a world class African city

JOHANNESBURG

Annual Report 2011/2012

MANAGING DIRECTOR: PIKITUP
AMANDA NAIR

Registration No: 2000/029899/07

(In terms of Section 121 of the Municipal Finance Management Act, 2003 and Section 46 of the Municipal Systems Act, 2000)

31 December 2012

PIKITUP JOHANNESBURG SOC LIMITED

COMPANY INFORMATION:

Registration number	**:**	**2000/029899/07**
Chairperson of the Board	**:**	**Prof. T Marwala**
Acting Managing Director	**:**	**Lawrence Boya**
Registered Address	**:**	**63 – 65 Juta Street (Corner Bertha and Juta Street) Braamfontein 2017**
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Telephone number	**:**	**(011) 712-5200**
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Website	**:**	**www.pikitup.co.za**
Bankers	**:**	**ABSA Bank**
Auditors	**:**	**Auditor-General**

Vision

To be *the* leading, integrated waste management company in Africa.

Mission

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

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OVERVIEW OF THE REPORT

The Annual Report 2011/2012 aims to convey to the reader what Pikitup Johannesburg has achieved during the financial year 01 July 2011 to 30 June 2012. It highlights both the achievements as well as the challenges facing the entity during the reporting period.

In order to meet the requirements set by the City of Johannesburg, the Annual Report is structured in six parts:

Part one gives a general overview of the company containing information on the strategic objectives, vision and mission.

Part two contains the leadership of the company divided into Board and Management.

Part three gives insights into the highlights and achievements for the period under review as well as performance against the IDP, SDBIP and the City Scorecard.

Part four deals with corporate governance protocol, board composition and mandate as well as the respective board subcommittees.

Part five provides details of the sustainability report as it unpacks the issues such as human resources and employee wellness.

Part six consists of the annual financial statements and the company's financial performance for the year. This part covers the comparative information.

Part 1

COMPANY OVERVIEW

Our Vision

"To be the leading integrated waste management company in Africa"

Our Mission

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

Our Values

Exceptional Service Ethic
Environmentally conscious
Respect for human dignity
Good corporate citizen
Unity of purpose
Results driven
Innovative
Continuous improvement

Corporate Profile and Overview

Pikitup Johannesburg SOC Limited is a municipal entity wholly owned by the City of Johannesburg. The company was established in 2000 with the mandate to serve and provide waste management services in the Greater Johannesburg area. The City regulates the service delivery in respect of the following:

- Financial services (annual operating and capital budgetary allocations and appropriate tariff levels), and
- Levels of service delivery in the different market segments covered by Pikitup.

Major Products and Services

Pikitup provides a wide range of waste management services to approximately 3.7 million people. Approximately 1.6 million tons of waste is collected and disposed of by Pikitup annually, this in addition to that collected and disposed of by private service providers.

Pikitup provides two categories of services, Council Services and Commercial Services. The Council services, which the City of Johannesburg has mandated Pikitup to provide exclusively, includes the collection and disposal of domestic, business and putrescible waste, street cleaning, lane flushing, area cleaning, the management of litter bins, the collection of illegally dumped waste, the collection and disposal of animal carcasses found in public places and the operation of garden sites. The commercial services, which Pikitup provides in competition with other private waste management companies, includes the collection and treatment of healthcare risk waste, bulk collection services, the collection and disposal of hazardous waste, composting, recycling activities, providing services for special events and the operation of landfill sites. The table below categorises Pikitup's main product/service offerings:

Pikitup's Services

COUNCIL SERVICES	COMMERCIAL SERVICES
Domestic round collected refuse	Bulk services
Business round collected refuse	Composting
Putrescible waste	Recycling activities
Street cleaning	Special events
Lane flushing	Landfill services
Area cleaning	Safe disposal
Litter bin management	
Illegal dumping	
Animal carcasses	
Garden sites	
Hostel cleaning	

The services can be further subdivided into core and non-core services which are either billable or non-billable, depending on the service offering. The billable services are revenue generating whilst the non-billable services are social services, the costs of which are funded through rates and taxes levied by the City. The breakdown of billable and non-billable services for core and non-core business activities is depicted in the following tables.

Core Business Billable and Non-billable Services

BILLABLE SERVICES	NON-BILLABLE SERVICES
Domestic round collected refuse	Inner City Cleaning
Landfill services	Illegal dumping
	Informal settlements
	Street cleaning City-wide

Non-Core Business Billable and Non-billable Services

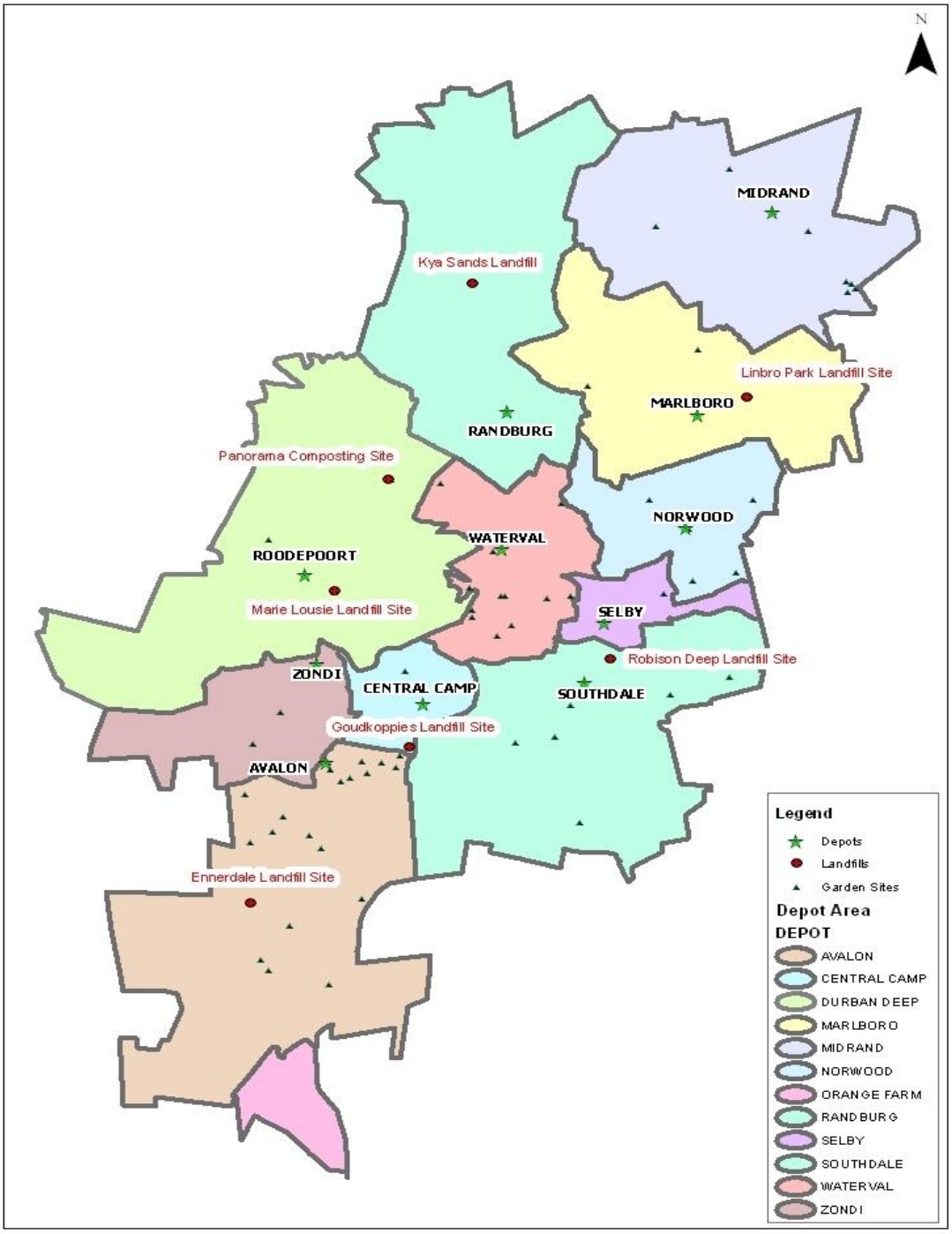
BILLABLE SERVICES	NON-BILLABLE SERVICES
Composting	Garden sites
Business round collected refuse	Hostels
Putrescible waste (Dailies)	Lane flushing
Bulk services	Animal carcasses on roadside
Special events	

Area of Operations

Operations are distributed among eleven depots, four landfill sites, 42 garden sites and one composting site.

In addition we dispose some of the waste at privately owned landfill sites, namely Mooiplaats and Chloorkop which are situated in the north and east of Johannesburg respectively.

Area of Operations



Customer Base

Our customer base consists of 215576 households, 165178 sectional title units and 173481 non-billable (properties with the value below R150,000). In addition to the domestic customers, Pikitup services 9,658 Business Round Collected Refuse (RCR) customers, 1500 Bulk service customers, 1340 landfill customers, 602 dailies,15 safe disposal customers, 522 institutions and several compost customers.

Employee Profile

Pikitup employs a total of 4559 staff members, the bulk of which are general workers.

Strategic Objectives

As a Municipal Owned Entity, Pikitup aligns itself to the Mayoral priorities of the City of Johannesburg. The six Mayoral priorities are depicted in the table below.

Mayoral Priorities

Mayoral Priority	Pikitup's response with regards to outcome
Economic Growth and Job Creation	Focus on community based projects in informal settlements, illegal dumping and street cleaning. BEE & EPWP compliant procurement
Health and Community Development	Programme to clear illegal dumping sites timeously, regular RCR collections and street cleaning.
Housing and Services	Roll out of 240l bins in all proclaimed areas
Safe, Clean and Green City	Compliance to SHER, address demand side management
Well Governed and Managed City	Compliance to legislation, regulatory and governance policies
HIV/AIDS	Compliance to the HIV/AIDS programmes

In addition to aligning itself with the Mayoral priorities, Pikitup has to take the City of Johannesburg's Growth and Development Strategy (GDS) into account when developing its strategic agenda. The GDS principles are:

- Proactive absorption of the poor
- Balanced and shared growth
- Facilitated social mobility
- Settlement restructuring
- Sustainability and environmental justice
- Creative governance solutions

Pikitup forms part of the Environment, Infrastructure and Services Department of the City of Johannesburg whose five year plan is "A city with a backbone of efficient and well-maintained service infrastructure, extended to all, so that all citizens and stakeholders can access an expansion of innovative, safe, reliable and affordable services."

Executive Summary

The Annual Performance Report is compiled in terms of Section 121(3) (c) and (4) (d) of the Municipal Finance Management Act (MFMA). Furthermore the performance framework is based on the Balanced Scorecard. However a 5th perspective, namely the Shareholder Perspective was included in order to align Pikitup's strategic initiatives and goals with those of the shareholder through the IDP scorecard and Service Level Agreement (SLA).

Pikitup was able to achieve most of the key service delivery targets, as per the Sector Plan in spite of the severe financial pressures and fleet challenges that were experienced.

The Number of Employee Disabling Injuries, number of customer complaints resolved within 7 days and the diversion of waste remain a concern since the service delivery performance relating to such targets was not achieved. Limited financial resources continue to affect service delivery targets such as the eradication and rehabilitation of illegal dumping as well as the improvement and maintaining of Level 4 cleanliness for informal settlements, the Inner City and targeted areas in the Outer City.

The abovementioned challenges, including the imperative to paradigm shift towards the new waste management model of waste avoidance, recycling and reuse and disposal as the last resort, will be addressed in the remodelling of Pikitup which is currently underway.

Purpose and Background

The objective of this report is to present the overall performance of Pikitup Johannesburg SOC Ltd in relation to the performance target in the 2011/12 Business Plan. The aforementioned Business Plan forms part of the service delivery agreement between Pikitup and its parent municipality, the City of Johannesburg.

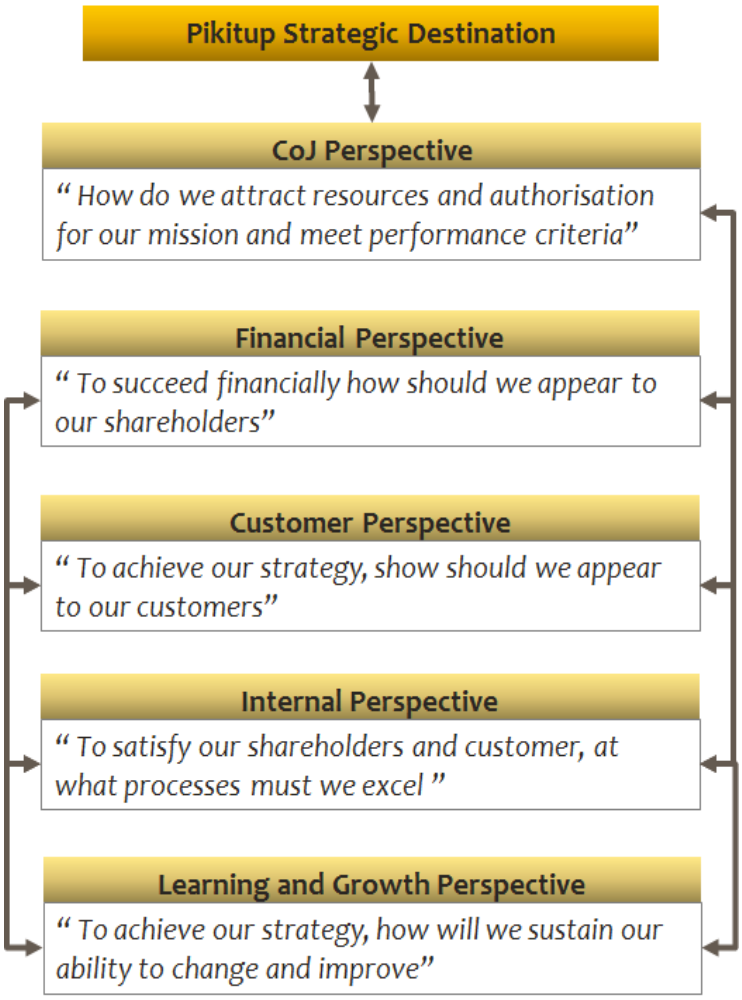
The Annual Performance Report is compiled in terms of Section 121(3) (c) of the Municipal Finance Management Act (MFMA) which states that “The annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Local Government Municipal systems Act”. Section 121(4) (d) of the MFMA further states that “The annual report of a municipal entity must include an assessment by the entity’s accounting officer of the entity’s performance against any measurable performance objectives set in terms of the service delivery agreement or other agreement between the entity and its parent municipality.”

Overview of the Performance Management Framework

Pikitup has adopted the Balanced Scorecard (BSC) framework as its performance management and monitoring tool. However the traditional BSC has been modified by including the CoJ Stakeholder Perspective to the four (4) traditional perspectives. This is intended to align Pikitup's strategic initiatives and goals with those of the shareholder through the IDP (Integrated Development Plan) scorecard.

Therefore the CoJ Stakeholder Perspective caters for the monitoring of performance against the IDP objectives. The following is a diagrammatic presentation of Pikitup's BSC performance management framework.

Figure 1: Pikitup's Balanced Scorecard Framework



(Adapted from: Robert S. Kaplan and David P. Norton, "Using the Balanced Scorecard as a Strategic Management System", Harvard Business Review (January – February 1996))

Performance management requires that the goals, programs, activities and resources of an organisation be aligned with its mission, priorities and desired results. Furthermore alignment with the organization's purpose and intended outcomes must be both vertical (from top to bottom of the organization's structure and also from organization-wide goals to individual goals) and horizontal (across organizational units and if possible across governments serving the same population).

Pikitup's business plan outlines the operational plans as well as the resources, such as the financial and human capital resources, required to achieve its objectives. These operational

plans are aligned to the Sector Plan which is informed by the City's GDS (Growth Development Strategy) and IDP priorities and objectives. Each of the items in the operational plan is aligned to or seeks to achieve a specific strategic objective in the City's IDP programme.

Once the business plan, with the respective budgets, is approved the Pikitup Performance Compact is compiled. The IDP objectives or programmes as contained in the abovementioned business plan are used to set specific Key Performance Areas (KPA) and Key Performance Indicators (KPI) in the performance compact. Each KPI has a weighting which depends on its priority. Performance against these KPI's is tracked and monitored on a monthly basis to ensure that the IDP objectives are achieved.

Sector Plan – 2011/12

The following table presents the 2011/12 Sector Plan which serves as a framework to the Business Plan for the respective period.

Table 1: Sector Plan – 2011/12

5-YEAR STRATEGIC OBJECTIVES	IDP PROGRAMMES AND ACHIEVEMENTS AS AT END JUNE 2011	2010/11 DELIVERY AGENDA	2011/12 DELIVERY AGENDA
Extend access to basic services to all households	**Implementation of waste collection optimisation plan to ensure waste collection in all areas** Collection of waste once a week in all areas has been achieved, quality and service standards have improved in most areas	93% to 95% Improvement / Adherence to refuse collection schedules to all areas serviced	95% to 98% Improvement / Adherence to refuse collection schedules to all areas serviced
	Improve waste service delivery standards in prioritised informal areas 85 Informal areas were provided with a daily cleaning service	Due to budget reprioritisation only between 80 & 86 informal areas are targeted for daily cleaning	119 informal areas will be targeted for daily cleaning
	Improve cleanliness levels in the Inner City and street cleaning in all areas Cleanliness levels in the Inner City have improved significantly over the past financial year. Level 4[1] has been sustained	Due to budget reprioritisation , the sector will now maintain cleanliness levels between 3 and 4	Maintain cleanliness level 4
Upgrade infrastructure and reduce maintenance backlog to meet capacity requirements	**Design and implement long-term asset management strategy and plan for waste** Asset Management Plans (AMP) for Waste have been developed and a 50% implementation has been recorded	Achieve a 60 % to 70% implementation of the AMPs	Achieve a 70 % to 80% implementation of the AMPs
Implement DSM programmes and innovative technologies	**Develop and implement comprehensive demand side management programmes for waste services** Waste reduction to the City's landfills was achieved by diverting a total of 249,132 tonnages. This translates to 17.7% reduction against a target of 5%.	**Waste tonnage to landfills** 5% to 9.9% reduction (excludes waste diverted to private landfills)	**Waste tonnage to landfills** 10% reduction

[1] Level 4 represents predominantly litter free area except for small accumulations in 1 out of 4 street corners

5-YEAR STRATEGIC OBJECTIVES	IDP PROGRAMMES AND ACHIEVEMENTS AS AT END JUNE 2011	2010/11 DELIVERY AGENDA	2011/12 DELIVERY AGENDA
Minimise waste to landfills to in line with the Polokwane Declaration	**Reduce, re-use and recycle at least 15% waste by 2015** **50% green waste diverted to compost facilities by 2015** **-Implement alternative technologies for waste reduction and treatment.** A feasibility study is in the finalisation stages, after-which the process to procure innovative waste treatment technology will be enacted. **-Develop and implement strategy to increase landfill capacity** 95% developed. A draft strategy is in circulation for comments	• Procure private sector service provider by June 2012 • Implement landfill strategy and plan	• Construction and commission of waste treatment plant • Continue with the implementation of landfill plan
Improve waste management services	**Implement turn-around strategy for business improvement through cost management, revenue generation by 2012 and improved service delivery** Implementation of the turn-around strategy continued with focus on the activity based costing system; the new tariff and funding model, business process mapping and SAP. A performance management system to monitor waste service delivery performance has been implemented.	Continued implementation of the turnaround of the waste management service which includes: • Activity Based Costing to reflect the true costs of providing a service • Business Process Reengineering • A performance management system to monitor waste service delivery performance	Continued implementation of the turnaround of the waste management service strategy which includes: • Activity Based Costing to reflect the true costs of providing a service • Business Process Reengineering • A performance management system to monitor waste service delivery performance
Service delivery monitoring and evaluation to improve quality of service	**Service delivery inspections** Frequent service delivery inspections are conducted as a means to improve and address the customer perception survey outcomes	93% to 98% adherence to refuse collection schedules and completion between 16h00 & 17h00	98% adherence to refuse collection schedules and completion between 16h00 & 17h00
Policy development and by-law review	**Formulate policies and by-laws that will facilitate effective service delivery**	Formulate policies and by-laws that will facilitate effective service delivery & separation at source	Develop DSM policies and by-laws in conjunction with Environment, Infrastructure and Services department
New priority		**MoE financial sustainability** • Improve revenue collection • Reduction in operating cost by up to 5% below budget	**MoE financial sustainability** • Improve revenue collection • Reduction in operating cost by up to 5% below budget

Pikitup Performance – 2011/12

The following table shows the 2011/12 annual performance targets as well as the performance scores respectively.

Table 2: Annual Performance Targets and Performance Scores for 2011/12

Key Performance Indicator	2010/11	2011/12		Projections		
		Target	Actual		2012/13	2013/14
Number of hostels enjoying cleaning services	18 hostels were enjoying cleaning services in 2010/11.	The target remains unaltered at 18 for 2011/12	21		21	21
Weekly RCR collection rates in formal areas	A 95% RCR collection rate was achieved, on average, in the 2010/11 financial year	The target remains the same as that set in the 2010/11 financial year at 98%%	90.5%		99%	99%
Refuse Collection rounds (RCR) to be completed on time to comply with legislation	The average RCR completion time was 15h39 in 2010/11	The target is the same as in the 2010/11 financial year i.e. between 15h30 and 16h00	18h20		Between 15h30 and 16h00	Between 15h30 and 16h00
Ensure 100% fleet availability	100% Fleet availability was reported in the 2010/11 financial year	100% must be sustained in the 2011/12 financial year	94%		100%	100%
Eradicate and rehabilitate illegal dumping sites	132 illegal dumping sites were eradicated in the 2010/11 financial year	61 to 70% of 200 sites eradicate which amounts to a total of 140 for 2011/12	9364 cleaned	Cleaning of 1 718 spots with an Opex budget of R82m **(No provision exists in the operating budget for the 60 spots identified for rehabilitation For 2011/12)**		
Sustain 24/7 Inner City cleanliness. (Level 4)	Level 4 cleanliness achieved in all four Inner City Quadrants in 2010/11	Level 4 must be sustained in the Inner City	Level 4		Level 4	Level 4
Improve street cleaning to Level 4 in targeted areas	Level 4 cleanliness reported in the 2010/11 financial year	Although it is desirable to sustain Level 4, reduced budgets will result in cleanliness levels of between 2 and 3 in targeted areas.	Between level 2 and 3		Between level 2 and 3	Between level 2 and 3
Number of informal settlements enjoying cleanliness levels between 1 and 2	119 informal settlements were enjoying cleaning services at the end of the 2010/11 financial year	The target for 2011/12 is 119 so that cleaning of the existing settlements is sustained	119		119 Informal Settlements	119 Informal Settlements
Reduce waste to landfills in line with Polokwane Declaration	115,575 which represented a diversion percentage of 7.71%.	The target for the 2011/12 financial year is between 7 and 10% diversion	26 300 Tonnes		Approximately 187 500 Tonnes (15%)	Approximately 187 500 Tonnes (15%)

Key Performance Indicator	2010/11	2011/12		Projections		
		Target	Actual		2012/13	2013/14
Sustain Clean Audit Report	A clean audit was achieved in the 2010/11 financial year	100%	Audit completed and achieved an unqualified report		100%	100%
Number of temp jobs created in targeted areas on EPWP	2,034 were reported in 2010/11	A target of 2,000 has been set in line with the achievements in the 2010/11 financial year. However, this will be adjusted once the losses resulting from the reduced cleaning by 3rd party contractors and the impact on EPWP are known.	Due to absorption Pikitup did not create any other jobs			
Number of employees disabling injuries reported (WCA)	52 incidents were reported in the 2010/11 financial year	The target for 2011/12 is 45.	203		Below 45	Below 45
Total number of customer complaints resolved within 7 days	64% Query resolution rate was reported in the 2010/11 financial year.	The target for 2011/12 is between 85% and 89%	74%		Between 85% and 89%	Between 85% and 89%
Landfill compliance with permit conditions and DWAF minimum requirements of 97% audit score as applicable in 2008	77% compliance was achieved at the end of the 2010/11 financial year.	A target of between 60% and 70% has been set for the 2011/12 financial year	58%		Between 78% and 97% compliance	Between 78% and 97% compliance
Procurement spent on BEE as a % of total procurement	100% compliance was achieved against a targeted 90%	A target of 75% has been set for the 2011/21 financial year	94%		75% BEE (75% Black-0wned and 25% for woman-owned)	75% BEE (75% Black-0wned and 25% for woman-owned)
Procurement spent on women owned companies as a % of total procurement	60% was achieved against a planned 50%	A target of 25% has been set for the 2011/21 financial year	26%		25% woman-owned	25% woman-owned

Conclusion

During the 2011/12 financial year Pikitup was able to achieve most of its key service delivery targets in accordance to the Sector Plan for the period.

The fleet availability for the period was affected by the withdrawal of Fleet Africa's vehicles at the end of February 2012.

The Number of Employee Disabling Injuries remains a key concern particularly for employees working from the depots (i.e. employees in Operations) since most injuries relate to such employees. The 2011/12 target for such an indicator was 45 injuries however the total for the period was 203 injuries.

Total number of customer complaints resolved within 7 days remains relatively low. Most of the queries relate to bin replacement or requests for new bins. Therefore efforts have been made to improve on this indicator. These efforts include providing the relevant SAP user profile to the relevant employees as well as ensuring that such employees have the required training.

Information relating to the total volume of tonnages diverted from landfills remains a challenge since certain "private sector" partners remain reluctant to disclose the total tonnages diverted as a result of their initiatives.

Part 2

LEADERSHIP OVERVIEW

Foreword by Member of the Mayoral Committee for Environment, Infrastructure and Services Department

When the Executive Mayor appointed me to be the political head of EIS Department which comprises of three Municipal Owned Entities, Pikitup, Joburg Water and City Power and the Environment department, I was given a very specific mandate which is to prioritise and accelerate the provision of quality basic services to the people of Joburg without discrimination and prejudice.

Obliging to these imperatives, it is difficult to overlook or ignore the persisting challenges which continue to pose a tough challenge such as in today's increasingly resource-constrained world which requires us to collectively safeguard the environment and to manage potential environmental impacts in order to maintain our status-core of a sustainable society.
In the same vain, I would like to congratulate Pikitup Johannesburg SOC Ltd in ensuring that within this financial year, the delivery of waste management services to the communities and businesses within the City of Johannesburg is being done in the interest of safeguarding the environment with the prospects of leaving a sustainable legacy for the future generations.

May I take this opportunity to commend Pikitup for honouring the Mayoral Priorities by performing exceptionally well during the 11/12 financial year. Pikitup in partnership with Johannesburg City Parks and the Johannesburg Metro Police Department successfully carried out a Clean-up Day which aimed to rid the city of illegal dumping hotspots and to promote a Clean City Vision for a litter-free Johannesburg, with an aesthetically attractive environment and with effective waste removal services.

I truly welcome Pikitup's efforts in cracking down on illegal dumping on open spaces in the City, as I understand that a large proportion of the company's operating expenditure for this financial year cannot be recovered due to this scourge.
I must state that, although Pikitup does not have the regulatory powers to issue fines to people who are caught illegally dumping waste on our streets and open spaces, I am pleased to make mention that Pikitup together with the Johannesburg Metro Police department are endeavoring to implement the City's bylaws with the prospects of minimizing the opportunities that give rise to illegal dumping in the City by making illegal dumping difficult and less attractive to say the least…

Therefore I would like to encourage Pikitup to double its efforts to make access to illegal dumpsites difficult to litterbugs and to improve the quality of interaction with the Johannesburg citizens by educating and making them aware of the detrimental impacts that illegal dumping has on their environment and livelihood.
The landfill gas to energy project continues to be a flagship project in the city. We have truly become pioneers in the extraction of energy from waste because of hard work and innovation. By capturing this methane gas from our Landfill Sites, Pikitup has made it its prerogative that the City's sustainability goals are met and cementing the City as a leading carbon neutral Metropolis in Africa.

The business of managing waste used to be straightforward, a generation ago; Pikitup simply collected, transported and disposed waste. Today, Pikitup is reinventing its business model and reconsidering the nature of waste management itself as the company has gone through a period of being an unsustainable business, both financially and in terms of operational inefficiencies. I would therefore like to encourage Pikitup; especially the Chairperson of the Board, Managing Director and

the entire executive team to stay focused on the goal at hand and keep the staff motivated at all times during this process and in this economic trying times.

During my tenure as Member of the Mayoral Committee for Environment, Infrastructure and Services, for the next five years and beyond 2040, I would like you, our Waste Sector stakeholder and decision-maker across all sectors (including business and civil society) to reflect to The Joburg 2040 GDS Outcome 2 which reads as follows;

"Provide a resilient, liveable, sustainable urban environment – underpinned by infrastructure supportive of a low-carbon economy. The City plans to lead in the establishment of sustainable and eco-efficient infrastructure solutions (e.g. housing, eco-mobility, energy, water, waste, sanitation and information and communications technology), to create a landscape that is liveable, environmentally resilient, sustainable, and supportive of low-carbon economy initiatives".

You will agree with me that in terms of waste management in the City, Outcome 2 of The Joburg 2040 GDS compels us for the next five years to ensure that all formal and informal areas continue to be provided with adequate, reliable and uninterrupted waste collection services, implement programmes that will ensure a clean city which is litter-free and free of illegal dumping, develop and implement comprehensive demand side management and climate change mitigation, plan for the City of the Future and ensure that Pikitup is kept financially stable and operationally sustainable.
I look forward to leading the very excellent team of very experienced Pikitup staff which is committed to good customer service and efficient service delivery in the next five years.
I am excited, honoured and would like to encourage you to intensify your search for cleaner waste-based energy producing technologies, increase your landfill-gas-to-energy capacity, strengthen the city's commitment to recycling by intensifying your separation at source program, investigate feasibility of both organics and material recovery facilities, reduce emissions by increasing the efficiency of your fleet and invest in greener technologies for managing our waste.

From the Pikitup remodelling project, I am certain that the residence of Johannesburg have already joined me in looking forward to a Pikitup that has made the transition where waste is traditionally collected, transported and disposed; to a company which has moved its strategy in the upstream of the waste management hierarchy, where prioritizing waste avoidance and minimisation, practicing segregation, implementing safe waste transportation, cleaner waste treatment, and disposal as a last resort and in an integrated manner, is the norm for managing all forms of waste handled by the company.

Councillor T Mfikoe
Member of the Mayoral Committee for Environment, Infrastructure and Services Department

Chairperson's Foreword

The company is reporting an operating surplus for the year amounting to R17,530,309 compared to the surplus in the prior year of R15,349,152.

While the company strives to keep Johannesburg a clean city, budgetary constraints have necessitated that we restructure our business by focussing on the core business. The year 2011/12 came with its challenges largely attributable to the City streamlining and rationalising revenue management processes which affected our revenue and billing processes.

The support from the city leadership and the shareholder unit continues to provide guidance and direction relating to all aspects of the business and matters of governance. The City Manager's office has provided the distinctive and direct leadership, when it is really needed by the company.

I appreciate and thank the MMC, Councillor Mfikoe for her support during the year, and I look forward to working with her in the coming year.

To my colleagues, the fellow Board members, appreciation is extended for your commitment in executing the oversight role you play as well as your support and guidance in these trying economic times. I thank you for the diligent manner in which you discharged your responsibilities.

I thank the Acting Managing Director and his executive team for the good work in implementing the Board decisions effectively and efficiently. As a Board we place reliance on management to implement decisions made and ensure that the Company performs at the level that it does.

Pikitup's mission remains "To provide sustainable and innovative waste management solutions that exceed stakeholder expectations" and the vision of being the leading integrated waste management company in South Africa hasn't changed.

Acting Managing Director's Report

Pikitup comes to the end of a most eventful year. Pikitup remains committed to our vision **"to be the leading integrated waste management company in Africa".** While the challenges to the organisation in the first half of the year have been arduous and our major consideration was financial stability, we have not lost sight of our obligation to provide a quality service to our customers. We remain committed to improving the services we provide our customers.

During the period under review Pikitup saw a number of achievements and challenges such as the improvement in street cleaning, but unfortunately Round Collected Refuse removal was disrupted from March 2012 due to Fleet Africa's contract that expired. However additional resources were deployed in the last quarter which led to the improvement in cleanliness levels in the Inner City from level 2/3 to level 4. 119 informal settlements continued to receive the required level 3 cleanliness. There was introduction of waste recycling at 12 schools in the area of Orange farm.

As part of the CCMA facilitated Settlement Agreement with SAMWU which came as a result of the labour strike in April, Pikitup absorbed 3000 employees from 3rd party contractors in July, second group were absorbed in October and the remaining group will be absorbed in 2012/2013 financial year. This has put a strain on Pikitup's already stretched financial status. The organisation went through a stabilisation phase and is currently in a process of remodelling. This project will assist Pikitup in proposing a new business model that will ensure a more operationally efficient and financially sustainable company, bring new ways of doing business and improve revenue.

Plans for the new financial year will include introduction of by-law enforcement to deal with the ever increasing illegal dumping and littering. This will be attained through the partnership with JMPD. This will include clearing of illegal dumping in Soweto and Orange Farm and other areas. R8mil has been set aside for education and awareness campaign throughout the City as part of the "Clean City Campaign". High measures to deal with disabling injuries on duty have been put in place and will be managed and monitored. Pikitup introduced the 3 shift cleaning service to clean the streets of Jozi and five days per week cleaning schedules in informal areas. In line with the City's Growth and Development Strategy (GDS), our long term Integrated Waste Management Services Plan (WMSP) will guide the focus of waste minimization from the households.

Overview of the Financial Performance for the year ended 30 June 2012

The company is reporting an operating surplus for the year amounting to R17,530,309 compared to the surplus in the prior year of R15,349,152. Whilst the nominal surplus referred to above has been achieved during the `years under review, the company continues to trade under insolvent circumstances.

The accumulated deficit for the year amounts to R323,708,471 (2011: R341,238,780). The City of Johannesburg as the sole shareholder has committed to assist the company by subordinating its claims against the company in favor of, and for the benefit of the creditors of the company, subject to certain terms and conditions. In addition thereto, the shareholder will provide such guarantees that would enable the company to honor its obligations to 3rd parties in the ordinary course of carrying out its Council mandate. This is to ensure that the company meets the going concern criteria, the basis on which these annual financial statements have been prepared.

To address the going concern considerations, the following measures have been instituted:

- The review of the current business model to assess its appropriateness for Pikitup has been finalised. The review carried out by Deloitte has confirmed that the company is not adequately funded to meet its service delivery mandate. To this end, various options are being considered, including but not limited to the adoption of cost reflective tariffs as future funding model of the company's operations.
- On-going review of the operating expenditure with a view to identifying cost efficiencies.
- Exploring the alternative waste treatment technology projects that will yield revenue streams for the company in future.

Below are the key financial ratios intended to provide further information relating to the company's performance for the year under review:

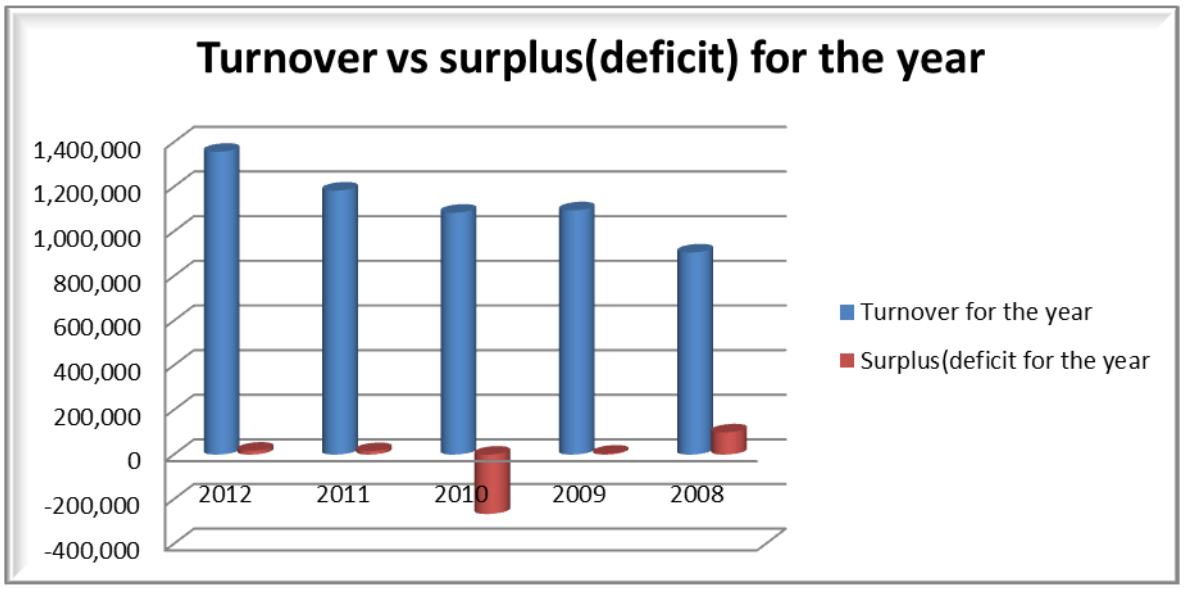
Financial Ratio	2012	2011	2010	2009	2008
Growth in total revenue (%)	14.7%	9.2%	-1.0%	20.8%	24.6%
Growth in service charge (%)	14.7%	9.1%	-0.4%	28.0%	21.7%
Growth in expenditure	13.7%	-6.6%	16.3%	26.3%	16.5%
Growth in gross consumer debtors	-10.1%	0.0%	88.5%	68.7%	-11.2%
Capital expenditure to revenue (%)	2.0%	3.0%	3.6%	1.8%	2.2%
Borrowings (CoJ loan) to revenue	18.6%	21.3%	31.5%	14.0%	22.9%

Revenue / Expenditure: Both revenue and expenditure increased during the current financial year. Fleet cost showed the largest growth due to the new fleet contract not commencing, as a result, the city's service fee was increased to counter these costs. A surplus was realised for two consecutive years**.** The year on year growth in revenue enabled Pikitup to carry out its mandate as demonstrated by improved cleanliness levels within the City.

Financial Ratios	2012	2011	2010	2009	2008
Employee cost to operating expenditure	**42%**	**37%**	**33%**	**36%**	**40%**
Solvency ratios	**0.75**	**0.61**	**0.63**	**0.85**	**82%**
Current ratio	**1.33**	**0.35**	**0.52**	**0.83**	**0.87**

The above ratios reveal the following key points:

- The employees cost ratio increased due to absorption of staff previously employed by third party contractors.
- The effect of having a solvency ratio below 1 continues to be mitigated through the subordination loan agreement and the letter of guarantee by the shareholder thereby safeguarding the interests of creditors in the ordinary course of carrying out trade with the company
- The improvement in the current ratio was due to the reclassification of short term shareholders loans to long term.



The graph above reflects the year-on year depiction of gross revenue for the last five years. With the exception of the 2010 financial year where a large operating deficit was incurred in part due to the FIFA commitments that had to be met, a nominal surplus was realised consistently. Such nominal surplus had however proven far inadequate to eradicate the insolvency. All future efforts will be directed towards reversing the insolvency state of the company whilst intensifying efforts towards meeting SDA commitments

Part 3

PERFORMANCE OVERVIEW

Highlights and Achievements

- The company is reporting an operating surplus for the year amounting to R17,530,309 compared to the surplus in the prior year of R15,349,152.
- Development and approval of the Integrated Safety, Health and Environmental (SHE) Policy.
- Development and approval of the Personal Protective Clothing Policy.
- Community environmental awards held in partnership with City Parks, Region E and Alexandra Renewal project in recognition of schools, environmental forums and businesses who have contributed to the protection of the environment through implementation of waste related projects.
- Training of all employees on injury on duty (IOD) reporting and compensation in partnership with the City of Joburg: OHASA Department.
- Safe Operating Procedures developed for activities at Garden sites, landfills and Operations department.
- Development and approval of the Procedure for the Control and Management of Reclaimers at the Pikitup landfill sites.
- Waste licenses acquired for the proposed Orange Farm garden site and Orange Farm Depot.
- Installation of the evacuation system at the head office building.
- Introduction of the waste separation at source at 20 schools (12 in Orange Farm, 1 in Alexander, 1 in Randburg, 6 in the Inner city).
- An awareness education campaign at eleven shopping complexes within the Waterval area where the waste separation at source in household project is implemented.
- Formation of 11 Community Environmental Forums.
- Maintained separation at source participation levels in the Waterval depot area.
- Develop a short medium and long term waste minimisation strategy for Pikitup.
- A three year contract was awarded for the supply of Garden Sites and As and When Required Landfill equipment.
- Two new landfill cell development and contaminated storm-water ponds were planned for Marie Louise and Ennerdale landfill sites.
- Garden Sites including: Midrand (5 sites), Bally Claire, Migson Manor and Norwood garden sites had undergone routine maintenance and repairs.
- The Landfill gas to Energy (LFG) project awarded by the City of Johannesburg to Energ Systems and independent company was initiated at Robinson Deep. This project will address the release of landfill gasses which include methane (global warming agent and explosive in nature) and noxious gases like hydrogen sulphide.

OPERATIONS

Operations process flow entails the collection of waste, transportation of such waste and finally the disposal of waste at the landfill sites. These functions are undertaken from eleven depots which perform the following operational activities in the respective service delivery areas of geographical location:

- RCR collections;
- Street cleaning;
- Informal settlement cleaning and collections;
- Illegal dumping cleaning & clearing;
- Lane cleaning
- Bulk and Dailies; and
- Hostel cleaning (unfunded mandate).
- Garden Sites

From May 2012, Pikitup took over the collection of waste separated at source waste at Waterval Depot. Garden Sites facility management was also added to Operations during the second month of the third quarter of the current financial year. Information on these two aspects of operation is covered later in the report. The report herein reviews the activities for the year commencing from 01 July 2011 to 30 June 2012 and brief comparative comments on trends and waste generation patterns.

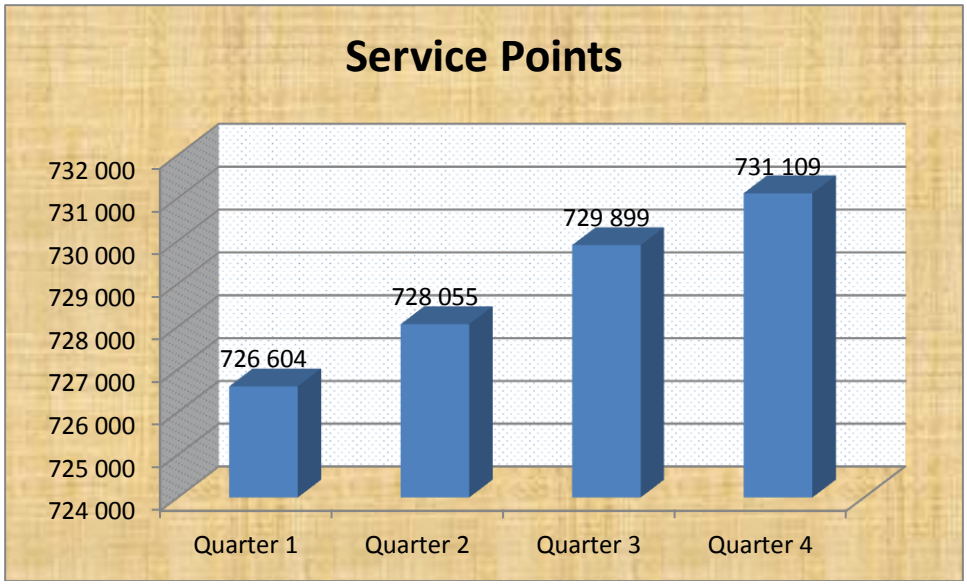
RCR Collection

The rate of collection in the last two quarters of the year has been undermined by acutely low vehicle availability. After hours and week-ends periods were utilised to complete RCR collections.

RCR Services Points

The number of new service points for the year under review has increased by 6,302 from 724,807 to 731,109. The increase represents marginal growth (1%) on new development in the following depots, Randburg, Roodepoort, Midrand and Zondi (see figure 2). The number of bins serviced per week amounts to 764,556. The net growth is marginally lower than that of the previous year which was 1,3%.This was on account of shortage of bin stock during the last quarter of the current year.

Figure 2



RCR Completion Times and Rates

Achievement of completion times was undermined by extremely low vehicle availability during the third and fourth quarters. This was on account of the change of Fleet contract at the end of February 2012, frequent break down of ageing fleet as well as poor turnaround times for the supply of replacement vehicles. The impact of low vehicle availability varies from depot to depot with some of them reporting vehicle stability in the last quarter (See figure 3), while depots like Marlboro and Zondi still shows worse completion times. The low completion rate (see figure 4) has equally been poor the due to low vehicle availability which resulted in the erratic collection schedule. Uncompleted collection schedules were undertaken after hours and on week-ends which consequently increased the cost of overtime. Absenteeism at varying degrees as a result of fatigue amongst RCR crew members has also been reported.

Figure 3

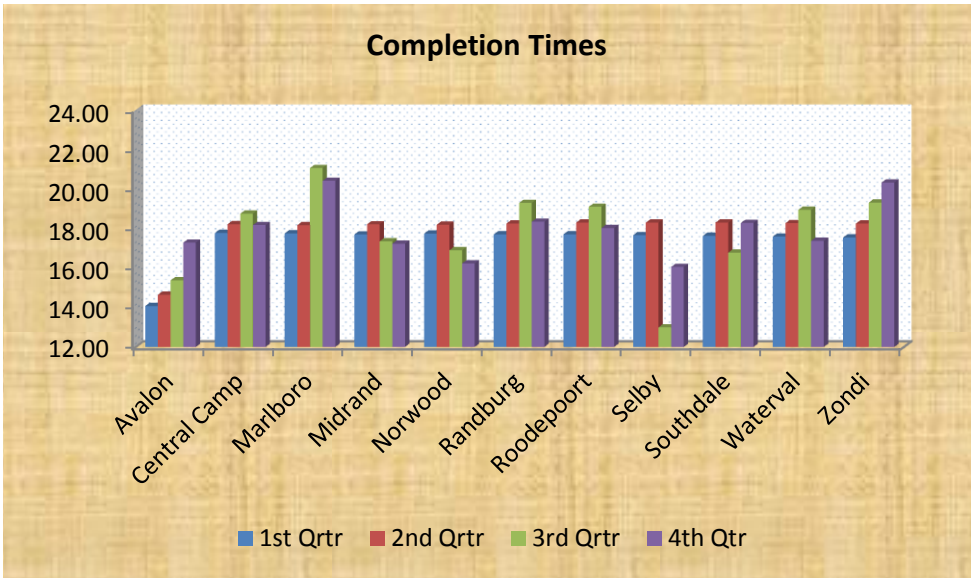
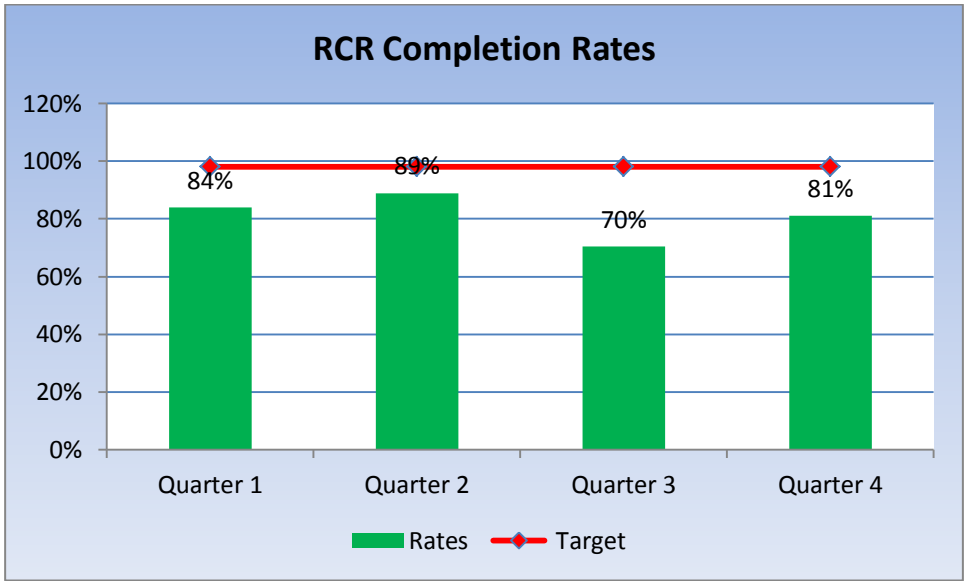


Figure 4



Street Cleaning

Street cleaning entails litter picking in the Outer City and sweeping in high population density areas. There is 24/7 cleaning schedule for targeted areas of the Inner City; Alexandra is cleaned eight hours seven days a week. The Outer City is cleaned eight

hours, five days a week. A sixth day cleaning program per week has been added in targeted areas of the outer City to improve the level of cleanliness. Areas such as Lenasia, Midrand and Melville/Brixton are on a five day, two shifts cleaning service. In areas where lanes exist like Inner City, Turffontein and Rosettenville, the cleaning of lanes is undertaken as part of street cleaning. Outside perimeters of taxi ranks, shopping malls and bus stations are cleaned as part of street cleaning as well. It should be noted that street cleaning has also been severely affected by the fleet change over during the third quarter with the result that street refuse is not collected promptly in certain areas like Inner City. Some improvement in cleanliness was noted during the fourth quarter.

Illegal Dumping

At the heart of illegal dumping is the low level of awareness regarding the maintenance of a healthy environment and lack of by-law enforcement (see pictures below). While lack of bi-law enforcement constitutes weakness for the entire City, low level of environmental awareness is more prevalent in low income areas. The erratic collection of domestic, business and street waste resulted in significant volumes of waste dumped on sidewalks and open spaces during the last two quarters of the year. This was on account of acutely low vehicle availability alluded to in the previous sections of this report.

Illegal dumping in City Suburban

Street trading in Fordsburg

Informal Settlements

The 119 Informal Settlement areas covering 184 275 units constitute 94% of all settlements City Wide. The remaining 6% receives one day service per week from Pikitup Depots

Table 3 shows the number of Informal Settlements, per depot, receiving output based cleaning services. Table 4 contain the list informal settlement on the output base cleaning program (multiple days per week) while table 5 lists the names informal areas receiving one day cleaning service from the depots.

Table 3: Number of Informal Settlements per Depot

Depot	Units	No of Settlements	Cleaning Level	Service Intervals
Avalon	28 897	17	2 -3	3 times a week
Central Camp	9 215	4	4	Daily
Marlboro	18 586	13	4	Daily
Midrand	51 148	42	4	Daily
Randburg	23 195	11	4	Daily
Roodepoort	26 007	12	4	Daily
Southdale	5 120	5	2 - 3	3 times a week
Waterval	7 300	3	4	Daily
Zondi	16 270	12	4	Daily
Totals	**185 738**	**119**		

Table 4: Informal Settlements on one day cleaning service per week

Depot	Township	Name of informal settlement	No. of Units	Cleaning frequency per week	Type of service
Zondi	Tladi Camp	Tladi Camp	400	1	Plastic bag
	Old Vista	Old Vista	100	1	Plastic bag
	Mofolo North	Mofolo North	80	1	Plastic bag
Central Camp	Klipspruit	Holomisa	400	1	Plastic bag
	O/East	Power Camp	200	1	Plastic bag
	O/East	Elephant Park	108	1	Plastic bag
	O/East	Kupane Camp	34	1	Plastic bag
	M/Lands	Heckroodt circle	165	1	Plastic bag
	O/West	Ezimbuzini	145	1	Plastic bag
Waterval	Harmony street Coronation	Slovo Park 2	400	1	Plastic bag
	Crown Mines Main Reef Rd.	Crown Mines	400	1	Plastic bag
Avalon	Klipspruit West	Heavenly Valley	50	1	Plastic bag
	Davland/Freedom Park	Lindelani	100	1	Plastic bag
Selby	Inner City	Polly and School	150	1	240 L Bins
Southdale	Belgravia	Belgravia	unknown	1	Plastic bags
TOTAL	**14**	**14**	**2732**		

The table below (Table 5) contain the list informal settlements that have been formalised. Once 240 litre bins have been rolled out and these areas are incorporated into RCR rounds they would be removed from the output based cleaning program and those on one day cleaning program would be added in multiple day cleaning per week.

Table 5: Informal Settlements that have been formalized

Depot	Area	Region	No of units
Avalon	Finetown	G	5279
	Weillers Farm	G	3332
	Lawley 2	G	5400
	Hospital view	G	2030
Roodepoort	Matholesville	C	693
	Tshepisong Phase 7	C	1181
	Vlakfontein	C	1491
	Sol Platjie	C	1608
Randburg	Thabo Mbeki	A	1137
	Itsoseng	C	1930
	Zandspruit plot 52	C	300
	Total		**24381**

Hostel Cleaning

Promise of budget allocation amounting R4 million from Department of housing has not materialized. This matter has been escalated to head of Department of Housing and Pikitup MD. Alternatively, Pikitup will have to reconsider its capacity to continue the rendering of the cleaning service without adequate budget allocation. Judging by length of period Pikitup has been providing service to these residences as unfunded mandate, it might in the interest of all parties to afford the Department of Housing to take over the provision of cleaning service as it was the case before at these 21 facilities. Picture below offer a clue on the volume of waste accumulation within an interval period of three days. Illegal electricity connection in some hostels makes access by heavy waste vehicle difficult, at times impossible.

Jeppe Hostel before cleaning

Jeppe Hostel after cleaning

Garden Site

The management of garden facilities has moved to Operation from the beginning of February, the month on which the Fleet Contract change over took place. Just like other areas of operations, garden sites were badly affected by non-availability of vehicles to the extent that some of these facilities had to close down temporarily owing to lack of space as illustrated in the pictures below. Table 6 illustrates an updated tonnages of green waste diverted to landfill site.

Table 6: Green waste diverted to landfill site

Green Waste	Q1 Total	Q2 Total	Jan Q3	Q4	YTD Total
Ballyclare	4282	4606	4506	4441	17835
Bezvalley	229	255	269	361	1114
Panorama	3365	3349	1633	2155	10502
Waterval	275	423	**Closed**	**0**	698
Fairlands	615	623	285	0	1523
Woodmead	992	1099	1061	1480	4632
Norwood	671	736	782	854	3043
Victory Park	897	769	280	0	1946
Melrose	902	1003	1203	1216	4324
Club	591	668	659	1315	3233
Dale	234	223	76	0	533
Cedar	489	535	179	0	1203
Southdale	32	0	0	0	32
Mondeor	38	68	24	43	67
East Road	18	15	14	16	30
Robertsham	32	60	20	37	57
Mayfield	20	30	12	21	33
Total	**13574**	**14289**	**6497**	**11939**	**46299**

Separation at Source

Separation at source project was undertaken in partnership with private sector until the end of April 2012. Pikitup took over the project from May 2012. In essence, the project is an implementation plan of Waste Minization Strategy. The objective of the strategy is to firstly, safe landfill site air space, secondly, to comply with Polokwane Declaration aimed at Zero waste to landfill site as a contribution to global initiative to reduce carbon emission into the atmosphere to mitigate against the effects of climate change. In effect, two bags are supplied to household into which recyclables waste (paper, glass and plastic) are stored and collected on the same day as RCR collection. Recyclables are then sold as raw material in an open market. 240 Litre bin is reserved for storage of

residual waste which is deposited at landfill sites. There will be a detailed reporting on this activity at the end of the first quarter in the next financial year.

Bulk Services and Dailies Business

Bulk Commercial is a unit within the Operations Department of Pikitup and responsible for the collection of:

- Bulk Waste Collection
- The Collection of Dallies Waste

The management of the unit operates from the Waterval depot whilst daily operations are carried out from seven depots other depots.

Bulk

I. **Internal data clean up**

The Sales Team as well as the Bulk Supervisors have actively been pursuing customers without account number and yet are being serviced. In addition to this, the management of sales and bulk have been verifying account numbers against existing contracts. Ninety one account numbers have been located and customers have been billed. There are still a number of customers without accounts but they are being contacted and visited, contracts are being signed and accounts are being opened. There is still the challenge around opening tenant accounts but there is now a responsible person at COJ to deal with this and it now takes a week instead of months as it did previously.

II. **Vehicle availability and productivity**:

Vehicle availability was very poor especially in during the second half of the financial year. There is a continuing challenge with the Front Loader vehicles in that the fleet has been reduced from 8 to 7 with Fleet Africa taking one vehicles. The availability is such that there are never more than 4 vehicles available at any given time since the change of the contract and there have been numerous occasions when only 1 or 2 have been available. This has resulted in the continuation of the night shift and much overtime over weekends due to on-going backlogs which cannot be caught up on.

Dailies

This service has operated previously without many problems on the vehicle side but since the last half of the financial year, very poor availability was experienced. This resulted in the alternating of rounds and sending of vehicles far out of their areas in order to service hospitals on a daily basis. The availability has improved in the last month of the year.

A working group consisting of Finance, Sales, bulk and Billing has setup ensure that all customers receiving a service are billed appropriately. There is still the challenge around properties operating as business but being zoned as residential with a result they are charged domestic tariffs instead of business, contributing to revenue under recovery.

Trouble Ticket Resolution

There is no access to trouble tickets but customers are informed to call the section on cellular telephones. Currently busy with the investigation of a number of billing queries relating to bulk and dailies accounts.

Inner City

Table 7: Illegal Dumping and Street Cleaning in the Inner City

	Illegal dumping spots	Street Cleaning Challenges	Mitigations
CBD	There are six hot spots in the CBD. The waste in these spots is characterized largely by rampant dumping and littering; accumulation of bags from formal and informal businesses Hijacked buildings are a serious challenge in that they don't have refuse receptacles, so they just dump refuse outside their buildings at any time of the day. Some are even using windows to throw out refuse. The refuse from such buildings includes night soil. Underground bins have proved to be disastrous in that they attract illegal dumping. They are not serviced as most of them are broken.	• High population density keep the cleaning rate low and deteriorating rate high • Heavy traffic volume and street trading create heavy congestion (stampede at Home affairs offices impede cleaning) • Reclaimers irk their living from the bins and refuse bags. After taking recyclables they leave the area spilled with residual refuse.	• Weekly Cleaning program had been developed and is being monitored • Resources in terms of staff and vehicles have been allocated within budget limitation • Relationship to minimize and manage waste generation is being development with street traders and taxi operators. • This is a social responsibility, however, ours is to keep on cleaning. • The legal department of the Urban management is trying recover the hijacked buildings. • We can only clean around underground bins, but not inside. • Introduction of block leaders will assist in identifying the culprits and educating them about the by-laws.
Hillbrow	• Five spots identified. • Alleyways are being used a dumping spots as well	• Inadequate by-law enforcement • Inadequate public education	• Aggregate resource allocation in accordance with waste volumes and budget limitation

		and awareness	• Enlisted services of the partnership with JMPD to clear spots exploited by vagrant for accommodation and recycling business • Weekly program to clean alleyways
Joubert Park	Three spots made of dumping and littering	• Businesses without bins • Hijacked buildings and trenches in Smit and Wolmarans streets • Vandalized street bins and theft of 240 litre bins as well as non-functional street lights • Street trading (24/7 taxi business operations, windscreen and mechanical repair workshops in the street)	• Propose to enlist service of law enforcement to register and supply all businesses with appropriate waste receptacle • This will reported at JOC as it requires the involvement of other MOE's. • Program for the removal of debris resulting from vandalized bins have been developed and implement • Partnership with taxi operators regarding waste management; supply refuse bags to maintain the cleanliness of taxi ranks.
City & Suburban	• Dumping in and around Mai-mai hostel facility: • Dumping under the bridge	Illegally occupied buildings	• Aggregate resource allocation to regularly monitor and clean dumping as and when they occur • Enlist service of JMPD to enforce by laws • Propose to forge relationship with bus operators to take ownership of waste bagging while Pikitup will collect and dispose
Fordsburg	Two illegal dumping hot spots	Illegal bus ranks	Propose to enter into cleaning partnership with bus Operators.
Braamfontein	• Smit street underneath the bridge – littering and recycling business by homeless people	• Illegal business • Jorissen-Melle next to KFC – over flowing of bins due to large number of student population around this area	• Law enforcement • Program developed to keep the area clean

Table 8: Quadrant by Quadrant Cleaning Level

Quadrant 1	Level	Quadrant 2	Level	Quadrant 3	Level	Quadrant 4	Level
Betrams	4	Hillbrow	3	CBD	4	Braamfontein	4
Doornfontein	4	Berea	4	Joubert Park	3	Newtown	4
Troyeville	3	Parktown	4	Jeppestown	3	Fordsburg	4
Fairview	4	Killarney	3	City Surburban	4	Vrededorp	4
Malvern	3			Marshalltown	4	Parktown	4
Jeppestown	3					Milpark	4
Laurenlville	4					Marshalltown	4
Judith Paarl	3					Selby	4
						Mayfair	3
Averages	**4**		**3**		**4**		**4**

Achieved an average level 4 of cleanliness in four quadrants in spite of the challenges listed in table 8 in the previous section

Inner City Charter Commitments

Table 9: Inner City Charter Commitments

Charter Commitment	Progress	Status	Evidence
Capital and Operating budget allocated to Pikitup in the 2007/08 financial year to build a new system of waste management and street cleaning.	FY Capex Budget 07/08 R22 886m 08/09 R89 690m 09/10 R42 704m	Done	Evidence submitted.
Purchase of mechanical sweepers	All Five (5) mechanical sweepers ordered were procured and delivered to Pikitup.	Done	Evidence submitted
The further roll-out of bins on the streets of the Inner City	The entity has roll out the street bins and exceeded the target in the last financial year. Roll out of street litterbins has continued into current financial in targeted areas of the Inner City.	Done	Evidence on the exact number of Bins rolled out in the inner city has been audited. Evidence for the current year will be submitted. .
Implementation of 100 spots programme	Pikitup appointed and entered into contracts with output based contractors to service the Inner City on a 24/7 basis, therefore, this Charter commitment was achieved as, Pikitup sustained an average level 4 Cleanliness in the Inner	Done	Reports are submitted on an on-going basis.

Charter Commitment	Progress	Status	Evidence
	City against a level 3 target.		
Before December 2007, GPG will lead a major anti litter campaign in the inner city.	Achieved in Yeoville in 2007. The Anti Litter Campaign took place in 2007/08 financial year.	Done	Pikitup submitted evidence.
Revised tariff structure	The tariff structure for the inner city has been catered for the Inner city high rise buildings.	Done	The 2010/11 approved waste tariffs.
Develop Inner City SMME recycling programme Business Plan & launching of community waste collectors system across the Inner City	The process is being driven by the Region F and Environmental Management Department and Pikitup provided input as and when required	Done	Region F and Environmental Management Department to provide output
A single SLA setting out uniform outcome standards (and differentiated levels of effort)	The process is driven by Region F. Pikitup provided input. The SLA has been developed and submitted.	Not a Pikitup Commitment, as the Charter commitment is a cross cutting commitment.	Region F to provided evidence. Pikitup has a copy of the output.
By March 2008 by-laws will be revisited to adjust the schedule of fines for illegal dumping and littering	This process is driven by the CoJ Corporate Legal and Pikitup provides input into the process as and when required. A consulting company has been appointed to review the by-laws and Pikitup forms part of the steering committee.	Not a Pikitup Commitment, as the Charter commitment is a cross cutting commitment.	Region F to provide evidence and/or process.
Develop measures & incentives to support the development of waste compactors in all new buildings	DPUM is responsible for effecting conditions for new business developments to ensure that static compactors are installed. Pikitup is however, ready to install underground bin in high rise council owned buildings.	Achievable	DPM
The development of a new underground bin system.	A decision was taken that underground bins will be installed in city owned high rise buildings within the city and these were earmarked for installation by the end of the financial year, however, no installation has occurred to date. Therefore progress to date indicates that the bins have been procured and a process is underway to identify buildings in the inner city where the pilot projects will be initiated.	Pikitup has procured the Bins and the installation is in progress.	Evidence to be submitted

FLEET MANAGEMENT

Fleet Management Function

The fleet management aspect has become a more critical role within the Operations of Pikitup. Since the paradigm shift, the business has structured itself more in line with the management of the fleet and alignment of the process and procedures that govern good fleet management.

The major contributors to fleet operating costs are presented below.

Fuel

Towards the latter part of the financial year, the COJ undertook a decision to migrate from the e-fuel based approach towards fuel cards. The decision meant that Pikitup would prove to be risky, but advantageous to Pikitup from a cost point of view. The average fuel spend for the quarter is approximately 60% of the previous monthly average. And although the risk is high, plans to streamline all fuel transactions with the FROCC are a primary focus on the management of the fleet department. The feasibility of the depot based fuelling system is still been explored.

Route Optimisation

The route optimisation is a continuous process and the business is starting to reap the benefits as the education increases. The formation of MIS Clerks in the Operations sector is a value adds for the achievements of this process as it is expected that the LTO's will be re-aligned to ensure that all fleet records are recorded at depot level.

Kilometres

The measurement of kilometers is core to the longevity of any fleet and it is planned that all kilometers travelled with mirror the service delivery efforts of the business and all kilometers will be measured against business rules going forward.

Picture1: Waste Collection Vehicle (RCR)

This vehicle Rear End Loader (REL) is predominantly utilised for the removal of domestic refuse from the various
households within the COJ jurisdiction. Such waste is compacted before been disposed of at the landfill site

Picture 1: REL

The Compactor vehicle forms on of the core units within the fleet and it the first vehicle targeted within the replacement plan. There are currently 148 vehicles needed for the removal of waste within the COJ jurisdiction.

Picture 1: Street Cleaning Truck

This vehicle is utilised for the removal of waste collected by the Street Cleaning activity. The waste is bagged and collected by this type of vehicle at various collection points throughout the city. The vehicle is the second highest utilised unit in the fleet. This unit will become more and more common as the business moves towards the Separation at Source collections within the city.

Picture 2:Skip Loader Truck

The Skip Loader is more of a Commercial application and utilised for much heavier waste collected from building sites, businesses and garden refuse centers

Picture 3:Roro Truck

The above application is utilised for moving bulk waste from garden refuse centers. This waste is very light and due to the volumes per container, it is very viable to remove huge volumes with such a unit.

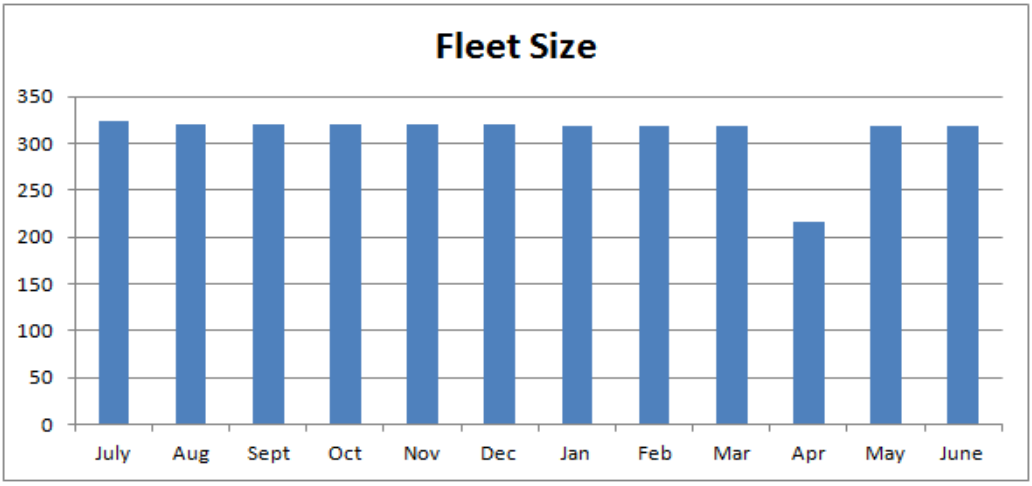
Fleet Size

During this reporting period, the fleet size has changed its complexion considerably. In the first half of the year Pikitup was still contracted to Fleet Africa and therefore obtained all its units from the abovementioned supplier. However at the end of Feb 2012, the COJ2 Contract was terminated and the COJ arranged that it would purchase some of the units owned by Fleet Africa. In this regard it was agreed that all SLB units (vehicles older than 2006) would not be purchased and only FML Vehicles (2007 models onwards) would be procured from Fleet Africa.
The table below indicates exactly how many vehicles were procured across the various Pikitup activities, at the end of the COJ2 Contract.

Pikitup ActivityType	FLEET MIX		
Row Labels	FML	SLB	Grand Total
Administration	5	32	37
Bin Delivery	4		4
Bulk Services	3	23	26
Dailies	10	3	13
Garden	5	21	26
IllegalDumping	1	4	5
Incinerator	1	1	2
Plant	1		1
Round Collected Refuse	109	23	132
Street Cleaning	22	44	66
Grand Total	**161**	**151**	**312**

The fleet size remained constant within the reporting period; however the slight reduction in fleet numbers in April, was due to the termination of the COJ2 Contract and the return of the 151 SLB vehicles to Fleet Africa.

Fleet Size



Despite the termination of the contract, the fleet numbers within Pikitup still remained constant as indicated in the table below. This is evident in the table below which would indicate the actual fleet size at the end of the financial period. In order for Pikitup to maintain the same numbers, the business had to rely on sub-contracting private suppliers with vehicles to circumvent the deficit. The illustration, also portraits a reflection of the various types of fleet utilised within Pikitup, across each activity.

Fleet Composition

Count of ActivityType	Column Labels		
Row Labels	AD-Hoc	COJ	Grand Total
Administration AD-HOC	24	1	25
Administration PIU		3	3
Bin Delivery Ad-Hoc	1		1
Bin Delivery PIU		3	3
Bulk Services AD-HOC	10		10
Bulk Services PIU		10	10
Dailies AD-HOC	3		3
Dailies PIU		7	7
Garden Sites AD- HOC	3		3
Garden Sites PIU		9	9
Grab AD- HOC	1		1
Illegal Dumping AD-HOC	1		1
Illegal Dumping PIU		2	2
Pick & Pay		1	1
Roll On AD -HOC	1		1
Roll On PIU		1	1
Round Collected Refuse AD-HOC	46		46
Round Collected Refuse PIU		110	110
Skip Loader AD -HOC	3		3
Street Cleaning AD-HOC	20		20
Street Cleaning PIU		49	49
Street Sweepers PIU		6	6
Underground Bin Collector		1	1
Under Ground Bin Side Loader		2	2
Grand Total	**113**	**205**	**318**

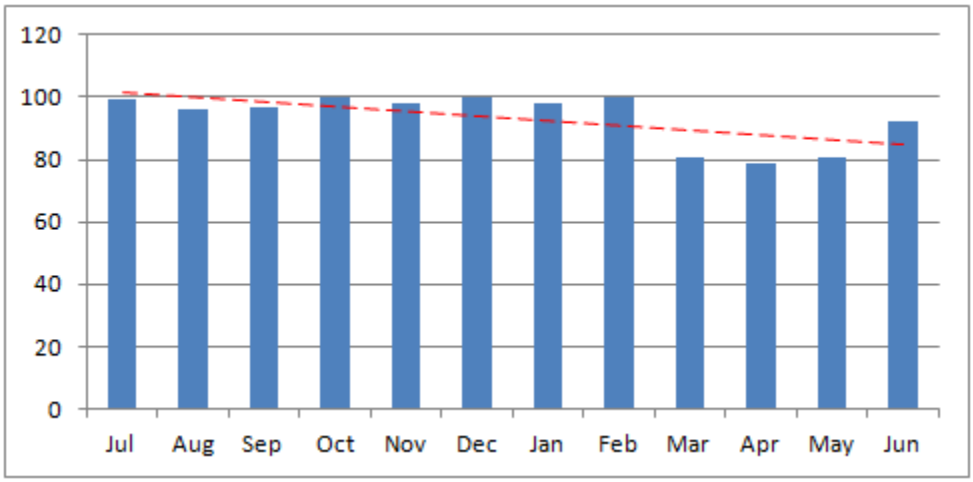
The illustration above indicates the various types of fleet employed at the end of the financial period. It also depicts the number of units that have been obtained from the industry on a ad hoc basis. This pattern will remain until the new fleet has been procured. There is however some Fleet Africa units that have not been returned as yet, which have been classified as PIU Units. These will be returned within the next financial period, once the new fleet plan has been priced and rolled out.

Fleet Availability

The fleet availability has indicated a declining trend as indicated by the graph below. Pikitup experienced an average of 93% availability within this reporting period. This has been due to the

sudden changes in the termination of the COJ2 Contract at the end of Feb 2012. There were fewer units available and Pikitup had to rely on their limited fleet and lead time to acquire units from the industry.

Figure 5: Fleet Availability

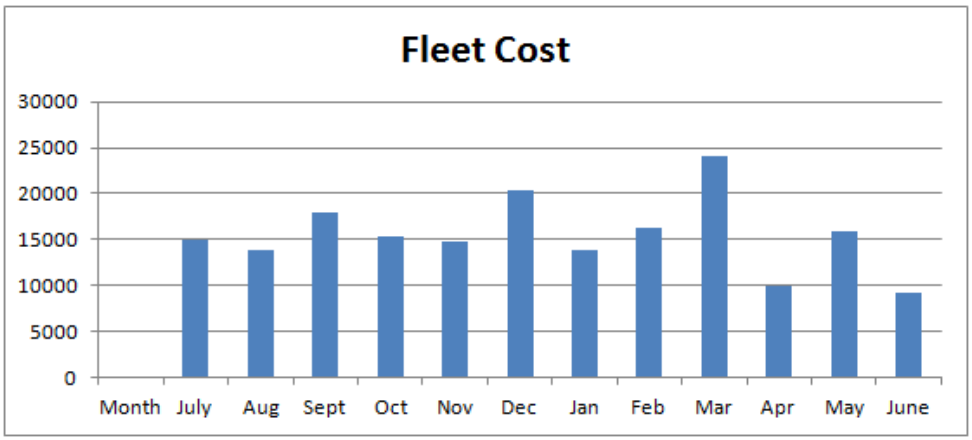


Another fact that contributed to the decline in availability was the fact that Pikitup is now responsible for its own maintenance of the fleet. The business has adopted a 'preventative maintenance' approach and it is envisaged that the maintenance downtime would decrease towards the middle of the next financial year. A replacement strategy is currently been planned to ensure a stream of newer vehicles is brought into the fleet. This in itself will increase the current availability trend. As indicated earlier, there are ad hoc rentals obtained from the industry to circumvent any poor availability.

Financials

The following figure depicts the fleet costs for the period spanning July 2011 to Jun 2012.

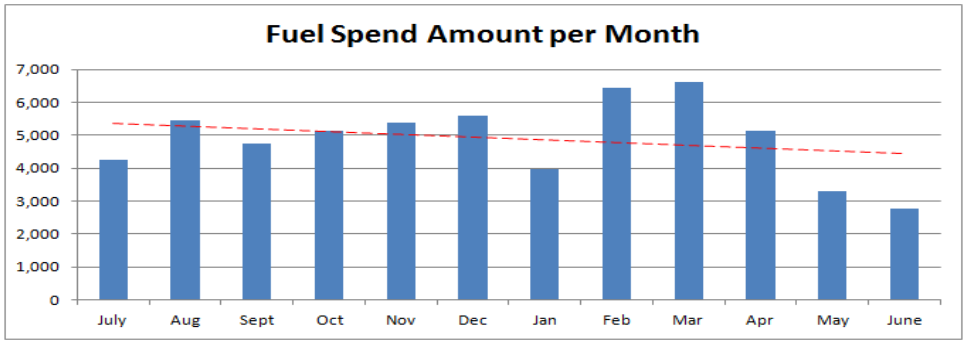
Figure 6: Fleet Costs



Fleet utilised 95% of it's budget spend for this financial period. The fleet costs totalled an average of R15.5m per month for the same period. These costs include the fuel and maintenance spends, though it must be noted that the decline in the April months was directly borne from the termination of the contract at the end of Feb 2012.

The increase in March 2012 is relative to the closing of the contract and the costs associated to "major component failures" of the Fleet Africa units and the closing of all COJ2 Contract kilometer billing.

Figure 7: Fuel Costs



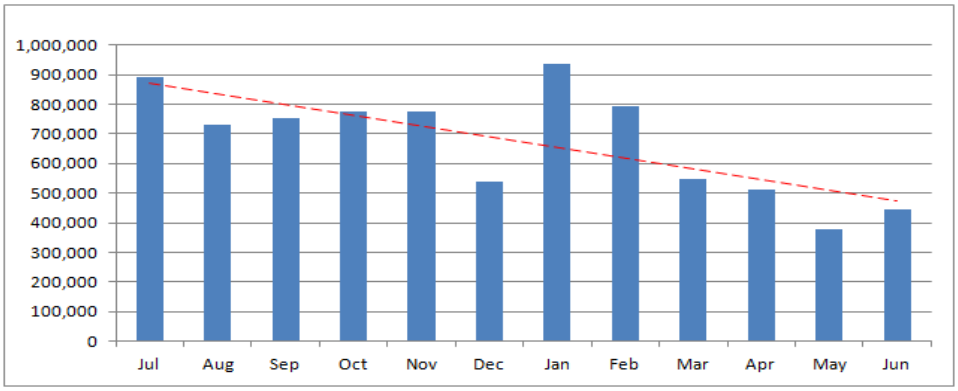
Fuel on average contributed an approximate 30% of the annual fleet costs. This cost is associated to the kilometres travelled in any given month and up until the end of March 2012, these costs were contractually calculated on a Fuel Consumption Indicator. However after the contract period, although

the kilometers would remain constant, Pikitup now pays a reduced cost for fuel as it is not calculated on an FCI basis. The decline in March is primarily due to the abovementioned factor. Another decline for the fuel spend during this period is the reduction of COJ owned units currently been operated as there was an approximate 48% reduction on fleet numbers due to the contract closure.

Billing Kilometres

The following figure depicts the billing kilometres for the reporting period.

Figure 8: Billing Kilometres



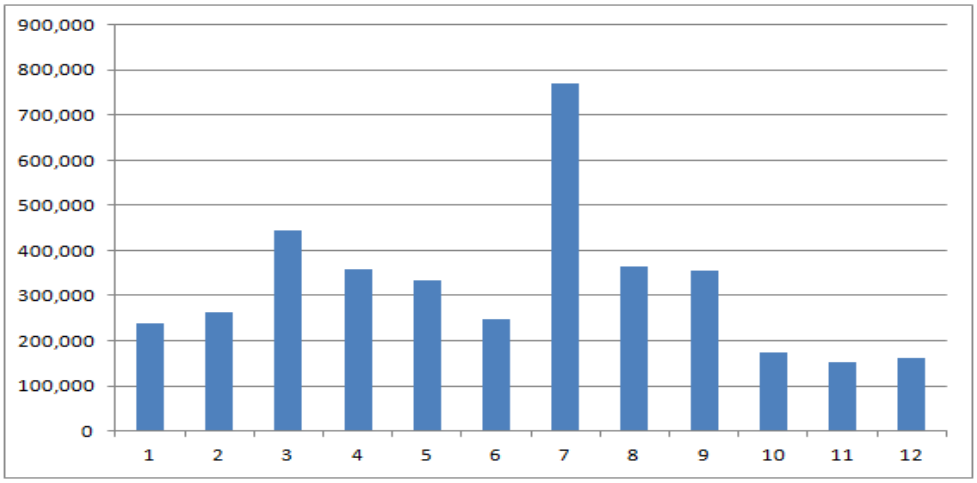
There was a total of 8m kilometers travelled within this financial period, indicating that approximately 673 000 kilometers travelled in any given month. As indicated by the diagram above, the there was a decline in the kilometers travelled year on year in relation to the fleet. The reduction of COJ owned units and the continual management of utilisation via the FROCC System, contributed to the decline in kilometers travelled for this period

Insurance

The burn ratio recorded for the period was 68%. This was a reduction of almost 30% from the previous year. There were 649 claims during this period at an average cost of R6, 5 per claim. This relates to a 12% reduction year on year for this reporting period. There was however one major loss in the month of July that contributed to the increased burn ratio in this financial period, however on t eh whole, the insurance fund had a greater success, partly due to the aggressive business approach to accidents and incidences.

During the past years Pikitup has successfully managed to reduce the Insurance costs year on year. In this reporting period, the figure below and the associated table depict the movement in claims for the reporting period.

Figure 9: Movement in Claims



Fleet Intervention Strategies

Pikitup continues to focus on the best fleet management practises. Although the current contract management phases are in transition, the FROCC System is been utilised to reduce the risks associated to running a fleet of this size. There has been 8 additional staff members employed within Pikitup to specifically manage:

- Utilisation
- Driver and Fines Management (in preparation for AARTO)
- Fuel
- Accidents
- Maintenance
- Availability

It is envisaged that all portfolios will be fully functional by mid 2013

The Current Focal points have been achieved during the past financial year:

- Re-alignment of the FROCC Department – FROCC Administrators have been employed and will administer the various fleet management processes.
- Development of new Billing procedures and processes - these have been changed due to paradigm shift from contract administration to Feel Management.
- A new Pikitup Fleet Policy that aligns to the ownership of the fleet.
- A new Fleet Operational Plan - a new plan has been developed which aligns to the current Operational changes of the business. The current fleet complexion with change to align with Flagship projects such as the Separation at Source projects which will be rolled out in the new financial period.
- Completion of the Fleet Replacement Plan with all specifications of every vehicles utilised within Pikitup
- A new fuelling model in further efforts to reduce risk and fuel costs to the business.

CAPITAL PROJECTS

Highlights for the year are discussed below:

- Adoption of the Waste Management Services Plan (WMSP) by Pikitup Board and Mayoral Committee
- Development of the Draft Organic Waste Strategy
- Opening of discussions with potential funders for WMSP projects such as DBSA
- Construction of the Orange Farm Depot, Provision of ablution Facilities for the Absorbed Staff, Construction of Waste Landfill cells at Marie Louise and Goudkoppies and the purchase of the 150 mm diameter water pumps for emergency pumping of waste water at the landfills.
- 98% utilisation of the USDG and CoJ Loan Funding for Capital Projects.

The Key Challenges for the year are presented below:

- The Bid for Waste Water Pond at Robinson Landfill was advertised twice without receiving a responsive bid as established contractors failed to participate in the bid process. Thus the necessary work could not be completed. To mitigate the challenge it is envisaged that the scope of work be increased so as to attract established contractors.
- Four weeks after completion of cell at Marie Louise, ground water started seeping into the newly built cell. The Contractor has been asked to construct sub surface drainage to stop the underground water from seeping into the newly developed cell

Waste Management Services Plan (WMSP) Implementation

In 2010/11 Pikitup management embarked on a process of developing a long-term waste management services plan to serve as the strategy for the company going forward.

The three main goals of the plan can be summarized as follows:

Goal 1 - Divert 93% of waste by 2040

Goal 2 - Implement “to be” best management practices progressively to reduce demand for waste services

Goal 3 - Adopt Infrastructural Asset Management plans and rollout Capex to facilitate attainment of waste diversion targets by 2040

WMSP Implementation Highlights

Item no.	Action	Date	Status
1	Approval of WMSP by Mayoral Committee	13 Oct 2011	Done
2	Approval of WMSP by the Board Operations Committee	09 Nov 2011	Done
3	Approval of WMSP by Pikitup Board	01 Dec 2011	Done
4	Workshop on WMSP roll-out with Executive team and RM’s	29 Nov 2011	Done
5	Presentation to Section 79	Dec 2011	Done

6	Development of Funding Options and engagement with Potential Funders for WMSP	On-going	• IDC and National Treasury already engaged to assess potential funding options. • Meetings with DBSA progressing well.

Organic Waste Diversion

In line with the Waste Management Services Plan's (WMSP) goal of diverting 93% of waste away from landfills by 2040, Pikitup has embarked on a process of developing supporting strategies to amplify the WMSP. The Organic Waste Strategy is one of such strategies.

Poverty Alleviation Projects

Waste Exchange Project (Food for Waste)

The Waste Exchange Project is one of the Mayor's flagship programmes intended to assist with poverty alleviation through food security. The flagship founding statement is "**A City where no one goes hungry and where everyone has good health and nutritious food".** The programme is to combat hunger and under-nutrition through:

- multi stakeholder engagement driving the agenda of eradicating hunger and food insecurity
- Taking a bold step: in three years Joburg would not be a city where some go hungry, hunger will be addressed and a health living lifestyle encompassed.
- City Participation in 2012 GBC Health Annual Conference 14 & 15 May 2012
- COJ: Health and Social Development coordinates and lead city's engagement.

The objectives of the Flagship programme are to:

- Ensure access to food for the poor and vulnerable people in Joburg.
- Improve food production capacity of households and poorly resourced farmers.
- Improve nutrition security of Joburg citizens.
- Develop market channels through procurement of food linked to the emerging agricultural section.
- Foster enabling partnerships with relevant stakeholders with the food supply chain.

In this umbrella project Pikitup has been tasked with the facilitation of food for waste along the lines of the Curitiba model. In this process Pikitup has to come up with the best operating model to dovetail into the City's umbrella project aimed at eliminating hunger by 2015 (Zero Hunger).
The proposed models for Pikitup are:

- Waste Exchange Project (where beneficiaries will exchange waste for food)
- To negotiate with labour and to reach a consensus on a modified EPWP cleaning model for Informal Settlements. The model has to provide a total cleaning solution for Informal Settlements. Community based groupings who rotate to clean designated areas and
- A combination of the above three.

The project will be funded through the City's social budget and contributions by all City entities. The Waste Exchange Project implementation model is being developed through a consultative process of meetings with Ward Councillors, City's departments and MOEs, prospective partners, key stakeholders and communities.

The engagement with different stakeholders and the high level progress to date of the Waste Exchange Project can be summarized as follows:

Item no.	Action	Date	Status
1	Project Team meeting.	7 May 2012	Done and ongoing
2	Project Steering Comm. Meeting	10 May 2012	Done and ongoing
3	Meeting with Region G Stakeholder Officials & Ward 5 & 6 Councilors	28 May 2012	Done
4	Meeting with Region A–Ward 96 Councilor	29 May 2012	Done
5	Consultations with Stakeholders-Joburg Fresh Produce Market	29 May 2012	Done and ongoing
6.	Consultations with Stakeholders - City Health and Social Development dept.	30 May 2012	Done and ongoing
7.	Consultations with MMC and EISD Officers	28 June 2012	In progress
8.	Consultations with the Mayor		Pending
9.	Draft Costing Models		In progress
10.	Workshop on Waste Exchange roll-out with Pikitup Ops.Staff		Pending
11.	Development of roll out plans		Pending
12	Meeting with NDA (National Development Agency)	7 July	In progress
13	Projected roll-out date	August 2012	

Landfill Site Feasibility Studies

In view of challenges regarding landfill airspace depletion and increasing transportation costs from Northern areas to landfills located in the Southern areas, Pikitup initiated feasibility studies for:

- For the identification of possible sites for landfilling in the Northern areas.

The Preliminary Site Identification Report for possible landfills short listed a total of eleven (11) sites for further assessment. Two sites, one privately owned in Olifantsfontein and another which is a composite of a number of privately owned sites in Diepsloot.

Capital Projects

The following projects were implemented during the 2011/12 financial year:

Project Number	Project	Budget	Actual	Variance	%age Variance
Trans. Currency					
PRJ 88-12001	Purchase of 240 L Bins	5,874,650.00	5,874,650.00	0	0
PRJ 88-12002	Depot Haylon Hill	2,049,000.00	2,048,065.00	935	0
PRJ 88-12003	Orange Farm Depot	15,000,000.00	14,945,499.97	54500	0
PRJ 88-12004	Landfill: Purchase of Pumps	2,600,000.00	2,551,848.00	48152	2
PRJ 88-12005	Landfill Cell Development Goudkoppies	11,200,000.00	11,200,000.00	0	0
PRJ 88-12006	IT SAP System & Refuse	1,000,000.00	992,498.12	7502	1
PRJ 88-12007	Municipal Service Connections	303,000.00	84,406.00	218594	72
PRJ 88-12008	Landfill Feasibility	548,000.00	483,825.00	64175	12
PRJ 88-12009	Garden Sites and EIA	2,100,000.00	1,793,759.56	306240	15
PRJ 88-12010	Marie Louise Landfill Cell Development	5,900,000.00	5,826,005.83	73994	1
PRJ 88-12011	Branding - Signage	400,000.00	399,780.34	220	0
PRJ 88-12012	Ablution Blocks- Prefabs	2,000,000.00	1,988,120.00	11880	1
PRJ 88-12013	Provision of Bulk Bins	350,000.00	328,160.00	21840	6
PRJ 88-12014	Provision of Office Equipment	50,000.00	46,113.95	3886	8
PRJ 88-12015	Purchase of 240 litre Bins	625,350.00	618,230.00	7120	1
Result		**50,000,000.00**	**49,329,711.77**	**819038**	**2**

DISPOSAL

Landfills and Disposal Management

The performance highlights for the period under review included but are not limited to the following:

- Disposal Management met with GDARD and reported progress achieved on implementing remedial measures in respect of the compliance audit undertaken in 2010.
- Progressive rehabilitation in line with GDARD noncompliance notices, achieved 98% progress at Marie Louise, and 15% at Goudkoppies.
- Additional resources were sourced to haul cover material off site to cover the entire tip face.
- The Randburg Garden Site was constructed, and will be handed over once the engineering snag list is completed.
- Construction of a new fully lined waste disposal cell will be completed by June 2012.
- Deloitte undertook a desktop study of the Compost Plant to review the potential for improving operating conditions and increasing sales revenue, although their study did provide a conclusive business case to continue operations.
- The Fleet, Disposal and Supply Chain Management (SCM) departments initiated a process for to dispose obsolete plant and equipment deployed at the compost plant. A two year lease and maintenance contract will be procured.

Disposal Management

Disposal Management is responsible for the management and operations of four active landfill sites, two closed sites located in the north of Johannesburg, and a pilot Compost Plant.

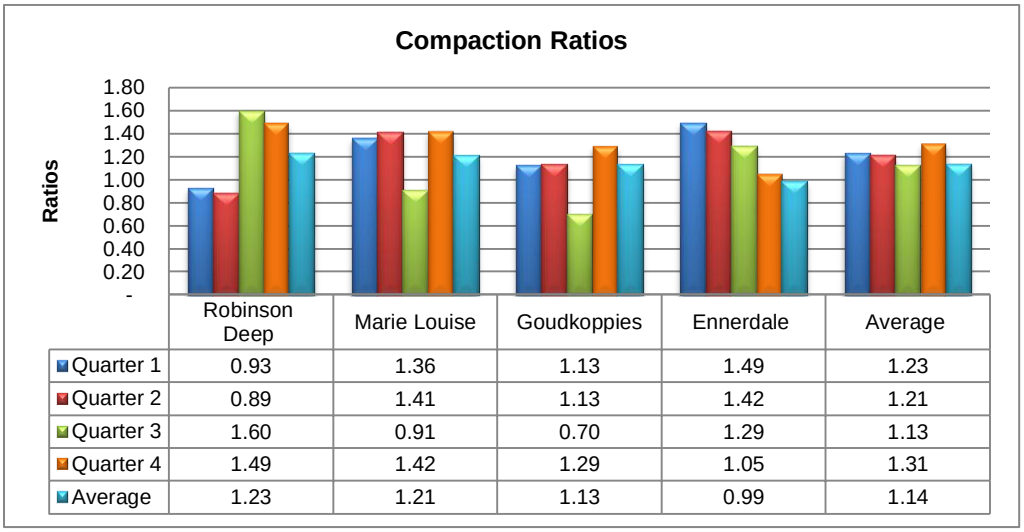
The active landfill sites are all permitted and are managed in line with the provisions of the DWAF Minimum Requirements 2nd Ed. 1998 and individual site permits. Operational performance of the landfill sites and compost plant are summarised here.

Operations Management

Compaction

Waste must be adequately compacted on a daily basis in line with the provisions of the DWAF Minimum Requirements. The standard for waste compaction is 0.9 cubic meters (m^3/t). Good compaction is essential to prevent voids forming the landfill, where water can accumulate and over time generate leachate. It is also essential for preserving landfill airspace.

Figure 10 shows the compaction figures achieved at the four operating landfill sites for the period under review. Overall good compaction is achieved at all four sites since the standard of 0.9 m^3/t are exceeded at all landfill sites.



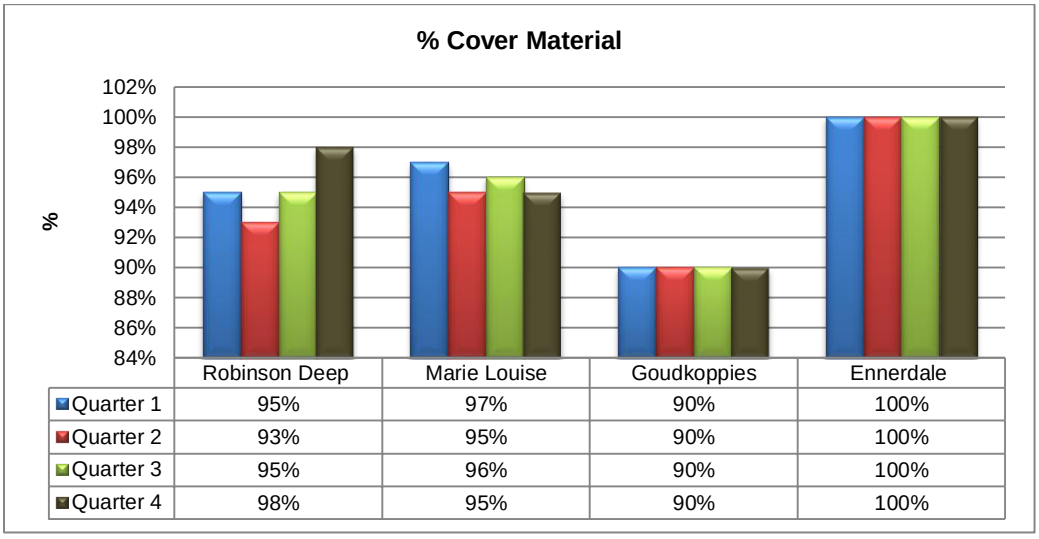
	Robinson Deep	Marie Louise	Goudkoppies	Ennerdale	Average
Quarter 1	0.93	1.36	1.13	1.49	1.23
Quarter 2	0.89	1.41	1.13	1.42	1.21
Quarter 3	1.60	0.91	0.70	1.29	1.13
Quarter 4	1.49	1.42	1.29	1.05	1.31
Average	1.23	1.21	1.13	0.99	1.14

Figure 10: Compaction Figures

Cover Material

Daily waste cover is also an important operational requirement in line with the site permit and Minimum Requirements. Cover material isolates the waste from the environment thereby preventing nuisance such as odour, vermin, and windblown litter.

Figure 11 illustrates the percentage cover material achieved at the four sites for the period under review.



	Robinson Deep	Marie Louise	Goudkoppies	Ennerdale
Quarter 1	95%	97%	90%	100%
Quarter 2	93%	95%	90%	100%
Quarter 3	95%	96%	90%	100%
Quarter 4	98%	95%	90%	100%

Figure 11: Percentage Cover Material

Landfill Tonnages

The total volume of waste for the financial year amounted to 1, 294 045 tones. The figure below illustrates the tonnages diverted to the four landfill sites for the period of July 2011 to June 2012.

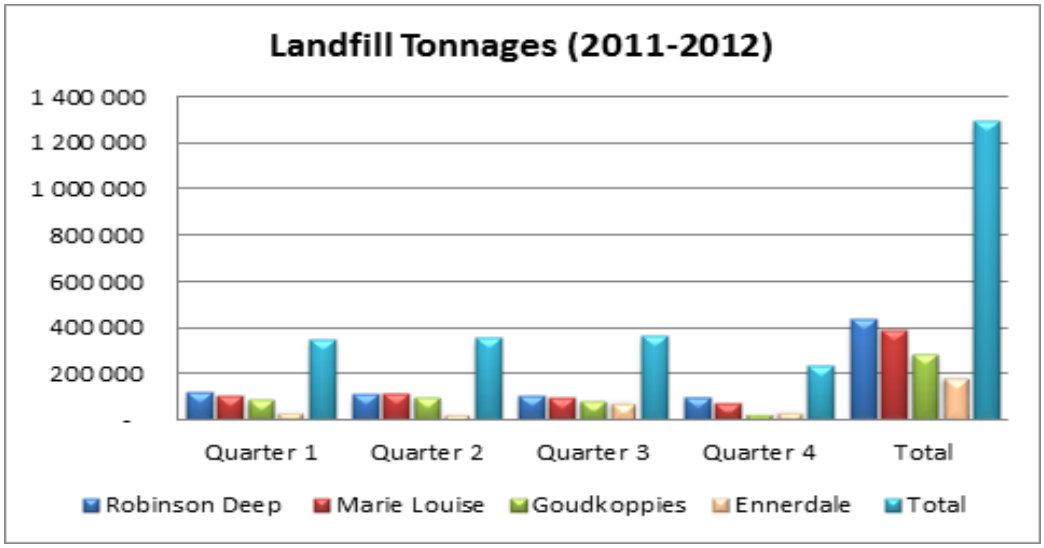


Figure 12: Landfill Tonnages July 2011 to June 2012

Plant and Equipment

Plant and equipment is vital for the smooth day to day operations. Pikitup has contracted a service provider to supply plant and equipment, staff, fuel and maintenance over a three year period. The average plant availability for quarter 1 and 2 was 91% and 90% respectively. Though on availability of 90% was experienced during quarter 3. The average plant availability for the fourth quarter was 90 %. There are sporadic break downs now and then and this is mainly due to age and over working of plant. It is paramount that Robinson Deep and Goudkoppies should be provided with extra equipment.

Landfill Monitoring

Landfill monitoring is a vital requirement for the establishment, operation and decommissioning of any landfill sites. Landfill monitoring involves air quality, water quality, and stakeholder committee meetings.

Air Quality Monitoring

Air quality monitoring results for the period under review is listed below in table 11. Certain interventions have already been implemented at Robinson Deep and Marie Louise. The air quality monitoring for the annual is illustrated in the table below.

Table 11: Air Quality Monitoring

Landfill Sites	Gas Production levels at the site	Impact	Mitigation
Marie Louise	LFG production is high at the site. H_2S concentration are of concern	Explosion hazard Odour problems	Passive or active venting required. LFG gas installations done.
Robinson Deep	Concentrations are low except in probe 7	Odour problems	Daily covering of waste and odour suppressing.

			LFG gas installations done
Goudkoppies	LFG production is high at the site. H_2S concentration are of concern	Explosion hazard Odour problems	Passive or active venting required
Ennerdale	No LFG recorded		Passive or active venting required
Linbro Park	LFG production is high at the site. H_2S concentration are of concern	Explosion hazard Odour problems	Passive or active venting required

Water Quality Monitoring

Water quality samples are undertaken by Johannesburg Water at all sites. There were no significant changes to the water quality at Ennerdale, Robinson and Marie Louise and there is no evidence of landfill-related pollution. The off-site boreholes at Robinson are also free of any contamination.

External Landfill Audits

External landfill audits must be done each year in line with the Minimum Requirements and site permit conditions. GDARD conducted a landfill permit compliance audit in 2010 which was negative. The same department conducted two separate landfill site audits in 2011, and the results showed significant improvement, for example Ennerdale scored (78.3%) and Goudkoppies (88.2%). Detailed plans have been formulated and submitted to the department subsequently demonstrating the company's commitment to continual permit compliance.

Environmental Committee Meetings

Annual landfill monitoring committee meetings must be held with stakeholders. Disposal conducted a minimum of 6 meetings with the relevant landfill stakeholders. What is disturbing is the low attendance of GDARD officials, who simply disregard the invitations and fail to attend meetings.

Special Project

Landfill Airspace Interventions

Pikitup landfills are currently facing critical landfill airspace shortages due to increased consumerism and growth in waste. The remaining airspace life (years) at various sites are listed in the graph below. A range of different airspace interventions are being pursued to extend the life of the sites and preserve future airspace which include among other:

- Landfill height extensions are being pursued at Robinson Deep, Goudkoppies, and Marie Louise.
- New waste disposal cells were established at Ennerdale, Marie Louise, and Goudkoppies.

- Pikitup has also concluded disposal contracts with private landfill located in the north of the city due to the tremendous distances travelled to our own landfills situated in the south.
- Efforts are also under way to explore partnering with neighbouring municipalities where disposal could likely take place (i.e. Palm Springs, Emfuleni Municipality and Luipaardsvlei, Mogale City).
- A prefeasibility study was initiated to investigate the potential for a new landfill site to be established in the north.

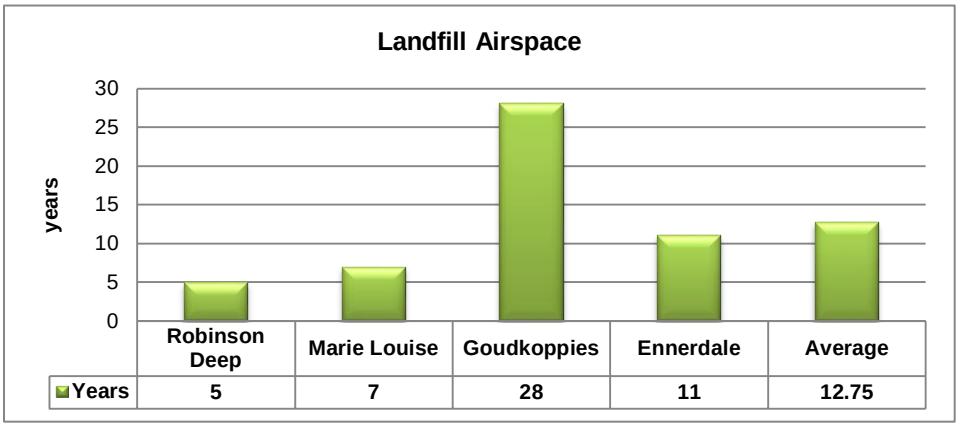


Figure 13: Landfill Airspace

Landfill Gas to Energy

Landfill gas wells and flair equipment were commissioned at Marie Louise landfill site, following the successful installation at Robinson Deep in the previous financial year. The independent contractor is in process of securing carbon credits and rights to supply electricity into the local grid.

Waste to Energy

The general scope of this project is to provide the CoJ with a waste treatment technology facility/s, that will accept 500 000 tonnes of municipal solid waste per annum through a "design-build-finance-maintain-operate-transfer" public private partnership (PPP) model. The Private Party will be responsible for planning, financing, designing, maintaining and operating the Facility under a concession agreement.

- Progress achieved includes the initiation of the project in March 2008, by way of a Mayoral Committee and Council approval.
- A Request for Expression of Interest (RFI) was issued in June 2008 during which 23 responses were received.
- This was followed by the completion of a Feasibility Study Report in line with the requirements of a Public Private Partnership (PPP) process in July 2010.
- National Treasury and Gauteng Provincial Government then issued Treasury Views and Recommendations (TVRI) as part of the PPP process in August 2010.
- Various modes of public consultation were then conducted and the entire process was concluded in October 2010.
- Where-after, an ‘In Principle’ Council approval was obtained in November 2010.

Progressive Rehabilitation

The Minimum Requirements and landfill best practice stipulates that progressive rehabilitation of landfill side slopes which have reached its final profiles must be rehabilitated.

- The 2010 GDARD compliance audit emphatically stated that there was a serious lack of progressive rehabilitation at key landfill sites such as Ennerdale, Marie Louise and Goudkoppies.
- Disposal initiative progressive rehabilitation of side slopes which have reached its final profiles at Ennerdale, Marie Louise and Goudkoppies which is in progress.
- Progressive rehabilitation of the western slope of Ennerdale was completed and the maintenance period must be completed.
- Progress at Marie Louise is at a practical completion stage and the contractor is doing remedial actions.
- Progress at Goudkoppies is standing at 63% completion and work is expected to be completed towards December 2012.

Compost Plant

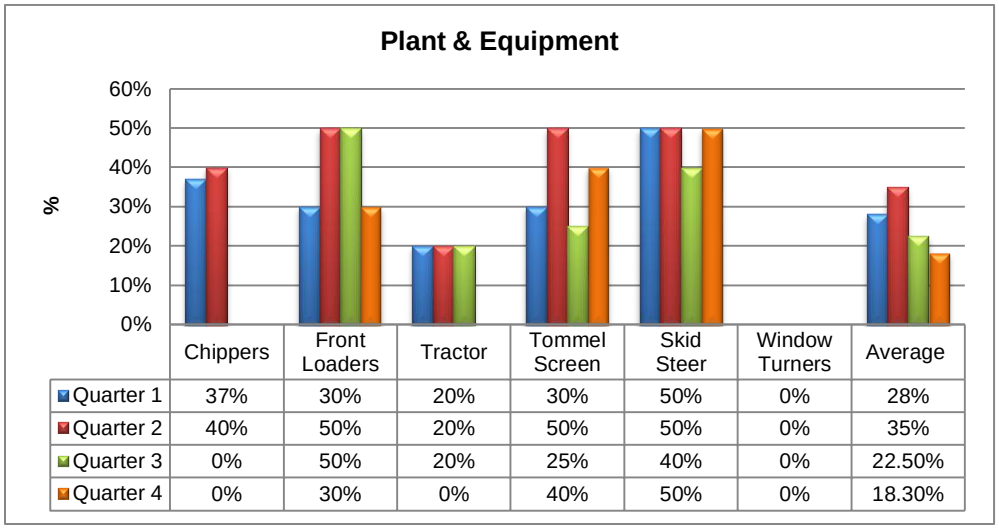
Operations

The Panorama Compost Plant is located on an old un-rehabilitated landfill site in Strubensvalley. The compost plant was established as a pilot plant around 2004 to process green waste into compost with a view to saving landfill airspace. Pikitup then directly procured the existing plant, and failed to secure a maintenance contract. This historical decision, resulted in plant and equipment becoming rundown and obsolete (i.e. windrow turners).

The Compost Plant is not generating enough processed compost to sell due to plant availability and poor terrain conditions, revenue is also down.
The compost screener is again in disrepair for a period of four months which have severely affected compost production. Seasonality pricing has been implemented and prices aligned to the market. SCM is in process to dispose of the obsolete plant and equipment and source new plant on a lease and maintenance contract.

Plant and Equipment

The graph below illustrates the compost plant and equipment availability for the year under review.

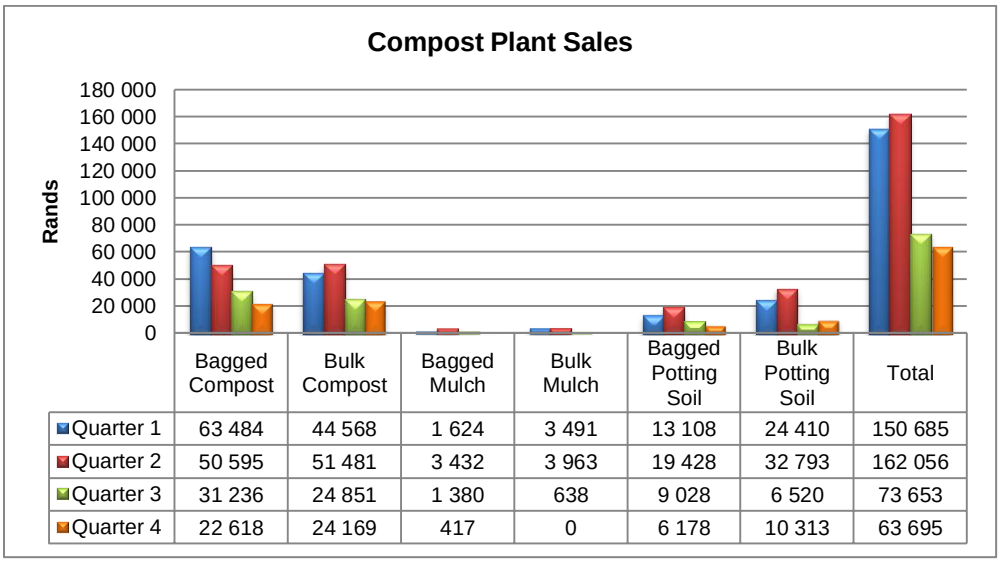


	Chippers	Front Loaders	Tractor	Tommel Screen	Skid Steer	Window Turners	Average
Quarter 1	37%	30%	20%	30%	50%	0%	28%
Quarter 2	40%	50%	20%	50%	50%	0%	35%
Quarter 3	0%	50%	20%	25%	40%	0%	22.50%
Quarter 4	0%	30%	0%	40%	50%	0%	18.30%

Figure 14: Plant & Equipment

Sales

The sales figures illustrated in the graph below shows a decrease in sales for the year under review.



	Bagged Compost	Bulk Compost	Bagged Mulch	Bulk Mulch	Bagged Potting Soil	Bulk Potting Soil	Total
Quarter 1	63 484	44 568	1 624	3 491	13 108	24 410	150 685
Quarter 2	50 595	51 481	3 432	3 963	19 428	32 793	162 056
Quarter 3	31 236	24 851	1 380	638	9 028	6 520	73 653
Quarter 4	22 618	24 169	417	0	6 178	10 313	63 695

Figure 15: Compost Plant Sales

LEGAL COMPLIANCE ENVIRONMNENT AND SAFETY

The achievements and highlights for the first term of the year include the following:

- Introduction of waste separation at source in 9 Schools (6 in Soweto, 2 in Braamfischer, 1 in Cosmo city) and at a block of flats at Braamfontein in partnership with the Management of the building.
- Education and awareness programmes have been rolled out to several schools and to date Pikitup did eight stakeholder summits involving communities.
- Three of the buyback centres built by the COJ Environment Department are ready for the roll out of Separation at source in Zondi (Naledi), Orange Farm, and Diepsloot. The facility in Diepsloot is funded by COJ in partnership with PPC Cement.
- Development of a Generic Environmental Management Plan for the Garden sites without waste licenses.
- Successful celebration of the Mandela Day through clean-up campaigns with the community groups and schools in Meredale, Naturena, Lawley and Mofolo South Soweto.
- Successful consultation with schools from the Inner city, Orange Farm and Alexander as part of community engagement to input on waste management issues to be considered in the City of Joburg Growth and Development Strategy 2040.
- Training of facilities managers on COIDA requirements when reporting an incident.
- Development of the Safety and Environmental toolkits for managers.
- Review of the operational safety and environmental risks.
- Safety and environmental audits undertaken for landfill sites, depots, garden sites and compost plant.
- Door to door education and awareness on illegal dumping undertaken at Noordgesig (884 houses), Orlando East (3989 houses) and Orange Farm (2093 houses), Diepkloof (5009), Eldorado Park (6292), Orange Farm (5399).
- A three day fire/evacuation training conducted for selected employees from Operations-depots, Head Office and Landfill Sites.
- Procedure for disaster risk identification and assessment developed.
- Evacuation procedures for all the garden sites developed.
- Final report on the outcome of the City wide Clean-up Day was presented to the Environment and Service Delivery Section 79 Committee for consideration. Planning for the 2012 clean-up day has commenced.
- A revised Illegal Dumping project plan was developed and presented for consideration. The Illegal Dumping media campaign is put on hold due to budget constraints.
- Regular cleaning of illegal dumping spots is on-going and the door to door education campaign was conducted to support the Illegal Dumping Programme.
- The partnership between Pikitup and Johannesburg Metropolitan Police is in place and vehicles made available by Pikitup to the JMPD have been branded and are fully operational.
- The plan to roll out the 2nd phase of the Separation at Source programme to the Randburg, Selby, Southdale and Roodepoort depot has been developed. These areas represents

approximately an additional 197 000 households to be exposed to Pikitup's separation at source initiative.

- A business case for the city wide separation at source roll-out has been developed and presented to the Pikitup Exco for consideration and for funding

WASTE MINIMISATION AND RECYCLING

Dry Waste Recovered for Recycling

The amount of dry waste recovered from existing facilities and initiatives for recycling purposes is indicated in the following table.

Dry Waste Recovered for Recycling

Dry Waste Recycled	Q1 total	Q2 Total	Q3 Total	Q4 Total	YTD Total
Landfills	943	1036	1040	1019.00	**4038.00**
Buyback Centre	733	774	928	844.00	**3279**
Garden Sites	1039	1106	1158	1362.00	**4665**
Lonehill separation at source	39	53	85	81.00	**258**
Parkmore separation at source	61	63	66	78.00	**268**
Sunninghill separation at source	53	88	105	111.00	**357**
Earth & Moon	3.544	10.4	22	14.00	**49.944**
Waterval separation at source	743	780	768	635.00	**2926**
E-Waste – Woodmead / Balyclare	1.786	6.5	3.7	4.50	**16.486**
Rose Foundation Oil Recycled	1	2	1	1.00	**5**
Schools	1.245	0.5	2	0.50	**4.25**
Pikitup Internal Recycling	2.994	1.628	1.7504	2.42	**8.7954**
Special Events	0	0	0	0.00	**0**
DRY WASTE Total	**3621.6**	**3921.0**	**4180.5**	**4152.4**	**15875.5**

WATERVAL SEPARATION AT SOURCE PROJECT

A slight increase in the tonnages was experienced over the period under review. One reason for this slower growth rate in tonnages is the removal of large volumes of recyclable waste by reclaimers before the collection thereof by the service provider. Tonnages collected by reclaimers are not reflected in the graph above.
A strategy to roll-out separation at source City wide has been developed and presented to Pikitup's Executive Committee for consideration as well as to the Budget Office for funding allocation.

Extension of the Separation of Recyclable Waste at Source City Wide

The establishment of a recycling economy in the City of Johannesburg through the separation of recyclable waste at source is one of the Mayoral flag ship projects. The revised separation at source strategy was approved at Pikitup's Exco meeting held on 11 June 2012. It provides for growing the participation rate in the Waterval depot area and a community based separation at source roll out plan for Ivory Park, Diepsloot, Orange Farm and the Zondi depot area. Approximately 325,000 households will be targeted to voluntarily participate in the initiative. Existing facilities such as the Diepsloot, Naledi and Orange Farm buyback centres will be targeted as quick gains.

Materials sorting facilities or materials recycling facilities

The revised separation at source project plan provides for the capacitation of existing buyback/sorting facilities and the construction of new facilities to form a network of facilities in support of the Separation at source strategy of the city. This identification process commenced in June 2012 and will be completed by the end of July 2012. The identification of possible facilities that can be secured to support the separation at source initiative is on-going.

Recycling at garden sites

Presently approximately 22 garden sites are accepting recyclables. The revised separation at source strategy provides for the upgrading of an additional 10 garden sites to accept recyclable waste and the upgrade of two garden sites to centres of excellence. These centres of excellence will serve as an opportunity to educate communities and especially school children in good waste management practices and hoe the recycle their household and other waste.

Partnerships

Partnerships with Non-Governmental Organisations and the private sector are continuously being secured to ensure a successful and sustainable City wide waste minimisation and recycling initiative. The status of some of these partnerships is as follows:
Mpact Recycling (Mondi Recycling) –A successful partnership, supported by a service level agreement (SLA) was established with the initiation of the Waterval pilot project. After the completion of the pilot project this relationship was extended to 30 April 2012. Mpact Recycling has indicated that the cost of their participation in the Waterval project is not sustainable and has requested Pikitup to make a financial contribution to assist with funding the project.
The following partnerships have been initiated for the introduction of household waste separation at source:

- South point Management (one block of flats in Braamfontein)
- Troyeville Kensington Residents Association (in progress)
- Sun Valley (Midrand) Estate (in progress)

MRF at Linbro Park Landfill Site

Jeffares and Green Engineering Consultants conducted a feasibility study for the establishment of a transfer station at the Linbro Park Landfill Site and the study has been completed. The study included the feasibility of a MRF on the site. The results of this study will be made available shortly.

Clean City Campaign

The third citywide Clean-up Day took place on 17 September 2011. The final report on lessons learned was presented to the Environment and Infrastructure Services Section 79 Committee on 6 December 2011 for consideration.

Clean-up Day 2012

The planning for the annual Clean-up day has commenced. A project plan and budget is being developed.

Illegal Dumping Programme

The Illegal Dumping media campaign has been put on hold due to budget constraints. It is important to note that the regular cleaning of illegal dumping spots is on-going. Pikitup is working closely with the JMPD on enforcement of Waste By Laws and Johannesburg City Parks in respect of beautification of certain spots that have been cleaned up.

A door to door education and awareness programme on illegal dumping commenced on 8 August 2011 and is progressing well. The present focus is on Soweto and Orange Farm. A questionnaire is being completed at every point of contact. The results of the questionnaire are being used to inform future interventions. The door to door programme is scheduled to continue for another three months after which it will be reviewed.

Vehicles that have been made available for use by JMPD and dedicated to the illegal dumping programme, have been branded and are fully operational.

Areas covered in the illegal dumping programme were Orange Farm, Eldorado Park, and Soweto (Meadowlands, Diepkloof and Mofolo). Door to door campaigns were conducted with a view to ascertain the cause of illegal dumping, the needs of the communities and how Pikitup can positively respond to those needs. The response has been very positive and Communities and councillors are very cooperative. Since our intervention residents in Meadowlands have conducted cleaning campaigns on several occasions.

Recycling (materials collection and sorting) is done on a large scale in Soweto, by private citizens.

Hundred and eighty Illegal dumping signs have been erected in the hot spots identified throughout Johannesburg.

Eco ranger programme for schools

An eco-ranger project plan for primary schools is being developed for implementation in the second half of this financial year. The Eco Rangers education and awareness programme is a long term sustainable programme that intends to positively change the behaviour of the youth towards littering and illegal dumping. Developmental work is progressing well and stakeholders such as the regional directors of the City and the Gauteng Department of Education.

The launch of the Eco-ranger pilot programme for primary schools had to be postponed to the next financial year due to the long process that needs to be followed with approval for the programme by the Gauteng Department of Education. The Eco Rangers education and awareness programme is a long term programme that intends to positively change the behaviour of the youth towards littering and illegal dumping. 200 schools are being targeted as part of the pilot project.

Presently 29 schools per region are being targeted. Regional Directors, GDE and Councillors are involved in the selection of the schools. Teachers guide, industrial theatre, costumes and posters are in the process of being developed in preparation for the roll out of the programme.

Training

Training workshop on the operational compliance requirements was conducted for the entrepreneurs operating waste separation at source at the garden sites in the Southdale area and victory Park. The same training will be rolled out for all the remaining garden sites in the next term.

OCCUPATIONAL HEALTH AND SAFETY

Disabling Injury Frequency Rate (DIFR)

Occupational related disabling Injuries

A total of 203 disabling injuries have been reported for 2011/ 2012.
Pikitup has a poor safety record as evidenced by numerous disabling injuries incidences reported during the year.
The current financial has the highest incidents as compared to the last two years. The spiralling of incidents is attributed to lack of job fitting, lack of training as a result of lack of skilled manpower, lack of supervision as there are instances where by employees are booked on duty even when under the influence of substance. This results in poor safety culture and employees being partially provided with PPE. In addition a non-compliant fleet is used to transport employees.
The substantial increase of the labour force, as a result of implementing the CCMA settlement agreement by absorbing third party contract workers puts a severe strain on getting proper training programs in place.
The implementation and monitoring of the safety system within Pikitup has been challenging for the past few years, as there is only one safety officer, to ensure the development, implementation and monitoring of the safety system for the whole company.

Garden Sites SHE Compliance

Audit findings of the last financial year report consolidated and communicated with all the garden sites managers. Majority of the findings are related to lack of required infrastructure and services (ablution facilities, water, electricity, and offices), housekeeping, lack of PPE for employees inadequate security at sites, used oil containers used as kitchens and sleeping areas.
Measures currently underway with the aim of addressing the high number of occupational related injuries include the following:

- Development of the Safe work procedures, majority of which were completed in the last financial year.
- Training of employees on the safe operating procedures (supply chain processes in progress)
- Train reclaimer's committee on SHE issues at Robinson Deep landfill site.
- Awareness training of all employees (supply chain processes in progress).
- Monthly meetings with depot safety instructors to discuss safety related issues including toolbox topics for depots.

- Monthly SHE inspections.
- Toolbox talks.
- Training of employees on evacuation procedures.

Operational Safety Risk Assessments

The operational safety risks were reviewed in consultation with the departments for landfill sites, depots, garden sites and the compost plant.
The risk management plans have been developed for operations department. The risk management plans for the remaining sections will be finalised in the next term of the year.

Training

The following occupational related safety training workshops were conducted:

- Due to the COIDA forms not correctly and/or incompletely completed by the responsible officials, training was conducted for the operations managers, supervisors, local transport officers and safety instructors for all the depots. The outstanding departments training will be finalised in the next term of the year.
- SHE Induction training for appointed contractors to undertake work at Pikitup facilities.
- Monthly safety workshops with the safety instructors.
- SHE awareness training for landfill sites reclaimers representatives.
- Awareness training on duties of Safety representatives conducted at Compost plant, landfill sites and some of the garden sites.
- A safety toolbox kit for managers has been developed and it contains all the safety checklists, forms and procedures. The toolbox kit has been communicated and handed to the Operations department, the remaining departments will be distributed in the last term of the year.
- Workshop was conducted for Operations managers on legal overview in partnership with COJ OHASA management
- OHSAS 18001 Development and implementation
- Quality check for WCL2 claims
- SHE reclaimers committee meeting (landfill sites).

Safe operational Procedures

The Garden sites, landfill sites, the compost site and Operations department safe operational procedures have been finalised. The training on the procedures will be conducted in the last term of the year.

Audits

Safety legal compliance audits conducted at landfill sites, selected garden sites and compost plant to assess the implementation of the recommended actions as per the findings of the external safety legal compliance audits conducted in 2010.
A First Aid audit checklist and First Audit report template developed for implementation by the occupational nurses on a quarterly basis.
Safety system compliance audits were conducted for the 9 Depots. The main finding include poor document management, SHE monthly minutes not signed off by chairperson, checklists not signed off.

Contractor SHE Compliance

Training Workshops, Health and Safety meetings

A workshop was held with the contractors on the SHE compliance requirements that they are required to adhere to.

- Attend Safety meeting at Robinson Deep landfill site and Zondi depot.
- Attend Safety Committee meeting.
- Attend reclaimers meeting at Robinson Deep landfill site.
- Attend rehabilitation and capping meeting at Marie Louise.
- Workshop Safety representatives at landfill sites regarding Safety legal compliance monthly submission checklist.

Audits

- A Safety compliance audits was conducted for 5 contractors.
- Safety legal compliance audit conducted at 10 garden sites (Migson Manor, Leo, Dale, Falcon, Strand Lobel, Teinfleider, Linbro, Mayfield, Disa and Barbiana). The purpose of the audit was to identify non-conformity and ensuring legal compliance with Safety and Health legislation. Checklist that has been developed by Wed Med and Safety Management System on June 2010 was used as a reference.
- Audit safety file (Waste Rite contractor and subcontractors). The purpose of an audit was to assess if their Health and Safety plan is online with Pikitup Health and Safety System/ Plan.

Contractor SHE Incidents

No incidents were reported in this term.

ENVIRONMENTAL MANAGEMENT

Risk Management

A Generic Environmental Management Plan has been developed for those garden sites without the waste licenses.

Environmental operational risk reviews were conducted for Garden sites, landfill sites, compost and depots.

Environmental toolkit for Managers developed and communicated to them through meeting. The purpose of developing a toolkit was to ensure that all Managers on landfill and Garden sites are fully aware of the environmental system in place. We regarded toolkit as Managers step by step guideline to implement what is developed; records are also needed to prove implementation and continual improvement. Toolkit contains SHE Manual; Environmental Procedures; Environmental Risk Assessment, Environmental Management Plan, Forms, Checklist and Guideline for Developing Site Environmental File.

Environmental inspections were conducted for head office building, with the aim of identifying the environmental related threads.

Training

Awareness training on environmental incidents and reporting thereof was conducted for the employees, supervisors and operations managers at landfill sites, the compost plant, Garden sites at Avalon, Southdale and Waterval areas. The purpose of the training was to make all employees,

supervisors and operations managers aware of the potential environmental incidents and how to report, if such incidents do occur as per the internal procedure.
General SHE awareness training was conducted for the reclaimer's representatives operating at the landfill sites.
Training of Spotters and Security in the identification of hazardous waste and other waste not accepted on site (all Landfill sites). The purpose of the training was to make them aware and to be able to identify the permissible and non-permissible waste brought to the landfill sites for disposal.
Environmental toolkits developed for landfill sites, garden sites, compost and the depots. The toolkit contains environmental related procedures, checklists, forms, risk assessments, SHE manual, guideline for developing site environmental file. The toolkit training was conducted for Disposal and still to be communicated to the Operations department.

Environmental Authorisation

The Waste license applications in progress for the following existing garden sites:

- Meredale garden site
- Migson manor garden site
- Allie Garden Site
- Bangalore garden site

The Hyalon garden site appeal process still in progress, awaiting response from the Department of Environmental Affairs.

Internal Environmental Incidents

The following incidents were reported:

Reported Incidents

Area	Incident
Ennerdale landfill site	Dead baby found at the tip face (3 cases)
	Illegal dumping of medical waste on site from Daxina Medical Clinic, Lenasia.
Goudkoppies landfill site	Oil spillage (Waste Rite responsibility)
	Fire
	Dust Dust complaint from the Freedom Park Scrap Metals company.
Marie Louise landfill site	Water contamination. Discharging/ pumping of waste water of the old leachate pond into river without tests. (NWA, No 36 of 1998, (Sec 26 (1) j requiring that waste discharged/ deposited into or allowed to enter a water resource be monitored and analysed and prescribing

Area	Incident
	methods for such monitoring and analysed".
	Illegal dumping of hazardous waste. Stockpile of partially decomposed waste used as cover materials, non-compliance condition (5.2, Permit)
	Illegal dumping of hazardous waste by The Plastic Firm
	Fire (outbreak on the landfill site)
	Fire (outbreak of fire back of the truck from Waterval Depot).
	Illegal dumping of medical waste (Inter Waste Company).
	PIKITUP truck from Waterval came on site with more than 20 tyres (Registration No. NTG 791 GP).
Robinson landfill site	Oil spillage (Waste Rite responsibility)
	Fire
	Dust
	Fire (outbreak of fire back of the truck from Waterval Depot).
	Dust complaint from the race course
	Air pollution complaint from the fire station of smoke from the fire incident on site
Ennerdale	2 boys drowned at leachate dam on the 15th January 2012 (Ennerdale landfill site) due to non-compliance with Condition 3.3.6 Impact management (l) “Pikitup must prevent unauthorised access to the site, as far as practicable. The existing fence must be maintained and all the times gaps resulting from vandalism/ theft must be fixed”.

Area	Incident
	Near Miss- Reclaimer caught under waste at tip face (20 March 2012) due to noncompliance with Condition 5.4.2 of reclaimer's Procedure, "Reclamation is not allowed during compaction and covering activities". Permit stated that "Recyclable waste accepted on the Site may be reclaimed in the recycling plant. The reclamation activity shall not take place at the workplace and shall not interfere with the daily operational activities of the Site".
Robinson	Reclaimer found dead on site (09 February 2012) due noncompliance with Condition 5.4.5 of reclaimer's Procedure, "The reclaimers are not allowed to sleep on site".
	Illegal dumping of hazardous waste (unknown chemicals) on site and burnt one of the reclaimers on the 13th February 2012.

Environmental Compliance Audits

- Audits to assess the compliance level to the approved Reclaimers Management and Control Procedure at the landfill sites were conducted for all the four sites. The compliance level at the Robinson landfill sites needs more attention for improvement as compared to the other three sites.
- Environmental Management Plan compliance audits conducted at landfill sites, garden sites and compost plant to assess the implementation of the recommended mitigation measures recommended as per the environmental risk assessments that were conducted in 2010.
- A legal compliance audit was conducted for the Disposal Department. The sites audited included the six landfill sites and four garden sites. The final report submitted indicated an average of 45.36% compliance for the ten sites audited.
- Finalise EMP compliance audit reports for landfill sites and communicate the reports to the relevant Managers.
- Finalise reclaimer's procedure audit reports for landfill sites and communicate the reports to the relevant Managers.
- EMP alignments to include responsibilities for depots.
- EMP compliance audit conducted at depots (11) and 10 garden sites ((Migson Manor, Leo, Dale, Falcon, Strand Lobel, Teinfleider, Linbro, Mayfield, Disa and Barbiana). The purpose of the audit was to assess the implementation of the recommended mitigation measures recommended as per the environmental risk assessments that were conducted in 2010. EMPs that have been developed for 32 audited garden sites were used as reference

- RoD/ Permit Conditions compliance audits for Robinson Deep and Goudkoppies landfill sites (City of Johannesburg Internal Auditors). The purpose of the audit was to assess compliance with Conditions stipulated in the Permit.

Environmental Risk Assessment Revision 1

- Environmental Risk Assessment Revision1 for landfill site completed. Process includes identification of the activities, identification of aspects and the impacts/risk, raw risk rating, existing controls, residual risk rating, residual risk ranking and mitigation measures. The purpose of the revision was to assess significance of environmental aspects and the effectiveness of the existing controls.

Environmental meetings

- Audit query on EMP compliance audit at Southdale depot (blockage of storm water channel).

Eco ranger school education and awareness programme

The Eco Ranger School education and awareness programme focusing on littering, recycling, conservation and the carbon footprint will be piloted at 200 schools for the grade 4s within the City of Johannesburg as from March 2011. The following project deliverables has been achieved:

- Stakeholder consultation for the seven regions and the Department of Education.
- Sponsorship proposal.
- Character development for the four thematic areas.
- Draft content development to align with the curriculum.

The launch of the Eco-ranger pilot programme for primary schools had to be postponed to the next financial year due to the long process that needs to be followed with approval for the programme by the Gauteng Department of Education. The Eco Rangers education and awareness programme is a long term programme that intends to positively change the behaviour of the youth towards littering and illegal dumping. 200 schools are being targeted as part of the pilot project.
Presently 29 schools per region are being targeted. Regional Directors, GDE and Councillors are involved in the selection of the schools. Teachers guide, industrial theatre, costumes and posters are in the process of being developed in preparation for the roll out of the programme.

Education and Awareness Training

The door to door education and awareness on illegal dumping of waste was conducted as per the table below:

Area	Targeted stands	Houses Visited
Orlando East	6244	3989
Diepkloof	11784	6709
Noordgesig,	1308	884
Eldorado Park	19100	4353
Orange Farm	29 000	3987

Orlando West	3723	2320
Total	67 436	18222

A comprehensive report on the above mentioned door to door education has been finalized for presentation to EXCO. The project however has been halted due to budget constraints.
Ongoing door to door waste related awareness education campaign conducted at Tshepisong and Vlakfontein by Roodepoort depot Environmental Forum (1968 houses were covered).
Cleaning campaigns in commemoration of the Mandela Day on July 17 were held with communities at Bramfischerville, Lawley, Soweto Orlando East, Soweto: Mofolo, Meredale in Naturena, Windsor East, Slovo Park.
Training on waste management and recycling conducted for the following:

- 20 Community Volunteers on the door to door in Soweto (1 session)
- University of Johannesburg and Wits University students staying at South Point buildings in Braamfontein where waste separation at source has been introduced (2 sessions).
- 60 persons at Soweto Retired Professional Society Hospice at Orlando East (1 session)
- Regolammogo Community Forum in Cosmo City (1 session)
- Westbury winter programme for school kids (500 learners).
- Tshepang programme for the Orphanage and the vulnerable (40 children).
- For 5 schools in Cosmo City and Alexander in partnership with ABSA.
- Braamfischer Community Environmental Forum.
- Urban Vision Recycling Forum.

Input to the GDS 2040

Community engagement as part of the inputs related to waste management was conducted through workshops held with the 12 schools from Orange farm, Inner city and Alexander. The students representing the schools discussed the challenges and recommended solutions to waste management issues within the City.

Environmental Community Awards

The environmental awards have been planned for end January 2012 after being postponed from the 7th of December 2011. 51 Schools and 19 Community Environmental Forums have entered the competition. The adjudication process has been completed.

Disaster planning

Emergency Preparedness Plans

- The Company wide disaster and emergency management plan completed for inputs from the relevant sections.
- Depots site specific disaster plans completed
- Landfill sites site specific disaster plans completed
- A report for the establishment of an interim emergency committee submitted to EXCO for approval.

Disaster Risk Committees

The Disaster Risk committee has been established and meet on a monthly basis.

Disaster Risk Assessments

Disaster Risk assessment report for the sites assessed in the last quarter of 2010/2011 financial year completed.
A procedure on disaster risk identification and assessment developed.

Training

A three day fire/evacuation training conducted for selected employees from operations-depots, Head Office and Landfill sites. The purpose of the training was to prepare them for their appointment as Marshalls for their respective facilities as required.
For this current financial year 100 employees from various facilities underwent a 3 day training exercise on fire/evacuation training and they were all appointed as marshals. Additional 50 employees from both disposal and garden sites successfully completed training on hazmat identification & spill kit training.

Evacuation Systems

There is no budget for the installation of the evacuation systems for the depots and outstanding required elements for the head office system.
The status quo is still the same regarding installation as only Head Office has a proper evacuation system but we still need to install the fire detection, intercom and lift-grounders that will be integrated to complete the system.

Depots and landfill sites are currently using a manual system, using horns and relying on the evacuation marshalls to guide the actual evacuation.

Evacuation Procedures

- The evacuation procedures for the garden sites have been developed.
- Training workshops on evacuation procedures were conducted at depots.
- Refresher training is currently underway in preparation of the planned evacuation exercises at various facilities

Emergency Coordinating Committee

Emergency Coordinating Committee was established and recently approved by the Executive Committee to ensure smooth incident management of all the incidents which will require a high level intervention within the organization. Currently arrangements are underway to train all the members as well as developing appointment letters.

Evacuation Exercises

- Currently plenary meeting have been conducted as well as the refresher training on the evacuation procedures for the fire and evacuation marshals at various facilities.
- Emergency evacuation exercises have been conducted at Central Camp, Avalon and Southdale Depots and with more exercises lined up for the rest of the depots before Financial Year end.

CUSTOMER SERVICES

Marketing and Branding

Actively participates in the Clean City Campaign for the programmes of Illegal Dumping, Separation at Source and Education and Awareness. Some of the marketing programmes' highlights includes, amongst others:

- Branding placed during the City's Growth and Development Strategy (GDS) Community Outreach programmes on the 15 August 2011 at Turbine Hall in Newtown, and on the 19th of August 2011 at Metro Centre.
- Participation in the launch of the Landfill Gas to Energy at Robinson Landfill Site.
- Participation in the Illegal Dumping Campaign and Clean-up Day on 30 August 2011
- Branding of the JMPD By-Law enforcement vehicles dedicated to Pikitup
- Educational material was provided for customers attending the Stakeholder Summit which took place on 26 November 2011.
- Design and development of all collateral for the Environmental Awards, which took place in January 2012.
- Pikitup participated in the Africa Utility week which took place at Nasrec from 21 – 24 May 2012, as well as the Gauteng Youth business Festival Exhibition at Maponya Mall from 04 – 07 June 2012.

Furthermore, Pikitup was awarded the Certificate of Appreciation for Loyal Support to Roodepoort Chamber of Commerce and Industry on 5 November 2011 at the Annual Business of the Year Award Ceremony held at the Silverstar Casino.

Revenue Step Change

The Revenue Step Change programme was launched by the City Manager in November 2011and KPMG, an advisory and audit firm, was appointed to execute the project to fulfil the objectives of:

- Revenue Collection Strategy
- Billing Correctness Improvements
- Meter Reading Improvement
- Query analysis and clearing of queries
- Call Centre Improvement
- Formulation and implementation of Customer Communications
- System Interface improvements
- Formulation and implementation of customer charters
- Face to face customer interaction meetings on debt
- By-law compliance
- Staff training

The project deliverables were grouped into six work-streams, with Pikitup's efforts currently focusing on 5 of the 6 streams, namely:

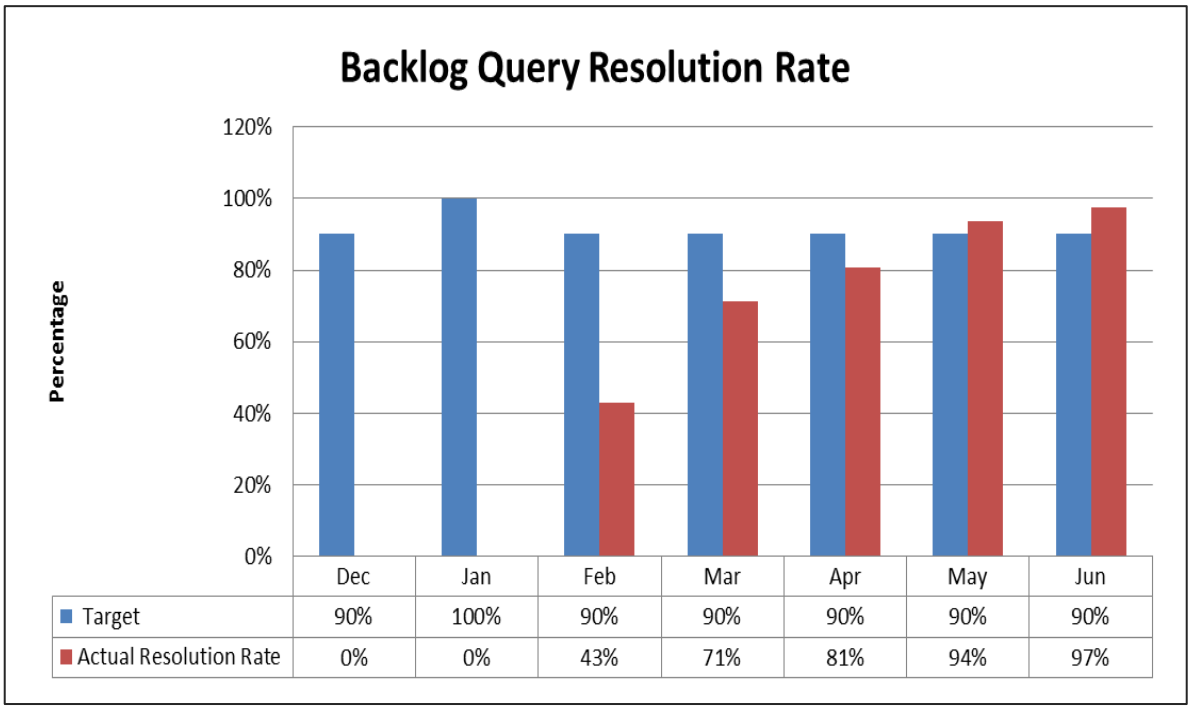
- Customer, Data, Revenue, City 2 Citizen and Change Management processes

The table below outlines the deliverables and progress made with respect to the five deliverables
:

Work stream Name	Deliverable	Baseline	Deadline	Planned Status	Actual Status
Customer	Customer Charter	Development of Customer Charter	**30-June-12**	100% Developed &Internal Communication Launched by the COO	90%
Data & Revenue Processes	Credit Management	R 73 571 473	**30-Jun-12**	100% Collection	29%
	Administer Customer Database Gap Analysis	4668 accounts not migrated to SAP	**30-Jun-12**	100% Uploaded to SAP	52% (SGID's Verified for upload)
City 2 Citizen - Query Backlog Management	Query Backlog Clearance	16 929	30-Jun-12	100% backlog 85% current	97% backlog 59% current
Change Management and People	Change Agent networking sessions	15 Change Champions Trained	15-Jun-12	100%	67%

SAP CRM Queries

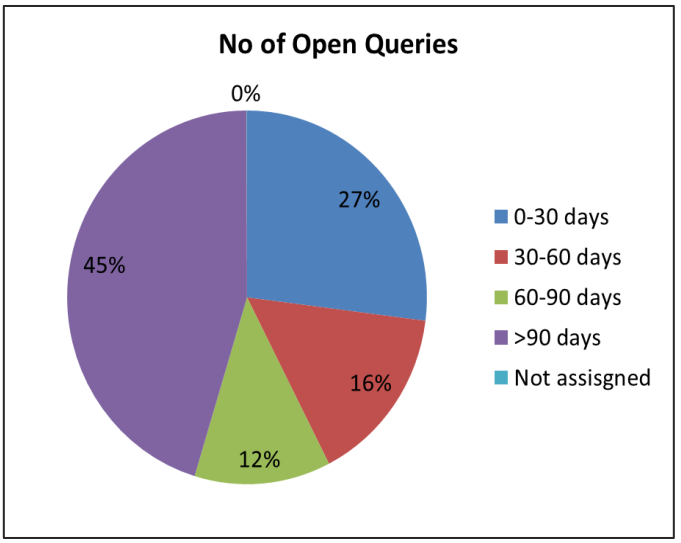
Backlog resolution is currently sitting at 97% resolution rate, and current query resolution at 59%.



Ageing of Queries

The table and graph below illustrates the age analysis of the open service tickets, with the majority of open service tickets more than 3 months due to backlog of bin replacements owing to budget constraints

Ageing	No of Open Queries
0-30 days	2050
30-60 days	1174
60-90 days	929
>90 days	3435
Not assigned	3
Total Current Queries open on CRM	**7591**



Top 5 Open Queries

The table below further outlines the top 5 call types, with a total of 7,591 open service tickets.

Call Type	No Open Service Tickets	Technical or Non-Technical
Bin Request (Broken, Stolen, Replacement and additional)	6258	Pikitup
Domestic Billing	382	Rates and Taxes
Illegal Dumping	296	Pikitup
Bulk Billing	127	Billing & Pikitup
Street Cleaning	89	Pikitup
Others	439	Pikitup
Total Open Service Tickets	**7,591**	

Achievements

Targets were set for deliverables of the 1st two phases of the Revenue Step Change programme ending 30 June 2012, and Pikitup's achievements to date are outlined on the table:

Workstream Name	Deliverable	Achievements	Next Major Target / Plan	Major Riks / Issues
Customer	Customer Charter	Final Draft of Customer Charter Produced	Sign-off and communicate to customers (CoJ)	Adherence to Set KPI's
Data & Revenue Processes	Credit Management	An additional R16 million recovered for the Year under Review	R20 million recovery for next Quarter	Escalating debt book and doubtful debt provision
	Administer Customer Database Gap Analysis	SGID's 2,419 of the 4,668 Accounts not migrated to SAP verified	All SGIDS of 4,668 verified and accounts migrated to SAP	Completeness of revenue
City 2 Citizen - Query Backlog Management	Query Backlog Clearance	Query backlog reduced from 16929 to 448	100% Backlog resolution and 85% on current	Low customer satisfaction and collection levels
Change Management and People	Change Agent networking sessions	10 Change Champions Trained	Train 2 Change Agents per Depot	15-Jun-12

Risk Log

Illustrated on the table below are the 3 top risks for Pikitup's revenue step change programme

Risk Heading	Description of Risk	Mitigation
Query Backlog Clearance	Budget constraints to procure and replace 240l bins a challenge to meet the set targets	Implement Bin replacement charges as approved by Council on Pikitup's Tariff Report
Credit Management	Escalating debt book due to low payment levels	Back Office set up at Pikitup to complement and strengthen credit management
Data & Revenue Processes	Customers receiving service but not billed	4886 accounts not migrated identified. Of the total 2419 have SGID's very and to be migrated

Commercial Revenue

The commercial revenue for the period July 2011 to June 2012 shows a negative variance of R6.1 million against budget for the year under review. The negative variance in commercial revenue is largely attributable to Business RCR, Business Dailies, Institutions and the City Cleaning Levy. The is largely due to lower collections impacted by fleet availability and irregular round collection of refuse

The data clean-up of the Bulk Container services has yielded a positive variance for year under review, as well as for Landfill fees due to intensive debt collection efforts. The table below illustrates the Year to Date Commercial Revenue

Commercial Revenue

Account Number	Vote Number	Actual JUL - JUN R'000	Plan JUL - JUN R'000	Var R'000	Var %
BULK CONTAINER SERVICES	1648306	31 524	30 545	979	3%
LANDFILL FEES	1648309	28 226	24 679	3 547	14%
INSTITUTIONS	1648317	5 378	6 628	(1 250)	-19%
COMPOSTING	1648320	469	789	(320)	-41%
BUSINESS RCR	1648322	66 952	70 153	(3 201)	-5%
BUSINESS DAILIES	1648323	13 038	14 659	(1 621)	-11%
SAFE DISPOSAL	1648330	31	37	(6)	-16%
IS-U CITY CLEANING LEVY	1648340	68 454	72 725	(4 271)	-6%
TOTAL REVENUE		**214 072**	**220 215**	**(6 143)**	**-3%**

Total Debtor's Age Analysis

The consumer debtors' book increased by R12 million for the period July 2011 to June 2012, which is lower than the budget increase of R61 million for the corresponding period. The lower than budgeted for increase, which averages R5.1 million per month, is attributable to billing reversals of R46 million for Pikitup's 3rd party contractors. The billing reversals were for landfill disposal fees levied to contractors for work performed on behalf of Pikitup, such as Round Collected Refuse, Clearing of Illegal Dumping spots and Street Cleaning. The latter billing reversals were processed during the month of May 2012. On average 62% of the outstanding debt is greater than 6 months.

The year to date total debtor's age analysis is illustrated in the table below:

Debtor's Age Analysis

	0-30	31-60	61-90	91-180	Over 180	Overall Result
Jul-11	34 439 402.00	21 408 987.30	4 387 851.27	29 916 127.51	132 948 461.60	223 100 829.68
Aug-11	35 157 001.38	13 386 355.86	20 311 543.18	28 905 558.74	133 129 260.49	230 889 719.65
Sep-11	38 253 269.15	12 327 929.09	12 398 581.75	28 993 309.84	149 213 484.17	241 186 574.00
Oct-11	40 004 709.85	12 594 843.35	11 146 585.49	34 289 708.97	152 684 186.68	250 720 034.34
Nov-11	34 528 822.89	15 714 800.79	10 997 662.47	39 814 446.05	151 952 712.50	253 008 444.70
Dec-11	30 538 410.95	13 650 898.76	14 369 911.33	30 480 634.39	167 420 145.27	256 460 000.70
Jan-12	33 474 624.52	12 285 100.57	12 470 654.16	33 230 468.57	176 203 250.58	267 664 098.40
Feb-12	37 756 356.61	8 943 956.69	11 111 291.23	34 836 488.95	183 092 108.23	275 740 201.71
Mar-12	27 581 247.75	13 749 661.32	8 621 054.47	34 217 601.77	188 390 170.40	272 559 735.71
Apr-12	22 998 469.40	12 470 916.83	12 283 543.68	28 618 327.59	198 599 023.45	274 970 280.95
May-12	24 527 850.72	6 551 710.24	8 417 088.43	21 593 006.66	168 958 699.91	230 048 355.96
Jun-12	30 633 773.47	6 872 910.03	5 583 986.00	20 696 321.04	171 176 201.10	234 963 191.64

HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

1. Employee Wellness Programme

The following table details Employee Wellness Programmes for the period **July 2011 to June 2012.**

Programme	Progress
1. Substance Abuse Programme	• Substance Abuse testing was suspended in March 2012 until completion of Employee education. About 70% of staff attended Substance Abuse education programme on the Policy. • Workshops were conducted for SAMWU and IMATU shop stewards (old and new) on Substance Abuse Policy. It was made clear in the workshop that the testing programme will be rolled out to the depots as the Policy includes all Pikitup employees. • Several meetings were also held with leaders of SAMWU to ensure smooth implementation of the Programme at depots. • After-care services for employees who have been discharged from Rehabilitation Centres are continuing. • A total of 19 employees were referred to Rehabilitation Centre since Employee education on Substance abuse started. The referrals came from employees themselves, Ops Managers and Team leaders. • Support group meetings are held monthly with employees who have been discharged from Rehabilitation Centres. Attendance ranges from five to ten per session, per month.
2. Debt Management Programme	• Debt and financial problems continue to be the most pressing problem within PIKITUP. This has resulted in Financial Literacy workshops being an on-going programme for Employee Wellness programme. Footprint SA presented their proposal for Financial Literacy workshops. The actual workshops started in August 2011. The workshops continued in all depots until all employees are covered. • Case management of employees who are heavily indebted is on-going and employees are also being referred to ICAS for financial management services.
3. Pre-Retirement support programme	• This is an annual event where employees who are 58 years and above are invited to a workshop where they receive information and support concerning retirement. • This year's event took place on 19th June to 20th June 2012. • The first day focused on information sharing, where all the service providers were informing the employees on what to expect when they go for retirement or plan for their retirement. • The second day focussed on exhibitions where employees were able to engage with the different service providers on their queries and asked questions to the service providers. • The main objectives of this workshop are:

Programme	Progress
	- To prepare employees for retirement - Prepare retirees for financial and psychosocial independence. - Promote optimal aging - Make employees aware of HR requirements for pension application so that the process of pension payouts can be smooth. - Ensure that retirees are given a dignified and informative send off by the employer. - To make them aware that Pikitup is a caring employer • The content of the workshop includes: - Psycho-social issues - Financial Management and Wills and Estates - Medical Aid issues - Medical issues - Healthy Living - Pension Fund and HR requirements - Case presentation (Advice from a retired employee) - Representative from UIF Benefits and SARS
4. Supervisory Training	• Supervisory Training is an on-going programme that is intended to equip the supervisors and managers with skills to be able to identify and refer troubled employees. • Ongoing Employee Wellness Supervisory training took place at all the depots. This training targeted depot Review committee members i.e. representatives of HR, Operations, Team leaders and Time keepers. A total of 103 supervisors and managers attended the Supervisory training. The members received training on the role of EAP Practitioners and those of Occupational Health Nurse Practitioners. The referral process was also discussed to encourage managers to refer employees to Wellness. • A three day Supervisory/Managerial training was conducted at Roodepoort depot from 06/06/12 to 08/06/12 was attended by 30 Operations supervisors and managers. The content of training included issues such as: - Substance Abuse in the workplace - Dealing with Stress - How to identify troubled employees and refer them for assistance - Occupational Health and Safety issues - Incapacity management - Managing HIV and AIDS in the workplace

Programme	Progress
5. Employee wellness Days	• Employee Wellness Days events took place throughout Pikitup depots from 26 July 2011 to 17 August 2011-10-04. The external service providers that were utilised for HIV testing and health screening were Sadtu, Health4 men, Day 1 Health and Bonitas Medical Aid scheme. A consolidated report will be presented throughout the company once all the stats has been received from all service providers. Other activities that were included in the Wellness Days are: - ICAS Exhibition stall - Substance Abuse Exhibition stall - Employees given fruits to promote healthy eating
6. Employee Wellness Road shows	• Employee Wellness undertook Wellness road-shows to increase awareness of services provided by the department. Employees were reminded of the EAP and Occupational Health services that are available for them and encouraged to use it. They were also reminded of the ICAS service that is accessible to them and their family members. • The road-shows were also undertaken to that ensure that the newly absorbed employees are aware of the services available to them.
7. Health Promotion	Pikitup Employee Wellness Division, in its quest to promote a healthy lifestyle, has integrated Health promotion with the overall Employee Wellness programme. Health promotion is not a once off event but an on-going programme that needs to respond to the major health challenges facing Pikitup employees. Health promotion is defined as the process of enabling people to increase their awareness and take charge of their health. Workplace health promotion is the combined effort of the employer, employees and the wellness team to improve the health and wellbeing of all Pikitup employees. **7.1 Candle-light Memorial** - Candle-light memorial was held in depots especially those that did not include candle-light when they were commemorating World AIDS Day in December 2011. - Activities included lighting of candles, moment of silence, Words of encouragement by Peer Educators and depot management and Prayer. **7.2 TB Education** - TB awareness and education which started on the 20th March 2012 continued until April 2012. This has been a partnership between Pikitup, Gauteng Provincial Health Department and City of Johannesburg, Dept of Health. The discussions have been interactive and employees were given information material on TB. - The aim of TB awareness was to empower employees with information in order to:

Programme	Progress
	✓ Take active role in preventing TB. ✓ To combat the spread of TB within the workplace ✓ Get early diagnosis and treatment of the disease ✓ To prevent death through TB
8. HIV and AIDS Programme	**8.1. World Aids Day (WAD)Commemoration & 16 Days of Activism of No Violence Against Women & Children Abuse** - WAD was celebrated in all Pikitup depots and Head Office - All employees were given red ribbons, condoms and pamphlets & brochures on HIV/AIDS information. - Management at depots were involved in most cases being the ones who welcome and give some word of encouragement. Peer educators gave general talks on HIV/AIDS. Talks were given on Circumcision & HIV/AIDS. Other activities included demonstration on usage of condoms and pamphlets on HIV/AIDS were distributed. A partnership was also formed with nearby SAPS to address the issue of 16 Days of Activism against Women and Children. Employees were given information on Domestic violence and how this is linked to HIV and AIDS. COJ Gender Unit addressed Head Office staff on the same issues. ICAS was also available to give information on psychosocial support that is available for Pikitup employees and their family members. **8.2. STI/Condom week** - Pikitup absorbed employees from third party contractors. Most of them are not physically well, suffering from TB, HIV/AIDS and other chronic diseases. A remarkable number of these employees have Sexually Transmitted Infections and they came out to clinics following the health education given at depot level - There is a high rate of absenteeism among these employees and social problems such as alcohol abuse have been noted - Condom week and Valentine celebrations were held in all Pikitup depots and Head Office. The main purpose of these events was to educate employees on STI and its effects on HIV and AIDS and employees were encouraged to use condoms. The Peer educators participated in demonstrations of proper usage of condoms. Condoms were also distributed. **8.3. Peer Education training** - Three day Peer Education training took place on 15/05/12 to 17/05/12 and 29/05/12 to 31/05/12. - These trainings were aimed at empowering the Peer educators on integrating HIV and AIDS into Wellness Programme. The training was attended by 50 Peer educators who are members of the Employee Wellness committee. This information assisted the committee members in integrating their role as Peer educators into Employee Wellness programme.

Programme	Progress
9.Trauma Debriefing	• **Bus Accident Cases** - Pikitup employees were involved in a Bus accident on 09 July 2011. The following services were rendered by Employee Wellness: - Trauma debriefing was held with employees who were in the Bus, family members of the deceased and depot employees who were affected emotionally by the incident. Trauma debriefing was done by both Pikitup EAP practitioners and ICAS affiliates. - Occupational Medical Doctor and Occupational Health Nurse Practitioners visited the employees that were injured both in hospitals and at home. They also assisted with the transfer of employees from Witbank Hospitals to Hospitals around Johannesburg, nearer their families. - The Occupational Health Nurse Practitioners and the Occupational Medical doctor communicated with the treating doctors in terms of the progress of employees hospitalised and were assisted by CoJ Risk Department in getting all the necessary documents relating to application for Pikitup Risk cover.
10. Occupational Health Services	**Medical Surveillance** • Pre-employments Medicals done : 38 • Exits Medicals: 35 • Period Medicals: 9 **Incapacity Management** • Incapacity cases handled: 115 • Alternative accommodation: 99 • Medical Boarding Cases: 24 **Pre- Employment Medical surveillance for Absorbed Employees (Midrand, Marlboro and Norwood)** • Pre-Employment medical surveillance was conducted by for absorbed employees at Marlboro, Midrand and Norwood. An external service provider was appointed to do the Pre-medical Employment. The budget that was allocated to Employee Wellness was R200,000 and this budget could only cover 495 employees out of a total of about 2 500 employees. • Follow-up on the urgent cases has already been done by the Occupational Health Nurse Practitioner and the Occupational Medical Practitioner.

Programme	Progress
	A summary of the results is as follows:

Depot	No Absorbed	No. Tested	% Fit	Fit but needs intervention %	Unfit %
Norwood	495	281	52%	44%	5%
Marlboro	666	187	53%	42%	3%
Midrand	495	27	52%	48%	0%
Total	1188	495	52%	43%	4%

Employee Wellness Statistics (Internal Employee Wellness Staff)

Depots	Occupational Health Nurse Practitioners	EAP Practitioners
Total number seen at depots	5826	2824

The top three presenting problems (Internal EAP staff)

Presenting Problems	Total Number seen
Debt/Financial Problems	399
Child and Family Problems	261
Substance Abuse	101

The top three presenting problems (Internal Occupational Health Nurse Practitioners)

Presenting Problems	Total Number
Respiratory Conditions	1 010
Musculoskeletal Conditions	939
Hypertension	579

ICAS Employee Wellness Engagement Report (01/07/2011 to 31/05/2012)

Description	01/07/11 to 31/05/12 (This)	01/07/2010 to 31/05/2011 (Previous)
Annualised total engagement rate (%)	8.5%	7.5
Annualised core counselling and advisory engagement	4.1%	4.8
Number of Individual cases	96	111
Number of group Trauma and Family intervention participants	99	40
Profiled e-Care users	3	21
Number of problems managed	160	154
Number of services provided	157	245

Service types used most frequently (as % of services provided)

Individual Services	01/07/11 to 31/05/12 (This)	01/07/2010 to 31/05/2011 (Previous)
Life Management	36.9%	47.8%
Professional Counselling	60.5%	45.7%
Managerial Services	1.3%	4.1%
Referral Services	1.3%	1.6%

Most commonly presented problem classes (as % problems)

Problem Cluster	This	Previous
Relationship Issues	19.4%	16.9%
Stress	15.6%	5.25%
Legal Issues	9.4%	13.6%
Loss Issues	7.5%	7.1%
Child and Family	7.5%	5.2%
Trauma	7.5%	7.1%

Problem Cluster	This	Previous
Money Management	5.6%	18.2%
Information and Resources	5.6%	11.7%
Organisational Issues	5.0%	4.5%
Mental Illness/Psychiatric	5.0%	1.3%
Health and Lifestyle	2.5%	00
Addiction Behaviours	1.9%	2.6%
HR Issues	1.9%	1.3%
Personal Development	1.9%	0.6%
Abuse	1.3%	1.9%

ICAS Employee Wellness Programme conclusions and Recommendations

- Overall individual utilisation, at 4.1%, has decreased from the previous period, which was 4.8%

- The proportion of formal referrals to the service decreased from 3.6% in the preceding review period to 2.1% in the current review.

- The most frequently presenting category of difficulties changed from Money Management in the previous period to Relationship Issues during the period under review. These issues accounted for 19.4% of all issues dealt with by the EWP during the most recent year and 16.9% during the earlier period.

- During the period under review, stress related issues increased from 5.2% to 15.6%. The results of poor stress management and workplace pressure can include decreased proficiency, higher absenteeism rates, low company morale, counterproductive teamwork and employee health related problems.

- 99 Group participants were assisted during the period under review. This took place in the form of Couples counselling session and Group Trauma debriefings. Employees who were struggling to cope with the death of colleagues due to motor vehicle related incidents were contained in some of these group debriefing sessions.

Human Capital Development

Departmental Training Initiatives June 2011 to July 2012.

Programme/Training Type	Programme Description
EPWP Training	▪ The previous group of people who formed part of the EPWP have been absorbed as permanent employees following the April SAMWU-Pikitup CCMA Agreement ▪ In the quest of avoiding a possible negative impact arising from the precedence set; a New EPWP Operating Model (which explores cooperative approach) has been favoured. This has been incorporated onto a presentation. ▪ EPWP Funding Proposal has been submitted to DED and an amount of over R800k has been secured for skill development/ training of beneficiaries. ▪ The Pikitup Youth Unit has assisted in lobbying the cooperation/ interfacing with the community in SOWETO ▪ This community based initiative shall ensure that beneficiaries are exposed to the following training programmes: - *Health & Safety* - *Waste Management* - *Entrepreneurship* - *Landscaping* ▪ A full time coordinator is being identified to facilitate regular quality reporting.
SAP CRM Module	**Beneficiaries** - 42 Pikitup Customer Relations Agents [from Operations Department] - 11 Depot Operations Managers - 1 Super User [Business Improvement]
SAP BW & ISU Module	**Beneficiaries** - 1 GM: Customer Service - 3 Sales Agents (Customer Service) - 1 Support Officer (CRM Back Office) - 1 Business Improvement
SAP R3 Module	**Beneficiaries** - 1 Ops manager (Selby) - 1 Officer (Selby) - 1 Legal (Head office)
Executive & Corporate Secretaries	**Beneficiaries** - 1 Human Resource - 1 Internal Audit
Skills Development Facilitation Process	▪ The 2011/2012 Skills Plan combined with 2010/2011 Annual Training Report (WSP/ATR) was submitted in time to the LGSETA

	▪ The resignation of the SDF at the beginning of the 3rd quarter has dealt the department a major blow. The replacement process is currently underway and it is expected that a new SDF shall be in place during the first half of the 4th quarter.
Workplace Vetting Process	▪ A Declaration of Intent has been submitted to LGSETA ▪ LGSETA has sent a Vetting Team to verify the readiness to host the proposed training. A report was received, recommending training of Assessors, Coaches and Mentors. ▪ The Human Capital Development Unit is awaiting LGSETA to confirm suitable timeframes for the training of Assessors, Coaches and Mentors. Line management is kept informed on this possibility and to ensure timeous response. ▪ LGSETA in consultation with the DEA have invited Pikitup to participate on a new Environmental Management Practice learnership process which is proposed to take place at the City Level. ▪ A total number of 152 Learners were invited for interviews 131 were interviewed and 87 learners were recommended out of that number Pikitup will be able to place 20 learners. ▪ Orientation is scheduled for the 21 September 2012. ▪ Lessons (*related to funding challenges*) from the Tirisano Learnership were highlighted and were duly noted by both the LGSETA and the DEA.
Corporate Governance Conference	**Beneficiaries** - 1 Garden Sites Manager
Enterprise Risk Management	**Beneficiaries:** - 1 Risk Management
Industrial Relations Training	**Beneficiaries:** - 647 Rules and regulations (Operations)
Emergency Management Services	**Beneficiaries**: - Basic fire fighting – 70 participants (Disaster Preparedness)
University Of Witwatersrand –Management Advance Programme.	**Beneficiaries** -1 Operations

Adult Basic Education & Training (ABET)	The current ABET numbers spread per depot: - Zondi Depot = 5 - Central Camp = 1 - Roodepoort = 8 The above beneficiaries underwent training at the Zondi Depot. During November 2011; 12 participants wrote their IEB exams - ABET levels 1 to 2 English and Maths. - New ABET intakes (September) located at Selby The following people have enrolled for ABET during November 2011: - Selby Depot = 19 - Marlboro Depot = 14 The IEB examination process involving 12 learners went on smoothly during the November/ December and we currently are awaiting results/ progress reports. New ABET training base has been secured at the Central Camp and this venue is intended to accommodate the needs of the depots in the Southern part of Johannesburg. Learners have been assessed to facilitate new intake for the last 2011/12 quarter. A total number of 32 learners are registered for ABET , 18 learners wrote exams for level 1 and 2 in September 2012 from the following depots: - Marlboro = 3 - Avalon = 3 - Zondi = 3 - Norwood = 1 - Southdale = 6 - Springfield = 1 - Selby 1 The remaining 14 learners are scheduled to write in November.

Tirisano Learnership	The developmental progress of the learners in the area of Environmental Management has been so significant The project has been finalized during December 2011 and all the 15 learners submitted the last bit of their Portfolio of Evidence. These portfolios have accordingly been submitted to the LGSETA ETQA Unit for final moderation and uploading onto the SAQA National Learner Record Database [NLRD] A recommendation to possibly absorb the learners in the SHE programme has been discussed with the GM: Environmental Management and the Legal Executive who are best positioned to make the final call. The final implementation of this is expected to happen during the 4th quarter [Jan –Mar 2012]. At the end of December 2011, in line with Learnership contracts, the learners were terminated from the SAP System. 2 (Two) Learners who were participating on the Leadership where employed on a permanent base after termination of the Learnership programme they return to their Permanent post. 1 (one) Learner has been absorbed as Receptionist. 1 (one) Learner has been absorbed as FROCC operator. 1 (one) Learner is employed as Environmental officer within Pikitup. 7 (seven) Learners have been absorbed as SHE officers. And are currently unemployed.
Certified International Procurement Programme	**Beneficiaries** - 2 Supply Chain Management
Wits Language School –English for Professional Development	**Beneficiaries** **-1 Operations**
SAP SS AP Module	**Beneficiaries** -2 Finance
SAP SS SCM Module	**Beneficiaries** -1 Capital and Planning
SAP Purchase Order Process	**Beneficiaries** -3 SCM
SAP Purchase Requisition	**Beneficiaries** -3 SCM
SAP Overview and Navigation	**Beneficiaries** -1 Capital and Planning -1 finance -1 Capital and Planning -1 Fleet Management

Production Management	**Beneficiaries** -1 Operations Waterval
Advanced meeting and Minute Taking	**Beneficiaries** **-**1 Head Office Disposal
SA College – Business Management Diploma	**Beneficiaries** -1 Operations
Integrated Reporting & Stakeholder Engagement	**Beneficiaries** -1 Communication
UNISA Environmental Management	**Beneficiaries** -1 Capital and Planning
UNISA Administration Law	**Beneficiaries** -1 Organisational Development.
Project Management	**Beneficiaries**: -2 Human Resource -1 Operation
Labour Law	**Beneficiaries:** **-2 Legal Department**

EE Profiles as at 30 June 2012

Occupational		**Male**				**Female**			
Levels	**African**	**Coloured**	**Indian**	**White**	**African**	**Coloured**	**Indian**	**White**	**TOTAL**
Top Management	4	1	0	0	3	0	0	0	**8**
Senior Management	7	1	2	3	2	0	0	1	**16**
Professionally qualified	39	8	0	13	39	3	0	5	**107**
Skilled technical	86	10	0	5	66	2	3	4	**176**
Semi-skilled	409	12	0	2	140	0	0	1	**564**
Unskilled	2003	16	1	0	1610	13	1	1	**3645**
TOTAL PERMANENT	**2548**	**48**	**3**	**23**	**1860**	**18**	**4**	**12**	**4516**
Non-permanent employees	14	2	0	0	25	2	0	0	**43**
TOTAL	**2562**	**50**	**3**	**23**	**1885**	**20**	**4**	**12**	**4559**

Human Capital Movement

The following table depicts the human capital movement during the reporting period.

Human Capital Movement during the Reporting Period

	African		Coloured		Indian		Whites	
	Male	Female	Male	Female	Male	Female	Male	Female
Appointments	24	26	0	0	1	0	0	1
New Recruitments	0	0	0	0	0	0	0	0
Resignations	3	6	3	1	0	0	0	0
Dismissals	12	5	1	0	0	0	0	0
Retirements	28	31	2	0	0	0	1	0
Deaths	23	20	1	0	0	0	0	0
Medical Boarding	2	6	0	0	0	0	0	0
Contract Exp	1	3	0	0	0	0	0	1
Abscondment	5	21	1	2	0	0	0	0

Workforce Profile and Core and Support Functions

Workforce Profile

The total number of **employees** (including employees with disabilities) in each of the following **occupational levels**: Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Legislators, senior officials and managers	11	2	2	3	5	0	0	1	0	0	24
Professionals	38	8	0	13	39	3	0	5	1	0	107
Technicians and associate professionals	0	0	0	0	0	0	0	0	0	0	0
Clerks	85	10	0	5	66	2	3	4	0	1	176
Service and sales workers	0	0	0	0	0	0	0	0	0	0	0
Skilled agricultural and fishery workers	0	0	0	0	0	0	0	0	0	0	0
Craft and related trade Workers	0	0	0	0	0	0	0	0	0	0	0

Plant and machine operators and assemblers	409	12	0	2	140	0	0	1	0	0	564
Elementary Occupations	2003	16	1	0	1610	13	1	1	0	0	3645
TOTAL PERMANENT	**2547**	**48**	**3**	**23**	**1859**	**18**	**4**	**12**	**1**	**1**	**4516**
Temporary employees	14	2	0	0	25	2	0	0	0	0	43
GRAND TOTAL	**2561**	**50**	**3**	**23**	**1884**	**20**	**4**	**12**	**1**	**1**	**4559**

The total number of **employees with disabilities: L**evels: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	**Male**				**Female**				**Foreign Nationals**		**Total**
	A	**C**	**I**	**W**	**A**	**C**	**I**	**W**	**Male**	**Female**	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified	0	0	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified	1	0	0	1	2	0	0	0	0	0	0
Semi-skilled	0	0	0	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0	0	0	0
TOTAL PERMANENT	1	0	0	1	2	0	0	0	0	0	4
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	1	0	0	1	1	0	0	0	0	0	4

Workforce Movement

Recruitment

The total number of new recruits, including people with disabilities. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	*W*	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	**1**	0	0	0	0
Professionally qualified	2	0	0	0	0	0	0	0	0	0	2
Skilled technical and academically qualified	5	0	0	0	16	0	0	0	0	0	21
Semi-skilled	0	0	0	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0	0	0	0
TOTAL PERMANENT	7	0	0	0	16	0	0	0	0	0	23
Temporary employees	15	0	0	0	10	0	0	0	0	0	25
GRAND TOTAL	**22**	**0**	**0**	**0**	**26**	**0**	**0**	**0**	**0**	**0**	**48**

Promotion

The total number of promotions into each occupational level, including people with disabilities. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified	0	0	0	0	2	0	0	0	0	0	2
Skilled technical and academically qualified	8	0	0	0	12	0	0	0	0	0	20
Semi-skilled	19	0	0	0	0	0	0	0	0	0	19
Unskilled	8	0	0	0	0	0	0	0	0	0	8
TOTAL PERMANENT	31	0	0	0	17	0	0	0	0	0	48
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	31	0	0	0	17	0	0	0	0	0	48

Termination

The total number of terminations in each occupational level including people with disabilities. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	1	0	0	0	0	0	1
Professionally qualified	2	1	0	1	3	0	0	0	0	0	7
Skilled technical and academically qualified	2	2	0	0	2	0	0	0	0	0	6
Semi-skilled	29	3	0	0	3	0	0	0	0	0	35
Unskilled	36	5	0	0	80	0	0	0	0	0	121
TOTAL PERMANENT	69	11	0	1	89	0	0	0	0	0	170
Temporary employees	5	0	0	0	3	0	0	0	0	0	8
GRAND TOTAL	74	11	0	1	92	0	0	0	0	0	178

STAKEHOLDER RELATIONSHIP AND COMMUNICATION

With the limited and inadequate budget provision, the division managed to forge healthy relationships with a number of stakeholders in the city of Joburg and in doing so increasing the stakeholder database of Pikitup. The constant engagements with the various stakeholders provided them a platform to express their views on the level of service Pikitup are providing. Communication was sent to the religious leaders in Region D and G appealing to them to encourage their congregants to respect and care for the environment.
The 8 ward summits which were held in Region D and G highlighted the need for constant communication with stakeholders. It further emphasised the need to allow inputs of stakeholders in any strategic direction that the company is implementing.
The division has already embarked on making the GDS 2040 and Chapter 2 of the Systems Act living documents, by empowering the communities with beneficial information for their active participation in the services that they receive. The division has the capability to drive the cultural change for Pikitup both internally and externally if its programmes are funded.

STAKEHOLDER ENGAGEMENT

TYPE OF MEETING	TARGET AUDIENCE	PURPOSE	OUTCOMES
Consultative	Inner City Councillors	To outline the terms and conditions of the CCMA agreement regarding the absorption of contract workers	The Councillors understood that only permanent 3rd party contractor employees will be absorbed
Consultative	Region G Councillors	To orientate newly elected Councillors about Pikitup product and services and present the company 90 days plan inclusive of the Clean City Campaign	It led two Public meetings being held in Vlakfontein and Lenasia South
Consultative	Region B Councillors	Orient newly elected Councillors about Pikitup products and services and presentation of 90 days Pikitup Plan Inclusive of the Clean City Campaign	The company effort was highly appreciated
Briefing Meetings	Ward Councillors	Briefing of Councillors about Eco Rangers programme and holding of Ward Summits in Regions to introduce Separation at	8 Ward Summit were held in Region G (Orange Farm) and D (Greater Soweto) Urban Management and JMPD presented at

		source programme and effect of illegal dumping	these summits.
Public Meetings	Public	The division partook in 4 Public Meetings convened by Councillors where separation at source and factors contributing to illegal dumping and its impact were discussed.	The residents committed to report contraventions to Councillors and JMPD while Pikitup was asked to prepare contingency plans for strikes and provide services between 7h00 to 17h00 daily
Youth Summit	The Youth of Joburg .Two delegates per ward were invited	To engage the Youth of Joburg in the new model of waste Management e.g. Separation at source and illegal dumping	A number of cleanup campaigns were done by the division in partnership with the Education Division of the Company

COJ COMMITTEES

COMMITTEE NAME	PURPOSE	REMARKS
Events Joint Operation Committee	To resolve all petitions submitted with assistance of both Operations and Disposal Divisions	No outstanding petition exist which are related to Pikitup in the past financial year
Regions Joint Operations Committee	To integrate the Service Delivery mandate, the Departments and Municipal entities in seven Regions of the City	The division represents the company in all the Regions of the City. The relationship with the Region is strengthened by prompt response on resolving issues by Urban Management

CAPITAL PROJECTS

NAME OF THE PROJECT	REGION	TARGETED STAKEHOLDER	OUT COME
Construction of the Orange Farm Waste Management Depot	G	Ward Councillors and Local Community consultation to draw a road map	Facilitated the appointment of the Community Liaison Officer and beneficiaries. The Depot is nearly completed.
Rehabilitation and		Ward Councillors and	Facilitated the

Compliance Project at Goudkoppies	D	community	appointment of the CLO and beneficiaries. the site has been transformed

INTEGRATED DEVELOPMENT PLAN OUTREACH 2012
SUSTAINABLE SERVICES CLUSTER – PIKITUP DELEGATES

REGION	CLUSTER MEMBER	NAMES OF SECTOR DELEGATES	DEPARTMENT
A 21/09/2012	Pikitup	Neighbour Mutero Thato Mabitsela Themba Khumalo Gert Van Wyk Neil McPherson	PCE CSM CSM RM Operations RM Operations
B – 21/04	Pikitup	Sanele Njengele Smilo Nkosi Rochelle Ludick Shadrack Kapiwa David Mahlangu	PCE CSM RM Operation GM CSM RM Operations
C -28/04	Pikitup	Peter Letselebe Smilo Nkosi Pansy Oyedele Majoro Lestela Brian Williams Abigal Muguto	Manager: Stakeholder CSM Manager: Communications RM Operations RM Operations PCE
D – 28/04	Pikitup	Shadrack Kapiwa Matsepo Kekana Themba Khumalo Johannes Thakheli Absalom Mkhumbeni Peter Van Louw	GM CSM PCE CSM CSM RM Operation RM Operations
E -05/05	Pikitup	Neighbour Mutero Petunia Jele Hannes Niehaus David Mahlangu	PCE CSM RM Operations RM Operations
F -22/04	Pikitup	Ika Magasa Sam Manyatshe Don Ferreira Thato Mabitsela Themba Khumalo	Executive Operations PCE RM Operations CSM CSM
G- 05/05	Pikitup	Sbusiso Komane Sipho Vilakazi Peter Van Louw	PCE RM Operations RM Operations

		Johannes Thakheli	CSM

GROWTH AND DEVELOPMENT STRATERGY

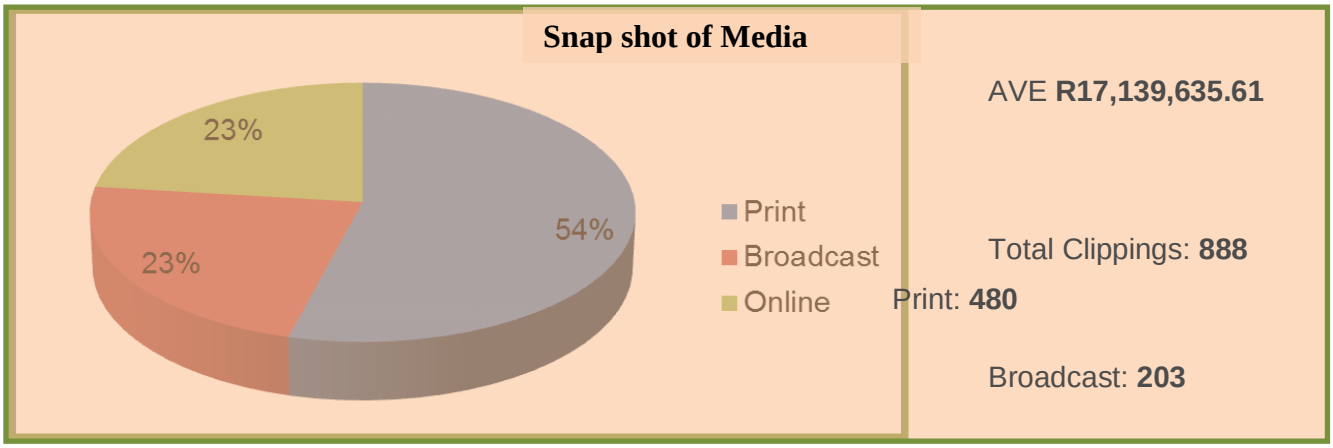
WORKSHOP	VENUE	PURPOSE
Resource sustainability workshops	Turbine Hall	Contributing to the formulation of the strategy for cluster
Launch of the GDS 2040	FNB Stadium	The Executive Mayor and City Manger outlining the City Strategy to the residents of Joburg and officials

Pikitup Communication Annual Review

Internal:
We are committed to regular communication and consultation with our employees and we encourage employee involvement in our performance. Information is provided to employees at regional and head office level by way of electronic communication, meetings, roadshows and newsletters.

External:
Pikitup's media values are based on daily media analyses that are performed by a professional media monitoring company. The values are derived by comparing the articles that appear in the printed media and exposure on other media and calculating the equivalent advertising value. We have national distribution of real time news through our website and social media pictures i.e. Facebook and Twitter, which are available to all of the citizens and business owners of Joburg to help inform them about what is happening in our operations.

- During the year under review the media value achieved by the company was approximately R **R17, 2** million.



Social Media: Facebook and Twitter:

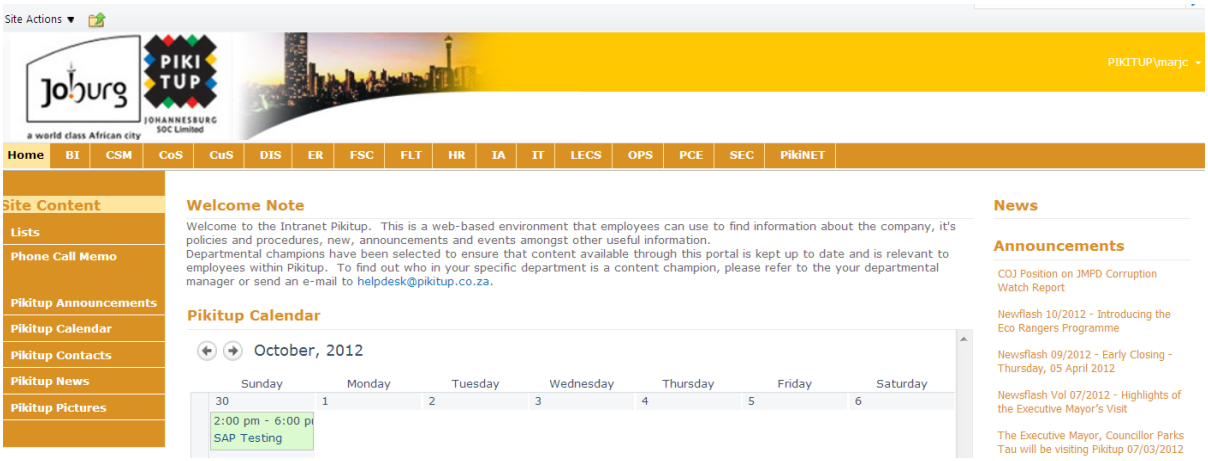
- The Communication unit has been proactively collating the weekly content calendar for the Pikitup "A Cleaner Joburg" Facebook and "@CleanerJoburg" Twitter pages.
- The content calendar focuses on education, relevant information and events.

- There are 2, 502 “Likes” on Facebook while there are 209 followers on our Twitter page with over 325 tweets to date.

Pikitup website:
The Pikitup Website (http://www.pikitup.co.za) enjoyed an increase of over 50% of visitors during 2011-2012.
Number of visitors increased from 113 664 to 170 237.

	2010/2011	2011/2012
Total Visitors	113664	170237
Daily Visitors	378	463
Unique IP’s	4787	66657
Bookmarks		118768

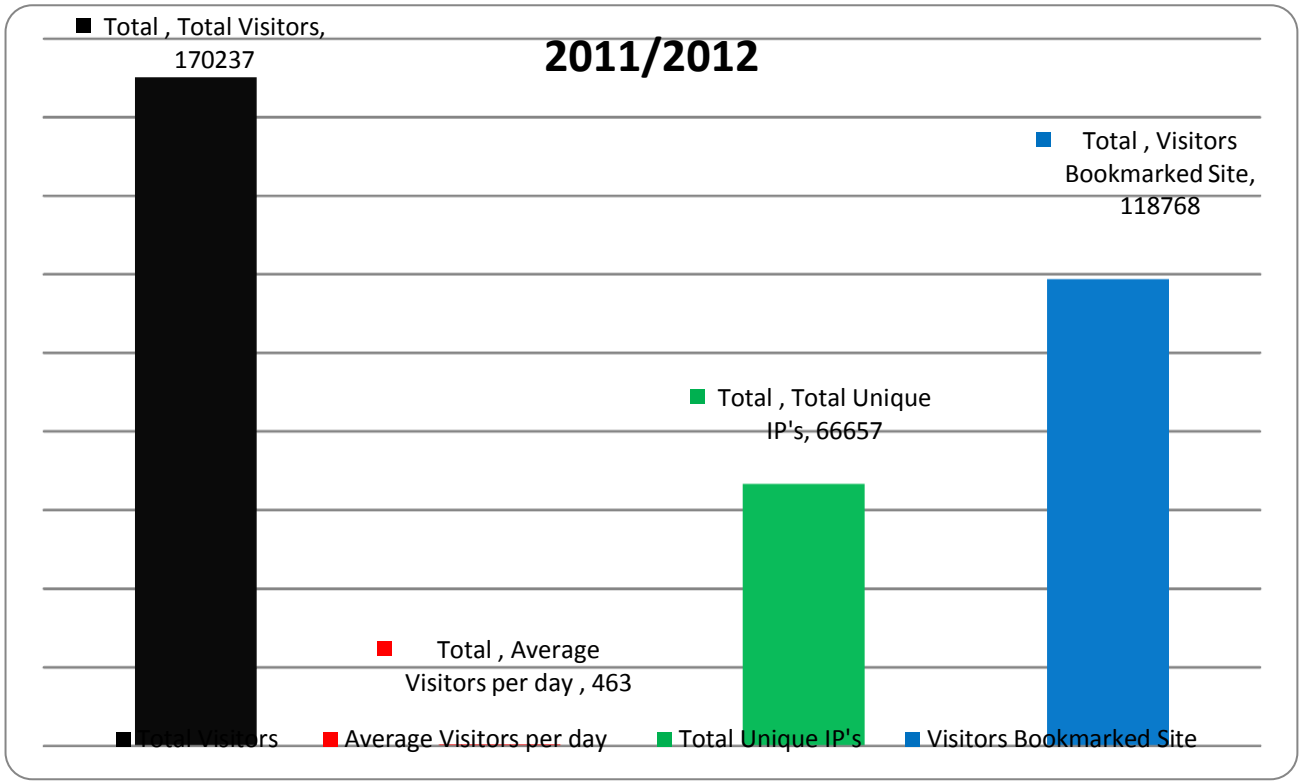
Intranet:
The Intranet was redesigned from scratch; it is now on a Sharepoint 2010 Platform,
The launch and training was enthusiastically received by all members of staff who were invited to attend roadshows at all our facilities.
Keyboard Navigation training has been reinstated and will be on-going.

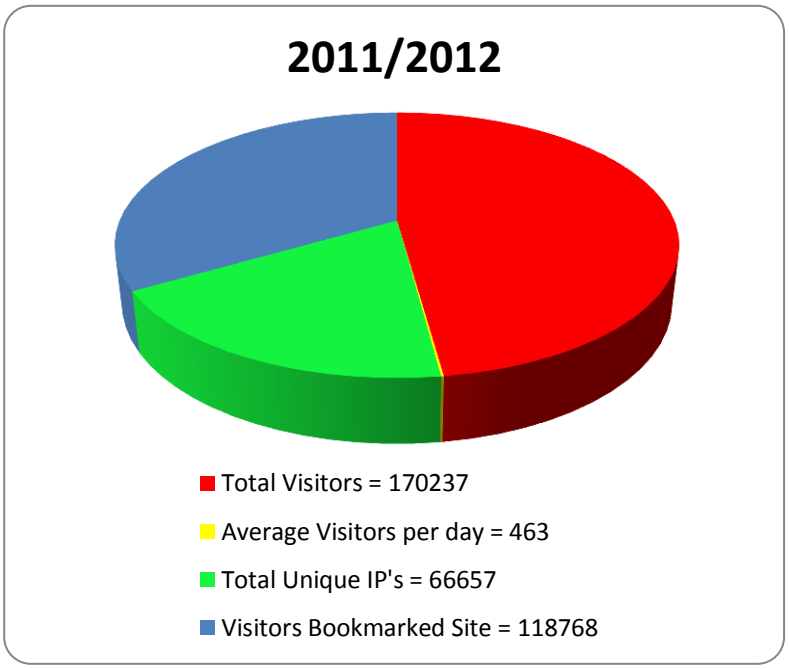


WEBSITE ANNUAL STATISTICS 2011 – 2012

Web-Site Statistics

2011/12	Total Visitors	Average Visitors per day	Total Unique IP's	Visitors Bookmarked Site
July	14809	477	4721	7584
August	14330	462	5325	8416
September	14746	491	5699	10563
October	11178	360	4772	8558
November	12151	405	5142	9677
December	12199	393	4834	7828
January	13867	447	5696	10226
February	12989	447	5644	10000
March	16901	545	6756	12947
April	18461	562	6370	13579
May	12989	447	5644	10000
June	15617	520	6054	9390
Total	**170237**	**463**	**66657**	**118768**


2011/2012
Total , Total Visitors, 170237
Total , Average Visitors per day , 463
Total , Total Unique IP's, 66657
Total , Visitors Bookmarked Site, 118768
Total Visitors
Average Visitors per day
Total Unique IP's
Visitors Bookmarked Site


2011/2012
Total Visitors = 170237
Average Visitors per day = 463
Total Unique IP's = 66657
Visitors Bookmarked Site = 118768

SUPPLY CHAIN MANAGEMENT

Pikitup's BEE Policy has been approved by the board and is being applied in harmony with the Preferential Procurement Policy Framework Act in terms of our Supply Chain Management Policy.

The adjudication process is a targeted procurement based on the allocation of points according to specific targets, for example, Preference points for a specific bid may be awarded for specific contract participation goals, as specified in that bids tender document. The points for the bid are allocated as Price, Functionality and Specific goals including: The BEE points for the bid are allocated as Specific goals added to Price and Functionality using the PPPFA formula.

Description	Recommended Supplier	Value Incl. Vat	HDI Equity Ownership	Women Equity Ownership	SMMEs
Provision of Comprehensive Internet Service to Pikitup Johannesburg	Dimension Data/ Internet Solution	R6,084,361.92	41%	3%	0%
Provision , Operations and Maintenance of Plant Equipment with Personnel at Pikitup Landfill and Garden Sites	Aqua Transport and Plant Hire	R50,355,360.00	100%	0%	**0%**
Provision of Comprehensive ICT Data Backup Service	Dimension Data/Internet Solution	R1,736,640.00	41%	3%	**0%**
Provision of Office Automation Service to Pikitup	Kago Stationery Supply	R3,528,294.48	100%	100%	**100%**
Appointment of Hitekani Entertainment Production service on as and when required over a three year period	Hitekani Entertainment Productions	As and when required	100%	100%	100%
Construction of Randburg Garden Site	New Education Environment	R3,076,282.01	100%	0%	100%
Construction of Orange Farm Garden Site	New Education Environment	R3,845,330.62	100%	0%	100%
Provision of cellular phone services to Pikitup	Vodacom (Pty) Ltd	R5,064,073.44	0%	0%	0%
Landfill cell development: Marie Louise	Fountain Civils Engineering (Pty) Ltd	R12, 968,510.00	37%	37%	0%
Landfill cell development: Ennerdale	Fountain Civils Engineering (Pty) Ltd	R11, 706, 660.00	37%	37%	0%
Disposal of Waste Skip Containers	Interwaste (Pty) Ltd	R937,992.00	0%	0%	0%
Optical fibre installation	Neotel (Pty) Ltd	R1 066 747.00	0%	0%	0%
Construction of Orange Farm Depot	Luvuno (Pty) Ltd	R18,116,012.57	100%	0%	0%
Environmental learnerships	NS Global Academy	R363 888	100%	100%	100%

Description	Recommended Supplier	Value Incl. Vat	HDI Equity Ownership	Women Equity Ownership	SMMEs
Mooiplaats Landfill Site – Rates	The Wastegroup (Pty)	R75,00 per ton - year 1, R90.00 per ton - year 2 R108.00 per ton - year 3 R125,60 per ton - last year	0%	0%	0%
Provision of Feasibility Study, Project Appraisal and Definition and Preliminary Designs of Waste Transfer/Recovery station at Linbro Landfill Site	Jeffares and Green	R 515,850.00	35%	12%	0%
Increase in scope: Telkom 10224k Diginet Line for Central Camp Depot	Telkom SA	R 83,037.60	0%	0%	0%
Contract variation: Installation of evacuation system	Firetech Projects	R 14,006.80	0%	0%	0%
Feasibility of new landfill site	Envitech Solutions (Pty) Ltd	R 755,215.80	0%		100%
Emergency procurement due to strike	Various Suppliers	R 10,235,093.00	73%	21%	0%

ENTERPRISE RISK MANAGEMENT

Pikitup Johannesburg SOC Ltd through its various business activities engages in 11 operational depots, 4 landfill sites and 41 garden sites within the boundaries of the City of Johannesburg. The company employs approximately 4,585 employees.

These activities involve the provision of a wide range of high volume domestic and business round collections refuse, street cleaning, low margin commercial services, recycling activities and disposal of domestic, business and putrescible waste.

By their nature, such services present a substantial level of financial and operational risk, which must be mitigated on a continuous basis if the overall sustainability and prosperity of the company is to be assured.

Section 95 (c) (1) of the MFMA states that the accounting officer of a municipal entity is responsible for managing the financial administration of the entity, and must for this purpose take all reasonable steps to ensure that the entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

Risk Management Policy and Framework

The Pikitup risk management policy and framework were approved by the Board of Directors in 2010, reviewed, updated and revised in 2011 and are in line with the City of Johannesburg's adopted risk management policy and framework and methodology to enable a shared and consistent corporate approach.

In Pikitup, Internal Audit will not assume the functions, systems and processes of risk management but instead, assists the Board and management in monitoring risk management in the company by commenting on the adequacy and effectiveness of the implementation of risk management and ensuring that the internal audit scope and procedures as required by S165 of the MFMA follow a risk based approach.

Risk Management Plan 2012-2013

In 2011, The Auditor General launched "Operation Clean Audit – 2014". Pikitup received for the 4th consecutive year, an unqualified audit opinion, with findings on predetermined objectives and non-compliance with laws and regulations. The risk management plan for the next two financial years will focus primarily in assisting Pikitup towards a clean audit report by end of 2014.

Developing an effective risk management plan is an important strategic and operational tool, primarily of planning for adverse events and of promoting informed decision-making by management.

The field of risk management is dynamic, and therefore the business environment and risks are expected to change from time to time.

It is expected that the risk management processes will become embedded into the company's systems and processes, ensuring that responses to risk remain current and dynamic.

All risk management efforts will be focused on supporting the company's objectives.

The risk management plan for Pikitup was prepared to give effect to the implementation of the risk management policy and framework and sets out all risk management activities planned for the 2012- 2013 fiscal year.

The risk management plan will be submitted to the Executive Committee for consideration and approved by the Board of Directors in November 2012.

Pikitup Corporate Strategic Risk Register

Through a structured, facilitated process, strategic risks which may prevent Pikitup from achieving its stated strategic objectives for 2012/2013 were identified and aligned to those strategic objectives.

The existing corporate strategic risk register was re-assessed in line with the GDS2040 guidelines and formed the basis in preparing the 2012/2013 Business Plan.

The final outcome of the strategic risk workshop is to provide management with a structured risk register which will form the basis to establish a formal on-going risk management system and function within Pikitup, as required by the MFMA and best practice corporate governance.

The monitoring on implementation of the controls for addressing the identified top strategic risks was conducted on a monthly basis and will continue in receiving focused attention.

Therefore a strategic risk assessment inherent to the revised strategic objectives and Mayoral priorities following the adoption of the new GDS 2040, and the resultant Integrated Development Plan 2011/2016 was conducted on the 30th of November 2011.

The strategic risk assessment workshop is held annually towards the end of November and both the Board of Directors and the Executive Management team will participate.

Pikitup Operational Risk Registers

Management is in the process of reviewing these risk registers and once all are completed, these will form a key agenda item on the respective departmental meetings, as well as an extension for Internal Audit to plan and develop their risk-based internal audit approach for 2012 and beyond.

In line with KING III and the MFMA, the management of risks has been inserted into the specific scorecards of the Executive Management, and risks management is aligned to the achievement of a performance indicator.

It should be noted that no department or function is insulated from risks and the vagaries of the environment in which it operates; and therefore management is encouraged to infuse, ingrain and embrace risk management.

In recognition of the continuous nature of the risk management processes, operational risk assessments were conducted and completed for:

- Supply Chain Management Operational Risk Register;
- Information Technology Operational Risk Register;
- Operations (Depot) Operational Risk Register;
- Human Resources Operational Risk Register;
- Disposal Operational Risk Register;
- Fleet Management Operational Risk Register;
- Finance Operational Risk Workshop;
- Separation at Source Operational Risk Register.

Risk management is a continuous process. The top 3 reasons the risk landscape is changing are complexity, unpredictability and the increasing and changing variety of risks. The key strategic imperatives of Pikitup of changing its course, together with the changing key business drivers within Pikitup being: **Fleet, People and Contract Services**, changes the risk landscape in which Pikitup will conduct business.

Business Continuity Plan

A steering committee consisting of a representative of Security, IT, Health & Safety and Risk Management was established to develop a Business Continuity Plan on the risks that one or more critical business functions fail to operate with any period of time.

With the assistance of an external service provider, the Business Continuity Plan was finalized in June 2011 and Executive Management attended a training and simulation awareness program.

On the 14th of May 2012, the Executive Management committee approved the establishment of an Emergency Coordinating Committee (ECC) with the recommendation of developing a Terms of Reference.

Enterprise Risk Management engaged the Information Technology department in a process of testing a disaster recovery plan. Initial quotations received from external service providers appear excessive and careful planning to implement a disaster recovery plan is required to ensure minimum disruption to the normal business activities.

Internal audit conducted a review in 2011. Findings were noted and Enterprise Risk Management intends to resolve most or all findings by the end of December 2012.

Fraud Prevention Policy

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 the entity's vulnerability to fraud. Such mechanisms are designed to prevent, deter and detect fraud.

The Board of Director's approved the fraud prevention policy on 24th of February 2012 and following a presentation made to the Local Labor Forum on 17th of February 2012, where the members supported the fraud prevention policy.

A fraud hotline number,**080 000 2587** was established and once the service level agreement with JRAS, who will manage and monitor the fraud hotline, is finalized and confirmed, the fraud prevention policy will be communicated to employees, the public, service providers and stakeholders of Pikitup.

Compliance Unit

The purpose of the Compliance Unit is to provide guidance to enable the Board of Directors, the executive management, operational management and all employees within Pikitup for managing compliance at Pikitup.

Pikitup is committed to ensuring that the activities of the company and its employees are conducted in accordance with all applicable laws and regulations, all relevant internal rules, policies and procedures, and to the highest ethical standards.

An independent function, consisting of representatives of Internal Audit, Enterprise Risk Management, Legal, Health and Safety, as well as Security, that identifies, assesses, advises on, monitors and reports on the company's compliance risk, that is, the risk of legal or regulatory sanctions, financial loss, or loss to reputation a company may suffer as a result of its failure to comply with all applicable laws, regulations, codes of conduct and standards of good practice has been established.

The applicable laws, rules and standards are principally those relevant to the business activities of Pikitup.

The Board of Directors approved the Compliance Unit Terms of Reference on the 18th of May 2012.
The below mentioned table summarizes the 20 top strategic risks of Pikitup, which was used in the strategic planning process leading to the establishment of the Business Plan for 2012/2013:

Pikitup Johannesburg SOC Ltd

Corporate Strategic Risk Register **2012-2013**

Date of Risk Workshop: **30-Nov-11**

Updated and Reviewed: **12-Dec-11** **25-Jun-12** **06-Aug-12**

	Company Objectives	Background to Risk	Inherent Risk	Residual Risk
1	Improved corporate reputation.	Pikitup has a poor corporate reputation with stakeholders across the City. Damage occurred when business behaviour, in any sense, was viewed as inappropriate by stakeholders, whether regulators, customers, other market operators, or – in certain businesses - the public at large. Reputations could be tarnished by association. There was also the materiality factor: a media "feeding frenzy" could cause serious damage, however, minor the incident.	20	20
2	Service delivery, monitoring and evaluation to improve quality of service.	Failure to implement the change of course direction of Pikitup, due to non-implementation of the new Business Operating Model. Inadequate skills and resources may not meet the new course direction of Pikitup. Loss of skilled qualified resources due to slow pace of changing the Fixed Term contracts to permanent employees. Inadequate management of the implementation of the CCMA agreement to absorb third party contractors into Pikitup.	20	20
3	Policy development and by-law reviews.	Illegal dumping escalate due to inadequate by-law enforcement and lack of co-operation from the JMPD.	20	15
4	Good corporate governance with reliable, transparent and honest contract management.	Poor and lack of proper contract management lead to contracts not being managed correctly. Line management does not request the necessary professional assistance when needed. Performance and communication from line management is very slow. Line management are slow to finalise contracts.	20	15
5	Development of new tariff model.	The revenue streams are inconsistent with all the services provided. Escalating debt, low and reduced revenue streams and collection severely impacts on the financial sustainability of Pikitup. International and local economic fluctuations in terms of increased fuel prices, interest rates and cost of living impacts on the affordability of new tariff models.	16	16
6	MOE financial sustainability through reduction in operating costs.	The expectation of achieving level 4 and above City wide cleanliness cannot be achieved where fleet and operational efficiencies are curtailed by lack of funding, budget cuts. Unfunded mandates impacts on cost structure of the company. National, provincial and municipal regulations on Pikitup reduce the competitiveness, as competitors can provided a lower cost service. Pikitup is dependent on on-going non-guaranteed funding from the City of Johannesburg.	16	14
7	Extend access to basic services to all households.	Dependency on sole service providers impacts on Pikitup's ability to deliver basic services to all house holds. Any failure by specialized suppliers of core services and dependency on sole service providers, such as Fleet Africa impacts on Pikitup's ability to deliver basic services to all house holds in terms of the Services Delivery Agreement with the City of Johannesburg.	16	14
8	Implement Demand Side Management Programmes for alternative waste services and innovative technologies.	Landfill space is rapidly depleting. Slow progress of waste reduction to the City's landfills through innovative and coordinated customer interventions and programmes. Slow progress in diversion of waste hampers Pikitup's efforts in reducing waste to landfills in line with the new National Waste Act.	16	14
9	Service delivery, monitoring and evaluation to improve quality of service.	Failure to achieve a citywide implementation of separation at source and disruption of services due to the citywide implementation of separation at source as a result of poor planning, poor communication and incorrect implementation.	16	14
10	MOE financial sustainability through improved revenue collections.	The expectation of achieving level 4 and above City wide cleanliness cannot be achieved with non-billable services and unfunded mandates. Pikitup is dependent on on-going non-guaranteed funding from the City of Johannesburg. Pikitup is dependent on outsourced revenue collection and customer services functions. Poor revenue management through inadequate billing and collections impacts on the cash flow of Pikitup. Due to the inadequacies with the implementation of the Phakama IT project, as well as the social responsibilities assigned to Pikitup, a large number of services provided are not billed.	16	12

INTERNAL AUDIT

Internal Audit Function

The primary objective of the Internal Audit function is to provide a comprehensive service to ensure adequate measures and procedures are in place for sound economic, effective and efficient management as required by the Municipal Finance Management Act and King III.

The purpose is to determine the adequacy and effectiveness of internal controls within processes. Internal Audit has conducted audits to assist management in the effectiveness of the organisation's system of internal controls and quality performance. The Internal Audit department has been operating with four senior internal auditors and Chief Audit Executive.

A panel of service providers was appointed on a 3-year contract to assist the Internal Audit department on an as and when basis. This contract expires in February 2012 and steps have been taken to re-evaluate and appoint a panel of service providers for the next 3 years.

Internal Audit Plan

A risk based strategic approach was adopted which takes into account the results of the risk assessment conducted by management as well as subsequent discussions with management.

The Internal Audit plan for the financial year 2011/2012 was developed based on Pikitup's strategic risk register for the financial year 2011/2012. In developing the plan, the top 20 risks, management concerns, previous AG management letter findings and the requirements of the Municipal Systems Act were taken into consideration. The plan was tabled and approved at the Risk and Audit Committee meeting in August 2011.

The Internal Audit performance against the approved audit plan has been reported to the Executive Committee on a monthly basis and to the Audit and Risk Committee on a quarterly basis.

A total of 13 audits and 13 follow-ups were planned to be conducted during the current year. Of the 13 projects planned, 12 audit reviews (92%) were concluded and 1 review was at the reporting stage. Furthermore, 5 ad-hoc audits reviews were completed during the year.

Internal audit performs follow-up reviews to track the implementation of the action plans and to ensure that internal controls put in place are adequate and are working effectively and efficiently to address the noted findings.

During the implementation of the audit plan, a total of 124 weaknesses were identified of which 21% were resolved.

Training and Development

The Internal Auditors are all registered as members of the Institute of Internal Auditors South Africa. Formal training was attended by the internal audit staff on an on-going basis.

Auditor General Management letter

Internal audit was further mandated by the CoJ Group Audit Committee, Pikitup Audit and Risk Committee and the Managing Director to follow-up on the implementation of the actions plans developed by management to address the findings reported on the AG report. The approved annual operational plan made provision for the follow-up exercise. As at June 2012, the status of resolutions of the 15 reported findings reported in November 2011 was 80% resolved and 20% partially resolved.

The final AG management report for 2012 was submitted to the Audit and Risk Committee meeting held on 23rd of November 2012. Despite the fact that Pikitup achieved an unqualified audit report for the 5th consecutive year, the number of findings increased to 19 findings.

PERFORMANCE AGAINST IDP AND CITY SCORECARDS

Reduce waste to landfills in line with Polokwane Declaration

A total of 26 300 tonnages of dry waste (green waste not included) were diverted from the landfills in the year under review.

Provide quality services to both formal and informal areas (Daily collection of waste from the informal areas without 240l bins)

Key performance area: Implement strategies/policies and legislation (by-laws) to support demand side management (DSM) projects

Implement Waste DSM projects

Waterval Separation at Source

The Waterval separation at source project is still well on track. The SLA with Mondi Recycling for the Waterval depot area has been extended to end of April 2012.

An education an awareness campaign for the Waterval depot area commenced on 1 April 2011 and ended in June 2011. The focus of the campaign was to increase the participation rate of townhouse, flats and schools in the project as well as non-participating suburbs in the area. A variety of advertising media was used. These include newspaper advertising, advertorial, PR, wheelie bins, knock n drop leaflets, direct mailers, street pole posters, mall activations, mobile billboard and the branding of RCR vehicle. Although early all indications are that the participation rate is increasing.

Waste Separation at source in Schools

In this financial year waste separation at source project was introduced in 20 schools in the following areas:

- **Orange Farm (12 schools),**
- **Alexander (1 school),**
- **Randburg (1 school)**
- **The Inner City (6 schools).**

Pikitup Depots and Head Office Recycling

Office waste separation for recycling has been introduced at the company depots and head office.

Implement Inner City Charter projects

80% of the Inner City Charter Commitments were implemented, this against a target of 70%. The progress made regarding the commitments is detailed in the following table.

Progress against Charter Commitments

COMMITMENTS	PROGRESS
The purchase of mechanical street sweepers	Five mechanical sweepers have been purchased.
The further roll-out of swivel bins on the streets of the Inner City	4222 swivel bins were installed against a target of 3,500, the bulk of which were installed in the Inner City.
The development of a new underground bin system.	Delays in the rollout plan for the underground bins resulted in the target installation of 40 underground bins not being realised by year end.
The implementation of a '100-spots' programme	A different method of eradicating illegal dumping has been implemented. This includes daily removal of accumulated refuse on street pavements coupled with law enforcement.
A single SLA setting out uniform outcome standards (and differentiated levels of effort)	The Service Level Agreement (SLA) has been developed. Region F is to gain approval of its contents from the City.
The City will launch a system of community waste collectors	Seven contractors have been appointed in Quadrants of the Inner City and labour has been sourced from people living in the Inner City.
Research will be undertaken and proposals made into a revised tariff structure to be implemented as from July 2008.	Achieved as part of the Pikitup's turnaround strategy. A new tariff for the Inner City has been developed.
The Gauteng Provincial Government will lead a major anti-litter campaign in the Inner City, with the participation of a wide range of community organizations.	Achieved – The anti-litter campaign took place in Yeoville in November 2007.
Develop measures & incentives to support the development of waste compactors in all new buildings	DPUM has agreed to impose the condition to install compactors in new buildings.
Develop Inner City SMME recycling programme Business Plan	A comprehensive business plan was submitted to the Regional Director of Region F as well as the Director Waste at the ISD. Response is still awaited.

Occupational Health and Safety

Number of employees disabling Injuries reported

A total of 203 disabling injuries were reported for the year under review.

Sustainability Report
Environmental Management Policies
The following Policies and Procedures were developed approved:

- Company Integrated Safety, Health and Environmental Management.
- Personal Protective Equipment Policy
- Procedure for the Control and Management of Reclaimers.

OHS Act and Environment

- An external audit to assess the landfill sites and selected garden sites compliance to environmental legal and other requirements.
- Safety, Health and Environment SHE awareness for employees conducted (Personal Protective equipment Policy, SHE Policy, Employee safety roles and responsibilities, SHE incident reporting and investigation, Injury on duty reporting and compensation)
- Internal SHE compliance audits conducted for all the garden sites.
- Environmental authorisations acquired for the following waste related facilities:
    - Proposed Haylon Hill Garden site and depot (appeal process in progress)
    - Proposed Orange farm garden site and depot.
- Training for SHE delegates for Basic health and Safety, First Aider and incident investigators was implemented but had to be suspended due to budget constraints.
- Occupational Safety compliance audits conducted for garden sites and contractors
- Safe operating procedures developed for garden sites, operations and landfill sites.
- Safety, Health and Environmental departmental performance monitoring tool developed.

Service Delivery

% Turnaround time in respect of new development applications submitted to Pikitup (100% within 60 days)

Recommendation and plans for next financial year

Pikitup's strategic delivery agenda derives from a number of sources such as the Mayoral Priorities, the Growth and Development Strategy (GDS), Integrated Development Plans (IDP), Pikitup's five year Turnaround Strategy (TAS) and the Boards Strategic priorities for the 2012/13 financial year which includes, but is not limited to the items detailed in the following table.

Board Strategic Priorities for 2012/13

Strategic Focus Issue	Operational Efficiencies	Compliance Issues
• Revenue enhancement and collection plans • Defining our core business and focus areas • Development and implementation of the Integrated Waste Management Plan • Strategic intent project of rolling out separation at source to rest of the City • Developing new tariff model to facilitate the attainment of the long term financial sustainability of the company	• Optimization of fleet operating models • Focus on people management • Safety • Refine business processes	• Strive for 100% compliance with legislations and regulations • Environmental awareness • Financial discipline

Statement on amounts owed by Government Departments and public entities

Debtor Category	Balance - June '12
CoJ Departments & Entities	R 1 599 213.34
National Government	R 7 590 842.87
Provincial Government	R 213 508.65
	R 9 403 564.86

Part 4

CORPORATE GOVERNANCE OVERVIEW

Introduction

Pikitup is subject to various corporate governance requirements and best practice codes, the main one being the King III Report on Corporate Governance which came into effect in March 2009. It is Pikitup's practice to comply with the highest level of this code and respond to developments appropriately. The Board of Directors and executives recognise and are committed to the principles of openness, integrity and accountability advocated by the King III Code on Corporate Governance. Pikitup's compliance monitoring with the King Code on Corporate Governance forms part of the mandate of the group audit committee.

The Board of Directors incorporated the City of Johannesburg's Corporate Governance Protocol (the Protocol) in its Board Charter, which regulates its relationship with the City of Johannesburg as its sole member and parent municipality in the interest of good corporate governance and good ethics.

Statement of Compliance

During the year under review the Company entrenched its risk management reviews and reporting and compliance assessments were conducted in terms of the Companies Act and the Municipal Finance Management Act (MFMA). Annual Board assessments and evaluations were conducted.

Code of Ethics

The Board of directors approved a Code of Ethics that epitomises good governance in terms of conflict of interest, employment equity, cost containment, assets and employee obligations. The code of ethics provides general guidance on minimum standards to be followed by or expected of all the company's employees, the Board and the suppliers, including all persons who come into contact with our business.

Pikitup is committed to achieving high standards of business integrity and ethics across all its activities. The Board considers corporate governance as a priority that requires more attention that merely establishing the steps to be taken to demonstrate compliance with legal, regulatory requirements, issues of governance will continue to receive the board and its committees' consideration and attention during the year ahead. Sound governance remains one of the top priorities of executive management.

Breach of Governance Procedures

For the period under review there were no breaches of governance procedures recorded.

Conflicts of Interest

The Directors have a duty to disclose their interests in any of the items that are on the agenda at all the Committee and Board meetings. For the 2011/12 financial year, there were not conflicts of interest recorded.

Board of Directors

Appointment of Directors

The directors are appointed by the shareholder, the City of Johannesburg at its Annual General Meeting. All existing directors, unless they are retiring, submit themselves for re-election every year and the shareholder can remove any of them any time for different reasons.

Overall responsibility for the performance of the company is vested in the Pikitup Johannesburg (Pty) Ltd Board which comprises executive and non-executive directors. The Board members are:

Non-Executive Directors

- Prof. T. Marwala (Chairperson)
- Dr W. Nyabeze
- Dr Y. Ndema
- Mr L. Brenner
- Mr L.Tswete
- Ms S. Arnold
- Mr D. Mondlane
- Mr H. Sutherland
- Dr N. Mabuya
- Ms T. Mashanda

Company Secretary

- Ms B. Memela

Board Evaluation

As required by good corporate governance as detailed in the King III report on Corporate Governance, an annual board evaluation exercise was undertaken. The evaluation included a peer assessment where the directors assess their peers. The Audit Committee members were part of the assessment.

Board powers and procedures

The Board adopted a Board charter which provides a concise overview of:-

- The demarcation of the roles, functions, responsibilities and powers of the board, the shareholder, individual directors, officers and executives of the company;
- The terms of reference of the Board committees; matters reserved for final decision-making or pre-approval by the Board and
- The policies and practices of the Board for such matters as corporate governance, declarations of conflicts of interest, Board meeting documentation and procedures and the induction, training and evaluation of directors and members of Board committees.

Within the powers conferred upon the Board by the articles the Board has determined its main function and responsibility as adding significant value to the -company by:

a) Retaining full and effective control of the company; determining the strategy and strategic objectives of the company;

b) Determining and setting the tone of the company's values, including principles of ethical business practice;

c) Bringing independent, informed and effective judgement to bear on material decisions of the company including policies, approval of company budgets.

d) Satisfying itself that the company is governed effectively in accordance with corporate governance best practice, including risk management and internal control systems.

Compliance Reporting

- Public participation at Board of Directors' meetings
  There was no public participation at the Board of Directors' meetings.
- Subsidiaries or associations with other companies including trusts

  The company has no trusts.

  The company has a fifty percent shareholder in Friedshelf 126 (Pty) Ltd whose business is that of owning and letting of property.
- Resolutions passed with the Registrar of Companies

  The company did not conduct any business that would require special resolutions to be lodged with the Registrar of Companies.
- Statutory Registers and documentation

  The Company Secretary keeps all the statutory registers up to date. During the period under review, a CoR39 return submitted to the Registrar of Companies to update the director movement.
  Minute books are kept in terms of the provisions of the Companies Act.

Movement of Directors (Resignations, New Appointments, Dismissals)

An Annual General Meeting was held on 24 April 2012 where new non-executive directors were appointed while some were retired.

Retirements:-
Mr Ishmael Mkhabela
Mrs Karen Parirenyatwa
Mrs Nompumelelo Msezane

New Appointments
Professor Tshilidzi Marwala – Chairman
Mr David Mondlane
Mr Lennox Tshwete

Ms Shirley Arnold – who declined the appointment

New appointment 10 May 2012
Dr Ntombi Mabatho Mutshekwane was appointed at the Mayoral Committee meeting held on 10 May 2012.

The Pikitup Board now consists of 10 (ten) independent non-executive directors.

A Board induction was held on the 7th June 2012 where the new board members were inducted on the company history and operational activities.

Compliance to MFMA and MSA by the Board

The Board complies to the Municipal Finances Management Act and Municipal Systems Act at all times.

Board and Committee Meetings

Two Special Board of Directors meeting were convened to approve the payment of bonuses to Executive management for the 2010/2011 financial year and to discuss the business plan. The following table shows the meeting attendance for the year ended 30 June 2012. A Strategic Planning workshop was held on 29-30 June 2012.

Board and Committee Meetings

Name	AGM	Board	Special board	Audit	RemCo	Operations	Finance	Induction 7 June	Strategy planning
Number of meetings	**1**	**4**	**2**	**4**	**4**	**4**	**4**	**1**	**1**
I Mkhabela	1	N/A	1	N/A	N/A	N/A	N/A	N/A	N/A
W Nyabeze	1	4	2	4	N/A	4	N/A	1	1
T Mashanda	1	1	1	1	N/A	N/A	N/A	1	1
N Mabuya	1	1	1	N/A	1	N/A	N/A	0	1
N Msezane	1	N/A	1	N/A	N/A	1	N/A	N/A	N/A
K Parirenyatwa	1	N/A	1	1	1	N/A	N/A	N/A	N/A
L Brenner	1	4	2	4	N/A	N/A	4	1	1
H Sutherland	0	4	2	N/A	N/A	4	4	1	1
Y Ndema	1	1	2	N/A	N/A	N/A	1	0	1
T Marwala	1	1	1	N/A	N/A	N/A	N/A	1	1
D Mondlane	1	1	1	N/A	N/A	N/A	N/A	1	1
L Tshwete	1	1	1	N/A	N/A	N/A	N/A	1	1
N Mutshekwane	0	1	1	N/A	N/A	N/A	N/A	1	1

Name	AGM	Board	Special board	Audit	RemCo	Operations	Finance	Induction 7 June	Strategy planning
Independent Audit Committee Members									
W Hattingh	1			4					
M Malope	1			1					
R Buys	1			3					

Board Committees

In terms of the provisions of the Board Charter, the Board is mandated to form subcommittees necessary for carrying out its fiduciary responsibilities. In addition, in line with principles of good corporate governance set out in the King III Report, the Board is required to determine formal terms of reference for its subcommittees to ensure effective decision-making, monitoring and reporting. Such terms of reference have been developed and approved by the Board. The Board has five sub-committees, namely the Audit and Risk Committee, Finance Committee, Human Resources and Remuneration Committee, Operations Committee and Social and Ethics Committee.

Audit and Risk Committee

The committee is comprised of four non-executive directors and three independent committee members.

The responsibility of the Audit and Risk Committee includes, but is not limited to:

- Ensuring the integrity, reliability and accuracy of accounting and financial reporting systems;
- Evaluating the adequacy and effectiveness of internal audit and risk;
- Maintaining transparent and appropriate relationships with the respective firms of external auditors;
- Reviewing scope, quality and cost of the statutory audit and the independence and objectivity of the auditors;
- Ensuring compliance with applicable legislation and the requirements of regulatory authorities especially the Municipal Finance Management Act (MFMA);
- Ensuring compliance with the Code of Corporate Practices and Conduct and Ethics.

The Audit and Risk Committee further oversees the function of Internal Audit which ensures that the entity maintains internal policies, controls, systems and standard operating procedures designed to provide reasonable assurance regarding the integrity and reliability of the internal, financial and operating controls with respect to:

- The safeguarding of assets against unauthorised disposition and use;
- The maintenance of proper accounting records and the adequacy and the reliability of information;
- Compliance with statutory laws and regulations;

Finance Committee

This committee is comprised of three non-executive directors.
The Committee is chaired by a non-executive director. The responsibility of the Finance Committee includes making recommendations to the Board on the following matters:

- Advise the Board on the overall financial results, position and financial management of the company;
- Tax management issues;
- The annual income, expenditure and capital budgets;
- Adequacy of loan loss provisions and impairments;
- Evaluate the annual budget against long-term fiscal plans of the company;
- Consider financial policies and any other policies that have a bearing on the company's assets, liabilities, income and expenditure;
- Maintain oversight over the implementation of the supply chain management policies as contained in the supply chain management manual;
- Assess deviations and exceptions from supply chain policy and procedures;
- Monitor and report on group spend against the approved budget and business plan;
- Report to the Board on the information and deliberations.

Human Resources and Remuneration Committee

This committee is comprised of three non-executive directors.
The responsibility of the Human Resources and Remuneration Committee includes making recommendations to the Board on the following issues:

- With regard to labour relations, all policy matters that affect the employer/employee relationship;
- With regard to staffing, all policy matters dealing with remuneration, recruitment, selection, appointment and the remuneration of Executives;
- With regard to the social well-being of staff, to consider and make recommendations on policy matters that affect the mental, social and physical well-being of staff;
- Consider and approve the human resources strategy and organisational structure.

Operations Committee

This Committee is comprised of three non-executive directors.
The responsibility of the Operations Committee includes, but is not limited to:

- Proactively strategising around key people, technical and operational issues to achieve Pikitup's goals;
- Ensuring that operational and technical management takes place at the coalface;
- Facilitating the effectiveness of the existing operational resources, structures and processes;
- Ensuring optimised cross-group utilisation of the operational and technical capabilities of Pikitup;
- Supporting the Executives: Operations, Disposal, Customer Services, Planning and Capital Execution and Fleet in key operational and technical initiatives.

Social and Ethics Committee

The Social and Ethics Committee is a new sub-committee of the Board whose Terms of Reference were approved by the Board of Directors at its meeting of 2 December 2011.
It is constituted as mandated by Regulation 43 of the Companies Act 2008. The committee is an extension of the board and supports the board in the execution of its duties. It is accountable to the board to properly consider and evaluate any matter that it has been mandated. Unless otherwise stated, the committee performs an advisory role to the Board.
The mandate of the Committee is to monitor the Company's activities regarding relevant legislation, legal requirements or prevailing codes of best practice with regard to matters relating to:-

- Social and economic development including the Company's standing in terms of the goals and purposes of:-
- The principles as set out in the United Nations Global Compact Social and economic development. The principles are:-
    - Human Rights
        - Support and respect the protection of proclaimed human rights
    - Labour Standards
        - Uphold the freedom of association and the effective recognition of the right to collective bargaining
        - Elimination of discrimination in respect of employment and occupation
    - Environment
        - Undertake initiatives to promote environmental responsibility
    - Anti corruption
        - Work against corruption in all its forms, including bribery and extortion.
- Recommendations on corruption;
- The Employment Equity Act; and
- The Broad-based Economic Empowerment Act;
- Good corporate citizenship:-
    - Record of sponsorships, donations and charitable giving;
    - Development of communities in which its activities are conducted
- The environment, health and public safety including the impact of the company's activities and services.
- Consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws
- Labour and employment including
    - The company's standing in terms of the International Labour Organization Protocol on decent work and working conditions
    - The company's employment relationships and its contribution towards the educational development of its employees.

Directors Remuneration

The directors' remuneration is determined by the shareholder. Payments are made after each meeting attended, are taxable and payable on the 27th of the month which is the company's salary payday. Retainer fees are payable at each quarter end.

The Table depicts the total remuneration of Non-Executive Directors (NED) and Independent Audit Committee (IAC) members for the reporting period. The fees paid are for attending committee and board meetings as well as any other ad hoc meetings or workshops. The retainer fees are paid quarterly.

NED and IAC Remuneration

		Q4 2011/2012			YEAR-TO-DATE			
SAP No.		meeting	other	retainer	meeting	other	retainer	total
30064989	Malope M	3306		6612.5	23145		26450	49595
30064886	Hattingh W	9919		6612.5	29758		26450	56208
30075910	Buys R	9919		6612.5	29758		26450	56208
30067102	Msezane N	15209		6612.5	41661	10580	26450	78691
30075914	Mashanda T	33065	5290	6612.5	84646	21160	26450	132256
30076100	Mabuya N	24467	0	6612.5	103823	13225	26450	143498
30076101	Parirenyatwa K	21822		6612.5	69435	15870	26450	111755
30076098	Ndema Y	28435	0	6612.5	80016	21160	26450	127626
30079832	Marwala T	33063	5290	1322.5	33063	5290	13225	51578
30079831	Tshwete L	16532	5290	6612.5	16532	5290	6612.5	28434.5
30079833	Mondlane D	16532	5290	6612.5	16532	5290	6612.5	28434.5
30079848	Mutshekwane N	6613	5290	6612.5	6613	5290	6612.5	18515.5
30076096	Nyabeze W	31080	5290	6612.5	69435	23805	26450	119690
30076095	Brenner L	44305	5290	6612.5	114402	23805	26450	164657
30076094	Sutherland H	30419	5290	6612.5	137545	31740	26450	195735
30064873	Mkhabela I	19838	0	1322.5	76709	21160	5290	103159
		344524	42320	95220	933073	203665	329302.5	1466040.5

Company Secretarial Function

Ms Bongie Memela is the Company Secretary, duly appointed in accordance with the Companies Act (the Act). The company secretary has a direct channel of communication to the chairman while maintaining a close relationship with the Board and the directors. She is responsible to the Board for ensuring the proper administration of board proceedings, including the preparation and circulation of board papers, ensuring that feedback is provided to the board and board committees and preparing and circulating minutes of the meetings. The company secretary provides support and guidance to the Board on matters relating to governance and ethical practices. Statutory duties in terms of the Companies Act 2008, as amended and other regulatory functions are also performed by this function. The directors have unrestricted access to the services of the Company Secretary.

Part 5

SUSTAINABILITY REVIEW

Risk Management and Internal Controls

Pikitup Johannesburg SOC Ltd through its various business activities engages in a number of operations, most of which involve the provision of a wide range of high volume domestic and business round collections refuse, street cleaning, low margin commercial services, recycling activities and disposal of domestic, business and putrescible waste. By their nature, such services present a substantial level of financial and operational risk, which must be mitigated on a continuous basis if the overall sustainability and prosperity of the company is to be assured.

Internal Audit

The primary objective of the Internal Audit function is to provide a comprehensive service to ensure adequate measures and procedures are in place for sound economic, effective and efficient management as required by the Municipal Finance Management Act and King III. Internal Audit has conducted audits to assist management in the effectiveness of the organisation's system of internal controls and quality performance. The Internal Audit department has been operating with an internal audit manager and four senior internal auditors.

Corporate Ethics and Organisational Integrity

The highest ethical standards are maintained by Pikitup in carrying out its business activities. Pikitup's shareholder obligations are recognised together with the obligations to all that the company has dealings with including employees, customers, suppliers, competitors and the wider community.

Pikitup has adopted a Code of Conduct which sets overall principles and guidelines for practices to be adopted throughout the company. The Code of Conduct, together with the core values of the company describes the company's corporate ethics.

Pikitup's values are:

- An exceptional service ethic
- Environmental consciousness
- Respect of human dignity
- Good corporate citizenship
- Unity of purpose
- Results driven outputs
- Innovation, and
- Continuous improvement

Financial Viability

The company has recorded a surplus in this financial year.

Environmental Management policies

The Environmental Management Policy has been reviewed and an Integrated Safety, Health and Environmental Management developed.

The full implementation of the Environmental Management System ISO 14001 planned in the next financial year.

Service Standards

Pikitup's interface with its customers is measured through a wide range of service standards agreed to with all relevant departments. Performance against these standards is measured and reported on a monthly basis. Corrective actions are taken whenever they are required.

Pikitup achieved an average resolution rate of 84 % throughout the year under review. This is below the standard of 85% which was agreed with the City of Johannesburg and resulted mostly from the non-availability of bins to satisfy customer requests.

OSH Act and Environment

An external audit to assess the company compliance level to the requirements of the occupational health and safety Act were conducted at the end of the year under review. Action plans to address the findings have been developed and monitoring to be conducted on a monthly basis.

Environmental authorisations have been applied as per the requirements of the Waste Act, no 59 of 2008 and the Environmental Impact Assessments Regulations of 2006 for the following proposed facilities:

- Haylon Hill Garden site and depot;
- Pimville garden site; and
- Orange farm garden site and depot.

An environmental authorisation for the construction of the Randburg garden site was issued by the Gauteng Department of Agriculture and Rural Development.

A total of 306 waste related education awareness sessions were conducted for the community including schools.

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Safety and fatalities

To manage the occupational related safety risks with the aim of reducing potential occupational related injuries/diseases measures implemented included employee awareness training; facilities inspections, audits, task based risk assessments and development of mitigation measures. Furthermore awareness training material for employees and contractors were developed for implementation. To improve on the safety performance the introduction of the

behaviour based safety initiative and implementation of the OHSAS 18001 system is planned in the next financial year.

Strategic programs

- Development and Implementation of the behaviour based safety initiative
- Roll out of City wide waste Separation at source in households
- Implementation of the Environmental Management system based on ISO 14001
- Implementation of OHSAS 1001
- Capacitating of the Safety and Environment Unit to ensure the implementation and monitoring of the Safety and environmental management systems.
- Inclusion of SHE performance into departmental scorecards.

Challenges

Safety

The implementation and monitoring of the safety system is challenging because there is one safety manager to ensure the development, implementation and monitoring of the system for the whole company.

Environment

The implementation of the environmental management system is challenging because there is no dedicated environmental manager and/or officers to ensure the development, implementation and monitoring of the system within the company.

Programs for the new financial year.

Safety

- Behaviour based safety initiative
- Implementation of the OHSAS 18001
- Employee Safety awareness education

Environmental Management

- Implementation of the Environmental Management System ISO 14001

Waste Minimisation

- Phased in City roll out of waste separation at source in households.
- Introduction of waste separation in schools
- Garden sites safety and environmental compliance audits.
- Implementation of the internal waste management procedure.

Disaster Planning

- Development of emergency response procedures
- Training of employees on emergency response and evacuation procedures.

- Installation of evacuation systems at facilities.
- Undertaking of drills.

Environmental Education and Awareness

- Environmental education awareness for the community and Pikitup employees
- Development of partnerships with private sector for education and awareness and implementing waste recycling in schools.
- Establishment of community environmental forums.
- Cleaning campaigns undertaken with schools in Alexandra, Soweto and the Church and the community of Klipfonteinview in Region A.

Legal Compliance

To ensure compliance to the applicable legal requirements the following will be conducted:

- Environmental legal compliance audit
- Monitoring the implementation of the Safety legal compliance audit conducted at the end of the year under review.
- Monitoring implementation of the safety and environmental management plans.
- Acquiring of environmental authorizations for applicable proposed new projects.
- Implementation of the Procedure for Contractors Safety, Environment legal requirements compliance.

Corporate Social Responsibility Report

Pikitup's Corporate Social Responsibility strategy is two-pronged and is aimed at directly and indirectly impacting positively upon the communities in Johannesburg while aligning strategically to the overall business objectives. Monetary contributions to charities, such as that made from the proceeds of the city of Johannesburg's Mayoral Golf Day are one of the ways Pikitup applies its CSR strategy. However, the company believes there are more influential and effective ways of positively touching the lives of communities in the City. As such, previously disadvantaged communities are one of the priorities of the CSR strategy with projects that aim to educate, assist and empower residents of Johannesburg. The rehabilitation of illegal dumping spots and the subsequent establishment of community facilities such as sports grounds is one such project, helping to alleviate crime and adding important recreation infrastructure to nourish talent in underprivileged communities.

Information technology governance

Pikitup has a formalised IT Governance framework in place. An Information Systems Committee has been established, the terms of reference for which were approved at EXCO. The Committee comprises EXCO members and although no ISC meeting were held, all IT related matters served at EXCO for approval

Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
CJMM	City of Johannesburg Metropolitan Municipality

Part 6

ANNUAL FINANCIAL STATEMENTS

Audited Annual Financial Statements (Attachment 1)

Auditor General‘s report (Attachment 2)