,000
Marie Louise Landfill site	4,850,000	304,212.50	335,237.50	639,450.00	4,210,550
Robinson Deep Landfill site	4,850,000	440,000.00	258,750	698,750.00	4,151,250
Garden sites, sorting buyback centres	10,000,000	1,230,126.88	1,459,464.91	2,689,591.79	7,310,408.21
Linbro Park Transfer station	10,000,000				10,000,000
Compost Plants	1,000,000				1,000,000
Kerbside collection	2,000,000		532,273.00	532,273.00	1,467,727.00
Waste Bulk Container	1,000,000	999,285		999,285.00	715
New Plant and Equipment	10,000,000		1,345,351.36	1,345,351.36	8,654,648.64
Landfill New Cell Development	8,500,000				8,500,000
Facilities, renewals and upgrades	27,000,000	4,459,491.44	8,223,065.50	12,682,556.94	14,317,443.06
Branding and signage	1,000,000	12,352.07		12,352.07	987,648
IT hardware and software	5,000,000	165,411.64	67,515.36	232,927.00	4,767,073.00
Grand Total	108,676,000	13,227,839.53	12,275,237.63	25,503,077.16	83,172,922.84

3.4.1. 2016/17 Project Status

Table 3-20: Status of Projects

Item No	Project Description	Progress to date
1.	3.5. Construction of Linbro Park sorting buyback facility	The consultant has been appointed and the design process is underway. Construction is envisaged to commence in May 2017.

Item No	Project Description	Progress to date
2.	Construction of Marie Louise recycling buyback facility	Designs are completed and the tender will be advertised in February 2017
3.	Upgrade ,alterations and additions at Central Camp depot- PHASE 1 Ablution and New Hall	The consultant has been appointed and the design process is underway. Construction is envisaged to commence in April 2017.
4.	EIA for garden sites and sorting buyback facilities: Woodmead, Meadowlands, Victory Park, Melrose, Orange Farm, Kaalfontein, Ivory Park, Alexandra ,Florida.	Assessments are currently underway. It is expected that all will be concluded by June 2017.
5.	Upgrade ,alterations and additions at Avalon depot	The tender has been advertised and closes on the 14 th February 2017. Construction is envisaged to start on the 15 th of March 2017.
6.	Upgrade, alterations and additions at Southdale depot	The tender has been advertised and closes by the 14 th February 2017. Construction is envisaged to start on the 15 th of March 2017.
7.	Land acquisition at Ennerdale Landfill site	Corobrick has agreed to sell the land to Pikitup. The selling price will be finalised with JPC. It is expected that this process will be concluded by March 2017.
8.	Construction of Linbro Park Transfer station	The end use licence application process and feasibility studies are currently underway. It is anticipated that both processes will be completed by June 2017.
9.	Supply, delivery and installation of 240 litre bins	The BAC has approved the report and made recommendations to Accounting Officer for approval.
10.	Procurement of Panel of Contractors	BSC is expected to finalise the specification by 31 st January 2017. Panel is expected to be in place in April 2017.

Item No	Project Description	Progress to date
11.	Upgrades and Refurbishment of Randburg depot	Construction progress is at 95% completion, the project is expected to be handed over by the 30 January 2017.
12.	Upgrade and refurbishment of all garden sites	The project was due for completion in December 2016, however, the contractor experienced cash flow challenges.
13.	Procurement of bulk containers (skip bins)	The service provider is appointed.
14.	IT hardware and software	Service providers are appointed to supply IT hardware and software.

3.6. Performance against Institutional SDBIP

Goals	Project/s	Indicator	Actual Performance (Unaudited) 2015/16	Annual Target	Quarter 2	Quarter 2	Reason for variance and action plan
				2016/17	Project Delivery Targets	Actual Performance	
1 Integrated Waste Management, Waste Prevention and Waste Minimisation	1.1.1. Waste diverted from landfills Reduce, reuse, recycle and reclaim	Tons of green waste diverted	50 098 ton for year	120 000 Tons of green waste diverted	30 000 Tons of green waste diverted	13 932	Plans are underway to go to the market to secure additional private partners for the diversion of green waste. A private sector operator has been appointed to divert builders' rubble away from Pikitup landfills with effect from 1st October 2016 for a period of 3 years. Ongoing education and awareness to be intensified. Discussion with Reclaimer representatives have been conducted in the 1 st quarter with the aim of better integration to Pikitup programmes. Additional 88 000 households should be added to the programme from beginning of Q3
		Tons of builder's rubble diverted	83 029 ton for year	100 000 Tons of builder's rubble diverted	25 000 Tons of builder's rubble diverted	15 696	
		Tons of dry waste diverted through Pikitup interventions (paper, plastic, glass, cans)	37 374 ton for year	80 000 Tons of dry waste diverted through Pikitup interventions	20 000 Tons of dry waste diverted through Pikitup interventions	8 192	
	1.1.2. Separation at source extended to additional areas	% participation rate in targeted areas where Separation at Source project is implemented	18.38%	30% participation rate in targeted areas where Separation at Source project is implemented	20% participation rate in targeted areas where Separation at Source project is implemented	19.88%	Q3 will see an additional 88 000 incorporated into the programme
1.1.3. Climate Change	Tons of carbon gas offset in GHG emissions (from waste diverted)	New Indicator	893 tons CO2	n/a	n/a	Annual target to be calculated by EISD.	

Goals	Project/s	Indicator	Actual Performance (Unaudited) 2015/16	Annual Target	Quarter 2	Quarter 2	Reason for variance and action plan
				2016/17	Project Delivery Targets	Actual Performance	
	1.2.1. Construction of new buy-back centres, and upgrade of garden sites	Number of integrated waste management facilities developed in City of Johannesburg (inclusive of new sorting buy back centres constructed or garden sites upgraded)	4 facilities constructed or upgraded in 2015/16	10 additional integrated waste management facilities developed in City of Johannesburg (inclusive of new sorting buy back centres constructed or garden sites upgraded)	2 integrated waste management facilities developed in City of Johannesburg	0	Variance is as a result of contractors poor performance. The implementation will be fast-tracked through the service providers emanating from the panel.
	1.2.2. Upgrade landfill sites to comply and to extend landfill airspace	% landfill compliance to GDARD regulations and permit conditions as issued by DEA and DWAF, related to: Robinson Deep Ennerdale Landfill Site Goudkoppies Landfill Site Marie Louise Landfill Site	92.20%	95% landfill compliance to GDARD regulations and permit conditions as issued by DEA and DWAF	n/a	n/a	Compliance is measured by independent assessment on an annual basis. Various components and implementation of the remedial plan is measured on an annual basis.
2 Realisation of Value throughout the Waste Value Chain	2.1.1. Separation at Source and Jozi@Work	No of jobs created through co-operatives	1498 jobs created	1070 jobs created through co-operatives	600 jobs created through co-operatives	0	New Work packages were advertised but not awarded. No jobs were lost and current J@W jobs in place are 1418
		No of Co-operatives / SMMEs established	35 new co-operatives established	60 Co-operatives / SMMEs established	37 Co-operatives / SMMEs established	0	New Work packages were advertised but not awarded. No J@W cooperative contracts have been cancelled and 33 cooperatives is participating in J@W

Goals	Project/s	Indicator	Actual Performance (Unaudited) 2015/16	Annual Target	Quarter 2	Quarter 2	Reason for variance and action plan
				2016/17	Project Delivery Targets	Actual Performance	
	2.1.2. Community Cleaning Programme (EPWP & CWP)	Number of community members employed to clean areas	1450	800 community members employed to clean areas	200 community members employed to clean areas	1075	Target exceeded due to additional labour contracted for the festive season.
3 Effective and Efficient Waste Services	3.1.1. Regular domestic waste collection	% RCR rounds completed on time (15h30- 17h00)	98%	98% RCR rounds completed on time (15h30- 17h00)	98% RCR rounds completed on time (15h30- 17h00)	98% RCR rounds completed on time (15h30- 17h00)	
	3.1.2. Improve city cleanliness levels of targeted areas city-wide - (block cleaning and waste minimisation - education and awareness, street furniture)	Cleanliness level of inner city as determined by GDARD Gauteng Waste Management Standards	Level 2	Level 1 Cleanliness of inner city as determined by GDARD Gauteng Waste Management Standards	Level 1 Cleanliness of inner city as determined by GDARD Gauteng Waste Management Standards	Level 2	
		Cleanliness level in outer city based on street cleaning as determined by GDARD Gauteng Waste Management Standards	Level 2	Level 1 Cleanliness in outer city based on street cleaning as determined by GDARD Gauteng Waste Management Standards	Level 2 Cleanliness in outer city based on street cleaning as determined by GDARD Gauteng Waste Management Standards	Level 2	
	3.1.3. Cleaning of Hostels	Cleanliness levels of hostels as determined by GDARD Gauteng Waste Management Standards	Level 3	Level 2 Cleanliness of hostels as determined by GDARD Gauteng Waste Management Standards	Level 2 Cleanliness of hostels as determined by GDARD Gauteng Waste Management Standards	Level 3	

Goals	Project/s	Indicator	Actual Performance (Unaudited) 2015/16	Annual Target	Quarter 2	Quarter 2	Reason for variance and action plan
				2016/17	Project Delivery Targets	Actual Performance	
	3.1.4. Clearing of Illegal Dumping Spots	Number of illegal dumping spots cleared	2101	2000 illegal dumping spots cleared	800 illegal dumping spots cleared	3 315	
4 Partnerships and Stakeholder Involvement	4.1.1. Waste Campaign	Number of campaigns implemented	4 campaigns implemented	4 Major Waste Campaigns to be delivered (with programmes in each quarter).	1 Major Waste Campaigns to be delivered	1 Major Waste Campaign	Festive Season campaign implemented
5 Building an Efficient, Effective and viable waste management company	5.1.1. Commercial Revenue Collection	% collection from Pikitup's commercial customers	68%	90% collection rate from Pikitup's commercial customers	85% collection rate from Pikitup's commercial customers	62%	The reduction in performance is due unavailability of December 2016 figures not yet updated in the system hence used a completed 3 months average was used. The collection function is being performed by the CoJ Revenue Shared Service Centre. In order to approve actual collections, the collection function should be strategically realigned between Pikitup and Revenue shared Service Centre.
	5.1.2. Capital Budget Expenditure	% Capital Budget spent	R106.2 million (97.5% spending)	95% Capital Budget spent	30% Capital Budget spent	12% R 13,227,839.53	Some target not achieved some delays in finalization of contracts. Appointment of the panel of contractors will aid in fast tracking the implementation of projects.
	5.1.3. Procurement spent on BEE and Women owned companies as a % of total procurement	% BEE spend	77.1% BEE	75% BEE spend	75% BEE spend	99.5%	Target met.
		% women owned companies	54.40%	25% Women owned companies	25% Women owned companies	49.5%	
5.1.4. Ensure sound financial state of company related to all aspects	Audit opinion obtained from Auditor General (AG)	Clean Audit	Clean Audit opinion obtained from Auditor General (AG)	n/a	n/a	Annual audit to be performed after closure of financial year.	

Goals	Project/s	Indicator	Actual Performance (Unaudited) 2015/16	Annual Target	Quarter 2	Quarter 2	Reason for variance and action plan
				2016/17	Project Delivery Targets	Actual Performance	
	5.1.5.Promotion of ethics and integrity within the City	% delivery on reported cases of corruption	New Indicator	100% delivery on reported cases of corruption	100% delivery on reported cases of corruption	100% delivery on reported cases of corruption	Action has been taken, although not all cases may be conclude. There are some matters that are currently under investigation and all cases and status is reported in section 6.4.1 of the report.
	5.2.1.Query Resolution	% Queries Resolved in 7 days	72.49% queries resolved in 7 days	90% queries resolved in 7 days	80% queries resolved within 7 days	52.46% queries resolved within 7 days	The deterioration in the resolution percentage is due to a shortage in the supply of 240 litre bins. A variation on the tender for the supply of 240 litre bins was done in order to cater for the short supply, however this was not sufficient to cater for demand required. The SCM process to procure a successful tenderer went through the process but the tender award was not concluded within the current reporting period.
	5.3.1. Compliance to the Integrated SHE System (ISO 14001 and OHSAS 18001)	Quarterly SHE Audits	4 quarterly SHE audits completed	4 quarterly SHE audits completed	1 quarterly SHE audit completed	1 quarterly SHE audit completed	Target met
	5.3.2. Reduced number of accidents	Reduction in Disabling Injury Frequency Rate Ratio (DIFR)	0.02	0.03 Disabling Injury Frequency Rate Ratio (DIFR)	0.03 Disabling Injury Frequency Rate Ratio (DIFR)	0.03 Disabling Injury Frequency Rate Ratio (DIFR)	Target met
	5.3.3. Improved productivity	% achievement of performance index	New Indicator	85% achievement of performance index	n/a	n/a	Corporate Services at the City of Johannesburg has to implement programme to measure performance. The Productivity SA study was never completed and thus the outcome is required to determine current productivity levels.

3.7. Supply Chain Management and Black Economic Empowerment

Category	2016/17 Actual Q1	2016/17 Actual Q2	2016/17 Actual Q3	2016/17 Actual Q4	Target per Quarter
BEE Entities	100%	99.50%			75%
Women	94%	49.90%			25%

Q2

01 October - 30 December 2016

TENDERS AWARDED

		TOTAL VALUE OF SPEND	VALUE OF BEE SPEND	% AGE BEE SPEND
TOTAL NUMBER OF AWARDS	57	238 285 577.57	162 596 534.02	68.24%
NUMBER OF AWARDS TO > 50% BEE OWNED COMPANIES	45	162 596 534.02	162 596 534.02	

		TOTAL VALUE OF SPEND	VALUE OF WOMEN SPEND	% AGE WOMEN SPEND
NUMBER OF AWARDS TO >30% WOMEN OWNED COMPANIES	17	238 285 577.57	21 190 243.59	8.89%

The Supply Chain Management unit in conjunction with line departments are responsible for the procurement of goods and services for both Opex and Capex goods, services and works. The Municipal Finance Management Act, No. 56 of 2003 and the Local Government Supply Chain management regulations prescribes how procurement must be undertaken within the local sphere of government. Within this framework, the Preferential Procurement Policy Framework Act, No. 5 of 2000 and its associated regulations provides a mechanism for addressing the socio-economic imbalances of the past, that is, it introduces preferences in the procurement of good and services. This is done through the 90/10 or 80/20 preference points system where points are allocated based on the BBBEE scorecard level as per the Department of Trade and Industry's Codes of Good Practice.

Currently National Treasury is in consultation with all stakeholder with regard to the revision of the Preferential Procurement Regulations, 2011 and Preferential Procurement Policy Framework Act (PPPFA), 2000. The main challenges with the existing legislation and regulations are as follows:

It was anticipated that the revised PPPFA regulations would be promulgated in November 2016, however this has not taken place.

3.7.1. SCM Deviations

Supplier	Description	Method	Duration	Value (Rands)
1. Excellence Electrical (Pty) Ltd	Electrical Services - DPC 013/2016	Emergency	4 days	9 941.20
2. Nale Trading CC	Repair to the broken precast wall at Norwood Garden Site	Emergency	5 days	14 130.87
3. Konica Minolta (Pty) Ltd	Print Solutions (Depots and Landfills)	Single Source	5 months	175 000.00
4. Metrofile (Pty) Ltd	Off-site document storage	Single Source	-	52 300.00
5. Nosa (Pty) Ltd	Occupational Hygiene Survey	Single Source	-	161 281.50
6. Aqua Transport and Plant Hire (Pty) Ltd	Provision of Plant, Operators and Maintenance	Single Source	4 months	51 564 480.00
7. Van Greunen & Associates (Pty) Ltd	Professional Legal Matters	Single Source	Once off	24 321.21
8. Mondial Consulting (Pty) Ltd	Board & Exco Workshop	Single Source	Once off	124 488.00
9. Sidas Security Services (Pty) Ltd	Security Guarding Services	Single Source	12 months	39 618 848.43
Total				R 91 744 791.21

3.7.2. Implementation of Pikitup Supply Chain Management Policy

In an attempt to stabilize the Supply Chain Management unit the following key issues have been identified to address the immediate to short term needs of the unit.

ACTIVITIES / INTERVENTIONS	Progress
Completion of and maintenance of Acquisition plan - Capex and Opex	Acquisition Plan 2016/17 approved by BoD
Regular reporting on progress of acquisition of planned vs. Actual	Ongoing
Evaluation and identification of transversal acquisition needs of user departments for financial year	The following have been identified and are in progress of being initiated by user department:- Recruitment Agency for Casual Labour – user department will not continue with the process Cleaning Material -.Tender has been advertised Cell phone services has been awarded to Vodacom through National Treasury. Printing Services – tender underway for January 2017. PPE and uniform tenders will be advertised in January 2017.
Monitoring of specifications and evaluations within legislative requirements	The revised SCM Policy and Procedure Manual has been approved and the , Infrastructure Procurement and Delivery Management Policy has been approved Roadshow to user departments has taken place in 1 st quarter 2016/17
Preparation of bids either through open tender or RFQ process within prescribed timelines	Ongoing, Internal service standards have been set for the unit i.e. RFQ<R30k 7 days, RFQ>R30k<R200k 14 days, open tenders >R200k 120 days, Bid documents have been updated and standardized
Evaluation of bids aligned to PPPFA	Ongoing Achievement of spend to designated groups 99.50% spend on BEE owned companies and 49.90% on Women Owned Companies respectively.
Maintenance of a supplier Database	Pikitup ensures compliance with National Treasury initiative and ensure that, current and prospective suppliers are registered and compliant on CSD. Information sessions were held for internal and external stakeholders. Awareness will be on an ongoing basis

ACTIVITIES / INTERVENTIONS	Progress
Supplier Development in terms of bidding requirements and conduct	Supplier Development is an ongoing exercise in anticipation of the migration to CSD. 1 st July 2016, Pikitup only appointed suppliers that are registered and compliant to CSD system and will continue to provide assistance throughout the implementation process.
Maintenance of optimum stock levels	Stores has identified key fast moving commodity goods (FMCG) with the aim of establishing an economic order quantities in order to ensure that stock levels are maintained at all times

4. HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

4.1. Human Resource Management

Table 4-14: Current Employment Demographic Profile: Midyear Report

OCCUPATIONAL LEVELS	MALE				FEMALE				TOTAL
	A	C	I	W	A	C	I	W	
Top management	2	0	1	1	1	0	0	0	5
Senior management	12	4	2	3	3	1	2	2	29
Professionally qualified and experienced specialists and mid-management	34	4	1	1	34	5	2	9	90
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	85	8	0	8	87	4	2	2	196
Semi-skilled and discretionary decision making	400	12	0	0	125	0	0	0	537
Unskilled and defined decision making	1745	12	0	0	1724	12	0	0	3493
TOTAL PERMANENT	2278	40	4	13	1974	22	6	13	4350
<i>Temporary employees</i>	441	5	0	3	650	3	1	0	1103
GRAND TOTAL	2719	45	4	16	2624	25	7	13	5453

4.2. Employee Remuneration

4.2.1. Recruitment

The HR Unit has met the needs of this constantly evolving environment by ensuring that it employs the right people for the right positions at the right time. Priority was given to critical vacancies. In the period under review 1,090 employees were newly appointed and 13 employees were promoted

from within the organisation as reflected below. During the period under review, Pikitup appointed 1,103 employees as reflected below (this figure includes EPWP Workers):-

Designation	Gender	Race
Drivers	Female - 1	African
Drivers	Male - 11	
EPWP Casual Worker	Male - 442	African - 1083
	Female - 646	Coloured - 4
		White - 1
Manager: Communications	Male	African
Manager: Research Innovation	Female	African
Timekeeper	Male	African

4.2.2. Attrition

Pikitup's overall staff turnover is 0.77% for the period under review. About 0.42% of the total attrition rate was as a result of retirement.

Indicated below is a table showing reasons for terminations:

Type of Termination	Number of Employees	% against Staff Complement	Staff Complement (October – December 2016)
Resignations	6	0,11%	5453
Retirements	23	0,42%	5453
Deaths	7	0,13%	5453
Medical Boarding	4	0,07%	5453
Dismissal	1	0,02%	5453
Contract Expiry	1	0,02%	5453
Total Number	42	0,77%	5453

4.2.3. Vacancy Rate

During the period under review, there was a total of 5,242 positions and 892 vacancies. Indicated below are the number of positions and vacancies per level:

Job Level	No. of Positions	No. of Filled Positions	No. of Vacant Positions	Vacant positions as % of total positions
F2	1	0	1	100%
F1	9	5	4	44%

<i>Job Level</i>	<i>No. of Positions</i>	<i>No. of Filled Positions</i>	<i>No. of Vacant Positions</i>	<i>Vacant positions as % of total positions</i>
E1	34	29	5	15%
D	183	90	93	51%
C	335	196	139	41%
B	709	537	172	24%
A	3971	3493	478	12%
Total	5242	4350	892	17%

The Managing Director position as well as the Chief Operating Officer position remained vacant. These are considered critical positions to ensure the efficient functioning of the organisation and to implement its objectives. Both positions were advertised in October 2016, but no appointments have been made to date.

4.2.4. Parity Benchmarking Exercise

A Settlement agreement was signed by the City of Johannesburg, SAMWU and Pikitup in April 2016 leading to the end of the unprotected strike which started on 9 March 2016 till 8 April 2016. This exercise resulted in **3,919** employees receiving salary adjustments as per the approved key salary scales. Job levels A & B were all evaluated using the TASK (Tuned Assessment of Skills and Knowledge) Grading System and a common remuneration/salary scale (common key scale) was developed. Following the grading process, there were designation changes to some of the positions as well as the grading levels thereby affecting the salaries to be paid in future. The implementation of Levels A & B is therefore complete at Pikitup. The A & B implementation in all other entities is envisaged to be completed in December 2016.

The implementation of C & D levels is on hold due to financial constraints and is envisaged to be implemented during 2017/2018.

4.3. Employment Equity

Employment Equity Analysis Workshops were held in preparation for the development of Pikitup Employment Equity Plan. EE Committees based at the depots are currently developing EE plans for the next 5 years in their respective areas. Their completed plans will later be consolidated to form Pikitup Employment Equity Plan.

The Annual Employment Equity report is being to be prepared for submission to the Department of Labour (DoL) before the 15th January 2016.

4.4. Skills Development and Training

There is a resubmission for a tender to attract service providers to provide training for matric qualifications for Pikitup employees.

A Service Provider was appointed to enrol employees for Recognition of Prior Learning (RPL). Fifty (50) employees were nominated as a pilot with four employees from each depot. These employees already met with the service provider for interviews and submitted their CV's for further assessment. We are waiting feedback and way forward from the service provider pertaining to gaps identified. There are ongoing trainings in relation to implementation of the Workplace Skills Plan.

4.4.1. Adult Education and Training

The CoE (Centre of Expertise) Unit received 197 names of employees from all depots for Adult Education and Training (AET) registration for 2016 intake. A total number of 50 employees at levels 1-2 were allocated dates. The service provider was appointed for levels 1-4 and the assessment and placement of 100 learners for these levels was conducted and concluded on October 2016. Our challenge is poor attendance. The learners that were registered and inducted on the dates stated above were as follows:

• Midrand	= 15
• Roodepoort	= 20
• Selby	= 14
• Central Camp	= 28
Total	= 77

Managers and supervisors continued to attend appropriate courses and programmes during the period under review. Some of the programmes attended were the following:

- Vision screening
- Spirometry refresher
- Audiometry
- Physical Examination and health assessment
- HIRA
- Facilitator Course for Stock taking
- Request Order
- Navigation
- Recognition of Prior Learning (RPL)
- SDF Workshop
- AET Level 1-4

4.4.2. Further study / subsidized education

Employees continue to register with different Higher Education institutions to further their studies. Some of the courses they registered for are:

- Diploma in Fleet management
- Procurement and supply chain management
- Bachelor of Arts
- Public Administration
- Store keeping and stock control

4.5. Disciplinary Matters and Outcomes

The current disciplinary matters are outlined below:

Table 4-2: Outstanding Disciplinary Matters

	MATTER	STATUS	ANTICIPATED COMPLETION DATE
1	An employee at Waterval Depot	The employee has been served with a Charge Sheet. The disciplinary hearing took place during the week 9 November 2016	The case has been finalized. Awaiting an outcome.
2	Supervisor at Waterval Depot	Served with a charge sheet.	The case has been finalized. Awaiting an outcome.
3	An employee within legal department	The charge sheet was served and the hearing was postponed due to the request from the accused where he wanted to have access to his laptop.	We are struggling to secure the Presiding Officer based on the seniority of the employee charged. Senior managers within the CoJ have been approached, without success.
5	Two employees who were doing private job during working hours, using the employer's vehicle	The Presiding Officer withdrew as a result of the ruling to the effect that no external presiding officers are allowed in internal disciplinary hearing,	Case to be finalized on the 14 December 2016.
6	Employee	Alleged unfair labour practice dispute	File closed due to lack of jurisdiction to Arbitrate the matter
7	Two former employees	Alleged unfair dismissal (non-renewal of three months contract)	CCMA ruled in the company's favour that the employees were not dismissed
8	Former Employee	Alleged Unfair dismissal	Arbitration to be finalized at CCMA on the 23 January 2017.
9	Former Employee	Alleged unfair dismissal (non-renewal of fixed term employment contract)	Case finalized on the 09 December 2016.
10	An employee from Midrand	Discrimination based on age	Case withdrawn at CCMA due to lack of substance or merits in the allegation.
11	Various employees	Alleged failure to comply with CCMA settlement agreement as it relates to absorption	Case pending at the level of the labour court.

4.6. Employee Wellness

- World Aids Day events were successfully commemorated within Pikitup to raise awareness and show support for people living with HIV and AIDS and these were combined with 16 Days of Activism against Women and Children.

- Employee Wellness Roadshows conducted in all Pikitup depots to remind employees about the services that the department renders for employees and to give feedback to employees on the results of Medical surveillance done, Wellness Day events and the research which was done regarding health related issues facing Pikitup employees.
- Employee Wellness also participated in Sports Day event and used the opportunity to promote health and healthy living. Condoms were distributed during the Sports Day event.

4.6.1. World Aids Day Events

The Annual World Aids Day events were commemorated in Pikitup depots and Head Office. The theme for 2016 Pikitup World Aids Day was:

“IT IS IN OUR HANDS TO END HIV AND TB”

This year the emphasis was on “Test and Treat”, which is a recommendation by the World Health Organisation. This means that all people living with HIV should be provided with antiretroviral therapy (ART) irrespective of their CD4 count levels. This would ultimately bring the country a step closer to achieving universal access to HIV treatment and care and thus ending AIDS as a public health threat. Hence the theme *“It is in everyone’s hands to end HIV and TB.”*

Employee Wellness also observed “16 Days of Activism for No violence against Women and Children.” The objective of observing this campaign was to encourage Pikitup employees to acknowledge that violence against women and children is NOT a government or criminal justice system problem, but a societal problem, and that failure to view it as such would result in all efforts failing to eradicate this scourge in our communities. The National theme for (2016) 16 Days of Activism for no violence against women and children was:

“COUNT ME IN: TOGETHER MOVING A NON-VIOLENT SOUTH AFRICA FORWARD.”

Employee Wellness initiated a competition amongst depots to design HIV ribbon using recyclable material. All depots were encouraged to participate in the competition. These ribbons will be used by depots annually when commemorating World Aids Day events. The main aim is to ensure that each depot has its own HIV Aids ribbon that will be utilised annually and secondly as these ribbons are sold at a cost, Pikitup will be saving on these costs. The best depot will receive a prize during January/ February 17 month.

4.6.2. Incapacity Management Programme

Sick Leave – October 2016



Business Units	Number of Employees took Sick Leave	No. of days worked/ month	Number of Days Taken	Number of Employees	Sickness absence Rate %	Number of Employees in %
Head Office	40	22	104	248	1.91	16.1
Norwood	170	22	627	454	6.28	27.1
Marlboro	121	22	309	354	3.97	34.1
Bulk & Dailies	10	22	45	95	2.15	10.5
Waterval	17	22	7	201	0.16	8.45
Randburg	73	22	111	257	1.96	28.4
Central Camp	0	22	0	259	0	0
Southdale	8	22	106	337	1.43	2.37
Selby	9	22	288	864	1.52	1.04
Avalon	38	22	52	239	0.99	15.8
Zondi	2	22	67	333	0.91	0.60
Roodepoort	67	22	156	322	3.61	20.8
Midrand	76	22	218	337	2.94	22.5
Landfills	9	22	15	73	0.93	12.3
TOTAL	640		2105		Avg: 2.05%	

The table above indicate number of employees who took sick leave across all depots. The average absenteeism rate in Pikitup for October 2016 was 2.05 % and for November 2016 the average rate was 1.2%.

This needs further interrogation to substantiate the reduction in average percentage absenteeism. From a depot by depot analysis, the rate ranges from 0% to 6.28% based on data analysis in October 2016 and in November 2016, the range was from 0% to 4.82 %. Going forward, Employee Wellness will monitor absenteeism on a quarterly basis and study and analyse the trends so that appropriate action can be implemented.

The top three depots regarding absenteeism stats are evident above, enabling Employee Wellness Department to focus on these high risk areas. Emphasis is being placed on management of absenteeism and incapacity during the monthly incapacity meetings as a risk mitigation strategy, requesting Line management to refer all employees with active and permanent incapacity and long-term absenteeism to EWD for review, referral to specialists or private doctors for further evaluation and management. Sickness absence is a major challenge in industries costing R12b - R16b per annum, with a major toll on the economy, productivity, workforce morale and the organization.

Table 4-3: Active Incapacity cases (cases currently on alternative duties)

	Q1	Q2
Total number of incapacity cases	64	61
Total number of Pikitup Employees	4416	5453
Total number of Females	30	27
Total number of Males	34	34
Total Percentage of Active Incapacity	1,45%	1,12%

The above cases are **active** as they are currently being treated and re-evaluated by their doctors and EWD, with good prognosis to restore health to normality as far as is reasonably practicable and return to normal duty. Incapacity and absenteeism remain a major challenge within Pikitup. EWD aims to reduce the total number of cases (active and permanent) and thereby reduce impact on productivity of the Organization. There are a total of 61 active incapacity cases for this Quarter for including head office which 27 females and 34 males. Majority of the cases are in the ageing population with chronic medical conditions. The current plan is to have all these employees in the Healthy Lifestyle programme. Based on the quarterly analysis and comparison of the data, it is evident that the number of active cases has decreased in Q2 2016/17, especially female workforce.

	Q1	Q2
Total number redeployed to the Depot	31	38
Total number of Pikitup employees	4416	5453
Number of Females	12	13
Number of Males	19	25
Percentage	0.7%	0.7%

Table 4-4: Permanently redeployed to work in the yard

There are 38 employee that are permanently placed in the yard due ill-health. 13 females and 25 males. 32 % of **permanent incapacity** cases have **epilepsy** which places them at high risk in operational positions hence they are deployed in the yard. Epilepsy is the neurological medical condition that affects the nervous system and it is diagnosed by seizures. It is a high risk for employees with this condition to be declared fit for RCR or street sweeping hence they end up being permanently placed in the yard for their own safety.

Based on the quarterly analysis of data, the number of cases of permanent incapacity employees remains at 0.7 %.

4.6.3. Health Promotion

Health Promotion is one of the important programmes within Employee Wellness Department. It is an on-going programme that is linked to health related issues within Pikitup and is defined as the process of enabling people to increase their awareness and take charge of their own health. Workplace health promotion is the combined effort of the employer, employee and the Wellness team to improve the health and wellbeing of all Pikitup employees. All Health Promotion activities are linked to Department of Health National Calendar.

According to the National Health calendar, October was the Breast cancer awareness month. Breast cancer awareness was done in all depots including Head Office. Education and awareness was done including distribution of pamphlets and posters. Employees were encouraged to do mammograms for early detection of Breast Cancer.

During November month, Employee Wellness focussed on Diabetes awareness. Worldwide, there has been an alarming rise of diabetes and thus Pikitup has taken the initiative to make employees aware of diabetes. The World Health Organization estimates that as many as 380 million people will have diabetes by 2025. As part of Healthy Lifestyle, Pikitup Employee Wellness invited

employees to visit Pikitup Wellness Centre for a free blood sugar screening. Those with abnormal results were referred to Local clinics and their treating Doctors.

The following table shows the stats on employees who participated in the Blood Glucose screenings in the depots. This was part of Diabetes awareness month and it also included education on Diabetes.

Depot	No. of participants	GENDER		Age difference and Abnormal results							
		Male	Female	Total abn. results	<35		36 – 55YRS		>56YRS		
						ABN.		ABN.		ABN.	
Selby	20	9	11	2	2	0	14	1	4	1	
Roodepoort	16	7	9	3	2	0	10	2	4	1	
Head Office	25	12	13	3	7	0	15	2	3	1	
Central camp	18	8	10	2	1	0	7	0	10	2	
Avalon	13	6	7	2	2	0	9	1	2	0	
Orange Farm	8	3	5	0	1	0	5	0	2	0	
Zondi	20	3	17	1	0	0	17	1	3	0	
Springfield	17	7	10	2	2	0	9	2	6	0	
Waterval	5	2	3	0	2	0	3	0	0	0	
Other(sports)	5	1	4	1	0	0	2	0	3	0	
Total	147	58	89	16	19	0	91	9	37	5	

Out of 147 employees who participated during the Diabetes awareness month, at least 9.5 % (16 /147) are affected of which the 3.4% (5/147) is above 55 years of age. The age group that is mostly affected is the **36 -55** year olds which has 6.1% (9/147) and most of these employees were newly detected cases. Most employees at the latter age (36-55) group were already on chronic medication and need to be monitored on a monthly basis or once in three months once the glucose level is stabilised. No one was found to be affected at the age 35 years or less.

Most females had abnormal results as compared to males. A lot of education still needs to be done as Diabetes Mellitus affects any gender or age group. Pamphlets were circulated in most of the depots in vernacular languages. This was requested by employees as they stated that they do not understand English.

4.6.4. Vaccination Programme

Outstanding Cases of Twinrix (hepatitis A and B vaccine) / Typhoid and Tetanus Toxoid

DEPOT	EXPECTED	GIVEN	Due by
Landfill sites	4	2	30 Dec 2016
Bulk	12	1	30 Dec 2016

By end of 2016 all outstanding cases should be done. Antibody testing will follow by Feb/Mar 2017.

4.6.5. Sports Day Event

Pikitup Sports Day event took place on Saturday, 19 November 2016 at Moletsane Sports Complex in Soweto. This is an annual event, which is an integral part of the Pikitup culture of providing an interactive platform whereby Pikitup employees are given an opportunity to take part in various

sporting codes. Employees from all depots came out to support, compete and take part in the day's activities.

Employee Wellness Programme had a clinic station where all injured employees were attended to. Employee Wellness did not only focus on injured employees but used an opportunity to do awareness on Diabetes. Employees were screened for diabetes and Blood pressure. Condoms were distributed as part of HIV and AIDS awareness.

4.6.6. Employee Wellness Roadshows

Road shows were conducted in all Pikitup depots during October month whereby employees were given feedback on the study that was conducted in 2015/16 on questionnaire analysis and medical surveillance program on high risk employees(landfill employees and Drivers), as well as Employee Wellness department services and feedback on Wellness day events including HIV testing and stats done.

Top three Medical conditions within Pikitup Quarter 2 (2016/17):

Medical Condition	Top Three Medical Conditions	Total Number of employees Seen	% (Q2)	% (Q1)
Respiratory Problems	358	5453	6,56	7,2
Muscular – Skeletal	241	5453	4,42	5,39
Hypertension	155	5453	3,03	3,06

Based on comparative analysis of data in the two quarters, it is evident that the stats show a marginal decline in numbers in all three chronic medical conditions, which may be due to enhanced awareness efforts by EWD and also that the Employee Wellness programs are paying dividends.

4.6.7. Employee Assistance Programmes

Debt Management Programme

Employee Wellness developed a Debt Management Task Team to deal with management of Garnishee Orders. Currently the Task Team comprises of representatives from Employee Wellness Department; Legal Services; Human Resources Services and Organizational Effectiveness (OE). A decision was reached that Operations should be included in the Task Team as the problem of debt affects Operations directly and any effort to assist employees will need support and co-operation of Operations department. The role of the Task team is to develop intervention strategies to mitigate the negative impact of debt and garnishee Orders within Pikitup. Several meetings were held since formation of the Task Team and a need was identified to partner with external Service providers specializing in debt and Garnishee Order management issues. Hence three different external service providers were invited to do a presentation on the intervention strategy to deal with garnishee orders imposed on employees. All the Service providers stated that there would be no financial implications for Pikitup to utilise their service. The costs of the service would be incurred from the individual employees who would be assisted to recover their money back after the intervention of the Service provider. The appointed external service provider will be regularly invited to do presentations to employees.

On 27th of October 2016 Debt Management Task team had a meeting with SCM to discuss the process that would be followed to appoint a Service provider for the management of Garnishee Orders. Terms of Reference have been developed for the appointment of such a service provider and the process is underway.

Substance Abuse Programme

Aftercare Support group meetings continued in this quarter. The purpose of these support group meetings are:

- To help employees who are from Rehab to maintain sobriety.
- To offer emotional support in going through the journey of changing their lives positively.
- To give members an opportunity to share their challenges and positive achievements as a group in a safe environment.
- To address their individual challenges posing a risk to maintenance of their sobriety.
- To bring support nearer at home to their working environment.

The aim of this particular session is not only to encourage and strengthen support outside of PIKITUP but also nearby to the group members' places of residence and also to motivate employees to remain strong during this festive season where there are a lot of challenges that encourage relapse. Group members have also been encouraged by Alcoholics Anonymous to stay resilient during this time of huge temptation.

Top three EAP conditions within Pikitup:

EAP Conditions	Top three Conditions	Total Number of Employees seen	% (Q2)	% (Q1)
Debt Problems	116	5453	2,1	2,6
Child and Family Issues	73	5453	1,3	1,7
Substance Abuse	59	5453	1,08	0.8

A comparative analysis was done on the data over the last two quarters. In general, more cases of substance abuse were seen whilst the issues of debt and family issues were lower. Hence substance abuse remains a major challenge in Pikitup and needs more attention from EWD.

4.7. Employee Benefits

Pikitup is a participating employer in various retirement benefit schemes through which it provides post-employment benefits to all its employees through both Defined Contribution and Defined Benefit Funds.

The following funds currently provide retirement benefits for Pikitup employees:

4.7.1. Defined Contribution Funds:

- E-Joburg Retirement Fund
- Municipal Employees Gratuity Fund

- Municipal Gratuity Fund
- National Fund for Municipal Workers
- Meshawu National Local Authorities Retirement Fund
- Municipal Councillors Pension Fund
- South African Municipal Workers Union National Provident Fund.

4.7.2. Defined Benefit Funds:

- Johannesburg Municipal Pension Fund
- City of Johannesburg Pension Fund
- Municipal Employees Pension Fund
- Soweto City Council Pension Fund
- Joint Municipal Pension Fund
- South African Local Authorities Pension Funds
- South African Municipal Workers' Union National Provident Fund.

4.8. Occupational Health and Safety Programmes

4.8.1. Compliance auditing

Pikitup is licensed and permitted to operate its landfill sites in terms of the National Environmental Management Waste Act, No. 59 of 2008 and Environment Conservation Act, No. 73 of 1989. It is a requirement of these licenses and permits that Pikitup's landfill operations are audited for environmental compliance under the authority of the Gauteng Department of Agriculture and Rural Development (GDARD).

Pikitup monitors compliance on an ongoing basis by conducting monthly inspections at the landfill sites and as a requirement three types of audits are carried out during the course of a year.

Quarterly, compliance to license and permit conditions is audited by the City of Johannesburg's Environment & Infrastructure Services Department (EISD). The second quarter audit has been conducted for our landfill sites and we await the reports.

The audit conducted by GDARD's inspectorate in July 2016 at Marie Louise landfill site showed compliance of 93.1%. The results of the audit conducted at Ennerdale landfill site have not yet been received from GDARD.

4.8.2. Achievements for the Quarter

The Occupational Hygienists are continuing with the Occupational Hygiene Surveys which will be finalised by end of April 2017. These surveys are to establish baseline occupational exposures of employees so as to ensure that proper control measures and medical intervention programs are put in place for the safety and health of employees.

Ongoing training of Occupational Health and Safety Act 85 of 1993 (OHSA) Legal appointees is ongoing with a plan to train 170 employees by end of the financial year.

4.8.3. ISO Certification to be obtained

The process of obtaining an Integrated Safety, Health and Environment Management System (ISO 14001 and OHSAS 18001) that Pikitup has embarked on is ongoing. The stage 1 audit process

has been finalised with the auditing team visiting all our facilities and meeting with the key departmental representatives in the organisation. We are undertaking a process of putting together action plan to address findings raised during the Stage 1 process in preparation for the Stage 2 process. In-house awareness campaigns continue and the Operations department has been workshopped on the requirements of the system in preparation for the upcoming stage 2 audit.

4.8.4. Inspections/Audits Conducted

In this quarter, a template to use for quarterly audits was developed which is in line with the Integrated SHE System that is being implemented and will ensure compliance to the system. Although progress has been made with remedying aspects highlighted during the inspections, some major SHE related hazards still remain a challenge so as to ensure full compliance to Occupational Health and Safety Act.

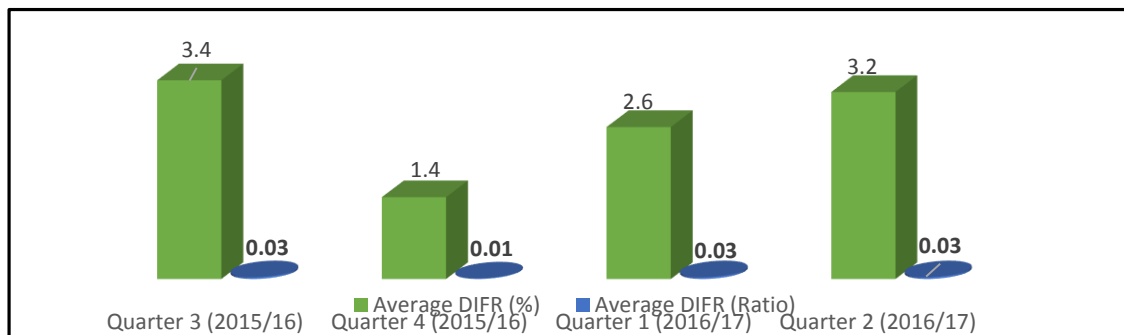
The Facilities Department attends to emergency facilities issues as and when they are referred to their department but there are major facilities issues that must be addressed in isolation due to their nature and the resources required to address them.

4.8.5. Disabling Injury Frequency Rate (DIFR)

There is no change in the DIFR this quarter as it remains 0.03 as the previous quarter. The average recorded reflects that for every 100 employees, there has been an average of 3 incident. Vehicle related incidents are a major concern and contribute largely to the incidents incurred in this quarter. Examples are sudden breaking during transportation of employees in Pikitup trucks is a major concern as a large number of employees get injured in one incident. Another concern is transportation of the step ladder/ tools inside the truck with the employees. Alternative transportation is required so that employees are not transported together with the tools. Slips and falls have also increased in this quarter. We continue to monitor and strive to keep the DIFR at a lower rate by recommending to the relevant departments measures that must be taken into consideration. It is however very challenging to achieve the results wanted when the recommendations are not taken into consideration.

The SHE Department continues to put in place preventative actions through the proactive campaigns that are ongoing such as site visits, area and site inspections as well as collaboration with the other departments in an attempt to reverse the trend towards zero injuries.

Figure 4-1: Disabling Injury Frequency Rate



Disabling Injuries per Facility and Types of Incident

Injuries are reported per employee and not per incident. The total number of injuries is 37 in this quarter. Landfill sites still remain injury free in the second quarter.

Table 4-5: Disabling Injuries per Facility

Avalon	Central camp	Waterval	Marlboro	Midrand	Norwood	Randburg	Roodepoort	Selby	Southdale	Zondi	Orange Farm	Garden Site	Panorama	Head office	Marie Louise	Goudkoppies	Ennerdale	Springfield	Robinson	Monthly & Quarter Totals		
1	0	1	0	4	1	2	1	1	3	2	1	0	0	0	0	0	0	0	0	0	17	Oct
0	1	3	0	3	2	1	1	0	1	3	0	0	0	0	0	0	0	0	0	0	15	Nov
1	0	0	0	1	0	0	0	2	1	0	0	0	0	0	0	0	0	0	0	0	5	Dec
2	1	4	0	8	3	3	1	3	5	5	1	0	0	0	0	0	0	0	0	0	37	Total

Vehicle incidents and slip and falls are high this quarter whereas hit by object has decreased from 7 to 3. Employee behaviour is a major challenge in Round Collected Refuse (RCR) as the employees embark and disembark the truck while in motion. We however continue to train employees and come up with ways to motivate them to take responsibility of their own safety and of those around them.

Table 4-6: Type of Incident

Slip and Fall	Machinery	Vehicles	Falls from moving truck	Loading	Loading: Bumped by car	Loading: Crushed by bin	Street sweeping:	Chemical	Ladders	Bee sting	Dog bite	Foreign object in the eye	Assault	Hit by object	Cuts	Other	Monthly & Quarter Totals	
4	0	6	2	2	0	1	0	0	1	0	0	0	0	1	0	0	17	Oct
4	0	1	1	0	0	2	0	0	1	0	1	1	0	2	1	1	15	Nov
1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	2	1	5	Dec
9	0	7	3	2	0	3	0	0	3	0	1	1	0	3	3	2	37	Total

4.8.6. Action plan to reduce the number of incidents

We work with the HR, Operations and Wellness Departments to assist us in ensuring that the number of disabling incidents is reduced. This is done by referral of first aid incidents to the Pikitup Occupational Health Nurse/ Practitioner. It has been seen that in most cases the number of disabling injuries recorded includes first aid and/ or incidents that could have been treated in-house and not at the hospital.

To curb substance abuse, the Security Department will ensure that drivers undergo daily, pre-deployment testing for alcohol abuse. Pikitup intends to extend this to drug testing and also to increase the frequency of testing for substance abuse.

4.8.7. Environmental Incidents

There were no environmental incidents reported for the quarter.

5. FINANCIAL PERFORMANCE AND EXPOSURE

The results for the second quarter of the 2016/17 financial year (October to December 2016) were positive with a surplus of R 47.419m being created due to total income being over budget and total expenditure being under budget. For the year to date a surplus of R 51.364m exists, well ahead of the budget.

Revenue for the quarter is R 23.550m (4.5%) above budget. This variance is due to:

- A minor positive variance for commercial income, specifically for Bulk Container Services and Landfill Fees.
- A major increase in billing for the City Cleaning Levy as a result of additional customers identified during the 2015/16 financial year end audit.
- Grant income (for the EPWP workers) being received earlier in the financial year than budgeted (thus only a timing difference when compared to the budget).
- The positive results above were partially negated as a result of negative results for Domestic RCR which has underperformed when compared to budget during the financial year to date.

Expenditure for the quarter is below budget by R 30.266m (5.7%) as a result of:

- Contractor costs – all line items show savings compared to budget.
- Bad debt provision – improvements in the collection levels of long outstanding debt have resulted in the required provisions being lower than budgeted.
- Depreciation – lower than budget due to assets capitalised during the 2015/16 financial year being lower than anticipated.

Table 5-1: Analysis of Pikitup Financial Performance

	Commercial (Quarter 2 - October to December 2016)				Core (Quarter 2 - October to December 2016)				Total Pikitup (Quarter 2 - October to December 2016)				Commercial (YTD - December 2016)				Core (YTD - December 2016)				Total Pikitup (YTD - December 2016)			
	Actual	Budget	Var	Var	Actual	Budget	Var	Var	Actual	Budget	Var	Var	Actual	Budget	Var	Var	Actual	Budget	Var	Var	Actual	Budget	Var	Var
	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000	R'000	%
TOTAL REVENUE	62 015	56 727	5 287	9.3%	487 880	469 617	18 263	3.9%	549 894	526 344	23 550	4.5%	117 226	115 309	1 917	1.7%	954 873	939 233	15 640	1.7%	1 072 100	1 054 542	17 557	1.7%
COMMERCIAL	56 451	53 760	2 692	5.0%	0	0	0	0.0%	56 451	53 760	2 692	5.0%	107 964	109 374	(1 410)	-1.3%	0	0	0	0.0%	107 964	109 374	(1 410)	-1.3%
DOMESTIC	0	0	0	0.0%	278 737	286 291	(7 554)	-2.6%	278 737	286 291	(7 554)	-2.6%	0	0	0	0.0%	558 541	572 582	(14 041)	-2.5%	558 541	572 582	(14 041)	-2.5%
CITY CLEANING LEVY	0	0	0	0.0%	40 481	19 982	20 499	102.6%	40 481	19 982	20 499	102.6%	0	0	0	0.0%	62 275	39 965	22 311	55.8%	62 275	39 965	22 311	55.8%
SERVICE FEE	0	0	0	0.0%	161 183	161 182	0	0.0%	161 183	161 182	0	0.0%	0	0	0	0.0%	322 365	322 365	0	0.0%	322 365	322 365	0	0.0%
OTHER & GRANT REVENUE	5 563	2 968	2 596	87.5%	3 913	811	3 102	382.5%	9 476	3 779	5 697	150.8%	9 262	5 935	3 327	56.1%	4 614	1 622	2 992	184.5%	13 876	7 557	6 319	83.6%
SWEEPING ACCOUNT INTEREST	0	0	0	0.0%	3 567	1 350	2 217	164.2%	3 567	1 350	2 217	164.2%	0	0	0	0.0%	7 078	2 700	4 378	162.2%	7 078	2 700	4 378	162.2%
TOTAL EXPENSES	25 473	56 700	31 228	55.1%	477 002	476 041	(961)	-0.2%	502 475	532 741	30 266	5.7%	76 265	111 145	34 880	31.4%	944 470	929 967	(14 504)	-1.6%	1 020 736	1 041 112	20 376	2.0%
STAFF COST	14 525	14 436	(88)	-0.6%	224 193	224 996	803	0.4%	238 717	239 433	715	0.3%	28 604	28 885	281	1.0%	451 259	446 998	(4 261)	-1.0%	479 863	475 883	(3 980)	-0.8%
BAD DEBT PROV	(7 824)	18 122	25 946	143.2%	39 964	20 766	(19 198)	-92.4%	32 140	38 888	6 748	17.4%	10 298	36 244	25 946	71.6%	59 504	41 532	(17 972)	-43.3%	69 803	77 777	7 974	10.3%
DEPRECIATION	1 984	2 997	1 013	33.8%	13 176	18 852	5 676	30.1%	15 160	21 849	6 689	30.6%	3 970	5 245	1 275	24.3%	26 358	32 991	6 633	20.1%	30 328	38 236	7 908	20.7%
INTEREST	830	837	7	0.8%	9 820	9 559	(261)	-2.7%	10 650	10 396	(254)	-2.4%	1 558	1 674	116	6.9%	18 302	19 118	816	4.3%	19 860	20 791	931	4.5%
REPAIRS & MAINTENANCE	163	193	29	15.2%	1 020	1 387	367	26.4%	1 184	1 580	396	25.1%	163	369	206	55.8%	1 044	2 658	1 614	60.7%	1 208	3 028	1 820	60.1%
CONTRACTORS	2 514	3 003	489	16.3%	50 742	68 900	18 158	26.4%	53 257	71 903	18 647	25.9%	5 315	6 006	691	11.5%	122 416	133 480	11 064	8.3%	127 731	139 486	11 755	8.4%
OTHER EXPENSES	2 260	2 407	147	6.1%	49 162	51 534	2 373	4.6%	51 422	53 941	2 520	4.7%	4 528	4 821	292	6.1%	93 543	102 405	8 862	8.7%	98 071	107 225	9 154	8.5%
INTERCOMPANY EXP	931	1 220	288	23.6%	1 654	1 850	196	10.6%	2 585	3 070	485	15.8%	1 774	2 440	666	27.3%	3 386	3 700	314	8.5%	5 160	6 139	980	16.0%
FLEET	10 089	13 485	3 396	25.2%	87 272	78 196	(9 075)	-11.6%	97 360	91 681	(5 679)	-6.2%	20 054	25 462	5 407	21.2%	168 658	147 085	(21 573)	-14.7%	188 712	172 547	(16 166)	-9.4%
SURPLUS/(DEFICIT)	36 542	27	36 515	135863%	10 878	(6 424)	17 302	269.3%	47 419	(6 397)	53 817	841.2%	40 961	4 164	36 797	883.8%	10 403	9 267	1 136	12.3%	51 364	13 430	37 933	282.4%
Legend	More than 5% negative				Ex				0%				0% to 5% positive				More than 5% positive				Legend			

5.1. Revenue

Table 5-2: Total Income Generated from Commercial and Business Revenue

Description	Quarter 2 (October 2016 to December 2016)				Year to Date (December 2016)			
	Actual R'000	Budget R'000	Var R'000	Var %	Actual R'000	Budget R'000	Var R'000	Var %
Bulk Container Services	13 688	10 252	3 435	33.5%	25 258	22 582	2 676	11.8%
Landfill Fees	11 593	10 096	1 498	14.8%	21 270	19 968	1 301	6.5%
Business & Institutional RCR	26 127	28 450	(2 323)	-8.2%	52 495	56 900	(4 405)	-7.7%
Business Dailies	5 043	4 959	84	1.7%	8 941	9 918	(977)	-9.9%
Safe Disposal	1	2	(2)	-75.6%	1	5	(4)	-87.8%
Total Commercial Services	56 451	53 760	2 692	5.0%	107 964	109 374	(1 410)	-1.3%

Commercial services show a positive variance of R 2.692m for the quarter, though remains under budget for the financial year to date.

Bulk Container Services

Thus far during the financial year to date, Bulk Container Services billing has been erratic with no trend evident. For the quarter billing was R 3.435m over budget.

Landfill Fees

With the construction of new weigh bridges at the landfills the accuracy of billing has improved significantly and revenue for the quarter is over budget, though billing has steadily decreased during the quarter.

It is expected that this activity will be over budget at financial year end.

Business & Institutional RCR

Business RCR is the largest of the commercial activities accounting for 48.6% of the commercial revenue and is significantly under budget for both the quarter and year to date as a result of stagnant business conditions. Results are also lower than for the second quarter in the prior financial year despite the tariff increase (R 26.127m compared to R 26.936m).

Business Dailies

Revenue from Business Dailies is in line with budget for the quarter, though remains considerably under budget for the year to date. Billing has varied significantly on a monthly basis during the financial year - as this is a contractual service and the variance in billing month on month should be minimal, the R&CRM department is investigating the low billing levels.

City Cleaning Levy

Table 5-3: City Cleaning Levy

Description	Quarter 2 (October 2016 to December 2016)				Year to Date (December 2016)			
	Actual R'000	Budget R'000	Var R'000	Var %	Actual R'000	Budget R'000	Var R'000	Var %
City Cleaning Levy	40 481	19 982	20 499	102.6%	62 275	39 965	22 311	55.8%

The City Cleaning Levy is considerably over budget for the quarter and year to date due to the correction of properties identified during the 2015/16 financial year end audit that had previously not billed. The back-billing was completed during October and November 2016 and thus it is expected that income from this line item will continue to perform ahead of budgetary levels, though at reduced levels from the current quarter. CoJ Service Fee compared to Non Billable Services

Table 5-4: CoJ Service Fee

Description	Quarter 2 (October 2016 to December 2016)				Year to Date (December 2016)			
	Actual R'000	Budget R'000	Var R'000	Var %	Actual R'000	Budget R'000	Var R'000	Var %
CoJ Service Fee	161 182	161 182	-	0.0%	322 365	322 365	0	0.0%

The service fee is paid to Pikitup by the City to cover the cost of non-billable services such as illegal dumping, the cleaning of informal settlements, garden sites and a major portion of street cleaning. Revenue is in line with the budget for the quarter and year to date.

The service fee of R 161.182m (as shown above) for the quarter is insufficient to cover the actual costs amounting to R 302.784m for these activities as shown below – this underfunding for the quarter is consistent with the year to date results.

The budget shortfall for these services is supplemented by profits from other income generating activities e.g. Domestic RCR so as to achieve a balanced budget.

Table 5-5: Non Billable Services

Costs	Quarter 2 (October 2016 to December 2016)				Year to Date (December 2016)			
	Actual R'000	Budget R'000	Var R'000	Var %	Actual R'000	Budget R'000	Var R'000	Var %
Informal Settlements	25 448	26 291	843	3.2%	51 471	52 710	1 239	2.3%
Street Sweeping	187 507	136 117	(51 391)	-37.8%	335 586	270 413	(65 174)	-24.1%
Illegal Dumping	12 009	16 059	4 050	25.2%	42 154	32 111	(10 043)	-31.3%
Garden Sites	20 901	18 150	(2 751)	-15.2%	41 274	35 836	(5 438)	-15.2%
Total Direct Costs	245 865	196 617	(49 248)	-25.0%	470 485	391 069	(79 416)	-20.3%
Overheads	56 920	51 526	(5 393)	-10.5%	104 772	103 384	(1 387)	-1.3%
Total Costs	302 784	248 143	(54 641)	-22.0%	575 257	494 454	(80 803)	-16.3%

5.2. Expenditure

Salaries and Related Costs

Table 5-6: People Costs

Description	Quarter 2 (October 2016 to December 2016)				Year to Date (December 2016)			
	Actual R'000	Budget R'000	Var R'000	Var %	Actual R'000	Budget R'000	Var R'000	Var %
Basic Salaries	146 289	146 535	245	0.2%	296 505	293 069	(3 436)	-1.2%
Staff Bonus	13 032	13 253	221	1.7%	26 091	26 506	415	1.6%
Overtime	18 003	15 431	(2 571)	-16.7%	35 771	30 459	(5 312)	-17.4%
Leave Provision	3 832	3 641	(191)	-5.2%	10 380	9 103	(1 277)	-14.0%
Pension Fund Contributions	23 533	22 760	(774)	-3.4%	47 342	45 519	(1 823)	-4.0%
Medical Aid	13 940	13 479	(461)	-3.4%	27 954	26 959	(995)	-3.7%
Other Staff Costs	20 088	24 333	4 246	17.4%	35 819	44 267	8 448	19.1%
Total Staff Costs	238 717	239 433	715	0.3%	479 863	475 883	(3 980)	-0.8%

Staff costs are R 715k under budget for the quarter mainly due to savings for uniform and protective clothing costs as a contractor has not been appointed, as well as for the performance bonus programme which was budgeted for, but has not been implemented. For the year to date costs are over budget due to the parity related increase approved by the City in the final quarter of the previous financial year. The City has indicated that the budget will be corrected as part of the 2016/17 budget revision process that will be finalised in February/March 2017.

- Basic salaries are over budget for the year to date due to the parity increases mentioned above.
- The staff bonus relating to both the staff guaranteed a '13th cheque' and those on a performance based bonus is marginally under budget for the quarter and year to date as a result of staff attrition.
- Overtime costs are significantly over budget for the quarter due to both the unbudgeted parity increase and overtime required to complete RCR rounds due to poor vehicle availability.
- The leave provision, pension fund and medical aid contributions are all over budget for the quarter due to the effect of the unbudgeted parity increases.
- Other minor staff costs are under budget for the quarter and year to date with the largest of the positive variances relating to Uniform and Protective Clothing costs (R 3.219m for the quarter and R 6.280m for the year to date) and budgeted but not implemented performance bonus programme (R 1.325m for the quarter and R 2.650m for the year to date).

Fleet Costs

Table 5-7: Fleet and related costs

Description	Quarter 2 (October 2016 to December 2016)				Year to Date (December 2016)			
	Actual R'000	Budget R'000	Var R'000	Var %	Actual R'000	Budget R'000	Var R'000	Var %
Fleet: Lease	36 925	29 403	(7 522)	-25.6%	79 719	58 805	(20 913)	-35.6%
Fleet: Fuel	12 253	14 069	1 815	12.9%	24 620	28 137	3 518	12.5%
Fleet: R&M	22 933	20 229	(2 704)	-13.4%	43 477	40 458	(3 018)	-7.5%
Fleet: Interest & Depreciation	15 006	20 870	5 864	28.1%	30 652	38 034	7 382	19.4%
Total Fleet Costs	97 360	91 681	(5 679)	-6.2%	188 712	172 547	(16 166)	-9.4%

Fleet costs in total are 6.2% over budget for the quarter as a result of costs relating to ad-hoc vehicle hire being 25.6% over budget. For the year to date a similar trend exists.

- Ad-Hoc lease costs are over budget for all months of the quarter due to City owned vehicles that have been repaired (as part of insurance claims) but not yet returned to Pikitup due to non-payment by the City. Replacement ad-hoc vehicles were thus required to ensure continued service delivery. The Pikitup fleet department is liaising with the City to ensure the problem is resolved expeditiously.
- The lower than expected usage of Pikitup owned fleet as a result of the compactors being unavailable resulted in savings in fuel costs for the quarter and year to date.
- Maintenance costs are over budget for the quarter and year to date as costs have escalated due to repairs to certain vehicles that had previously been deemed uneconomical to repair, but could not be de-fleeted as replacements were not available from the limited City capital budget.
- The budget for depreciation and interest is under budget for the quarter as a result of the slower than anticipated replacement of the City owned fleet.

Bad Debt Provision

Table 5-8: Bad Debts Split Between Core and Commercial Services

Description	Quarter 2 (October 2016 to December 2016)				Year to Date (December 2016)			
	Actual R'000	Budget R'000	Var R'000	Var %	Actual R'000	Budget R'000	Var R'000	Var %
Domestic	43 042	13 637	(29 405)	-215.6%	55 453	27 275	(28 178)	-103.3%
City Cleaning	(3 078)	7 129	10 207	143.2%	4 051	14 258	10 207	71.6%
Core	39 964	20 766	(19 198)	-92.4%	59 504	41 532	(17 972)	-43.3%
Commercial	(7 824)	18 122	25 946	143.2%	10 298	36 244	25 946	71.6%
Total Provision for Bad Debt	32 140	38 888	6 748	17.4%	69 803	77 777	7 974	10.3%

The bad debt provision relates to both commercial and core (Domestic and City Cleaning) debtors and in total shows a saving compared budget for the quarter and year to date due to improved payment levels on long outstanding debt.

During the quarter an adjustment to the allocation of the provision between domestic and core in line with data received has resulted in a higher allocation to Domestic RCR. The allocation of the budget will be adjusted as part of the budget revision process.

Third Party Contractors

Table 5-9: Contracted Services

Description	Quarter 2 (October 2016 to December 2016)				Year to Date (December 2016)			
	Actual R'000	Budget R'000	Var R'000	Var %	Actual R'000	Budget R'000	Var R'000	Var %
Contract Waste Cleaning	25 146	31 385	6 238	19.9%	56 509	62 769	6 260	10.0%
Casual Service	-	884	884	100.0%	-	1 769	1 769	100.0%
Mobile Plant Hire	28 110	33 925	5 815	17.1%	71 221	67 850	(3 371)	-5.0%
Separation at Source	-	5 709	5 709	100.0%	-	7 098	7 098	100.0%
Total Third Party Costs	53 257	71 903	18 647	25.9%	127 731	139 486	11 755	8.4%

Costs are under budget for the quarter and year to date.

- Contracted waste cleaning relates to the Jozi@Work project and costs are under budget for the quarter and year to date due to credits received from service.
- No costs have been incurred for the hire of casual staff as EPWP workers were deployed to assist in the cleaning operations during the festive season.
- Mobile plant hire costs exceed budget for the year to date due to the unbudgeted cleaning campaign in the lead up to the August 2016 municipal elections where illegal dumping was removed in all areas of the City. Savings exist for the quarter due to the extension of the current contract at lower than expected rates.
- The budget for the Separation@Source program was phased through the entire financial year, but no costs have been incurred during the first and second quarters. It is expected that contractors will be appointed in the third quarter.

Other Expenses

Table 5-10: Other Expenses

Description	Quarter 2 (October 2016 to December 2016)				Year to Date (December 2016)			
	Actual	Budget	Var	Var	Actual	Budget	Var	Var
	R'000	R'000	R'000	%	R'000	R'000	R'000	%
Environmental Education	13	3 081	3 069	99.6%	65	5 649	5 584	98.8%
Motivational Events	971	1 789	818	45.7%	962	3 391	2 429	71.6%
Public Relations	465	1 296	831	64.1%	465	2 592	2 127	82.0%
Guarding Of Municipal Property	7 563	8 820	1 257	14.3%	16 155	17 640	1 485	8.4%
Legal Expenses	1 952	1 614	(338)	-21.0%	1 749	3 228	1 479	45.8%
Information Technology	3 612	3 621	9	0.3%	5 938	7 276	1 338	18.4%
Stores And Materials	502	1 020	518	50.8%	941	2 040	1 099	53.9%
Safety	64	478	415	86.7%	87	957	869	90.9%
Employee Assistance Program	27	421	394	93.6%	30	843	812	96.4%
Food For Waste	-	397	397	100.0%	-	795	795	100.0%
Training Courses	316	586	270	46.0%	386	1 173	786	67.1%
Stores And Materials : Bin Liners	2 951	4 468	1 517	34.0%	8 257	8 935	678	7.6%
Pollution Monitoring	174	376	202	53.7%	174	752	578	76.9%
Conferences: Seminars Etc.	6	323	317	98.0%	81	647	565	87.5%
Water Supply (External Pmts)	231	719	488	67.8%	939	1 438	500	34.7%
Advertising	105	313	208	66.5%	148	625	477	76.3%
Marketing And Market Research	32	292	260	89.0%	150	584	434	74.4%
Overseas Tours	-	223	223	100.0%	51	446	395	88.6%
Sanitary Fees (External Pmts)	222	419	196	46.9%	446	837	391	46.7%
Recruitment Costs	71	208	137	65.9%	71	417	345	82.9%
Locomotion : Casual	260	532	272	51.1%	774	1 064	290	27.3%
Director'S Fees	757	890	133	14.9%	1 764	2 003	239	11.9%
Subscription Fees	48	226	178	78.8%	270	453	183	40.3%
Entertainment By Senior Official	104	153	49	31.9%	167	305	139	45.4%
Minor Plant	-	69	69	100.0%	-	138	138	100.0%
Hire And Maintenance Of Equipmen	731	587	(145)	-24.7%	1 052	1 173	121	10.3%
Hire Of Busses	92	156	64	41.3%	202	312	110	35.1%
Subsidised Education	174	195	21	10.9%	289	390	102	26.1%
Bin Verification Project	-	50	50	100.0%	-	100	100	100.0%
Assessment Rates (External Pmts)	2	83	80	97.1%	111	165	54	32.6%
Medical Examinations	-	26	26	100.0%	-	53	53	100.0%
Bank Charges	2	28	26	91.2%	5	57	51	90.5%
Credit Bureau Services	-	26	26	100.0%	-	51	51	100.0%
Sundries	52	65	13	19.7%	80	129	49	37.6%
Printing And Stationery	153	248	96	38.5%	455	497	42	8.4%
Telecommunications (External Pay	16	20	4	18.9%	19	39	20	51.9%
Medical Waste Expenses	-	4	4	100.0%	-	8	8	100.0%
Claims : Coid	4	5	1	16.4%	12	10	(2)	-16.1%
Contractor's: Cellular Phone	984	935	(49)	-5.3%	1 874	1 869	(4)	-0.2%
Rents	2 173	2 468	295	12.0%	5 024	4 936	(88)	-1.8%
Electricity Supply (External Pmts)	1 401	1 125	(276)	-24.5%	2 573	2 407	(166)	-6.9%
Consultant's Fees	372	688	316	46.0%	1 767	1 531	(237)	-15.5%
Transport By Contract	250	-	(250)	-100.0%	250	-	(250)	-100.0%
Gain/Loss From Revaluation	-	-	-	0.0%	395	-	(395)	-100.0%
Long Service Awards To Employees	46	60	15	24.4%	673	121	(553)	-457.9%
Audit Fees	2 119	1 270	(849)	-66.9%	2 683	2 014	(669)	-33.2%
Investigation Of Proposed Scheme	1 316	-	(1 316)	-100.0%	1 316	-	(1 316)	-100.0%
Deficit On Sale / Disposal Of Asset	6	-	(6)	-100.0%	1 417	-	(1 417)	-100.0%
Disposal Fees: Landfills	8 261	6 490	(1 771)	-27.3%	16 478	12 980	(3 498)	-26.9%
Insurance : General (External Payments)	3 544	-	(3 544)	-100.0%	3 544	-	(3 544)	-100.0%
Landfill Rehab	9 276	7 077	(2 199)	-31.1%	17 778	14 154	(3 623)	-25.6%
Total Other Expenses	51 422	53 941	2 520	4.7%	98 071	107 225	9 154	8.5%

Other expenses are R 2.520m under budget for the quarter and R 9.154m under budget for the year to date, as a result of projects and certain discretionary expenditure must still commence.

- The costs for marketing and environmental education are project based and thus variances are expected throughout the financial year.
- Guarding of property is under budget by R 1.257m during the quarter due to a reduction in the scope of work implemented to ensure costs remain within the contract amount.
- Legal expenses, while over budget by R 338k for the quarter due to litigation costs are under budget by R 1.479m for the year to date. However, given the current cases outstanding, it is believed that the annual budget is not overstated.
- IT costs fluctuate during the year as a result of large ticket costs such as the Microsoft licencing and thus variances are expected compared to budget for quarterly reporting.
- Stores and material costs are lower than expected for the quarter, though fluctuate through the year as and when the stores issue items such as brooms/litter pickers and cleaning materials.
- Bin liner costs are under budget for the quarter due to the new contract for bin liners not being awarded and thus no stocks being available.
- Total City related costs (Electricity, water and assessment rates) are closely aligned with budget for the quarter.
- Casual locomotion, subscription fees, subsidised education, hire of busses, printing and stationery and sundry costs all show minor savings for the quarter.
- Directors Fees costs are below budget for the quarter as a result of fewer than anticipated emergency meetings.
- Hire and maintenance of equipment is over budget for the quarter, though remains under budget for the year to date. The hired head office IT equipment is only invoiced to Pikitup periodically and thus fluctuations compared with budget can be expected throughout the financial year.
- Whilst cell phone costs were over budget for the quarter, the new contract which commenced in January 2017 is expected to result in cost savings in the last two quarters of the financial year.
- Rental costs are marginally over budget for the year to date as a result of the costs for the Pikitup head office being higher than anticipated – this will be corrected as part of the budget revision process.
- Consultants' costs are ad-hoc in nature and thus variances compared to budget are to be expected. For the year to date costs are over budget due to the reliance on external consultants by the legal department during the first quarter.
- The transport by contractor and the gain/loss on revaluation of stock that were not budgeted for.
- The long service award event was delayed from the final quarter of the prior financial year and thus costs are over budget for the current quarter, however for the full financial year budget of R 2.012m does exist.
- Audit fees were over budget for the quarter due to payments to the Auditor General being processed earlier than anticipated.

- Investigation of proposed schemes and the Insurance (general) costs are over budget for the quarter due to budget timing – funding exists later in the financial year and it is not anticipated that this line item will be over budget at financial year end.
- The unbudgeted deficit on sale relates to the scrapping of certain assets. This line item will be funded during the budget revision.
- Disposal Fees have increased as a result of additional tonnages disposed of at Mooiplaats disposal site. The additional tonnages can be ascribed to the growth in the area and the disposal of waste at external landfill sites during the cleaning campaign prior to the municipal elections.
- Landfill rehabilitation costs are estimated during the financial year and are only fully calculated as part of the year end process and thus variances can be expected. On the positive side, Pikitup is saving considerable traveling costs and space at the Marie-Louise landfill site.
- The implementation of the NT cost containment circular has resulted in decreased costs for conferences, entertainment by senior officials, training, overseas tours, public relations and motivational events.
- No, or minor amounts were incurred for advertising, safety, COID claims, the employee assistance programme, telecommunications, bank charges, recruitment costs, the bin verification project, credit bureau vetting, the food for waste project, medical costs, minor plant written off, pollution monitoring and during the quarter.

5.3. Financial Ratios

Table 5-11: Financial Ratios per Quarter

Financial Ratios	Previous Year end	Q2 (Dec 2015)	Q3 (Mar 2016)	Q4 (Jun 2016)	Q1 (Sep 2016)	Q2 (Dec 2016)	Dec (YTD) 2016	Target
Remuneration: Expenditure	47.24%	47.90%	39.37%	41.64%	46.53%	47.51%	47.01%	45.12%
Maintenance: Expenditure	0.28%	0.21%	0.04%	0.97%	0.00%	0.24%	0.12%	0.37%
Interest: Expenditure	1.70%	1.77%	1.47%	1.44%	1.78%	2.12%	1.95%	1.97%
Net operating margin	15.01%	11.81%	-1.79%	27.75%	0.76%	8.62%	4.79%	0.00%

The increase in the ratio of remuneration to total expenditure during the current financial year compared to quarters three and four in the prior financial year is a result of the 'no work no pay' savings which decreased costs in the last quarters of the prior financial year distorting the ratio.

Similarly the net operating margin for the prior financial year is skewed by an adjustment to the bad debt provision as part of the financial year end process.

Other ratios are largely in line with expectations.

5.4. Fruitless and Wasteful Expenditure

There is no known fruitless and wasteful expenditure for the quarter.

5.5. Financial Forecast for the 2016/17 Financial Year

Pikitup 2016/17 Financial Year Forecast	July 2016	August 2016	September 2016	October 2016	November 2016	December 2016	Year to date 2016/17	January 2017	February 2017	March 2017	April 2017	May 2017	June 2017	Full Year 2016/17	Full Year 2016/17	Var
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Budget	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%
Total Commercial Income	13 128	18 670	17 956	19 717	19 210	15 770	104 451	15 932	18 486	18 586	18 509	18 586	18 586	213 136	211 987	0.5%
Total City Cleaning Levy	8 295	8 378	5 122	16 273	15 690	8 518	62 275	9 361	9 361	9 361	9 361	9 361	9 361	118 440	79 929	48.2%
Total Domestic Revenue	91 519	94 085	95 959	93 582	93 996	92 912	562 054	95 012	95 012	95 012	95 012	95 012	95 012	1 132 128	1 152 148	-1.7%
Total Sundry Revenue	1 369	1 327	1 704	1 590	6 148	1 737	13 876	1 460	3 317	1 460	3 317	1 460	1 460	26 347	18 614	41.5%
Total Interest Earned	406	-	3 106	1 570	1 003	994	7 078	1 100	1 100	1 100	1 100	1 100	1 100	13 678	5 400	153.3%
Total CoJ Service Fee	53 727	53 727	53 728	53 728	53 728	53 728	322 365	53 727	53 727	53 727	53 727	53 727	53 728	644 730	644 730	0.0%
Total Income	168 445	176 187	177 574	186 460	189 775	173 659	1 072 100	176 592	181 003	179 246	181 026	179 246	179 246	2 148 459	2 112 808	1.7%
Total Staff Cost	91 027	77 752	72 367	75 360	85 920	77 437	479 863	83 743	84 821	84 755	84 483	86 271	84 954	988 889	953 396	-3.7%
Total Bad Debt Provision	12 910	11 816	12 936	11 052	9 592	11 497	69 803	10 493	10 493	10 493	10 493	10 493	10 493	132 759	155 553	14.7%
Total Depreciation	5 006	5 032	5 131	5 050	5 056	5 054	30 328	5 380	5 380	5 380	7 201	7 201	7 201	68 071	87 397	22.1%
Total Repairs and Maintenance	-	-	24	35	863	286	1 208	1 018	1 018	1 128	1 018	1 049	1 149	7 587	7 898	3.9%
Total Fleet	28 572	33 428	29 353	39 310	27 632	30 419	188 712	28 076	27 076	27 076	27 910	27 910	27 910	354 672	345 393	-2.7%
Total Third Party Contractors	31 810	25 378	17 286	19 966	16 121	17 170	127 731	19 790	23 494	23 594	23 594	23 594	23 594	265 388	283 292	6.3%
Total General Expenses	13 424	17 335	15 890	14 860	19 216	17 346	98 071	21 643	22 605	26 949	22 196	22 149	24 770	238 384	226 017	-5.5%
Total Intercompany Expenses	802	860	913	884	956	744	5 160	951	951	951	951	951	951	10 867	12 279	11.5%
Total Interest	2 001	3 717	3 492	3 558	3 473	3 619	19 860	3 537	3 537	3 537	3 537	3 537	3 537	41 084	41 583	1.2%
Total Expenditure	185 551	175 318	157 392	170 074	168 828	163 572	1 020 736	174 631	179 376	183 862	181 382	183 155	184 560	2 107 701	2 112 808	0.2%
Total Surplus/(Deficit)	(17 106)	869	20 182	16 386	20 947	10 087	51 364	1 960	1 628	(4 616)	(356)	(3 908)	(5 314)	40 758	0	-100.0%
Total USDG Grant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Total Surplus/(Deficit) after USDG	(17 106)	869	20 182	16 386	20 947	10 087	51 364	1 960	1 628	(4 616)	(356)	(3 908)	(5 314)	40 758	0	-100.0%
Accumulated Surplus	381 937	382 805	402 987	419 373	440 319	450 407	450 407	452 367	453 995	449 379	449 023	445 114	439 801	439 801	399 043	

5.6. Statement of Financial Position

Statement of Financial Position as at 31 December 2016					
June 2016 Actual		Note	Actual	Budget	Variance
ASSETS					
Current Assets					
4 240 468	Inventories	1	1 110 264	1 591 107	-480 843
1 554 181 926	Loans to shareholders	2.1	1 622 635 489	1 610 807 384	11 828 105
1 034 956 990	Receivables from non-exchange transactions	4	1 135 358 616	1 108 929 094	26 429 522
56 430	Cash and cash equivalents	5	56 430	59 000	-2 570
2 593 435 814			2 759 160 799	2 721 386 585	37 774 214
Non-Current Assets					
721 328 675	Property, plant and equipment	6	680 404 795	686 328 675	-5 923 880
426 639	Intangible assets	6	395 959	395 959	-
15 791 008	Investment in associates	7	15 791 008	15 791 008	-
117 439 078	Loans to shareholders	2.2	117 439 078	117 439 078	-
1 777 917	Amount owed by SARS	3	1 777 917	1 777 917	-
856 763 317			815 808 757	819 954 720	-5 923 880
3 450 199 131	Total Assets		3 574 969 556	3 541 341 305	31 850 334
LIABILITIES					
Current Liabilities					
1 131 609 617	Loans from shareholders	2.3	1 305 689 580	1 326 056 513	-20 366 933
36 639 297	Finance lease obligation	8	29 298 900	29 298 900	-
621 283 110	Payables from exchange transactions	9	508 266 369	505 635 030	2 631 339
12 042 586	Provisions	10	12 042 586	12 042 586	-
1 801 574 610			1 855 297 435	1 873 033 029	-17 735 594
Non Current Liabilities					
407 215 207	Loans from shareholders	2.4	407 215 207	407 215 207	-
116 303 926	Finance lease obligation	8	117 435 596	117 435 596	-
82 950 505	Employee benefit obligation	11	82 950 505	82 950 505	-
581 648 039	Provisions- Landfill Rehabilitation	10	600 200 124	600 200 124	-
1 188 117 677			1 207 801 432	1 207 801 432	-
2 989 692 287	Total Liabilities		3 063 098 867	3 080 834 461	-17 735 594
460 506 844	Net Asset (liabilities)		511 870 689	460 506 844	51 363 845
NET ASSETS/ LIABILITIES					
1 000	Share Capital		1 000	1 000	-
43 001 808	Owners Contribution		43 001 808	43 001 808	-
417 504 036	Accumulated surplus / (deficit)		468 867 881	417 504 036	51 363 845
460 506 844			511 870 689	460 506 844	51 363 845

Notes

1 Inventories

Inventories represent stock including bin liners, consumables and protective clothing held as at end of the period.

2 Loans to/from shareholders

2.1 COJ Intercompany relating to intercompany billing	638 995 894
Rates department relating to take on of domestic revenue	892 034 419
Sweeping account balance	91 605 176
Total	1 622 635 489

2.2 This amount relates to Notional loan on employee benefit obligation. This amount is linked to note 8.

2.3 Salaries

Monthly debtors intergration control account linked to control account in 2.1.	576 212 451
Total	1 305 689 580

2.4 The amount represents capex loans outstanding . Currently only the interest is being serviced and no capital repayments are being made. The interest is paid on a quaterly basis.

3 Amount owed by SARS

The amount is owed to Pikitup for Provisional tax for 2010 financial period. An objection has since been submitted to SARS.

4 Receivables from non-exchange transactions

Receivable from non exchange transactions consists of consumer debtors net of provision for doubtful debts.

5 Cash and cash equivalents

Petty cash is reflected as cash on hand.

The sweeping account balance of R114 023 133 is included in Loans to shareholders refer to note 2.1.

6 Property, plant and equipment

The variance in Property, plant and equipment is attributable to the delay on capitalization of capital projects. It should be noted that certain assets can only be capitalised at the completion of the project.

7 Investment in associates

Investment in associates represents 50% shareholding in Friedshelf

8 Finance lease obligation

The amount relates to the leases of motor vehicles under a finance lease arrangement with The City of Johannesburg

9 Payables from exchange transactions

The amount is attributable to trade creditors not yet paid at the end of the period, accrued leave pay, accrued 13th cheque and VAT control accounts.

10 Provisions

This is provision for rehabilitation of landfill sites . The amount is adjusted for the interest unwinding on a monthly basis. The provision further includes accrual for performance bonus.

11 Employee benefit obligation

Employee benefit obligation relates to medical aid, gratuity and housing subsidy for qualifying employees. This amount is linked to note 2.2.

5.7. Cash Flow

Pikitup Johannesburg (SOC) Ltd STATEMENT OF CASH FLOW

<i>R '000's</i>	<u>Actual</u>	<u>Revised Budget</u>	<u>Variance</u>
Profit Before Interest and Taxes	1 (54 515 144)	-59 394 900	4 879 756
Add: Depreciation and amortisations	25 274 663	24 985 000	289 663
Less/Add: Interest received /(paid)	3 151 299	2 571 500	579 799
Less: Profit / (Add:Loss) on sales of assets		-	
Less(profit)/Add Loss: prior year adjustments		-	
Transfers to NDR		-	
Cash generated from operations	-26 089 182	-31 838 400	5 749 218
Change in Net Working Capital	-15 997 048	-3 192 280	-12 804 768
(Increase)/Decrease in stock	3 130 204	3 420 458	-290 254
(Increase)/Decrease in debtors	-100 401 626	-53 685 734	-46 715 892
(Increase)/Decrease in intercompany debtor	1 -48 276 143	-43 252 409	-5 023 734
Increase/(Decrease) in creditors	-113 016 741	-109 294 635	-3 722 106
Increase/(Decrease) in accruals and provisions	18 552 085	13 084 726	5 467 359
Increase/(Decrease) in short term portion of	2 224 015 173	186 535 313	37 479 860
Net cash generated from / (absorbed by) operations	-42 086 230	-35 030 680	-7 055 550
<u>Cash impact from investing activities</u>	40 954 560	35 030 680	5 923 880
(Increase)/decrease in intangible assets	30 680	30 680	-
(Increase)/decrease in fixed assets	40 923 880	35 000 000	5 923 880
<u>Cash impact from financing activities</u>	1 131 670	0	1 131 670
(Increase)/decrease in shareholder loans	-	0	-0
(Increase)/decrease in long term liabilities	1 131 670	-	1 131 670
Net movement in cash position	-0	-0	-0
Add: Opening favourable cash position	56 430	56 430	-
Closing net cash position	56 430	56 430	-0

6. INTERNAL AND EXTERNAL AUDIT FINDINGS

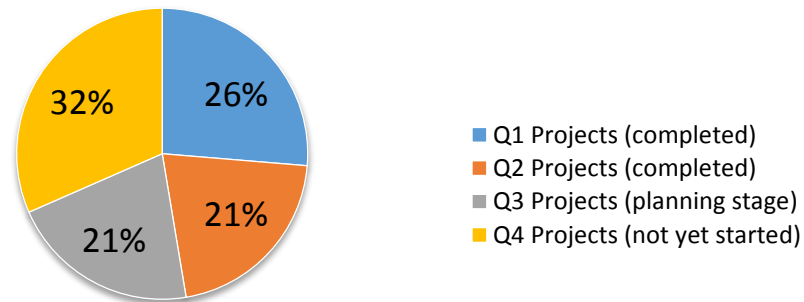
The purpose of this report is to present progress on Internal Audit work against the approved 2016/17 Internal Audit Coverage Plan for quarter one of 2016/17 financial year. The report also presents progress made in resolving audit findings raised by Internal Audit and AGSA.

6.1. High level overview of progress against 2016/17 Internal Audit Coverage Plan

The chart below serves to indicate an overview of the progress made to date against the Internal Audit Plan for the 2016/17 financial year.

6.1.1. Yearly progress

Figure 6-1: Internal Audit progress as at 31 December 2016



As at 31 December 2016, five projects planned for quarter two have been completed. Year to date, we have achieved 100% of planned projects for quarter two. The achievement of 100% on planned projects excludes all investigations, tender reviews and special projects completed during the quarter.

6.1.2. Quarterly progress

The chart below indicates quarterly progress and year to date:

Figure 6-2: Quarterly progress

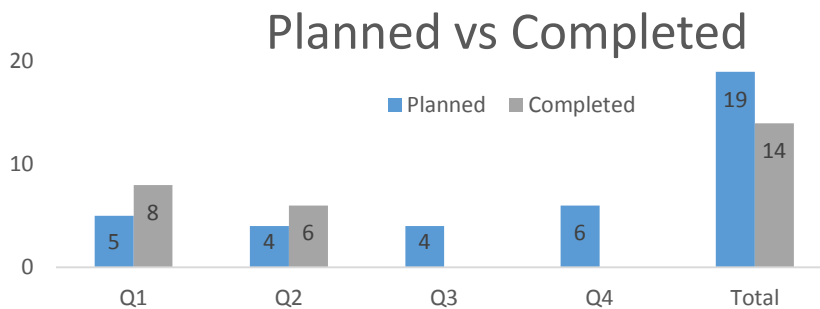


Figure 6-2 above, further indicates that we exceeded the planned target by completing two forensic investigations as part of consulting engagements. This represents an achievement of 150% for the quarter implying that we exceeded the target by 50%.

6.2. Control Environment Assessment for 2016/17 financial year

Table 6-1: Control environment assessment for 2016/17 financial year

Quarter	Quarter 1	Residual Risk Rating	IA control Rating	Nature of Audit	Progress Status
Quarter 1	Network Security Review			FA	Completed
	Enterprise Risk Management Review			FA/FUA	Completed
	Jozi@Work Audit			FA/FUA	Completed
	Audit of Predetermined Objectives			FA/FUA	Completed
	Separation at Source Audit			FA/FUA	Completed
Quarter 2	Payroll Management Audit			FA/FUA	Completed
	Communication & Stakeholder Management Audit			FA/FUA	Completed
	Health and Safety Audit			FA/FUA	Completed
	Protection of Private Information Audit			FA/FUA	Completed
Quarter 3	Internal Financial Controls Review			FA	Planning Stage
	Revenue Management Audit			FA/FUA	Planning Stage
	Weighbridge Management Audit			FA/FUA	Planning Stage
	Audit of Predetermined Objectives			FA/FUA	Planning Stage
Quarter 4	Contract Management Audit			FA/FUA	Not yet started
	Fixed Assets Management Audit			FA/FUA	Not yet started
	Supply Chain Management audit			FA/FUA	Not yet started
	IT General Controls Review			FA/FUA	Not yet started
	IT Governance Review			FA/FUA	Not yet started
	IT Application Controls Review			FA/FUA	Not yet started
	Controls are partially adequate.		Controls are partially effective.		

FA: Full Audit
FUA: Follow up Audit

6.2.1. Control Assessment Ratings

Overview of internal audit ratings per scope areas

Figure 6-3: Overview of internal audit ratings per scope area

Audit area	Analysis of findings by category				Total	Overall audit risk ratings
	Number of Findings					
Separation at Source Audit	0	4	0	0	4	
Communication & Stakeholder Management Audit	0	6	0	0	6	
Health and Safety Audit	0	12	0	0	12	

Audit area	Analysis of findings by category				Total	Overall audit risk ratings
	Number of Findings					
Payroll Management Audit	-	-	-	-	-	
Protection of Private Information Audit	-	-	-	-	-	
Total findings per audit	0	22	0	0	22	
Percentage distribution	0%	53%	41%	6%	100%	
Overall control assessment based on Q2 projects.	Controls are partially adequate and partially effective.					
Overall audit findings rating for Q2 projects.	Significant weaknesses in the system of internal controls noted.					

Control Assessment Criteria

The table below indicates control ratings used:

Figure 6-4: Findings and Control Ratings

Finding Rating	Description of the finding Rating	Control Ratings
Minor	No material weaknesses in control environment or material instances of non-compliance with established system of internal control identified.	Adequate and effective.
Less significant	Isolated areas of weaknesses in control environment and/or instances of non-compliance with established system of internal controls identified.	Partially adequate or effective.
Significant	Significant weaknesses in control environment and/or instances of non-compliance with the established system of internal controls identified.	Partially adequate and ineffective or partially effective and inadequate.
Critical	Pervasive weaknesses in control environment and/or instances of non-compliance with the established system of internal controls identified.	Inadequate and ineffective.

Table 6-2: Control adequacy descriptions:

Adequacy of controls	Control Rating		Definition
Adequate	0.25	Excellent	Controls are well designed to manage risk, are largely preventative and address the root causes. They are adequate to provide reasonable assurance that business objectives will be achieved. Compensating controls exist to only support preventative controls. Nothing more to be done except review and monitor the existing controls.
Adequate but over controlled	0.50	Good	Controls are well designed to manage risk, are largely preventative and address the root causes. They are adequate to provide reasonable assurance that business objectives will

Adequacy of controls	Control Rating		Definition
			be achieved. Controls are excessive and result in operational inefficiencies in the process.
Partially adequate	0.75	Fair	Controls are correctly designed but partially adequate to manage risk and treats some of the root causes of the risk. Some work need to be done to improve the design of the current controls.
Inadequate	1	Poor	The design of the current controls is not adequate to manage the risk and not aligned to root causes. Very limited degree of control is being achieved due to poor control design or its related root causes. Or There are no controls in place to manage the risk and its related root causes

Table 6-3: Control effectiveness assessment criteria description:

Adequacy of controls	Control Rating		Guide. Currently being used and these are appropriate in terms of definition of “control effectiveness”
Effective	0.25	Excellent	Controls are officially documented, in operation as intended and reliable at all times.
Partially effective	0.5	Good	Majority controls are officially documented and operating. More work to be done to improve its documentation or operating effectiveness/ performance
Ineffective	1	Poor	Majority of the controls are not properly documented, not operating as intended and not reliable at all times. There may be an over-reliance on reactive controls.

6.3. Progress on Resolving Audit Findings

6.3.1. Internal Audit (IA)

Table 6-4: Progress on resolving IA findings

IA findings for 2014/15 financial year						
Quarter	Audit Projects	Total Findings	Resolved (management assertions)	Verified & confirmed by IA	Unresolved	% Resolved
Quarter 1	Asset Management	15	13	12	2	87%
	Budget Process	4	4	4	0	100%
	Weighbridge Management	15	15	15	10	100%
	Separation at source	9	7	7	2	78%
	Compliance Management Audit	6	6	6	0	100%
	IT Data management	9	6	6	3	67%

	Audit of predetermined Objectives	4	4	4	0	100%
	Sub-total	62	55	55	7	89%
Quarter 2	Human Resources Management	9	9	9	0	100%
	Payroll Management	14	7	7	7	50%
	Enterprise Risk Management	6	6	6	0	100%
	Audit of Pre-determined Objectives	10	10	10	0	100%
	Sub-total	39	32	32	7	82%
Quarter 3	Internal Financial Controls	21	21	21	0	100%
	Fleet Management	9	6	6	3	67%
	Revenue Management	47	45	45	2	96%
	Audit of Pre-determined Objectives	6	5	5	1	83%
	Sub-total	83	77	77	6	93%
Quarter 4	Contract Management	8	5	5	3	63%
	IT General Controls	13	11	11	2	85%
	IT Application Controls	8	6	6	2	75%
	Audit of Pre-determined Objectives	6	5	5	1	83%
	Sub-total	35	27	27	8	77%
Total for 2014/15 financial year		219	191	191	28	87%
IA findings for 2015/16 financial year						
Quarter 1	Separation @ Source	8	5	5	3	63%
	Communication & Stakeholder Management Audit	5	4	4	1	80%
	Jozi @ Work Audit	8	7	7	1	88%
	Audit of Pre-determined Objectives	1	0	0	1	0%
	Sub-total	22	16	16	6	73%
Quarter 2	Compliance Audit	4	1	1	3	25%
	Health and Safety Audit	6	0	0	6	0%
	Human Resource Management Audit	10	5	5	5	50%
	Payroll Management Audit	7	1	1	6	14%
	Sub-total	27	7	7	20	26%

Quarter 3	Fleet Management Audit	10	5	5	5	50%
	Revenue Management Audit	11	6	6	5	55%
	Contract Management Audit	4	1	1	3	25%
	Fixed Assets Management Audit	16	3	3	13	19%
	Audit of Pre-determined Objectives	4	3	3	1	75%
	Sub-total	45	18	18	27	40%
Quarter 4	IT Governance Review	7	0	0	7	0%
	IT General Controls Audit	9	0	0	9	0%
	IT Application Controls Audit	15	0	0	15	0%
	Supply Chain Management Audit	6	0	0	6	0%
	Sub-total	37	0	0	37	0
Total for 2015/16 financial year		131	41	41	90	31%
IA findings for 2016/17 financial year						
Quarter 1	Jozi@Work	8	0	0	8	0%
	Performance Information	2	0	0	2	0%
	Enterprise Risk Management	9	0	0	9	0%
	IT Network Security	14	0	0	14	0%
	Sub-total	33	0	0	33	0%
Quarter 2	Separation at Source Audit	4	0	0	8	0%
	Communication & Stakeholder Management Audit	6	0	0	2	0%
	Health and Safety Audit	12	0	0	9	0%
	Payroll Management Audit	-	-	-	-	%
	Protection of Private Information Audit	-	-	-	-	%
	Sub-total	22	0	0	22	100%
Total number of findings for 2014-2015, 2015-2016 and 2016-2017 financial year		405	232	232	173	57%
Overall percentage for all years		100%	57%	57%	43%	57%

Year on year reduction in the number of audit findings noted by Internal Audit for the past two financial years and percentage resolution rate:

Table 6-5: Reduction rate on findings issued by IA

Financial Year	2013/14	2014/15
Total Findings	219	131
Reduction		88
% Reduction		40%
Resolution	191	41
Resolution Rate	87%	31%
Unresolved Findings	28	90
% Unresolved Findings	13%	69%

The analysis above indicates significant improvement in the control environment within the entity for the past two financial years. Year on year, number of audit findings noted by Internal Audit decreased by 40% in comparison to the previous financial year (2014/15). This contributed positively to the control environment within the entity.

Table 6-4 indicates that on aggregate the entity resolved 57% of audit findings noted by Internal Audit. 43% of audit findings raised by Internal Audit remained unresolved as at 31 December 2016. The unresolved percentage is exacerbated by the fact that we included audit findings for quarter one and two of 2016/17 financial years respectively. Further note that we normally provide three months after the finalisation of the audit for management to resolve audit findings. But to provide an informed picture about the status of the control environment we included both quarters in the dashboard.

To improve the adequacy and effectiveness of risk management, control and governance processes, we need to resolve 100% of audit findings within three months. The implementation of corrective action will assist in maintaining and sustaining a clean audit. Internal Audit will continuously engage management to ensure that 100% resolution rate is achieved for all audit findings raised by Internal Audit.

6.3.2. Progress on resolving AGSA audit findings

Table 6-6: Progress on resolving AGSA audit findings

Area reviewed	Total findings	Resolved (management assertions)	Verified & confirmed by IA	Unresolved	% Resolved
AG findings for 2012/13 financial year					
Revenue	9	8	8	1	89%
Supply Chain Management	7	7	7	0	100%
Human Resource Management	8	8	8	0	100%
Fleet	1	1	1	0	100%
Information Technology	3	3	3	0	100%
Audit of Predetermined Objectives	11	11	10	0	100%

Area reviewed	Total findings	Resolved (management assertions)	Verified & confirmed by IA	Unresolved	% Resolved
Finance	10	10	10	0	100%
Total	49	48	48	1	98%
AG findings for 2013/14 financial year					
Revenue	12	12	12	0	100%
Audit of Predetermined Objectives	1	1	1	0	100%
Supply Chain Management	5	5	5	0	100%
Human Resource Management	2	1	1	1	50%
Finance	9	9	9	0	100%
Information Technology (IT)	6	6	6	0	100%
Total	35	34	34	1	97%
AG findings for 2014/15 financial year					
Audit of Predetermined Objectives	1	1	1	0	100%
Supply Chain Management	1	0	0	1	0%
Human Resource Management	3	2	2	1	67%
Finance	5	4	4	1	80%
Information Technology (IT)	6	6	6	0	100%
Total	16	13	13	3	81%
AG findings for 2015/16 financial year					
Revenue	7	0	0	7	0%
Audit of Predetermined Objectives	3	0	0	3	0%
Supply Chain Management	3	0	0	3	0%
Human Resource Management	2	0	0	2	0%
Finance	9	0	0	9	0%
Information Technology (IT)	3	0	0	3	0%
Total	27	0	0	27	0%
Total number of AGSA Findings for 2012/2013, 2013/2014 and 2014/2015 financial years	127	95	95	32	75%
Percentage	100%	75%	75%	25%	75%

Year on year reduction in number of audit findings noted by AGSA for the past three financial years and percentage resolution rate:

Table 6-7: Reduction rate on findings issued by AGSA

Financial Year	2012/13	2013/14	2014/15	2015/16
Total Findings	49	35	16	27
Reduction		14	19	(11)
% Reduction		29%	54%	(69%)
Resolution	48	34	13	0
Resolution Rate	98%	97%	81%	0%
Unresolved Findings	1	1	3	27
% Unresolved Findings	2%	3%	19%	100%

The analysis above indicates significant improvement in the control environment within the entity for 2012/13, 2013/14 and 2014/15 financial years. The trend took a negative turn in 2015/16 financial year with total number of AGSA audit findings increasing by 11 findings (69%) when compared to 2014/15 financial year. Table 6-6 above indicates that on aggregate the entity resolved 75% of audit findings noted by AGSA. The resolution percentage achieved to date is negatively affected by resolution rate of 0% achieved for 2015/16 financial year. To maintain and sustain a clean audit, we need to resolve 100%. Internal Audit will continuously engage management to ensure that 100% resolution rate is achieved for all audit findings raised by AGSA. Figure 6-5 below further illustrate trend on AGSA audit findings for the past four years:

Figure 6-5: Trend on AGSA Audit Findings

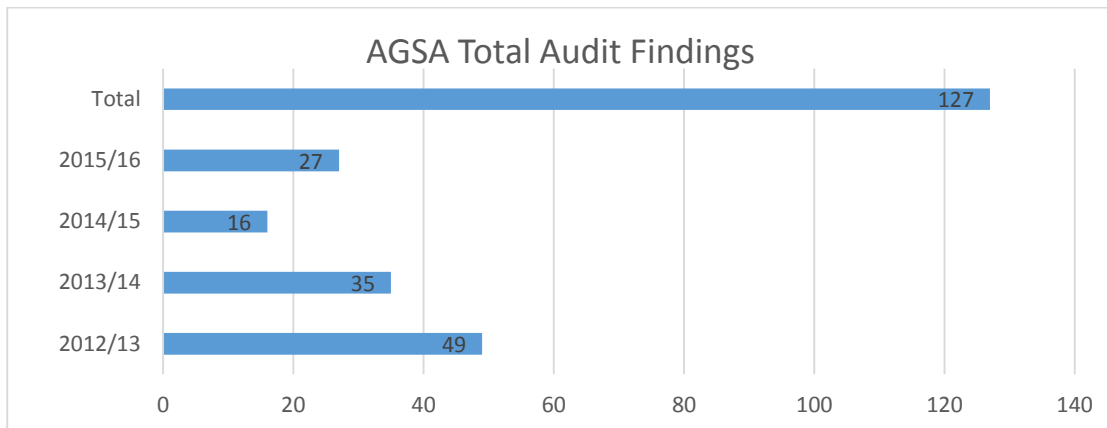


Table 6-8: Impact rating on year-end audit

Descriptors	Ratings	Definitions
Insignificant	1	Immaterial impact on year end audit and business as a whole.
Moderate	3	Negative outcomes/observations that may have a moderate effect on the year-end audit and business unit's performance and objectives.
Major	4	Negative outcomes/observations with major effect on the year-end audit and business unit's performance & objectives
Severe	5	Negative outcomes/observations with a severe effect on the year-end audit and business unit's performance and objectives

6.4. Forensic Audits

Internal Audit provides a Forensic Audit and investigation (Forensics) function to PIKITUP. Forensics ensure that all investigation requests emanating from management, anonymous tip-offs, audit findings and any other source is adequately assessed and actioned either for referral to management, further investigation by Security Management Department or further investigation by Forensics.

The purpose of this report is to present progress on investigations that were referred to and investigated by Forensic in the second quarter of the 2016/17 financial year.

It must be noted that forensic investigations are un-planned and due to their complexity and the detail required, investigations may overlap between quarters.

6.4.1. Progress on investigations

Table 6-9: Progress on investigation requests received as at 31 December 2016

Ref	Source of request	Category	Area Affected	Action
Quarter 1 (2016/17)				
2016/17/Q1/C1	Supplier reported to MMC	Alleged corruption related to a current tender process	SCM and OPS	The matter was reported to the SAPS. CAS 767/9/2016 refers. Forensic audit is assisting SAPS with the investigation to determine if any links exist with the callers and employees of PIKITUP.
Quarter 2 (2016/17)				
2016/17/Q2/C3	Management	Alleged irregularity in tender processes.	SCM and OPS	Investigation completed and report distributed to relevant individuals. The report will be discussed in the in-committee meeting of ARC scheduled 16 January 2017.
2016/17/Q2/C4	SAMWU	Alleged irregularity related to appointments.	HR	Waiting for Audit and Risk committee approval.
2016/17/Q2/C5	Management	Alleged breach of confidentiality.	HR	Waiting for Audit and Risk committee approval.
2016/17/Q2/C6	Hotline	Alleged tender irregularity	SCM/OPS	Preliminary investigation completed.
2016/17/Q2/C7	Anon. call to Management	Alleged undue influence on Pikitup's tender processes.	SCM/OPS	Preliminary investigation completed.
2016/17/Q2/C8	Findings noted during the tender process	Allegation of fronting and collusive tendering.	SCM/OPS	Reported to SAPS. The CAS number is 486/12/2016.
2016/17/Q2/C9	E-mail from Executive Mayor's Office	Alleged tender irregularities	SCM/OPS	Preliminary investigation completed.
TOTAL				8