

PIKITUP JOHANNESBURG (SOC) LIMITED

Registration No: 2000/029899/07

2015/16 Integrated Report

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

PIKITUP JOHANNESBURG SOC LTD

COMPANY INFORMATION:

Registration number: 2000/029899/07

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Bankers Standard Bank of South Africa Limited

Auditors Auditor-General of South Africa

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OUR REPORT

The purpose of the Integrated Annual Report is to promote accountability to stakeholders and communities for decisions taken by Pikitup. The Integrated Annual Report also sets out Pikitup's objectives, strategies and risks and demonstrates the impact of and value Pikitup's activities have created for its stakeholders. The report also sets out what stakeholders should expect from Pikitup going forward in relation to the implementation of its strategies and creating value for its stakeholders.

1. Report structure

National Treasury's Municipal Finance Management Act (MFMA) Annual Report Circular 63 requires that Pikitup adopt the following format for the Integrated Annual Report:

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

2. Scope and boundary

This integrated annual report covers Pikitup's economic, environmental, social and technical performance during the 2015/16 financial year spanning 1 July 2015 to 30 June 2016. Unless otherwise stated, the figures and commentary included in the report apply to the whole municipal entity.

The report reflects our performance against the financial and non-financial issues most critical to the organisation. These are encapsulated in our material themes: waste minimisation; extracting value from waste; service delivery; and financial sustainability (our material themes are discussed on page 26).

3. Frameworks

Pikitup takes its reporting guidance from the following regulations, codes and frameworks

- Section 46 (1) on the Municipal Systems Act (MSA)
- Municipal Finance Management Act (MFMA)
- Public Finance Management Act (PFMA)
- Millennium Development Goals (MDG)
- Sustainable Development Goals (SDG)
- Joburg 2040 Growth and Development Strategy (GDS)
- 2012/16 Integrated Development Plan (IDP)
- Generally Recognised Accounting Principles (GAAP)
- International Financial Reporting Standards (IFRS)
- King III Code on Corporate Governance (King III)
- International Integrated Reporting Council's (IIRC) International <IR> Framework
- The Global Reporting Initiative (GRI) G4 Framework

4. Our reporting journey

Now into our third year of integrated reporting, we believe this report represents our continued efforts to improve the quality of our disclosure as well as the robustness of our management of key sustainability issues. We recognise that room for improvement exists and plan to build on the progress made in future years. To this end, we welcome feedback which can be sent to info@pikitup.co.za.

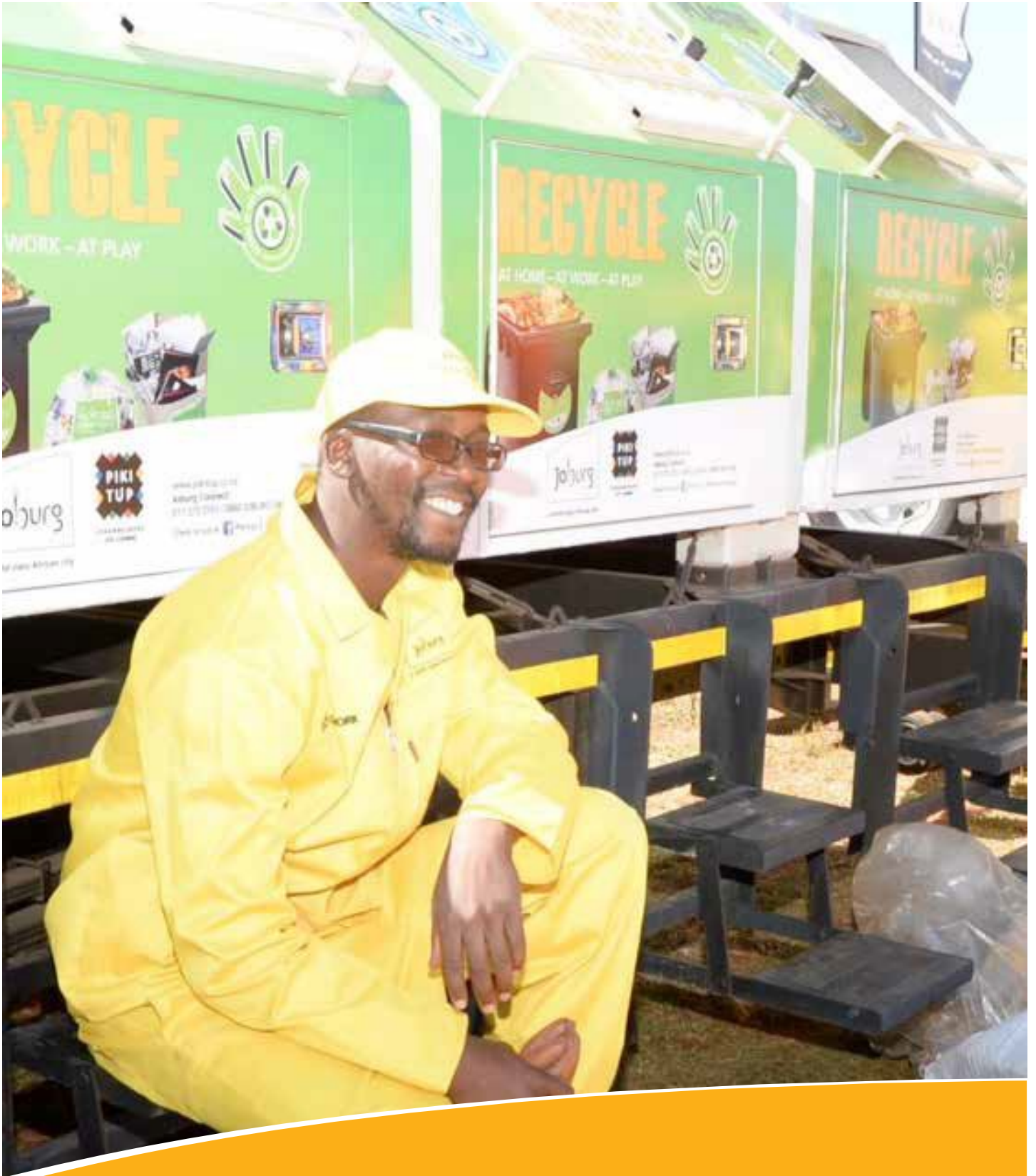
This report aligns with best practice in integrated reporting. It includes the principles of integrated reporting contained in the International Integrated Reporting Framework (the International Framework), published by the International Integrated Reporting Council (IIRC) in December 2013, and takes into account other guidelines published in this regard.

5. Assurance

The report contains Pikitup's audited annual financial statements, the audit of Pikitup's predetermined outcomes or organisational key performance indicators, and the Auditor-General of South Africa's report. The report was assessed by Group Governance and rated to ascertain whether minimum disclosure requirements were adhered to in terms of the following:

International Integrated Reporting Council's (IIRC) International <IR> Framework	MFMA: Circular 63 Annual reporting requirements
Organizational overview and external environment	Statements from: <ul style="list-style-type: none"> - The Member of the Mayoral Committee - The Chairperson of Board
Governance	Governance <ul style="list-style-type: none"> - Governance structures; - Intergovernmental relations ; - Public Accountability Participation; - Supply Chain Management, By laws, oversight committees; - Risk management; - Anti-corruption and fraud; - Disclosure of financial interests; - Councillors and committees.
Business model	Service delivery
Risks and opportunities	Organizational Development performance
Strategy and resource allocation	Financial Performance
Performance	Appendices; Annual Financial Statements
Outlook	
Basis of preparation and presentation	

All recommendations were considered and the necessary changes were affected, where possible. In addition, the Audit Committee reviewed the Annual Report to ensure reliability, completeness and materiality of information. The mitigation strategies on the assessment and outcomes of the Entity's 2015/16 annual report in terms of the Integrated Reporting and MFMA Circular 63 has been included as part of this report (refer to Section 4 of Chapter 6 – Auditor General's findings). The Entity will continue to refine its approach in future annual reports to align with international reporting standards and to promote consistency and accountability with respect to its role in creating and sustaining value for all residents of the City of Johannesburg (CoJ).



CHAPTER ONE: LEADERSHIP AND CORPORATE PROFILE

1. Corporate profile and overview

Who are we

Pikitup Johannesburg (SOC) Limited (Pikitup) was established in 2000 as an independent municipal entity, wholly owned by the CoJ. In terms of the service delivery agreement with the CoJ, Pikitup is mandated to provide sustainable integrated waste management services to all residential areas (formal and informal) and business in the CoJ. It services the entire 1 625km² of the CoJ, collecting and disposing of the 1.5 million tons of domestic waste generated in 2015/16 by 4.7 million residents. The mandate includes the provision of services to ensure the overall cleanliness of the CoJ's streets (9 000 kilometres), open spaces, and certain public areas. It also offers commercial services to 17 000 businesses in the city.

Pikitup continues to deliver on its mandate to provide sustainable integrated waste management services whilst introducing a shift towards addressing the imperatives of the Growth and Development Strategy (GDS 2040), the Integrated Waste Management Policy, and the National Waste Management Strategy. As such, Pikitup seeks to reduce the waste stream going to landfills, while extracting maximum value from the waste stream at all stages of collection and disposal. This shift is discussed in the *Changing Course* section of the report (page **Error! Bookmark not defined.2**).

What guides our business

Vision

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

Mission

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

Values

- Exceptional Service Ethics: Putting the customer first thereby achieving the highest customer satisfaction index
- Environmental Consciousness: Being environmental activists and a sought-after group of people
- Respect for Human Dignity: Trust, integrity and respect for each other's culture, religion and beliefs
- Good Corporate Citizenship: Loyalty towards Pikitup, colleagues, community and the country at large
- Unity of Purpose: Teamwork, perseverance, embracing change, determination, exceptional commitment and relationship building
- Result driven: Understanding Pikitup's strategy and its objectives and relating it to areas where efforts should be focused
- Innovative: Providing innovative waste solutions by providing systems and technologies that require the innovative thinking of specialists in the field of waste management. All Pikitup employees should think innovatively to achieve quality which needs to be achieved at work.
- Continuous Improvement: Maintaining a competitive edge over our competitors by continuously improving our business processes in waste management solutions and ourselves

Strategic goals

- Integrated Waste Management, Waste Prevention and Waste Minimisation
- Realisation of Value throughout the Waste Value Chain
- Effective Delivery of Waste Services
- Partnerships and Involving Stakeholders
- Building an Efficient, Effective and viable waste management company

Company structure

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

Council services	Commercial operations
<p>CoJ mandated services. In terms of Constitution municipality has sole mandate to collect domestic waste from residents and this is paid through tariffs. Residents cannot choose to use other service provider for domestic waste collection.</p>	<p>Where we service businesses (competing with other private companies) or where there are opportunities to collect revenue through other mechanisms</p>
<ul style="list-style-type: none"> - Collection and disposal of domestic waste - Street cleaning: lane flushing, general area cleaning, - Management of litter bins - Collection of illegally dumped waste (this alone costs the CoJ R80-million per annum) - Operation of garden sites - Operation and management of landfill sites - Cleaning of informal settlements - Recycling activities 	<ul style="list-style-type: none"> - Bulk collection services - Dailies - collection of putrescible food waste - Services for special events - Private operators pay disposal fees for waste disposal at Pikitup's landfill sites

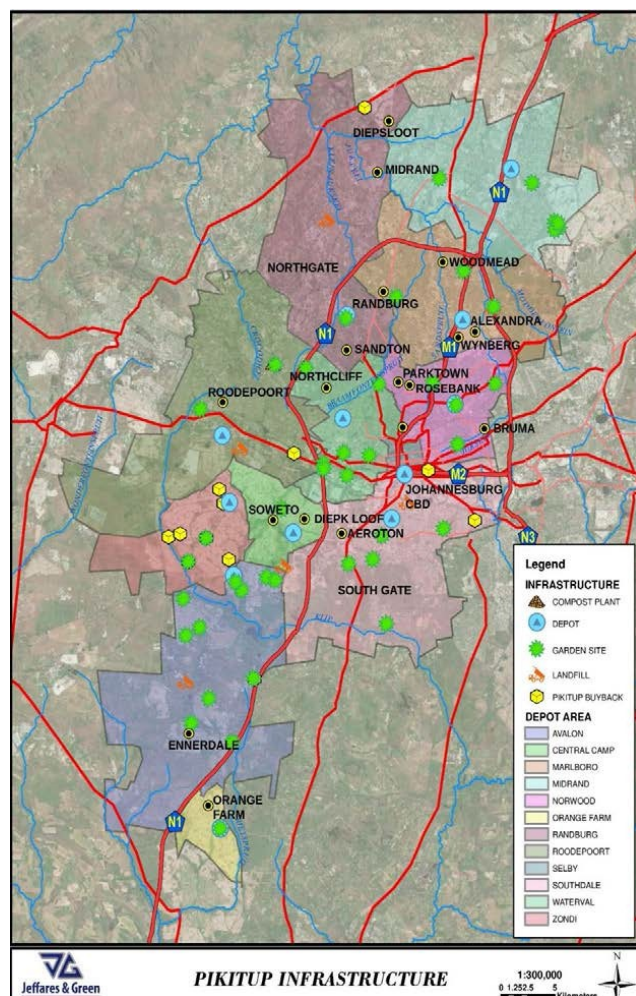
Scale of operations

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

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

Changing course

Pikitup's approach to changing course is informed by the GDS 2040 paradigm, which responds to the global, national and regional challenges of climate change, resource constraints, the triple challenge of poverty, unemployment, and inequality, as well as



improving the overall governance and compliance environment in the company. This new course requires increased focus on activities that will lead to waste minimisation and waste diverted away from landfill sites. It focuses on improved modes of collection, infrastructure, recycling and production partnerships and aims to change behaviour and create awareness.

In order to align with GDS 2040, and the Polokwane Declaration of zero waste to landfill sites, Pikitup is changing its approach to waste management. A paradigm shift is needed to understand that waste is not “rubbish”, but a resource or a raw material. This requires a *‘full cycle’* approach to waste management, with waste products becoming input materials to other value chains.

Pikitup will take leadership in changing course, however, the public’s participation in waste minimisation initiatives is key to the programme’s success. Pikitup will commit to implementing separation at source projects across the CoJ, however, communities will also need to be mobilised to sort waste at a household level in order to reduce waste. Pikitup have developed the following tactical points in order to commence the changing course programme:

- Do away with the culture of abundance - change the way we do things within the constraints of limited resources
- Increase productivity – doing more with less and managing our resources effectively, including landfill airspace, human capital, budget, and others.
- Develop measurable output indicators, which address the desired outcomes in the GDS 2040.
- Utilise an integrated approach to ensure co-ordination of programmes and to work towards greater impact, working with all departments and entities within the CoJ with various responsibilities.
- Stabilise the economic base of Pikitup to prepare for long term financial viability
- Take specific actions to address the current deficit
- Implement the remodelling programme of Pikitup, in order to align with the changing course.

2. Foreword by the Member of the Mayoral Committee

The August 2016 local government elections ushered in a change in power in the City. I then took over the mantle of the Member of the Mayoral Committee for the Environment and Infrastructure Services Department.

My predecessor, Cllr Mfikoe, was the responsible MMC for the year under review in this report. I thank her and the Board, under the leadership of Dr Hanekom, for the work that they have put into their leadership and fiduciary duties over the past year.

Pikitup has had a very unstable year. Protracted strikes were damaging to the organization and to the morale of the staff, as well as to the reputation of Pikitup amongst the residents of Johannesburg. I am committed to rebuilding the organization. In addition to this, there are a number of core challenges which will get special focus. These include: the model for separation at source and the integration of recyclers and the waste industry; resolution of the illegal dumping problems; the inclusion of small contractors in dense settlements – from the inner city to informal settlements; operational efficiencies; and a potential waste to energy procurement to minimise future waste to landfill.

I am confident that we can look forward to a cleaner City and an exciting year ahead.



Councillor A Still

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

3. Chairperson's foreword

Pikitup is responsible for waste management services on behalf of the City of Johannesburg. Quite simply this entails collection and disposal services informed by a strategy of separation at source to divert waste from landfills. The volumes of waste diverted doubled from 81 million to over 170 million tonnes in 2015/16. This is a major step in the right direction representing 20% diversion compared to no diversion of significance 5 years ago. However, the 2040 target is only 7% of waste disposed to landfill, failing which landfill air space will be exhausted. This target can only be achieved through partnerships with business, organized labour and civil society to ensure that we generate less waste, separate at source and divert all recyclables. Progress was also made during the reporting period with a draft Resource Recovery and Logistics Plan which will result in operational efficiencies going forwards. Depot boundaries will be realigned to optimize the use of fleet which will result in improved efficiencies and cost effectiveness.

The achievements of 2015/16 were despite prolonged unprotected labour stoppages which severely impacted on service delivery. The City Manager, Mr Trevor Fowler, invoked his powers to mobilise resources from all entities of the City through a Joint Operating Centre managed by the Head of Emergency Management Services, Mr Tshepo Makola, which effectively dealt with continuance of operations and clearing of backlogs city wide. The Board extends its appreciation to them and to all organisations and communities who contributed resources and efforts to keep the City clean.

The CCMA mediated collective settlement agreements signed on 9 and 14 April 2016 by the City, Pikitup and SAMWU brought an end to the strike. The agreements are ground breaking, laying the basis for a climate of harmonious relations between management and organized labour at Pikitup and introducing a remuneration philosophy based on principles of common job grading, external benchmarking, common salary key scaling with a common key salary scale adjusted and notched for tenure, with progression based on performance, subject to affordability and sustainability. The agreements are an innovative solution to the disputes raised over many years.

The Board of Pikitup decided, at the end of the reporting period, that it was in the best interest of the company, its shareholder, employees and the residents of the City of Johannesburg to end the relationship of employment with the former Managing Director, Ms Amanda Nair. Mr Lungile Dhlamini, the Managing Director of Joburg Water was appointed to act with effect from 11 July 2016 and, together with the Management team has managed the external audit of the company. Albeit disappointed that the company did not achieve a clean audit, which is largely attributable to non-compliance with procurement procedures during the unprotected labour action, the Board is pleased to have achieved an unqualified audit.

The Board sincerely appreciates the untiring efforts of management and staff of Pikitup during the reporting period; the leadership and support of former Executive Mayor, Cllr Parks Tau and Member of the Mayoral Committee, Cllr Matshidiso Mfikoe throughout the 2015/16 period referred to in this Integrated Report; the leadership and support of the new Executive Mayor, Cllr Herman Mashaba and Member of the Mayoral Committee, Cllr Anthony Still who assumed office after the local government elections in August 2016.



Dr P Hanekom

Chair: Pikitup Board on behalf of the Board

4. Managing Director's Report

Pikitup has been and specifically in the year under review, confronted by various challenges, such as the service delivery model shift from the traditional waste disposal pipeline approach to shift to a waste minimisation and diversion model, beset by volatile labour relations as well as the company leadership macro-structures.

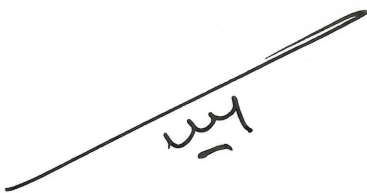
During this time the team has continued to focus on its core mandate to ensure a clean city whilst progressing the waste minimisation agenda. The strike impacted on domestic refuse collection and cleanliness of the city. There was also a proliferation of illegal dumping. A Joint Operations Centre (JOC) was established by the City Manager, under the leadership of the Head of EMRS, to ensure that the impact of the strike was minimized and any risk of a health disaster averted. Plant and equipment and staff were deployed from departments and entities of the City and services were procured from private contractors. With the assistance and support of regional offices and urban inspectors, the JRA Find and Fix App was deployed and a dedicated 24-hour call centre set up. This enabled real time mapping of the City to respond to illegal dumping and maintain services. Urban inspectors also monitored and verified cleanliness levels in the respective regions. The real time mapping is now a permanent fixture significantly enhancing the business capability of Pikitup. By 30 April 2016, the JOC had resulted in 90% recovery of services, including backlogs of clearing of illegal dumping that predated the strike. The efforts also demonstrated the benefits of partnerships with communities and business and other departments.

The agreements also commit the parties to restoring a relationship of trust and mutually beneficial agreement to relieve the residents of the City from any inconvenience brought to bear on their quality of health and well-being. Steps have been taken to stabilize the company in terms of industrial relations by revitalising the Local Labour Forum to address and attend to shop floor staff related matters. Actions are being taken to build relations between Management and SAMWU which include ensuring that the LLF functions meaningfully and effectively.

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

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

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



Mr L Dhlamini
Acting Managing Director

5. Chief Financial Officer's report

Pikitup reported a surplus for the 2015/16 financial year. The net surplus after taxation of the entity was R 293,414,693 (2015: deficit R 55,492,646). This is despite the entity incurring additional expenditure relating to the industrial action experienced during the financial period. The net expenditure incurred during the strike amounts to R102,5 million. The company implemented the no work no pay principle during the unprotected industrial action period resulting in savings on employee costs. Point 15 of the Director's report contains more information on the expenditure incurred during the industrial action.

As at 30 June 2016, the entity had an accumulated surplus of R 417,504,036 (2015 R124,089,343) and that the entity's total assets exceed its liabilities by R 460,506,844 (2015 R167,092,151). The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Business sentiment remains positive to continue growing the accumulated surplus. The solvency of Pikitup has been a challenge since incorporation and for the last two years the company reflects a stable solvency position.



Mr S Maharaj
Chief Financial Officer

6. Company Secretary's Certification

In terms of section 88(2) (e) of the Companies Act 71 of 2008, (as amended) and the Municipal Finance Management Act, Act 56 of 2003, I certify that, to the best of my knowledge and belief, the company has lodged and/or filed, for the financial year ended 30 June 2016, all such returns and notices as required and that all such returns and notices are true, correct and up to date.



Mr F Dekker
Company Secretary

7. Mayoral priorities

As a Municipal Owned Entity, we align ourselves to the Mayoral priorities of our shareholder, the CoJ. There are Priority Implementation Plans (PIPs) developed for each of the priorities. These priorities are then also included in the IDP for the CoJ. The contributions made to the various Mayoral priorities are included in the business plan of the organisation and various key performance areas are developed for each priority. The ten Mayoral priorities are depicted in the table below:

CoJ PRIORITIES IN 2015/16	OVERVIEW	PIKITUP CONTRIBUTION
Financial Sustainability and Resilience	<p>The intention is the prioritisation of the CoJ's financial position to ensure that finances are at all times sustained and that the CoJ has the resilience to recover easily and immediately from unexpected, unfavourable occurrences that may have a severe impact on CoJ operations.</p>	<ol style="list-style-type: none"> 1. Pikitup has developed a Financial Recovery plan with the aim to break even within 3 years. The plan addresses increased revenue through improved customer management and billing, additional commercial services and clients, as well as cost reduction measures such as fleet optimisation and reduction in overtime costs. 2. Activities to ensure data integrity, accurate billing and revenue collection 3. Pikitup strengthening relationship with Revenue Department and managing collection of revenue.
Sustainable Human Settlements	<p>The key objective is to address spatial inequality and create the material conditions for economic growth with an emphasis on strengthening the inclusive nature of entrepreneurial, middle working class and marginalised economic activity. This is defined by:</p> <ul style="list-style-type: none"> • Accessibility; • Integrated Living Spaces; • Economic Opportunities; • Range of housing options; • Social and open space amenities, and • Social cohesion 	<ol style="list-style-type: none"> 1. A range of services are provided in areas to ensure a clean, living environment to residents and all users of the CoJ infrastructure. Various levels of services are provided in formal residential areas, hostels as well as informal settlements. 2. Illegal dumping impacts on the liveability and open spaces in an area. A programme has been developed to clean illegal dumping spots. 3. Education and awareness campaigns to ensure all residents are aware of the impact of illegal dumping and littering on the environment and is informed about the responsible disposal of all waste. 4. Waste management standards and norms will be developed to be included in the CoJ published Green Book to be used as guideline in all new development.

CoJ PRIORITIES IN 2015/16	OVERVIEW	PIKITUP CONTRIBUTION
Active Engaged Citizenry	The strategic intent of the programme is to ensure that residents of Johannesburg take an active role in their communities, are engaged as members of a community and participate as involved members of society.	<ol style="list-style-type: none"> 1. Through Separation at Source programme communities are encouraged to participate in waste management. 2. Concentrated effort to be placed on awareness creation and education to increase participation rates. 3. Various clean up campaigns were implemented in partnership with communities and other organisations, to raise awareness and change behaviour of residents. 4. Other projects such as Eco Rangers and Food for Waste are also aimed at residents involvement. 5. Using garden sites for waste minimisation (provide facilities for green waste, e-waste, oil and tyres) in order to make waste minimisation accessible to all residents 6. Pikitup to develop and implement an application to be used for residents to report incidents of illegal dumping.
SMME and entrepreneur Development and Support	The key objective is to address poverty and, in particular income inequality through identifying key success areas and factors for entrepreneurial support and SMME development, identifying both governance and facilitating interventions which will optimise the development of the entrepreneurial and middle class.	<ol style="list-style-type: none"> 1. Developmental Service Delivery approach to use expertise and skills in the community to assist in meeting service delivery challenges – community based contractors to take responsibility for waste management. 2. Jozi@Work model is aimed to use the cooperatives to collect waste and recyclables from residents as well as street cleaning and illegal dumping. 3. Separation at Source project is developed to establish and facilitate co-operatives to participate in recycling activities. This is part of the changing paradigm to create value from waste.

CoJ PRIORITIES IN 2015/16	OVERVIEW	PIKITUP CONTRIBUTION
Food Security	<p>The key objective of this programme is to address poverty and income inequality. The recognises the need for immediate poverty alleviation measures (focussing on the poor and vulnerable) and poverty eradication in the long term to ensure self-reliant communities.</p>	<ol style="list-style-type: none"> 1. Waste Exchange Programme (Food for Waste) provides food parcels to community in exchange for cleaning illegal dumping spots, but will be sustainable as these spots are then converted into food gardens that can service the community as well as commercial sale of products.
Smart City	<p>Building a Smart City will result in:</p> <ul style="list-style-type: none"> • Economic development and creation of jobs; • Promoting resource efficiency and mitigating climate change • Providing a greater place to live and work • Running the CoJ more effectively • Supporting communities • Usage of digital technologies for better connectivity, user experience, and improved service delivery. 	<ol style="list-style-type: none"> 1. Implementation of various technologies that will assist with data collection, result in improved services, improved billing and improved performance monitoring such as infrared, RFIDs, GPS etc. 2. Improved communication between head office and depots through broadband 3. Sharepoint implementation to collate and manage business information required in decision making and to ensure deficiencies are timeously detected and addressed.
Resource Sustainability	<p>Economic growth is strongly interrelated with the demand for water, electricity, liquid fuel and mining. Managed limited natural resources as well as the consequences of using these natural resources and de-linking economic growth from natural resource extraction is therefore important.</p>	<ol style="list-style-type: none"> 1. Minimisation Strategy to divert waste from landfills (reduce, reuse, recycle) 2. Separation @ Source to use waste as resource 3. Green waste and composting 4. Landfill sites are used for Landfill Gas Extraction projects and potential Waste to Energy project (EISD) 5. Proper management of landfill sites also reduce the risk of environmental impact related to disposal of waste.

CoJ PRIORITIES IN 2015/16	OVERVIEW	PIKITUP CONTRIBUTION
Investment Attraction, Retention and Expansion	Promote investment in the area to ensure economic growth, innovation and technological advances. Make the CoJ attractive as a destination and facilitate local industries to become globally competitive.	<ol style="list-style-type: none"> 1. New technologies provide investment opportunities, such as Waste to Energy, Landfill Gas Extraction and Biotech plants. 2. A clean environment also attracts tourists and investors.
Green Economy	New opportunities exist in the sector to build an economy based on green initiatives. There are opportunities for manufacturing, innovation, jobs etc. The economic structure should change and respond to the needs of the economy to more resource resilient practices and products in order for demand to meet supply.	<ol style="list-style-type: none"> 1. Development of Green Waste Strategy 2. Green waste and composting using communities and co-operatives 3. Separation @ Source – developing a recycling economy in the CoJ 4. Buy back centres and sorting facilities to be established 5. Various opportunities to be created for the re-use of materials
Safe City	The objective is the creation of a safe, secure and resilient City that protects and serves, builds and empowers communities.	<ol style="list-style-type: none"> 1. Enforcement of waste by-laws with JMPD, Environmental Health and the Environmental Management Inspectors (Established at EISD) 2. Infrastructure Development

Table 1-1: Mayoral Priorities

8. Strategic goals

Pikitup is committed to continually improving its performance and to attaining its vision “to be the leading integrated waste management company in Africa and be considered amongst the best in the World.” To this end, Pikitup has identified the following four goals, based on the CoJ Mayoral priorities and our material issues:

1. Integrated Waste Management, Waste Prevention and Waste Minimisation
2. Realisation of Value throughout the Waste Value Chain
3. Effective Delivery of Waste Services

4. Partnerships and Involving Stakeholders
5. Building an Efficient, Effective and viable waste management company

The table below shows the objectives, projects and initiatives in place to meet these strategic goals. It also shows the key performance indicators (KPI) in place to measure and manage performance against these goals.

Goal	Explanation	Objective	Explanation	Projects	KPI	Page reference
Goal 1: Integrated Waste Management, Waste Prevention and Waste Minimisation	Targets have been determined to reduce waste to landfills in order to reduce greenhouse gas emissions and to protect the environment. The aim is to increase airspace without adding new infrastructure such as landfill sites. It is necessary to identify various initiatives that will assist to create the shift to a different paradigm for waste management. Projects should consider the entire waste value chain and target reduction in generation as well as alternative disposal methods.	Objective 1.1: To ensure that waste to landfills are minimized	Various projects are to be implemented to minimise waste to landfill. The ultimate aim is to reduce greenhouse gas emissions as well as increase airspace.	Reduce, reuse, recycle and reclaim projects: <ul style="list-style-type: none"> • Composting • Purchasing of builder's rubble crusher plants • Biodigestor • Health Waste Facility 	Tonnes of green waste diverted through composting	Pg. 554
					Tonnes of builder's rubble diverted	Pg. 64
					Tonnes of dry waste diverted through S@S project (paper, plastic, glass, cans)	Pg. 65
				Separation at source	Increased participation rate in targeted areas where Separation at Source project is implemented	Pg. 66

Goal	Explanation	Objective	Explanation	Projects	KPI	Page reference
		Objective 1.2: To ensure appropriate infrastructure is developed to dispose of waste in a sustainable manner	The new model of operations requires different infrastructure needs such as buy back centres, composting facilities and others. The necessary infrastructure needs to be developed. In addition, there may be new technologies to be implemented such as Waste-to-Energy and Landfill Gas Extraction. Additional technologies may be identified related to the various waste streams.	Upgrade of garden sites as per the capital programme	Number new sorting buy back centres constructed and number of garden sites upgraded to include recycling activities	Pg. 67
				Upgrade and maintenance of landfill sites	% landfill compliance to GDARD regulations and permit conditions as issued by DEA and DWAF, related to: Robinson Deep Landfill Site, Ennerdale Landfill Site, Goudkoppies Landfill Site, Marie Louise Landfill Site	Pg. 68
Goal 2: Realisation of Value throughout the Waste Value Chain	Using the skills and willingness of the community to participate in waste management	Objective 2.1: To use waste as resource for poverty alleviation and create job	CoJ has high levels of unemployment, poverty and inequality. Waste minimisation provides	Food for Waste	No of individuals participating in food for waste project as identified from City ESP register	Pg. 71

Goal	Explanation	Objective	Explanation	Projects	KPI	Page reference
	services and the establishment of co-operatives and SMMEs in the recycling economy of the CoJ, in order to ensure job creation, poverty alleviation and inclusive economic growth.	creation opportunities	opportunities to use waste as a resource and these should assist communities to address poverty. Consideration is given to the implementation of coproduction to address these challenges. Co-operatives / SMEs to be appointed through the Jozi@Work framework to take responsibility for cleaning in areas. Approach to be implemented in an incremental manner starting with Soweto in the first half of 2015/16 and then be implemented in additional areas within the CoJ		Number of food gardens established and managed by communities on rehabilitated illegal dumping sites	Pg. 69
				Jozi@Work	No of new jobs created through co-operatives established	Pg. 69
					No of new Co-operatives established to collect and sell recyclables and do waste management	Pg. 69
				Community Cleaning Programme (EPWP and CWP)	Number of community members employed through EPWP programme	Pg. 7255
Goal 3: Effective Delivery of Waste Services	Whilst investigating and implementing new projects that will result in waste minimisation, efficient	Objective 3.1: To ensure effective and efficient waste services	These services include domestic waste removal, street cleaning, informal settlements as well as some public owned facilities. The	RCR Services	% RCR rounds completed on time (15h30- 17h00)	Pg. 74
				Inner City	Cleanliness level of inner city as determined by	Pg. 75

Goal	Explanation	Objective	Explanation	Projects	KPI	Page reference
	services need to be delivered to residents.		objective is to ensure that these services are rendered in efficient manner and that the highest cleanliness levels are achieved. This will be achieved through the appointment and management of co-operatives and managing these contracts to ensure the required cleanliness levels are achieved.		GDARD Gauteng Waste Management Standards ¹	
				Street Cleaning	Cleanliness level in outer city based on street cleaning as determined by GDARD Gauteng Waste Management Standards	Pg. 76
				Hostel Cleaning	Cleanliness levels of hostels as determined by GDARD Gauteng Waste Management Standards	Pg. 76
				Illegal Dumping	Number of illegal dumping spots eradicated	Pg. 73
Goal 4: Partnerships and Involving Stakeholders	Key to the successful achievement of waste prevention and minimisation is the change of residents behaviour. The intention is to mobilise communities in partnership	Objective 4.1: Increasing partnerships to deliver and ensure active stakeholder engagement	It is clear that Pikitup will not be able to achieve its goals without partnerships. These include partnerships with the private sector, recycling industry, waste	Education and awareness campaigns	Number of waste campaigns implemented	Pg. 77

¹ Cleanliness levels as defined in Section 8.6 of the business plan

Goal	Explanation	Objective	Explanation	Projects	KPI	Page reference
	with labour, business and civil society to enable changed behaviour. This will result in a cleaner city with less littering and illegal dumping, as well as increased volumes of waste diverted from landfills.		companies, business and civil society.			
Goal 5: Building an Efficient, Effective and viable waste management company	In order to be the leading waste management company in Africa, it is necessary to ensure an entity that runs efficiently and implements highest levels of professionalism. All support services should contribute to the effective functioning of the company through policy development, risk management, strategy development, information management, financial and human capital management.	Objective 5.1: To optimise financial management and sustainability	The entity currently has a deficit. In order to be a leading company the financial position of the company needs to be addressed.	Commercial Revenue Collection (including database cleanup, improved reporting, contracts management)	Increased collection rate from Pikitup's commercial customers	Pg. 77
				Capital Budget management	Capital Budget spent	Pg. 78
				Procurement spend	% BEE Spend	Pg. 79
					% women owned companies	Pg. 79
		Audit	Audit opinion obtained from Auditor General	Pg. 79		
		Objective 5.2: To improve customer	The behaviour or residents impact on the success of the	Query Resolution	% Queries Resolved within time frame	Pg. 80

Goal	Explanation	Objective	Explanation	Projects	KPI	Page reference
		satisfaction and change behaviour	initiatives related to waste minimisation. In addition the services rendered impact on residents and therefore a specific focus is placed on the management of interfaces with the community.	Health and Safety	Quarterly health and safety inspections completed for all Pikitup facilities (head office, depots and landfills, garden sites and buy back centres)	Pg. 81
					Reduction in Disabling Injury Frequency Rate Ratio (DIFR)	Pg. 81

Table1.2: Linking goals to performance indicators

9. Material issues

Pikitup considers an issue material if it is of such relevance and importance that it could substantially influence our ability to create value in the short, medium and long term. The main areas covered in this report in terms of both current and future issues are based on what our stakeholders have said to us that they need to know, our business focus areas, priorities and the actively managed risks we face.

Our approach to determining and prioritising the report content is an ongoing process throughout the year that considers internal and external factors which have and/or could have a substantive impact on the organisation's value creation activities and interaction:

- Waste minimisation
- Extracting value from waste
- Service delivery
- Financial sustainability

The following internal and external criteria were used to identify material issues:

CRITERIA	
City of Johannesburg Growth and Development strategy (Joburg 2040 criteria and objectives)	Critical risks and opportunities
National and Provincial outcomes of Government	Changes in the socio-economic developmental agenda and priorities of National and Provincial Government
Enterprise Risk Management Process; including key risks impacting Pikitup's strategic and operational objectives and the associated mitigating activities	Factors which may impact Pikitup's reputation, thereby influencing its ability to promote sustainable growth
Stakeholder expectations and feedback – e.g. from residents, rate-payers, business community, Non-Governmental Organisations (NGOs), National and Provincial Government, neighbouring municipalities, designated targeted groups.	The provisions of various frameworks including: Municipal Finance Management Act (MFMA); Section 46(1) of the Municipal Systems Act (MSA); King III Code on Corporate Governance (King III), International Financial Reporting Standards (IFRS); Millennium Development Goals; BBBEE Code.
Pikitup's mission, vision and values.	Stakeholder engagement
Pikitup's governance framework and policy environment.	New and existing codes and legislation



CHAPTER TWO: GOVERNANCE

1. Corporate governance statement

Pikitup believes that we can only prosper in an environment of balanced, sound corporate governance. Good governance is essentially about effective leadership – our top management and directors have defined strategy, provided direction and established the ethics and values that ensure that we operate in such a way as to achieve sustainable performance.

We recognise that achieving good governance is a difficult task, however, we believe that we have developed the appropriate tools in our governance framework, to ensure that this is achieved:

- Compliance in terms of statutory requirements, codes and protocols, legislation;
- Ethics management and anti-corruption measures - Pikitup recognises that ethical and responsible leadership is required in order to direct the company towards the strategic goals discussed in Chapter 1. The strategic goals are informed by the Mayoral priorities for the CoJ.
- Internal audit, information technology governance, enterprise risk management, and stakeholder engagement reporting to committees of the Board.
- Identifying appropriate material issues through engagement with our stakeholders, and the concerns that they have raised.

The linkages and alignment between these various elements are depicted in the table below:

Material issues	Strategic goals	Mayoral priorities	Risks
Waste minimisation	Shift towards Integrated Waste Management and Waste Minimisation	<ul style="list-style-type: none"> • Sustainable Human Settlements • Resource Sustainability 	<ul style="list-style-type: none"> • Rapid depletion of landfill airspace.
Extracting value from waste	Grow the contribution of the waste sector in the Green Economy	<ul style="list-style-type: none"> • Active Engaged Citizenry • Resource Sustainability • Investment Attraction, Retention and Expansion • Green Economy 	<ul style="list-style-type: none"> • Rapid depletion of landfill airspace.
Service delivery	Promoting and Ensuring the Effective Delivery of Waste Services	<ul style="list-style-type: none"> • Active Engaged Citizenry 	<ul style="list-style-type: none"> • Strikes/ Protest Action • Lack of a culture of performance management
Financial sustainability	Build an Effective and Efficient Waste Management Company	<ul style="list-style-type: none"> • Financial Sustainability and Resilience • Investment Attraction, Retention and Expansion • Green Economy 	<ul style="list-style-type: none"> • Appropriate leadership and skills • Financial loss

2. Board of Directors

Pikitup's Board comprises of the following 10 directors: Bishop Dulton Adams, Adv Ghandi Badela, Ms Setshego Bogatsu, Mr Lionel Brenner, Dr Patricia Hanekom (Chairperson), Ms Nomso Kana, Mr Suren Maharaj (Chief Financial Officer), Mr Lesetsa Matshekg Dr Washington Nyabeze and Adv Dan Rampai, Ms Amanda Nair, whose contract has been terminated, was a Board member by virtue of her appointment as Managing Director during the reporting period. Mr Francois Dekker is the Company Secretary.

The Board met at least quarterly and retained full control over Pikitup as provided for in the regulatory framework. The Board is accountable to the CoJ in terms of the Companies Act and consequent upon the local government regulatory framework, contractually in terms of the MSA Service Delivery Agreement and Shareholder Compact concluded with the CoJ.

The Board provides effective leadership based on a principled foundation and high ethical standards. Responsible leadership, characterised by responsibility, accountability, fairness and transparency, has been a defining characteristic of the entity since Pikitup's establishment in 2000. The fundamental objective is to do business ethically while building a sustainable company that recognises the short- and long-term impact of its activities on the economy, society and the environment, and the value it creates for communities through its business activities. In its deliberations, decisions and actions, the Board is sensitive to the interests and expectations of Pikitup's stakeholders. In discharging its responsibilities, the Board provides direction in the implementation of Pikitup's strategic objectives to ensure continuous improvement in service delivery.

Pikitup adopted a new Board Charter during the reporting period. Pikitup's service standards were restated and a new Service Delivery Agreement (consequent on the provisions of the MSA) was entered into with the CoJ. The foregoing was consolidated to enhance accountability at Board level and a separate Shareholder Compact was entered into between the Board and the CoJ, Pikitup's shareholder.

The Pikitup Memorandum of Incorporation (MOI), which was approved by the shareholder at the annual general meeting held in February 2015 clearly articulates Pikitup's municipal service delivery mandate and resonates with Pikitup's new Service Delivery Agreement, the Shareholder Compact, the Board Charter and the restated service delivery standards required of Pikitup. The Board, the Committees of the Board and individual directors have been intimately involved in these processes under the leadership of the Board Chairperson, Dr Trish Hanekom.

The Board provides quarterly and annual reports on Pikitup's performance and service delivery commitments to the CoJ as prescribed in the Service Delivery Agreement, the MFMA and the MSA. In order to execute its duties and responsibilities efficiently, the Board established various committees with specific functions and responsibilities set out in a charter for each committee.

Directors have unlimited access to the Company Secretary, who acts as an advisor to the Board and its committees on matters including compliance with Pikitup policies, applicable statutes, regulations and best corporate practices. During the course of every year, the Board conducts one or more self-assessments. During the year under review, the evaluation was conducted by the CoJ Governance Department.

The table below sets out Pikitup's directorship during the 2015/16 financial year.

Name	Designation	Appointed	Resigned / Terminated
Adams, D	Independent Non-Executive Director	3 February 2015	Active
Badela, G	Independent Non-Executive Director	3 February 2015	Active
Bahula, M	Independent Non-Executive Director	25 February 2014	31 August 2015
Bogatsu, S	Independent Non-Executive Director	18 March 2015	Active
Brenner, L	Independent Non-Executive Director	14 April 2011	Active
Hanekom, P	Independent Non-Executive Director	3 February 2015	Active
Kana, N	Independent Non-Executive Director	16 March 2016	Active
Maharaj, S	Executive Director	25 February 2014	Active
Matshekga, L	Independent Non-Executive Director	25 February 2014	Active
Nair, A	Executive Director	1 October 2012	8 September 2016
Nyabeze, W	Independent Non-Executive Director	14 April 2011	Active
Rampai, D	Independent Non-Executive Director	25 February 2014	Active

Table 2-0-1: Pikitup Board of Directors

The Audit Committee is chaired by Mr L Matshekga and Mr L Brenner serves in the Audit Committee together with the following Independent Audit Committee Members:

Name	Designation	Appointed	Resigned / Terminated
Buys, R	Independent Audit Committee Member	11 March 2013	Active
Hattingh, W	Independent Audit Committee Member	11 March 2013	Active
Mufana, G	Independent Audit Committee Member	25 February 2014	Active

The professional profiles of Pikitup’s non – executive and executive directors who were active at the end of the reporting period are set out below:

Dr Patricia Hanekom

Independent, non-executive director and Board Chairperson



Dr Trish Hanekom was an Accounting Officer in the Gauteng Provincial Government for 12 years and has extensive experience, skills and knowledge with respect to governance and accountability. She has served on a number of Boards and Audit Committees as well as various Panels and Advisory Committees. She currently serves on the boards and committees of the Medical Research Council, the Mapungubwe Institute for Strategic Reflection, the Cradle of Humankind Trust and Maropeng a’Afrika (Pty) Ltd. Trish also currently serves on the Audit Committee of the Department of Environment Affairs and a panel advising the Gauteng Provincial Government on “Cutting Red Tape”.

Bishop Dulton Adams

Independent, non-executive director



Bishop Dulton Adams holds an honorary doctorate in theology from the Latin University of Theology in Inglewood California, and has been a pastor for 30 years. Before joining the ministry on a full time basis, he worked in the retail industry in a general management capacity. Bishop Adams participated in various national, and regional, local structures and NGO and FBO as well as Community Forums. Bishop Adams is a member of the Operations and Service Delivery Committee as well as the Social and Ethics Committees at Pikitup.

Adv Ghandi Badela

Independent, non-executive director



Advocate Ghandi Badela is a qualified engineer with Masters Degrees in Electromechanical Engineering, Engineering Management (Projects, Operations and Product development) and Packaging Technology. Furthermore, he holds an MBA and an LLB. He is also an experienced business person and entrepreneur. He has worked in corporate environment at executive level for over 16 years. He is also a non-executive director of Denel, CSIR and past Chairperson of Metrobus. Ghandi is a member of Pikitup’s Operations and Service Delivery Committee and its Social, Ethics and Human Resources Committee.

Ms Setshego Bogatsu

Independent, non-executive director



Ms Setshego Bogatsu joined the Pikitup Board in March 2015. Setshego has extensive experience in finance and procurement and holds a BCom degree and an MBA. She is currently employed as the Senior Manager: Corporate Contracts and Procurement at Fluor South Africa. Before joining Fluor, Bogatsu was Chief Financial Officer at the National Nuclear Regulator and has previously worked as a Finance Manager for several companies including Transnet, Sasol and BMW. Setshego is also a member of the Group Remuneration Panel at the CoJ and a non-executive director for TRS Staffing Solutions South Africa. Setshego is the chairperson of Pikitup's Social, Ethics and Human Resources Committee and a member of the Operations and Service Delivery Committee.

Mr Lionel Brenner

Independent, non-executive director



Mr Lionel Brenner is a chartered accountant by profession and BComm and BCompt Honours degrees. He is the founding director of Dalist (Pty) Limited, a financial consultancy that provides corporate advisory, business management and enterprise development services to a range of JSE listed and other businesses. Prior to establishing Dalist, Lionel was CFO to a number of JSE listed companies. Before joining Pikitup, he was a non-executive director and Audit Committee chairperson of the Johannesburg Roads Agency and the Johannesburg Metropolitan Bus Services. Lionel is a member of Pikitup's Audit & Risk Committee.

Mr Lesetsa Matshekga

Independent, non-executive director



Mr Lesetsa Matshekga is currently employed at the Gauteng Partnership Fund as Executive Manager: Special Projects. Lesetsa holds an MBA degree from Gordon Institute of Business Science (UP), a BCom Hons degree (Financial Analysis and Portfolio Management) from University of Cape Town, a BCom Hons degree (Economics) and a BCom degree (Economics) from University of Limpopo (previously known as University of the North). He previously served as a non-executive director on the Board of Wizzit Group (Pty) Ltd. He is a member of the Institute of Directors in Southern Africa. Lesetsa is the chairperson of Pikitup's Audit & Risk Committee.

Dr Washington Nyabeze

Independent, non-executive director



Dr Washington Nyabeze holds a PhD in engineering and is a registered, professional engineer. He has over 20 years of experience in energy, water resources and infrastructure development gained in assignments for various local, international and public sector clients. He has undertaken hydropower and water resources engineering work on international river basins in Southern Africa. He contributed to the National Groundwater Strategy and the National Water Resources Strategy II. He is currently involved in a Drought Early Warning and Forecasting System for Africa funded by the European Union. Washington is chairperson of Pikitup's Operations and Service Delivery Committee.

Adv Dan Rampai

Independent, non-executive director



Advocate Dan Rampai was appointed to the Pikitup Board in February 2014. He holds BJuris, LLB, MBA and MPhil (Ethics) degrees. He is currently employed at the WRSETA as Executive Manager. He is the founder of DR Ethics Conversations (Pty) Ltd, a company that offers consulting services to client companies in every industry. He is also serves on the board of Pact SA and on the Council of Tshwane North TVET College. Dan is a corporate governance, ethics and negotiations specialist; he has published author on ethics and, has presented papers at international conferences on ethics within the South African Local Government. Dan is a member of the Pikitup's Social, Ethics and Human Resources Committee.

Ms Amanda Nair

Executive Director, Managing Director



Ms Amanda Nair's tenure as Managing Director of Pikitup was preceded by a short term as the General Manager for consulting engineering firm GIBB's Mobility Services Sector. Prior to that, she was the CEO of Blue IQ Holdings, the development arm of the Gauteng Province responsible for implementation of economic infrastructure projects. She has also been the Executive Director of the CoJ's Development Planning, Transport and Environment Department. Amanda holds a BA degree and, a master's degree in town and regional planning. She has led numerous business planning, budgeting, financial management and policy processes.

Mr Suren Maharaj

Executive Director, Financial Director



Mr Suren Maharaj joined Pikitup in 2013 as Chief Financial Officer and was appointed to the Board in 2014. Suren has more than 16 years of experience in finance and operations management within start-ups and global multi-billion dollar organisations in both private and public sectors. He is a chartered accountant and has streamlined business operations that drive growth and increase efficiency and bottom-line profit. He is also a Green Belt Digital Six Sigma graduate with demonstrated ability in developing and implementing financial controls and processes in addition to productivity improvements and change management.

Committee Meeting Attendance

The Charters of the Board and its respective Committees set out the meeting requirements. The Board and each Committee is required to meet at least once per quarter. An annual calendar is prepared in advance of the financial year and meetings (apart from special meetings) are also arranged in advance.

The Board has three committees, the Audit and Risk Committee (ARC), the Social, Ethics and Human Resources Committee (SEHRC) and the Operations and Service Delivery Committee (OPSCO), Attendance of Board and Committee meetings was as follows:

Description	Board	ARC	SEHRC	OPSCO
Adams D	15	1	4	4
Badela G	11		1	2
Bahula, M	2		1	1
Bogatsu S	17	1	4	4
Brenner, L	14	10		
Kana. N	7	1	1	1
Hanekom P	18	1	1	4
Maharaj, S				
Matshekga, L	16	10	1	
Nair, A				
Nyabeze, W	17	1	1	4
Rampai, D	14		4	

Table 2-0-2: Board Meeting Attendance

In total, excluding the CoJ Group Committees and other remunerated attendances, Pikitup's Board met 18 times during the course of the year. The remuneration paid to the directors and independent audit committee members are reported on in the Annual Financial Statements.

3. Board committees

Audit and Risk Committee

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

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

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

Operations and Service Delivery Committee

W Nyabeze (Chairperson), D Adams, G Badela and P Hanekom, N Kana

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

Social, Ethics and Human Resources Committee

S Bogatsu (Chairperson), D Adams, G Badela, N Kana and. D Rampai

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

4. Stakeholder Engagement

Pikitup recognises that in delivering on its core mandate of waste reduction and creating value out of waste, the company requires a robust stakeholder engagement plan that clearly identifies its stakeholder base. This plan includes a stakeholder matrix which identifies and ranks mission critical stakeholders, based on their key interest or concerns, and aligned to Pikitup's primary strategic goals.

The plan also identifies key platforms of engagements with stakeholders and target audiences that will foster relationships. Simply put, Pikitup embraced the notion of a stakeholder driven business geared to mobilize the public at large to be active citizens or activists in the management of sustainable and integrated waste management solutions. Key strategic interventions were identified that were needed to reposition the company to optimize partnerships aimed at driving the waste minimisation agenda.

Stakeholder mapping and analysis

A power/interest matrix model has been used to evaluate the expectations and impact of particular stakeholders, by assessment against the following questions:

- How interested is each stakeholder group in Pikitup’s decisions?
- What power and influence can they exert on those decisions?



Strategies for engagement

For the 2015/16 financial year, Pikitup has taken a stakeholder “driven approach” to strengthen and develop relationships with the identified stakeholders. This entails firstly, generic strategies that are deployed for each stakeholder engagement and, secondly, a targeted approach for each specific stakeholder.

Stakeholder engagement committee

In strengthening the overall approach to stakeholder engagement, Pikitup has also institutionalized a “stakeholder engagement committee” to support this new paradigm of stakeholder engagements. This includes the identification of clear leaders responsible for maintaining relationships with stakeholders and the frequency of these engagements.

5. Company secretarial function

The primary function of the Company Secretary is to act as the link between the Board and management and to facilitate good relationships with the shareholder. The Company Secretary is responsible for the general administration, and more specifically to ensure compliance to good corporate governance practices. The Company Secretary provides guidance to the directors on corporate governance principles and applicable legislation.

6. Risk, Opportunities and Internal Controls

The Audit and Risk Committee ensures that there is an effective risk management process in place and that internal controls are effective and adequately reported on. The Committee oversees the effectiveness of risk management through quarterly risk management reports that are prepared and presented by management to the Committee.

Pikitup actively manages uncertainties (both positive and negative) that are significant in relation to its strategic objectives and interaction with stakeholders. This process is entrenched in Pikitup's strategic planning and continues to mature. Pikitup comprehensively reviewed its enterprise risk management (ERM) policies, procedures and practices. Following on that review, the ERM Department was restructured to good effect during the year under review: the ERM Department was located within an interim Governance, Risk and Compliance Directorate and additional staff was appointed.

Combined assurance integration

The ERM Department has acquired automated risk management software and, together with management, re-assessed Pikitup's risk profile. The re-assessment was made possible by redefining Pikitup's approach to risk assessments and that process is now interlinked with the predetermined objectives of Pikitup and its priority and flagship programmes as well as certain projects such as Jozi@Work.

With the configuration of the ERM software, it was necessary to improve Pikitup's ERM policy and procedure framework. This work is at an advanced stage and once completed, the risk governance framework will be uniform across all levels of application, based on a restated risk profile. In addition to the foregoing, the ERM Department will become the custodians of Pikitup's Combined Assurance Framework. Management is developing a Combined Assurance Framework for Pikitup which will be closely aligned with that of the CoJ's policies and procedures.

The ERM software platform is shared with Pikitup's Internal Audit Department. As a result, the risk-based internal audit plan and actual audits are now also automated and will be continually updated with information drawn from the risk management module. In addition, any audit findings (external and internal) will also be mapped to resolution through the same platform. The Board and management are therefore positioned to derive real-time information for improved decision-making. From a pure governance perspective, combined assurance becomes systematised.

Business continuity plan

The ERM Department has prepared a Business Continuity Plan and is currently participating in an open tender process with the CoJ to obtain assistance with the further development thereof. As a subsidiary in the CoJ group of companies (entities), Pikitup participates in comprehensive policies of insurance obtained at group level which effectively transfers a number of adverse outcomes to the insurer.

Risk management process

Risk is about the effect of uncertainty on achieving objectives. An enterprise risk focus is not intended to identify every risk facing an organisation but to identify those that are most significant to its ability to achieve and realise its core business strategy and objectives supporting value creation. The Risk Management Department advises the business on risk management approaches, methodologies and systems, monitors that risk management is persistently and consistently exercised across the company, and in turn reports to various constituted board committees and forums on both the inherent risk and the residual risk across the company.

The risk management process was subjected to assessment by internal assurers to assess its design, implementation and operating effectiveness. The outcome of the internal audit, based on the results of audit work planned and completed, concluded that management controls with regard to enterprise risk management are adequate and effective to provide assurance that Pikitup's objectives are achieved.

Pikitup's management is responsible for managing the company's risk and resilience in order to provide greater assurance to all stakeholders. Each top risk has a specific risk owner at an individual executive level. These executives evaluate the risk profile to determine risk controls and treatment plans to manage risks within an approved appetite and tolerance level.

Risk management is done at departmental level and is reported upwards to a centralised Risk Management Department. The identified risks are consolidated into an integrated risk report focusing on the top risks impacting Pikitup at enterprise level, which are reviewed by the Executive Committee and the Audit and Risk Committee.

Significant efforts have been made by management over the past 12 months in implementing risk treatment plans to manage risks. Tabled below are the top 5 risks which after continuous treatment have moved to within Pikitup's risk tolerance for the particular category of risk.

Rank by RR	Goals, Objectives and KPI			Risk		
	SDBIP Goals 2015 - 2016	SDBIP Objectives 2015 - 2016	KPI's 2015 - 2016	Risk Title	Risk Owner	IR
1	Building an Efficient, Effective and viable waste management company.	To become a leading Organisation in Waste Management.		Ineffective employer and employee relationship.	Corporate Services Executive	16
2	Integrated Waste Management, Waste Prevention and Waste minimisation.	To ensure waste to landfills is minimised.	90% landfill compliance to GDARD regulations and permit conditions as issued by DEA and DWAF, related to Robinson Deep, Ennerdale, Goudkoppies and Marie Louise landfills.	Unavailability of landfill air space. (9 years of airspace left)	Waste Management and Operations Executive	25

Rank by RR	Goals, Objectives and KPI			Risk		
	SDBIP Goals 2015 - 2016	SDBIP Objectives 2015 - 2016	KPI's 2015 - 2016	Risk Title	Risk Owner	IR
3	Effective, efficient waste services.	To ensure effective and efficient waste management services.	Number of illegal dumping spots eradicated.	Failure to meet stakeholders' cleanliness expectations throughout the City of Johannesburg. (Inability to meet GDARD targets)	Waste Management and Operations Executive	20
4	Building an Efficient, Effective and viable waste management company.	To become a leading organization in waste management.	Quarterly health and safety inspections.	Environmental degradation resulting from Waste Management activities.	Governance Risk and Compliance Executive	20
5	Realisation of value throughout the Waste Value Chain.	To use waste as a resource for poverty alleviation and job creation.	Number of new jobs / SMME's created through Co-Operatives.	Limited budget to meet all Jozi@Work expectations.	Strategic Services Executive	20
6	Building an Efficient, Effective and viable waste management company.	To become a leading organization in waste management.		Inability to successfully execute projects - timelines, quality scope, costs, etc.	Governance, Risk and Compliance Executive	16
7	Integrated waste management, waste prevention and waste minimisation.	To ensure that waste to landfills is minimised	Number of new sorting buy back centres constructed and number of garden sites upgraded to include recycling activities.	Insufficient / lack of infrastructure to support recycling activities.	Waste Management and Operations Executive	16

Rank by RR	Goals, Objectives and KPI			Risk		
	SDBIP Goals 2015 - 2016	SDBIP Objectives 2015 - 2016	KPI's 2015 - 2016	Risk Title	Risk Owner	IR
8	Building an Efficient, Effective and viable waste management company.	To become a leading organization in waste management.		Ineffective accountability structure / framework.	Governance, Risk and Compliance Executive	16
9	Building an Efficient, Effective and viable waste management company.	To become a leading organisation in waste management.		Inadequate ICT service delivery in support of business strategy.	Corporate Services Executive	16
10	Building an Efficient, Effective and viable waste management company.	To become a leading organisation in waste management		Information security, including cyber threats	Corporate Services Executive	16
11	Building an Efficient, Effective and viable waste management company.	To become a leading organisation in waste management		High rate of incapacity and absenteeism.	Corporate Services Executive	16

	Goals, Objectives and KPI			Risk		
Rank by RR	SDBIP Goals 2015 - 2016	SDBIP Objectives 2015 - 2016	KPI's 2015 - 2016	Risk Title	Risk Owner	IR
12	Partnerships and Stakeholder Involvement	Mobilisation of public at large to change behaviour.	Number of campaigns implemented	Inability of behaviour change of public at large (external and internal) with waste minimisation and waste prevention programmes / objectives not achieved.	Strategic Services Executive	16
13	Build an efficient and effective waste and viable management company	To become a leading organisation in waste management		Insufficient strategic and operational business intelligence and data to foster strategic decisions.	Strategic Services Executive	20
14	Realisation of value throughout the Waste Value Chain	To use waste as a resource for poverty alleviation and job creation.	Number of new jobs / SMME's created through Co-Operatives.	Service providers invoking Section 198 of labour relations - Pikitup required to absorb co-ops employees.	Strategic Services Executive	16
15	Integrated Waste Management, Waste Prevention and Waste minimisation.	To ensure waste to landfills is minimised.		Inadequate capital budget allocation to spearhead the new business model.	Waste Management and Operations Executive	Not rated yet

	Goals, Objectives and KPI			Risk		
Rank by RR	SDBIP Goals 2015 - 2016	SDBIP Objectives 2015 - 2016	KPI's 2015 - 2016	Risk Title	Risk Owner	IR
16	Effective, efficient waste services	To ensure effective and efficient waste management services.		Mismatch between service delivery expectations and available funding.	Waste Management and Operations Executive	Not rated yet
17	Integrated Waste Management, Waste Prevention and Waste minimisation.	To ensure waste to landfills is minimised.		Inability to reconfigure the business (core and support) in line with the new business model to implement waste minimisation.	Waste Management and Operations Executive	Not rated yet

The continuous scanning of the external and internal environments in which we operate allows for the early identification of emerging events or risks that may pose opportunities or threats to our current and future business and / or activities. In line with our enterprise risk management framework, risks are annually reviewed and assessed. Management commenced with the process of reviewing the company risk profile based on 2015/16 business performance objectives and the process was ongoing at year end.

7. Internal audit function

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

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

In addition, the internal audit function is responsible for investigating all incidences of fraud, corruption and other acts of unethical behaviour. These incidences are reported internally and externally via the Group anonymous tip-off hotline. Internal audit reports on its findings in this regard quarterly as well as on identified trends regarding fraudulent acts and other acts of unethical behaviour and their impact on the overall entity's risk profile.

8. Information Technology Governance

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

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

Executive management is responsible for the corporate governance of ICT. In the next financial year Pikitup will focus on the enablement of business by ICT. It is expected that with the implementation of the Governance Framework, the key challenge of alignment experienced during the financial year will be addressed. Projects that ICT embarks on will be aligned to the strategic requirements of Pikitup.

9. Compliance

Statutory Requirements

Section 121(2)(c) of the MFMA and section 18(1)(d) of the MSA require accountability and communication to stakeholders and communities. This communication is, in terms of section 65(1) (a) of the MFMA and section 46 of the MSA undertaken through the compilation and publication of an Integrated Annual Report.

Legislation

The Board is responsible for ensuring that the entity complies with the law and applicable codes, standards and best-practice directives. Compliance is the basis for the management of ethical conduct across all spheres of Pikitup's activities and interaction with internal and external stakeholders. To this end, Pikitup has a clear Compliance Management Policy supported by a procedural framework.

To enhance the measurement of compliance, Pikitup has acquired compliance management software which it is in the process of implementing. Whilst aimed principally at compliance with legislation (external controls), the system will also be utilised to better govern and improve compliance with Pikitup's internal control framework. Principal legislation to which Pikitup complies is as follows:

- Municipal Finance Management Act (56 of 2003)
- Municipal Structures Act (117 of 1998)

- Municipal Systems Act (32 of 2000)
- Preferential Procurement Policy Framework Act (5 of 2000)
- Broad-Based Black Economic Empowerment Act (53 of 2003)
- The Constitution of the Republic of South Africa (108 of 1996)
- Promotion of Access to Information Act (2 of 2000)
- Promotion of Administrative Justice Act (3 of 2000)
- Protected Disclosures Act (26 of 2000)
- Prevention and Combating of Corrupt Activities Act (12 of 2004)
- Companies Act (71 Of 2008)
- Competition Act (89 of 1998)
- National Environmental Management Air Quality Act (39 of 2004)
- National Environmental Management Waste Act (59 of 2008)
- Environmental Conservation Act (73 of 1989)
- DWAF Minimum requirements for Waste Disposal by Landfill (1998: 2nd Ed)
- CoJ Waste Management By-Laws (2013)
- National Road Traffic Act (93 of 1996)
- Labour Relations Act (66 of 1995)
- Basic Conditions of Employment Act (75 of 1997)
- Employment Equity Act (55 of 1998)
- Skills Development Act (97 of 1998)
- Skills Development Levy Act (9 of 1999)
- Unemployment Insurance Act (63 of 2001)
- Unemployment Insurance Contributions Act (4 of 2002)
- Occupational Health and Safety Act (85 of 1993)
- The Compensation for Occupational Injuries and Diseases Act (130 of 1993)
- National Health Act (61 of 2003)
- Income Tax Act (58 of 1962)
- Value Added Tax (89 of 1991)

The list is not exhaustive but on analysis represents the core legislative duties of a municipal owned and regulated incorporated company carrying out its mandate as a waste management and minimisation business.

Using the compliance management software Pikitup will review its Compliance Management Framework. To ensure cogency of reporting going forwards, Pikitup will align its Compliance Management Framework with the CoJ Compliance Framework.

Pikitup recently received an independently assessed average 90% compliance score in relation to its management of landfills. Pikitup is also compliant with all its duties in relation to occupational health and safety, strictly adheres to the legislation that governs (preferential) procurement, human resource practices and reporting and, is in good standing with the South African Revenue Service and the Compensation Commissioner.

The external audits of the AGSA also show that Pikitup is materially compliant with its duties arising from the municipal regulatory framework such as the MFMA and the MSA.

Codes and protocols

Pikitup applies the governance principles contained in King III and continues to further entrench and strengthen recommended practices in its governance structures, systems, processes and procedures. The Directors and Management recognise and are committed to the principles of openness, integrity and accountability advocated by King III. Through this process, stakeholders can derive assurance that the entity is being ethically managed according to prudently determined risk parameters and in compliance with generally accepted corporate practices. Monitoring the entity's compliance with King III, forms part of the mandate of the Audit Committee. The entity has complied with King III in all material respects during the year under review.

The Board has incorporated the CoJ's Corporate Governance Protocol in its Board Charter, which inter alia regulates its relationship with the CoJ as its sole member and parent municipality in the interest of good corporate governance and good ethics. The Protocol is premised on the principles enunciated in King III and the entity practices are, in most material instances, in line with the principles set out in the King III. Ongoing steps are however taken to align practices with the Report's recommendations and the Board continually reviews progress to ensure continued improvement in corporate governance.

10. Corporate Ethics and Organisational Integrity

Corporate Citizenship

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

Anti-Fraud and Corruption

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 does not tolerate fraudulent or corrupt activities, whether internal or external to the entity, and vigorously pursues and prosecute any parties, by all legal means available, which engage in such practices or attempt to do so.

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

Ethical Leadership & Management

Pikitup has developed an Ethics Management Programme which is supported by the Codes of Conduct prescribed by the MSA. This is amplified by clear direction on the annual declaration of financial interests

by all directors and staff, a policy on the declaration of possible conflicts of interest together with an Anti-Fraud and Corruption Policy. This is enhanced by stakeholders being able to report, anonymously if necessary, any matter of suspicion through Pikitup's anti-fraud and corruption hotline. As explained in more detail elsewhere in this report, the Board reconstituted the Social, Ethics and Human Resources Committee, which Committee, with a fresh mandate and under new leadership, closely monitors and guides Pikitup's management of ethics and leadership development.

11. Sustainability overview

Pikitup is constantly looking forward in order to ensure the continued relevance and sustainability of the company, and to add value to the CoJ. We work towards improving our value proposition through a number of methods, some of which are highlighted below:

Value creation

1. Pikitup is responsible to ensure a clean and healthy environment for residents. A clean and healthy environment leads to civic pride, establishing conducive environment for investment and increases confidence in local government. A clean city is achieved through waste collection from households, street cleaning, illegal dumping and disposal of waste at landfills. These activities are implemented in a cost efficient and effective manner to ensure value for money to the ratepayers.
2. Contribution is made to sustainable development goals and limitation of environmental impacts (such as Greenhouse Gas emissions) through a business model designed to ensure waste minimisation (reduce waste to landfills), encouragement of recycling activities as well as new technologies to be implemented such as biodigester, landfill gas extraction, health care risk waste facilities, waste to energy, and others. The business model of Pikitup aims to ensure waste is diverted from landfills and that value is created in waste as a resource rather than waste product. The circular economy is the driver of the new strategic focus of Pikitup. Furthermore, this business model provides alternative revenue sources for the company to reduce reliance on grant funding from the shareholder.
3. The methodologies used in the implementation of waste management activities, such as Separation@Source, Jozi@Work, Food for Waste and others, ensure that opportunities are extracted from the waste value chain. Through the establishment of cooperatives and entrepreneurial development initiatives, sustainable jobs are created and new businesses established. This is a direct contribution to the National Development Plan to reduce inequality, reduce poverty and reduce unemployment. These programmes include the establishment of cooperatives, training and ongoing support of the cooperatives. Training includes waste related matters and entrepreneur training and development.
4. Pikitup provides a waste collection service to 847 444 formal households on a weekly basis, there has been an increase compared to previous years; in 2012/2013 740 401 households were serviced and in 2013/2014 Pikitup provided waste collection service to 754, 821 households. In 2014/15 831 352 households received services. This represents an annual increase of approximately 2%
5. Pikitup is providing a waste refuse management service to 164 informal settlements consisting of 183 895 structures.
6. There are 22 hostels within the CoJ where cleaning activities such as litter picking, illegal dumping and domestic waste collection are performed by Pikitup.

Integrated sustainable waste management (ISWM) is a concept that has evolved after years of solid waste management experience. The ISWM concept rests on all key stakeholders being involved in the integrated planning of all waste system elements (from the point of generation to ultimate disposal, and including all steps of waste reduction, recycling, reuse and resource recovery in between these points) and addressing

all system aspects (institutional, financial, regulatory, social and environmental aspects). Pikitup's responsibility is to manage and dispose of waste in a responsible manner. The mandate also includes the minimisation of waste to landfills, in order to ensure resource sustainability.

During planning, comparative evaluation of various options is essential to develop the optimum mix of options that are most sustainable (i.e., optimises environmental, social, and health effects while providing efficient, effective and economic delivery of waste management services). Integrated solid waste management planning includes an evaluation of the overall system to determine the economic breakpoint for direct transport to landfill site versus transfer station, and assessing the number and strategic locations of key treatment and disposal facilities. All these aspects are considered as part of the daily operations of Pikitup.

Landfill sites are part of every solid waste management system, providing disposal space for the residuals of treatment facilities, as well as space for all non-treatable wastes. Landfills are always needed to provide back-up disposal capacity in the event of up-stream facility closures or unduly large amounts of waste. Landfill life is extended by implementing recycling and resource recovery options, and thus initial capacity is never compromised by consideration of other disposal facilities. Pikitup has implemented the Separation at Source project in certain areas to encourage recycling by residents. The programme was operational in 4 areas of the CoJ during the 2015/16 financial year but considerable effort will be made to increase participation and to increase accessibility to all areas.

Developing a solid waste system that maximizes the benefits of each component by minimizing costs and maximizing environmental protection and public acceptance, while being sufficiently flexible to adapt to changing circumstances, is the main objective of the Pikitup Business Plan.

Pikitup encourages a local "waste management ethic", sensitising people to put waste out at prescribed times, source segregate recyclables, stop littering, and support waste reduction efforts with a view to compulsory separation at source in future.

Pikitup's integrated sustainable solid waste management strategy is based on the "hierarchy of waste management" (Reduce-Reuse-Recycle-Compost-Dispose). The hierarchy of waste management simply advocates that the best approach to waste management is to first and foremost try to reduce waste generation and separate potential recyclables at source to improve the quality of materials for reuse, including organics for composting or anaerobic digestion.

What cannot be reduced should be reused if possible. What cannot be reduced or reused should be recycled, particularly secondary materials such as metal and paper. Wastes that cannot be recycled should be recovered. The waste hierarchy leads to reduced quantities requiring transfer and disposal; extends landfill lifetimes; reduces extraction of non-renewable raw materials; provides local generation of material feedstock for industry; reduces deforestation; reduces Greenhouse Gas generation; provides valuable recovered resources (methane gas and compost); provides employment and income; and directly involves all waste generators in improving the environment through waste minimization and source segregation.

Various programmes have been implemented by Pikitup in the 2015/16 financial year and a 160% increase was achieved in the tonnages of waste diverted. More effort will be put into achieving the target to reduce waste to landfill by 20% by 2017.

The company is currently reviewing and developing its sustainability strategy in order to align it to organisational objectives. During the year under review, the company's focus has been on the redevelopment of its triple bottom line reporting.

Environmental

Green House Gas Emissions:

Pikitup does not monitor its contribution to Greenhouse Gas emissions. This is done by the shareholder department, Environment and Infrastructure Services (EISD). An index and methodology has been developed for the measurement of Greenhouse Gas but is reported globally for the CoJ. EISD also manages the project for landfill gas extraction to convert to energy, and receives information directly from the contractor. In accordance with the permit conditions for landfill sites, Pikitup monitors and reports on air quality and water quality at the respective landfill sites.

Environmental compliance

Pikitup strives to have zero impact on the environment throughout its operations. Our landfill sites are licensed through the National Environmental Management: Waste Act of 2008 and Environmental Conservation Act of 1989 that set out the compliance conditions to ensure that the environment is protected against any degradation or pollution. To comply with the set conditions and to ensure that there is minimal damage to the environment, legal compliance audits are conducted quarterly by the EISD and annually by an independent auditor and on an ad-hoc basis by the licensing authorities. There has been vast improvement in the compliance levels since the 2012/2013 financial year. The operating landfill sites' compliance level was 68.5% in 2012/2013, 80.9% in 2013/2014 and increased to 90.3% in 2014/15. In 2015/16 a compliance rating of 92.2% was achieved. This shows the amount of work that Pikitup has done to ensure the protection of the environment in which it operates. In addition, inspections are conducted on a monthly basis at all depots and landfill sites to monitor the level of compliance with the various statutory licenses and best environmental practices. Pikitup has also embarked on the implementation of an Integrated SHE Management System and is working towards obtaining ISO 14001 and OHSAS 18001 standards certification.

The Company's strategy is premised on Waste Minimisation to remedy and minimise the negative environmental impact caused by its operations on the environment. These programmes are also aimed at socio-economic upliftment of communities as they are based on partnerships with community small enterprises and cooperatives in the provision of these services. The implementation of programmes such as the Separation at Source Project which recovers recyclable material from the point of generation in collaboration with communities, is one of these initiatives established by the Company to divert waste from landfills. This resulted in the decrease of the number of vehicles that transport waste to landfills, thus reducing the carbon footprint from the vehicles emitting carbon dioxide. Also, this decreased the tonnages of waste going to landfill sites and save landfill airspace.

Another initiative, Jozi@Work, is designed to divert recyclable waste away from landfill sites through partnerships between the CoJ and the communities. This initiative, together with Pikitup's wider Separation at Source programme, has a positive impact on the reduction of new materials extracted from Mother Nature and thus supports the Circular Economy paradigm.

The green waste diversion programme involves chipping of garden waste at garden sites thereby increasing the volume of green waste per truck load hauled to a processing facility and reducing the number of trips and vehicle emissions generated. This diversion of green waste has a positive impact on the reduction of carbon emissions emanating from landfills.

Health and safety

It is a priority to create a safe and healthy work environment. Pikitup has put in place procedures that are in compliance with the Occupational Health and Safety Act (1993), and Compensation for Occupational

Injuries and Diseases Act (1993). These procedures determine the manner in which Pikitup operates to ensure the safety of employees and the public in areas of operation.

During the period under review, there has been a vast decrease in the number of injuries within our operations. Pikitup's health and safety performance is a leading indicator of how the organisation runs the business. There has been a very meaningful improvement across our key safety performance metrics and the programmes that have been implemented assisted in achieving the goals. Even with this improvement, we believe that we still have a lot more work to do and our focus is to achieve zero harm. We continue to promote the reporting, investigation, analysis to learn from incidents to prevent recurrence.

To ensure that the safety is maintained at all times at the operational landfills the operational face at the Goudkoppies landfill site has been separated into two cells. This was necessary due to the ongoing difficulties experienced with reclaimers working on the operational face and not adhering the safety rules and procedures. In addition to the separate cells, there is additional security personnel that assists with management of reclaimers. These measures have assisted in ensuring that the reclaimers, vehicles and the plant are at different areas of the landfill sites at all times thus preventing the risk of accidents occurring.

Social Development

Various community projects, aimed at maximising Pikitup's positive social and environmental impact in the CoJ, are integrated into Pikitup's core business. These projects form part of Pikitup's core business and are outlined below:

Through the implementation of various initiatives such as Separation at Source, Food for Waste, Bin Cleaning and others, (discussed in Chapter 3) Pikitup contributes to the following strategic interventions:

- Health care initiatives;
- Education;
- Skills training and job creation;
- Small business development and
- Environmental education and management.

Pikitup is dedicated to the development of youth as well as creating opportunities for the youth in the waste sector. A Youth Desk was established in the organization with a dedicated youth officer. Some of the achievements of the youth desk include:

- A total of 450 beneficiaries registered on the Bin Cleaning Database and a total of 316 are youth
- A total of 900 youth participated in the National Youth Service Programme and Global Youth Service Day
- Zero Waste Youth Summit hosted as part of the National Youth Month programme
- 350 Beneficiaries trained on Entrepreneurship Start-up 1 Bootcamp in partnership with the National Youth Development Agency
- A total 1450 work opportunities created for youth, women and PDI's through Expanded Public Works Programme

12. Supply chain management and black economic empowerment

The entity has adopted Supply Chain Management (SCM) systems in compliance with the provisions of the MFMA and the National Treasury: Municipal Supply Chain Management Regulations, 2005. An SCM unit was established in September 2009 which monitors the implementation of the entity's SCM policies, in line

with the regulations which seek to modernise financial governance and improve accountability and transparency in the entity's processes. The SCM Policy and SCM Procedure Manual are reviewed on an annual basis and provide for the exclusion of awards to persons in the service of the state, subject to the exemptions and regulations issued by National Treasury from time to time.

In an endeavour to improve accountability and transparency in the Bid process the entity has implemented the committee system for bids, with a separate Bid Specification, Bid Evaluation and Bid Adjudication committee.

The Board has also ensured that the Supply Chain Management policy embraced the objectives of broad-based Black Economic Empowerment and the Managing Director, as the Accounting Officer of the Company, was tasked as the custodian for effective implementation. The Capital projects implemented during the period under review served as a valuable foundation for ensuring community participation in our BEE programmes. This will be expanded and the Company will continue to be sensitive to the financial constraints facing emerging black businesses.

Of the total awards made almost 86% of the value of the tender awards were made to Black owned companies and 65% to Women Owned Companies.

Pikitup has implemented the municipal bidding form for all bidders to declare their interests and in particular if they are employees of the state. Directors and shareholders of bidding entities are cross referenced to Pikitup's payroll as well as that of the CoJ. This challenge is not unique to the Pikitup environment. With the introduction of the Centralised Vendor Database by the Office of the Chief Procurement Officer, awarding of tenders to an employee of the state will be avoided.

Supply Chain Management Policy

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

ACTIVITIES / INTERVENTIONS	Progress
Completion of and maintenance of Acquisition plan - Capex and Opex	The Acquisition Plan for 2016/17 has been approved by the Board
Regular reporting on progress of acquisition of planned vs. Actual	Ongoing
Evaluation and identification of transversal acquisition needs of user departments for financial year	<p>The following have been identified and are in progress of being initiated by user department:-</p> <ul style="list-style-type: none"> • Recruitment Agency for Casual Labour • Cleaning Material • Cellphone services
Monitoring of specifications and evaluations within legislative requirements	The revised SCM Policy and Procedure Manual has been approved and the , Infrastructure Procurement and Delivery Management Policy has been approved

ACTIVITIES / INTERVENTIONS	Progress
	Workshop of above to take place in 1 st quarter 2016/17
Preparation of bids either through open tender or RFQ process within prescribed timelines	Ongoing, Internal service standards have been set for the unit i.e. RFQ<R30k 7 days, RFQ>R30k<R200k 14 days, open tenders >R200k 120 days, Bid documents have been updated and standardized
Evaluation of bids aligned to PPPFA	Ongoing Achievement of spend to designated groups 86% spend on BEE owned companies and 59% on Women Owned Companies respectively.
Maintenance of a supplier Database	Pikitup has complied with National Treasury initiative on ensuring that SCM official, current and prospective suppliers are registered on CSD. Information session was held on the 31 May 2016 and this has also extended to all compulsory tender briefing sessions. A further session will be held on the 28 July 2016.
Supplier Development in terms of bidding requirements and conduct	Supplier Development has been an ongoing exercise in anticipation of the migration to CSD. 1 st July 2016, Pikitup will appoint suppliers that are compliant to CSD system and will provide assistance throughout the implementation process.
Maintenance of optimum stock levels	Stores has identified key fast moving commodity goods (FMCG) with the aim of establishing an economic order quantities in order to ensure that stock levels are maintained at all times

BEE Spend

The table below summarises the expenditure per quarter (as a percentage of total spend) on BEE entities as well as women owned entities.

Category	2015/16 Actual Q1	2015/16 Actual Q2	2015/16 Actual Q3	2015/16 Actual Q4	Target per Quarter
BEE Entities	81%	89%	99.6%	76.76%	75%
Women	75%	21%	81.16%	54.14%	25%



CHAPTER THREE: SERVICE DELIVERY PERFORMANCE

1. Key achievements

- It is worth noting that the total waste diverted away from landfills increased significantly from last year's achievement of 81 000 tons to 170 501 tons in the 2015/16 financial year, which is 100.3% of a target of 170 000 tons. This was achieved in spite of the challenges experienced through prolonged unprotected work stoppages in the third and fourth quarters of the current year. Below is a breakdown of the achievements by waste stream:
 - The combined builders rubble diversion for the four quarters of 2015/16 is 83 028 tons, which is 166% of the annual diversion target of 50 000 tons. Therefore, the annual target of builder's rubble diversion has been exceeded by 66%.
 - The total green waste diverted for the 2015/16 is 50 098 tons against a target of 60 000 tons. The unprotected work stoppages during the third and fourth quarter contributed to the non-achievement of the quarterly as well as the annual target.
 - Dry waste recycling target has not been achieved due to the effects of the strike and the delay in the rollout of the S@S partnership with private sector to high income areas in the fourth quarter. The total achieved for the year is 37 373 tons which is 62% of the annual target of 60 000 tons.
- The actual capital expenditure is 97.5% of the total budget, which has exceeded the target of 96% for the current financial year.
- The compliance of landfill sites to permit and license conditions increased to a total compliance of 92.2%. This increase is due to the improved management systems, regular inspections and implementation of mitigation plans. In addition, the implementation of capital projects ensured improved compliance to conditions.
- The company is increasing its focus on partnerships and stakeholder involvement in order to change behaviour and create awareness. During the year various successful events were held in collaboration with various partners including the Joburg Waste Summit, Youth Waste Summit, and Team Up to Clean Up campaigns and special day events such as Mandela Day.
- Pikitup provides a waste collection service to 831 352 formal households on a weekly basis. This constitutes an 8.6% growth of houses serviced from the beginning of the 2014/2015 financial year to the end of the reporting period. These households were serviced and 97% completion rate was achieved without increase in staff or vehicles. Productivity and efficiency measures were implemented to ensure service standards were adhered to.
- There were a total of 10 220 240L bins delivered within the period under review. The majority of new bins were rolled out to formalised areas such as Kraaifontein in Midrand, Cosmo City in Randburg and Alexandra in Marlboro.
- Pikitup is providing a waste refuse management service to 164 informal settlements consisting of 183 895 structures. Informal settlement cleaning and maintenance has been packaged as part of the Jozi@Work programme and the implementation roll out is aligned with the Jozi@Work roll out.
- Query resolution rate is 72.49% within 7 days. Better management of the system as well as infrastructure interventions contributed to the improved performance.
- Pikitup successfully implemented the Jozi@Work programme. During 2015/16 35 co-operatives were established and 1450 jobs created in the waste industry.
- The Commercial Service Strategy was approved and implemented, resulting in a profit for the commercial services.

2. Core business

The core business of Pikitup is to ensure domestic waste is collected and disposed in an efficient and effective manner. This includes waste management in informal settlements and hostels as well as the clearing of illegal dumping. Service levels are agreed with the shareholder in terms of a Service Level Agreement. In order to ensure compliance to permits and to ensure a healthy and safe environment, Pikitup is also responsible for the management and operation of 4 landfill sites.

In terms of the changing nature of the business and the strategic alignment to the GDS 2040 and Polokwane Declaration, Pikitup has implemented various projects to ensure waste to landfill is minimised and the Separation at Source programme was identified as a flagship programme in the GDS.

3. Capital projects

The actual capital expenditure achieved for this financial year is 97.5% (106.2m), which exceeds the annual target of 96%. This was achieved in spite of significant time lost on some of the sites that could not be accessed during the labour unrest in the third and fourth quarters.

Table 3-16: Capital Expenditure 2015/16

Item	Budget	Actual	Assigned	Available
Springfield : Plant (Incinerator)	1,500,000.00	1,500,000.00	1,500,000.00	-
Separation at Source	11,000,000.00	10,838,443.39	10,838,443.39	161,556.61
Purchase of 240L bins	12,000,000.00	11,998,830.14	11,998,830.14	1,169.86
Garden Sites and EIA's	1,000,000.00	928,193.62	928,193.62	71,806.38
Ennerdale Landfill Site	4,850,000.00	4,330,383.84	4,330,383.84	519,616.16
Goudkoppies Landfill Site	4,850,000.00	4,796,091.08	4,796,091.08	53,908.92
Marie Louise Landfill Site	4,850,000.00	4,530,728.06	4,530,728.06	319,271.94
Robinson Deep Landfill Site	4,850,000.00	4,838,019.49	4,838,019.49	11,980.51
Garden Sites Including Sorting Buyback Centre	10,000,000.00	9,938,179.89	9,938,179.89	61,820.11
Linbro Park Transfer Station	500,000.00	499,909.44	499,909.44	90.56
Kerbside Collection	3,000,000.00	2,915,378.52	2,915,378.52	84,621.48
Waste Bulk Container	1,500,000.00	1,488,811.60	1,488,811.60	11,188.40
Street Furniture	1,000,000.00	992,645.91	992,645.91	7,354.09
New Plant and Equipment	10,000,000.00	9,964,556.17	9,989,736.17	10,263.83
Landfill New Cell Development	4,500,000.00	4,500,000.00	4,500,000.00	-
Facilities, renewals and upgrades	28,045,000.00	27,353,862.16	27,379,816.13	665,183.87

Item	Budget	Actual	Assigned	Available
Branding and signage	500,000.00	258,547.70	258,547.70	241,452.30
IT Hardware and Software	5,000,000.00	4,561,013.05	4,561,013.05	438,986.95
Grand total	108,945,000.00	106,233,594.06	106,284,728.03	2,660,271.97
% Capex Expenditure		97.5%		

4. Performance against Service Delivery business improvement plan (SDBIP) and the CoJ's IDP scorecard.

The following table depicts the Key Performance Indicators (KPI's) for the 2015/16 financial period as approved in terms of Pikitup Business Plan. Comments are made on areas where there is a variance between the target set and the actual performance as well as proposed action plans to address the gaps and ensure that the targets are met by the end of the financial year.

Pikitup is required to compare performance against the SDA between the entity and the CoJ. However, as the targets may change on annual basis the indicators and targets reflected in the CoJ's IDP and SDBIP scorecard is used. The organisational indicators are derived from the strategic agenda as set out in the IDP and is then cascaded. Each of the executives within Pikitup is managed in terms of a performance agreement and the indicators and targets from the organisational SDBIP are cascaded to individual members of the executive management team.

Significant progress against the set targets has been made. This indicates important success by the entity, and our partner organisations in improving conditions in and the economic performance of, in particular, the inner city, and the initial focus of the entity's work. The data shows that in almost all instances the entity has met or bettered its targets. This can be attributed to solid corporate governance, sound management and management systems, clearly focused objectives, and efficient and effective staff. It also demonstrates the effectiveness of the entity business model in delivering on the mandate of the CoJ deliver efficient services and ensure a clean environment for all residents.

Key Performance Area	Project/s	Indicator	Reasons for Deviation / Comments	Action Plan to achieve target in next quarter	Actual 2014/15	Annual Target 2015/16	Actual Performance 2015/16	Annual Target 2016/17	Annual Target 2017/18	Annual Target 2018/19	Responsibility
Integrated Waste Management, Waste Prevention and Waste Minimisation	Waste diverted from landfills Reduce, reuse, recycle and reclaim	Tons of green waste diverted through composting	The unprotected work stoppages during third and fourth quarter contributed to the achievement of 83% of the annual target.	To adjust quarterly targets in line with seasonal variations. Expedite the finalization of the supplementary green waste off-take agreement in the new financial year	35 148 ton green waste	60 000 ton for year	50 098 ton for year	120 000 ton for year	170 000 ton for year	190 000 ton for year	WMS&P
	Builder's rubble crusher plants	Tons of builder's rubble diverted	Target exceeded due to all builder's rubble crusher plants being delivered and operational.	Additional equipment to be made available to ensure enhanced efficiency of crusher plants. Take off agreement with private sector will also assist to	25 059 ton builder's rubble	50 000 ton for year	83 029 ton for year	100 000 ton for year	150 000 ton for year	180 000 ton for year	WMS&P

Key Performance Area	Project/s	Indicator	Reasons for Deviation / Comments	Action Plan to achieve target in next quarter	Actual 2014/15	Annual Target 2015/16	Actual Performance 2015/16	Annual Target 2016/17	Annual Target 2017/18	Annual Target 2018/19	Responsibility
				ensure crushed builder's rubble is diverted from landfill							
	Separation at source	Tons of dry waste diverted through Separation at Source project (paper, plastic, glass, cans)	Target not achieved due to some household separated material being taken by reclaimers and thus being lost to the Separation at Source reporting system. The strike also impacted on separation of dry materials as waste was mixed during this time and thus contaminated.	Reclaimers being incentivized to sell at City supported buy back centres through partnerships with the private sector and by providing 20 more scales to the buyback centres. Continuous focus of education and awareness to change behaviour of residents	20 808 ton dry waste	60 000 ton for year	36 806 ton for year	80 000 ton for year	100 000 ton for year	120 000 ton for year	WMS&P

Key Performance Area	Project/s	Indicator	Reasons for Deviation / Comments	Action Plan to achieve target in next quarter	Actual 2014/15	Annual Target 2015/16	Actual Performance 2015/16	Annual Target 2016/17	Annual Target 2017/18	Annual Target 2018/19	Responsibility
				and ensure separation.							
	Separation at source	Increased participation rate in targeted areas where Separation at Source project is implemented	Participation rates not achieved due to the effects of the strike and the delay in the rollout of the S@S partnership with private sector to high income areas. Apathy from residents in areas where the programme is operational.	Improve community awareness through Jozi@Work; the private operator model; and influence the distribution of awareness material through Pikitup touchpoints.	21%	70%	18.38%	30%	40%	50%	WMS&P

Key Performance Area	Project/s	Indicator	Reasons for Deviation / Comments	Action Plan to achieve target in next quarter	Actual 2014/15	Annual Target 2015/16	Actual Performance 2015/16	Annual Target 2016/17	Annual Target 2017/18	Annual Target 2018/19	Responsibility
	Construction of new buy-back centres, and upgrade of garden sites	Number new sorting buy back centres constructed and number of garden sites upgraded to include recycling activities	Not all planned facilities were completed in the year due to the strike action, access to various sites were restricted. Contractors could not get access to the respective sites during the time and additional material had to be sourced that delayed construction.	Construction to be completed by end August 2016.	2 new sorting buy back centres constructed:	60 total integrated waste management facilities operational in City of Johannesburg (10 additional for year)	4 facilities constructed or upgraded in 2015/16	10 additional integrated waste management facilities for year	10 additional integrated waste management facilities for year	10 additional integrated waste management facilities for year	WMS&P
	Upgrade landfill sites to comply and to extend landfill airspace	% landfill compliance to GDARD regulations and permit conditions as issued by DEA and DWAF, related to:Robinson	Target was met due to improved management on site, monitoring mechanisms and systems in place as well as additional capital	Continuous improvements on systems and management practices. Outstanding matters to reach full compliance requires	90.5%	90%	92.2%	95%	98%	100%	Operations: Disposal Management

Key Performance Area	Project/s	Indicator	Reasons for Deviation / Comments	Action Plan to achieve target in next quarter	Actual 2014/15	Annual Target 2015/16	Actual Performance 2015/16	Annual Target 2016/17	Annual Target 2017/18	Annual Target 2018/19	Responsibility
		Deep Landfill Site Ennerdale Landfill Site Goudkoppies Landfill Site Marie Louise Landfill Site	expenditure on issues such as weighbridges and access roads.	major investment for smaller changes in compliance.							
Realisation of Value throughout the Waste Value Chain	Jozi@Work	No of new jobs created through co-operatives established	Target exceeded. Cooperatives in Jozi@Work realized that additional staff was required to the anticipated number and increased staff to clean same areas allocated. Cooperatives are appointed on 1 year contract.	Continuous roll-out of Jozi@Work to all areas within the CoJ (subject to budget availability).	450 new jobs created (100 new jobs created in S@S 350 new jobs created in J@W)	1 000 new jobs created	1498 jobs created	1070 new jobs created	1144 new jobs created	1225 new jobs created	GM: Special Projects
	Jozi@Work	No of new Co-operatives established	The intention is for cooperatives to be	Plans are already underway to rollout	17 new cooperatives	37 new co-operatives	35 new co-operatives	60 new co-operatives	64 new co-operatives	68 new co-operatives	GM: Special Projects

Key Performance Area	Project/s	Indicator	Reasons for Deviation / Comments	Action Plan to achieve target in next quarter	Actual 2014/15	Annual Target 2015/16	Actual Performance 2015/16	Annual Target 2016/17	Annual Target 2017/18	Annual Target 2018/19	Responsibility
		to collect and sell recyclables and do waste management	sustainable, the number of households serviced is determined as well as various functions. In certain areas it was more viable to increase the area allocated per cooperative (with more members in each) than increase the number of cooperatives.	Jozi@Work in phases into the next financial year.	established	established	established	established	established	established	
	Food gardens	Number of food gardens established and managed by communities on rehabilitated illegal	Target met. All necessary consents were obtained to use the sites identified and active stakeholder participation by all partners	The implementation model of the project is re-assessed as it is believed to be a Community Development initiative	5 new food gardens established	5	5	New approach to project and thus no targets for Pikitup	New approach to project and thus no targets for Pikitup	New approach to project and thus no targets for Pikitup	WMS&P

Key Performance Area	Project/s	Indicator	Reasons for Deviation / Comments	Action Plan to achieve target in next quarter	Actual 2014/15	Annual Target 2015/16	Actual Performance 2015/16	Annual Target 2016/17	Annual Target 2017/18	Annual Target 2018/19	Responsibility
		dumping sites	ensured target was met.	and the role of Pikitup is to ensure that the sites are cleared from illegal dumping.							
	Exchanging food for waste	No of individuals participating in food for waste project as identified from City ESP register	Target exceeded. Participants are identified and trained towards clearing areas and establishing food gardens. The methodology ensured that all participants were identified in the second quarter, from the Expanded Social Package Database in the respective areas.	The implementation model of the project is re-assessed as it is believed to be a Community Development initiative and the role of Pikitup is to ensure that the sites are cleared from illegal dumping.	155 participants	150	209	New approach to project and thus no targets for Pikitup	New approach to project and thus no targets for Pikitup	New approach to project and thus no targets for Pikitup	WMS&P

Key Performance Area	Project/s	Indicator	Reasons for Deviation / Comments	Action Plan to achieve target in next quarter	Actual 2014/15	Annual Target 2015/16	Actual Performance 2015/16	Annual Target 2016/17	Annual Target 2017/18	Annual Target 2018/19	Responsibility
	Community Cleaning Programme (EPWP & CWP)	Number of community members employed through EPWP programme	Target exceeded. Funding was made available via the CoJ to appoint sufficient workers to assist with door-to-door campaigns.	Funding has been provided by the CoJ to create jobs in the CoJ through EPWP and CWP. These workers are employed for three months and thus also includes a month in new financial year.	1474 EPWP workers	450	1450	800	800	800	GM: Special Projects
Provide Effective and Efficient Waste Management Services	Cleaning of Illegal Dumping Spots	Number of illegal dumping spots cleaned	There are concerns that the same spots are cleaned and then illegal dumping recurs in the same areas. Due to the area of influence Pikitup has, the indicator was	Jozi@Work has been implemented and will be rolled out across the CoJ. Clearing and maintaining illegal dumping sites are	12	2000	2101	2000	2500	2500	Chief Operating Officer

Key Performance Area	Project/s	Indicator	Reasons for Deviation / Comments	Action Plan to achieve target in next quarter	Actual 2014/15	Annual Target 2015/16	Actual Performance 2015/16	Annual Target 2016/17	Annual Target 2017/18	Annual Target 2018/19	Responsibility
			revised to reflect areas cleaned. Illegal dumping spots are identified and cleaned on a regular basis.	included in the work packages of the cooperatives .							
	Regular domestic waste collection	% RCR rounds completed on time (15h30-17h00)	Target achieved. Fleet availability and increased management at depots ensure timeous completion of rounds.	Continued management at operational level and management of fleet to meet needs to ensure rounds are completed on time. Round balancing to be done on regular basis.	99.70%	98%	98%	98%	100%	100%	Chief Operating Officer

Key Performance Area	Project/s	Indicator	Reasons for Deviation / Comments	Action Plan to achieve target in next quarter	Actual 2014/15	Annual Target 2015/16	Actual Performance 2015/16	Annual Target 2016/17	Annual Target 2017/18	Annual Target 2018/19	Responsibility
	Inner City Cleaning	Cleanliness level of inner city as determined by GDARD Gauteng Waste Management Standards	Target achieved. Strike action during the year impacted cleanliness during certain periods, however recovery has taken place. In many areas community driven clean-a-thons also took place that contributed to the overall cleanliness.	Continued monitoring and adaptation of operational plan to maintain cleanliness levels.	Level 2	Level 2	Level 3	Level 1	Level 1	Level 1	Chief Operating Officer
	Street Cleaning	Cleanliness level in outer city based on street cleaning as	Target achieved. Strike action during the year impacted	Continued monitoring and adaptation of	Level 2	Level 2	Level 2	Level 1	Level 1	Level 1	Chief Operating Officer

Key Performance Area	Project/s	Indicator	Reasons for Deviation / Comments	Action Plan to achieve target in next quarter	Actual 2014/15	Annual Target 2015/16	Actual Performance 2015/16	Annual Target 2016/17	Annual Target 2017/18	Annual Target 2018/19	Responsibility
		determined by GDARD Gauteng Waste Management Standards	cleanliness during certain periods, however recovery has taken place.	operational plan to maintain cleanliness levels.							
	Cleaning of Hostels	Cleanliness levels of hostels as determined by GDARD Gauteng Waste Management Standards	Inadequate resources for cleaning hostels resulted in Level 3 cleanliness.	Jozi@Work to include cooperatives responsible for hostel cleaning.	Level 3	Level 2	Level 3	Level 2	Level 1	Level 1	Chief Operating Officer
Partnerships and Stakeholder Involvement	Waste Campaigns	Number of waste campaigns implemented	Target achieved. Various campaigns implemented focusing of topics and issues highlighted in the stakeholder engagement plan.	Continued implementation of the respective campaigns with partners.	New	Overall Waste campaign with programmes in each quarter	4 campaigns implemented	Overall waste campaign with programmes in each quarter	Overall waste campaign with programmes in each quarter	Overall waste campaign with programmes in each quarter	GM: Communications & Stakeholder Engagement

Key Performance Area	Project/s	Indicator	Reasons for Deviation / Comments	Action Plan to achieve target in next quarter	Actual 2014/15	Annual Target 2015/16	Actual Performance 2015/16	Annual Target 2016/17	Annual Target 2017/18	Annual Target 2018/19	Responsibility
Building an Efficient, Effective and viable waste management company	Commercial Revenue Collection	Collection rate from Pikitup's commercial customers	The reduction in performance is due to measuring against actual billed and collected to date rather than collection against budget. The collection function is being performed by the CoJ Revenue Shared Service Centre	SAP project team reports are more readily available to measure actual performance. Strategically realign the collection function between Pikitup and Revenue shared Service Centre.	102%	90% revenue collected from actual billed	63%	90% revenue collected from actual billed	93% revenue collected from actual billed	93% revenue collected from actual billed	CFO
	Capital Budget Expenditure	Capital Budget spent	Target exceeded. This increase is due to better management and increased capacity in capital planning and monitoring and management	The 2016/17 Acquisition Plan has been approved and has already been initiated with over 50% of the Capex already committed	R135 million (92% spending)	R104.5 million (96% spending)	R106.2 million (97.5% spending)	(95% spending)	(95% spending)	(95% spending)	WMS&P

Key Performance Area	Project/s	Indicator	Reasons for Deviation / Comments	Action Plan to achieve target in next quarter	Actual 2014/15	Annual Target 2015/16	Actual Performance 2015/16	Annual Target 2016/17	Annual Target 2017/18	Annual Target 2018/19	Responsibility
			of acquisition plans.								
	Procurement spent on BEE and Women owned companies as a % of total procurement [6]	% BEE spend	The positive variance is largely due to expediting of and rigorous implementation of Acquisition plans 2015/2016.	Implementation of acquisition plans with sufficient planning in process to be able to target BEE firms	83.29% BEE	75% BEE	87.55% BEE	75% BEE	75% BEE	75% BEE	CFO
		% women owned companies			55.35% Women	25% Women	64.55%	25% Women	25% Women	25% Women	CFO
	Ensure sound financial state of company related to all aspects	Audit opinion obtained from Auditor General	Annual target to be concluded after audit report is received from AG.		Clean Audit	Clean Audit	Unqualified audit with findings	Clean Audit	Clean Audit	Clean Audit	MD

Key Performance Area	Project/s	Indicator	Reasons for Deviation / Comments	Action Plan to achieve target in next quarter	Actual 2014/15	Annual Target 2015/16	Actual Performance 2015/16	Annual Target 2016/17	Annual Target 2017/18	Annual Target 2018/19	Responsibility
	Query Resolution	% Queries Resolved within time frame	Underperformance due to various strike actions during the year, resulting in high number of queries that could not all be addressed within the time frame. Unavailability of bins and low stock levels resulted in queries related to requests for bins, damage or stolen bins could not be attended to within turnaround time.	Continue with centralized distribution of queries and ensure that all depot CRM inboxes are manned to improve resolution percentage. Ensure sufficient bin stock available at all times.	79% queries resolved in 7 days	80% queries resolved in 7 days	72.49% queries resolved in 7 days	90% queries resolved in 7 days	95% queries resolved in 5 days	100% queries resolved in 5 days	CFO
	Compliance to the Integrated SHE	4 Quarterly SHE Audits completed	Target exceeded. SHE department proactive to do	Continuous inspections to ensure issues are addressed	10 inspections per facility	4 quarterly SHE Audits completed	4 quarterly SHE Audits completed	4 quarterly SHE audits	4 quarterly SHE audits	4 quarterly SHE audits	Legal Services

Key Performance Area	Project/s	Indicator	Reasons for Deviation / Comments	Action Plan to achieve target in next quarter	Actual 2014/15	Annual Target 2015/16	Actual Performance 2015/16	Annual Target 2016/17	Annual Target 2017/18	Annual Target 2018/19	Responsibility
	System (ISO 14001 and OHSAS 18001)		inspections at all Pikitup sites.	and early detection of potential new queries.							
	Reduced number of accidents	Reduction in Disabling Injury Frequency Rate Ratio (DIFR)	Target met. Continuous education and training assists to keep injuries at a minimum.	Continued training and education of staff on safety procedures.	0.04	0.3	0.2	0.3	0.3	0.3	Legal Services

5. Key Performance Areas

Integrated Waste Management

Dry Waste

Separation at Source aims to create a culture change in households to separate household waste and thereby divert this waste stream away from landfill in order to meet the targets of the CoJ by 2016.

The table below reflects the amount of recyclables collected where Separation at Source is being rolled out.

Table 3-3: Separation@Source - Tonnages of Dry Waste Collected

Depot	Households	Tonnages				
		Q1	Q2	Q3	Q4	Annual
Waternal	67 318	1180	1 020	1 078	612	3 890
Zondi	105 116	662	589	484	247	1 982
Midrand	46 535	401	393	277	375	1 446
Avalon	45 920	164	117	121	130	532
Central Camp	54 783	122	65	92	112	391
Marlboro	80 129	558	357	403	325	1 643
Southdale	69 438	385	318	376	335	1 413
Selby		814	4 232	949	816	6 811
Randburg	17 000	36	26	28	24	114
Garden sites		1 133	521	481	599	2 735
Landfills		4 217	3 735	3 805	3 145	14 903
Jozi@Work Zondi		92	324	133	51	601
Jozi@Work Avalon		25	125	70	0	219
Jozi@Work Selby		0	0	0	15	15
Jozi@Work Alex		0	0	5	40	45
Jozi@Work Roodepoort		0	0	0	43	43
ABI/Mpact Schools		0	0	20	0	20
REDISA		0	0	0	0	0
TOTAL	486 239	9 790	11 823	8 323	6 870	36 806

In this year, 20 platform scales were delivered to all cooperatives in efforts to improve reporting processes and data management. These scales will ultimately be linked to the wider Pikitup electronic reporting system. All Pikitup Depot responsible officials as well as representatives from the cooperatives were trained on the use of these scales.

Monitoring of recycling at garden sites and cooperatives was also intensified in this quarter with an improvement in cooperatives health and safety requirements standards. Overall the total dry waste tonnages diverted increased significantly from 20 808 tons last year to 45 501 tons in this financial year in spite of the unprotected strike action in the third and fourth quarters.

Green Waste

Green waste diversion continued to improve in this financial year as a result of the entrenched partnership with private sector. It is also worth noting that the overall green waste increased substantially from 35 148 tons achieved last year to 50 099 tons achieved in this financial year.

Builder's Rubble

During the first, second, third, and fourth quarters of 2015/2016, Pikitup diverted 43 102; 16 752; 9 282; and 13 892 tons of builders' rubble away from the landfill respectively. The combined builders rubble diversion for the four quarters of 2015/16 is 83 028 tons, which is 166% of the annual diversion target of 50 000 tons. Therefore, the yearly target of builder's rubble diversion has been achieved and exceeded by 66%.

Waste Exchange / Food Resilience

In the fourth quarter a total of three (3) illegal dumping spots were converted into food gardens, resulting in the achievement of five (5) food gardens which is in line with the target for the year. In Ivory Park two garden sites have been developed and prepared for garden sites. The beneficiaries working at these sites were trained in partnership with Social Development and GDARD. Social Development contributed seeds whilst Pikitup contributed working tools and will provide a fence to secure the garden. This project will be implemented by Community Development Department in future, with Pikitup providing assistance in clearing illegal dumping from sites.

Realisation of Value throughout the Waste Value Chain

This section covers the implementation of Jozi@Work at depot areas during the period under review. The plan is linked to a clean city, reduction in illegal dumping, food resilience and job creation and involves communities, including schools, churches, clinics and business owners.

As at the end of June 2016 the J@W programme as administered and managed by the Capability Support Agency (CSA) The Waste Group Projects has appointed 31 Cooperatives and recorded job creation numbers as follows: 373 jobs in Region D (Protea South and North, Glen Ridge, Lefhureng, Naledi, Emndeni, Chiawelo, Mapetla, Phiri, Senoane, 210 in Region G, 289 jobs in Region F (Hillbrow and Joubert Park), 140 Region C (Braamfischerville, Doornkop, Tshepisong) and 159 Region E (Alexandra). Pikitup appointed an additional Capability Support Agency, TEDCOR who is responsible for the roll out of J@W to new areas. The new area included in this quarter was Zandspruit where 3 cooperatives were appointed and 105 jobs created. A total of 34 Cooperatives were appointed and 1276 jobs created throughout the year.

The month of May and June saw a return of operations to the original Jozi@Work programme, after the strike disturbance in March and April.

During May and June the cooperatives concentrated on youth month activities and eradicating of illegal dumping spots, education and awareness and recycling. The photos below shows Cooperative busy with establishing a garden in Snake Park education at an orphaned and sorting recyclables.

Provide Effective and Efficient Waste Management Services

Illustrated by the table below are consolidated waste tonnages which were collected during the period under review. Depicted hereunder is a decrease of 67 411 tons taking into account the end of the 2014/15 and 2015/16 Financial Periods. The tonnage decrease represent a waste generation decrease of approximately 5.1%. This decrease can be attributed to the City's concerted efforts of reducing waste to the landfills through service delivery programmes such as Separation @ Source and Jozi@Work. The private and informal recycling initiatives are also a contributing factor to the decrease of refuse collected by Pikitup. In some activities especially illegal dumping, the increase is as a result of the strike action that took place in November/December 2015 as well as in March/April 2016. During the strike period residents opted to use open spaces and garden sites precincts to decant their overflowing 240 litre bins which resulted in a spike to waste associated with these areas (illegal dump sites).

Table 3-4: Total tonnages Collected by Pikitup (2015/16)

Waste Disposed Per Activity	Total for 2013/14	Total for 2014/15	2014/15	2015/2016	2015/2016	2015/2016	2015/2016	Total for 2015/2016
			Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	
RCR	646 019	741 967	189 066	195 416	176 477	146 070	147 960	665 923
Street Cleaning	87 135	111 820	29 850	31 991	30 402	25 762	26 922	115 077
Illegal Dumping	229 709	276 806	82 201	69 059	99 474	61 402	82 568	312 503
Hostels	825	2 852	1 173	941	746	752	849	3 288
Informal Settlements	29 629	40 367	11 467	9 061	8 843	7 269	6 482	31 655
Garden Sites	132 110	145 429	38 209	38 913	37 038	25 874	21 559	123 384
Total	1 125 427	1 319 241	351 966	345 381	352 980	267 129	286 339	1 251 830

During the indicated strike periods all operational activities were interrupted, which had an adverse effect on the waste services in its entirety. Therefore depots scheduled activities such as RCR rounds were not completed timeously during the strike periods. However primary private sector services were involved to avoid an enormous backlog. For first two week of April, RCR rounds were undertaken at night to minimize the impact of waste accumulation owing to industrial action. While the night operation was effective, there has been shooting incidents that resulted minor injuries to third party contract workers and significant damage to the fleet. The completion times are depicted in the table below, where the depots completed rounds at varying times. On average, all depots completed RCR rounds at 15:40 which is within the target.

Solid Waste Management Services (PIKITUP)

Pikitup provides a weekly waste collection service to 831 352 formal houses to date. This constitutes 8.6% growth of houses serviced from the beginning of the current financial year to the end of the reporting period.

The number of 240 litre bin rolled for the year under review was 31 648 of which 13 192 was for new and additional bins and 18 456 was for replacement bins (Stolen and damaged). The new services increased by 11 469 which represents a 1.4% growth from the previous financial year.

During the quarter under review a total of 8 647 240l bins were provided to customers. Of these, new services accounted for 26.7%, whilst additional bins accounted for 7.5%, damaged bins that were replaced accounted for 30.8% and stolen bins that were replaced accounted for 35% of the 240l bins that were issued during this last quarter of 2015/16. The majority of new bins were rolled out to formalised areas. To be taken into account is that, of the total of 8 647 bins issued during this last quarter, 65.8% accounts for replacement bins (damaged and stolen) which is significantly high and unsustainable.

Illegal Dumping

The pattern of illegal dumping has remained consistent throughout the reporting period with most of the illegal dumping taking place within the Southern region. The need to reduce illegal dumping waste has become a major focal point in Operations and Pikitup has procured “builder’s rubble crusher” plants as builder’s rubble constitutes most of the illegally dumped waste, especially in the Southern Region. It is therefore expected that in the future, the volumes of builders waste would reduce. Various other initiatives to work with communities to take responsibility to clean and maintain these areas will also be introduced in the new financial year.

Ensuring the Effective Delivery of Waste Services

Inner City

Cleanliness in the Inner City remains a challenge and it is acknowledge that the assistance of all departments and entities, as well as private institutions and the general public would be required to achieve the cleanliness levels proposed. Various initiatives are proposed that will assist in improving the cleanliness level (e.g. Jozi@Work, increasing the density of bins, installing underground bins and getting the communities involved). However, there remain insurmountable challenges in achieving a level 1 cleanliness in certain of the areas given the resources available to Pikitup and the level 1 cleanliness target had to be revisited taking these realities into consideration. The CoJ should also take steps to de-congest the area by for example implementing walk-only streets and enforcing by-laws. A request was made for the Board to discuss the matter with the shareholder.

Bulk and Dailies Services

The Bulk Commercial unit is responsible for the collection and disposal of Bulk (skips) and Dailies (putrescible) Waste from commercial customers who are billed according to circulated tariffs. The bulk commercial service is provided by Pikitup in competition with other private waste management companies within the CoJ.

We have witnessed a slight improvement in our customer database despite on-going illegal work stoppage during the periods 01 January 2016 to 31 March 2016. The total number of Bulk and Dailies customers as at 30 June 2016 is 1 576 compared to the total number of customers of 1 505 as at 31 March 2016. There is a continuous customer database clean up that is being performed by the department, hence the continuous fluctuation on the number of customers. It must be noted that there was no cancellation of service by the customer during this period and additional 71 customers has been contracted. The sales team is currently working on a sales strategy to increase the current customer base.

Fleet Management

The table below represents the Current Fleet Complement; in addition the column on the right indicates Fleet that is New or Replaced. An average of 95% vehicle availability was achieved for the 2015/16 financial year.

CATEGORY	2015/16 Fleet Complement
A – Full Maintenance Lease	107
C – Managed Maintenance	293
Ad-Hoc Rental	127
TOTAL	527

Landfill Airspace Availability

Disposal Division of Pikitup is responsible for the effective management of landfill operations. There are four active landfills located throughout the CoJ and two closed sites located in the north. These landfills are managed and controlled in accordance with Permits/Licenses in terms of Section 20 of Environment Conservation Act, 1989 (Act 73 of 1989).

Volumetric Topographical Survey services were appointed to provide a landfill airspace estimation to assist Pikitup in the medium and long term effective management and planning for the four operational landfill sites, namely: Robinson Deep; Goudkoppies; Marie Louise and Ennerdale. The recent landfill surveys were undertaken in May 2015 and the following scope was completed in this regard:

- Confirmation of waste volumes from the date of the last survey, dated 25 June 2015;
- Calculation and confirmation of the remaining landfill airspace.

In determining the remaining landfill airspace, the surveyor takes into consideration the landfill final recommended heights, landfill slope profile of 1m vertical to 3m horizontal (1:3) and feasible landfill footprints for each operational landfill. Also taken into consideration is the waste disposal rate at each of the operational landfill sites. This information is processed with the aid of the MODELMAKER (Digital Terrain Modelling Programme) to determine remaining airspace.

The table below outlines the remaining airspace projections for each of the operating sites.

Table 3-13: Landfill Airspace Projections

Landfill Site Name	Available Airspace (m ³)	Lifespan (Years)	Estimate Closure Date
Robinson Deep	22968866	5.6	Nov -21
Goudkoppies	9691222	13.9	Feb-30
Marie Louise	6796717	4.11	April-21
Ennerdale	2223209	10.4	Sep - 26

It must be noted that at the Goudkoppies, Marie Louise and Ennerdale landfills life expectancy has somewhat been prolonged taking into account that waste disposal rate has shown a declining trend from 2011 to 2016.

Landfill Audits

To ensure that the landfills are in compliance with the landfill site permits and licenses an external auditor was appointed in May 2016. The operational landfills and closed landfills were audited from the 15 June 2015 to the 24 June 2016. The results of the external audits are as follows:

Landfill	Audit compliance score
Robinson Deep Landfill	93.8%
Goudkoppies Landfill	90.5%
Marie Louise Landfill	91.2%
Ennerdale Landfill	93.3%
Average %	92.2% (2015 Compliance 90.5%)

6. Assessment of arrears on municipal taxes and service charges

Assessment of Municipal Taxes and Service Charges owed to the entity ('000)

Departments and Entities	Full Amount Owed	Current	1-30 days	31-60 days	61-90 days
Local Government	297,630.29	8,337.31	8,112.92	17,996.41	10,692.75
National Government	20,440,624.49	266,372.34	500,954.19	553,286.65	549,773.77
Provincial Government	3,334,423.19	9,773.59	60,328.45	68,789.49	67,092.95
Utilities total	6,688.41	386.02	674.56	164.03	308.16
TOTAL	R24,079,366.38	R284,869.26	R570,070.12	R640,236.58	R627,867.63

Amounts owed by entity for service charges

The entity does not owe any service charges.

7. Recommendations and action plans for 2016/17

- Implement the Jozi@Work programme throughout the CoJ and thus increase jobs created. This programme is intended to create sustainable jobs in the waste industry and thus address unemployment and poverty.
- Review of the Operating Model of the Company to accommodate Jozi@Work and align to better efficiencies and productivity.
- Roll out Separation at Source to 950 000 households and achieve a 30% participation rate in order to ensure diversion of waste from landfill and thus increase landfill airspace availability;
- Establish 10 additional sorting facilities / buy back centres to facilitate recycling initiatives.
- Legislative compliance and environmental standards to be improved through the increase landfill site compliance to permit conditions to full compliance
- Increased levels of cleanliness throughout the CoJ;
- Measures introduced to decrease illegal dumping;
- Aggressive and Innovative approaches to marketing and education to change behaviour of residents. This includes partnerships with labour, business and civil society;
- Improved productivity and efficiency in services to be an effective service delivery agent.
- Improved measures related to safety and health of workers
- Improved customer services with 80% of queries resolved within 7 days.



CHAPTER FOUR: HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

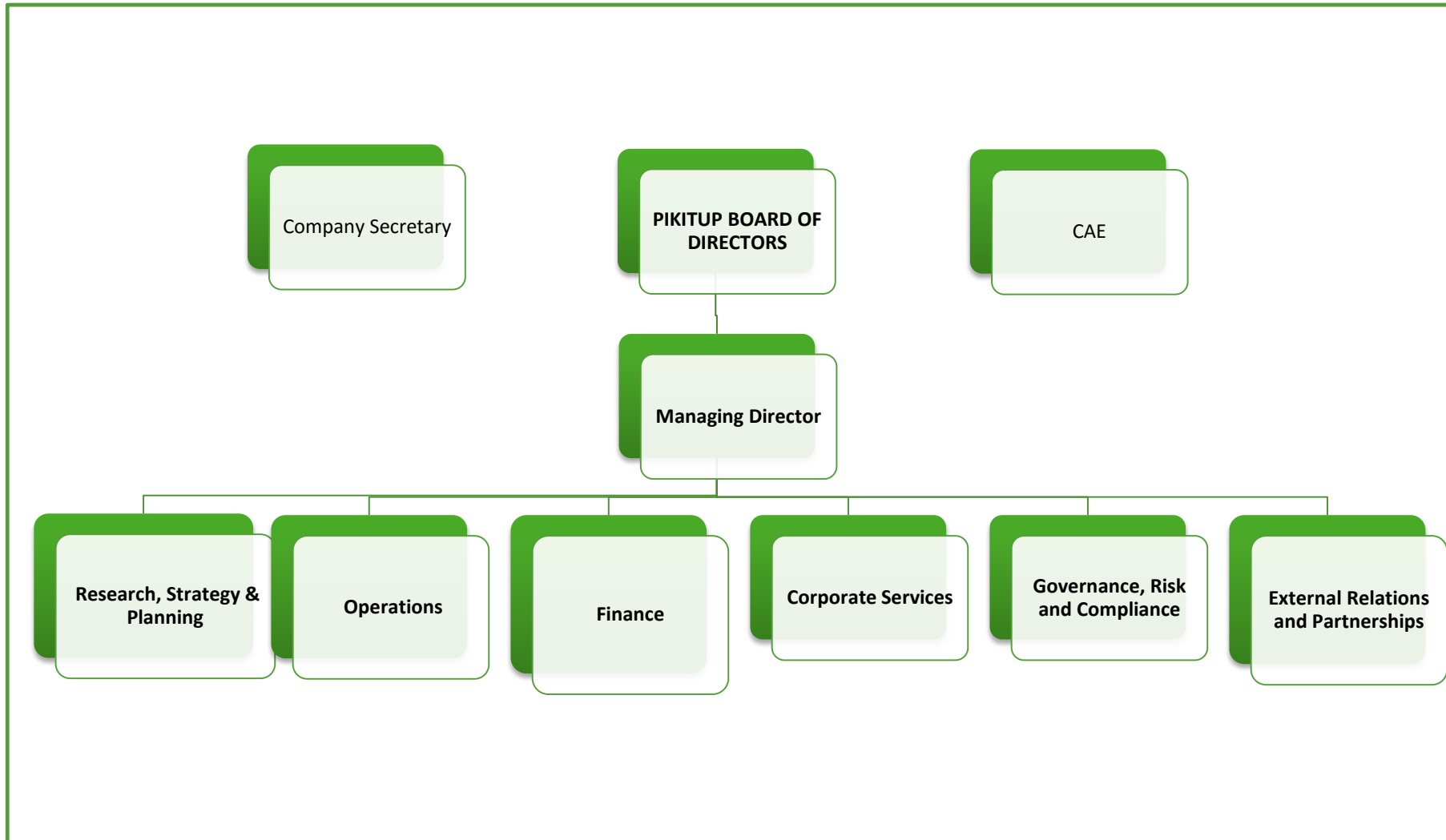
1. Human Resource Management

Pikitung acknowledges that much of its strength is as a result of its people. We recognise that our people add more value to our organisation than tangible assets such as: cash, land and buildings, plant and equipment. As such, our vision is to be the employer of choice in our field and to ensure that the company's employment practices and remuneration policies motivate and retain talented employees and create an attractive environment for all employees.

The table below provides a breakdown of the company's employees:

OCCUPATIONAL LEVELS	MALE				FEMALE				TOTAL
	A	C	I	W	A	C	I	W	
Top management	2	0	1	1	1	0	1	0	6
Senior management	13	4	2	3	3		2	4	31
Professionally qualified and experienced specialists and mid-management	33	5	2	10	33	4	0	1	88
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	92	9	0	8	87	4	2	2	204
Semi-skilled and discretionary decision making	392	11	0	0	127	0	0	1	531
Unskilled and defined decision making	1803	13	1	0	1749	12	0	0	3578
TOTAL PERMANENT	2335	42	6	21	2000	20	5	9	4438
Temporary employees	4	2	0	2	6	2	2	0	18
GRAND TOTAL	2339	44	6	23	2006	22	7	9	4456

High level organisational structure of Pikitup



2. Employment Equity

Pikitup has employment policies that it believes are appropriate to the business and the market in which it operates. All employment policies are periodically reviewed to ensure that they remain relevant and practical for the changing needs of the current and potential employees. Equal employment opportunities are offered to all employees, and the company firmly endorses the four key areas of employment equity as identified by the Employment Equity Act:

- elimination of discrimination in decision-making;
- promotion of employee diversity;
- reduction of barriers to advancement of the disadvantaged; and
- Introduction of measures and procedures for transformation.

Employment Equity Committees were resuscitated at various depots. The depots were assisted in reconstituting their own Committees. Ongoing training is planned for Employment Equity committees which will assist in developing employment equity plans, setting numerical goals, implementing, monitoring and the evaluation of Employment Equity. The Committees will also be assisting in the development of the new five year Employment Equity Plan that will outline the targets to be achieved in each year of the plan.

The Committees will be required to assist in conducting an analysis of the Company's workforce profile with a view to determining the extent to which designated groups are under or over-represented within Pikitup. The other critical role that these Committees will be expected to discharge will be to assist in conducting an analysis of employment policies, practices, procedures and the working environment with a view to identifying any barriers that might exist in the company's employment practices.

3. Skills development and training

Pikitup is committed to the maintenance of standards by supporting and training staff through its world-class skills development programme. This programme aims to develop both technical and people skills required for the company to conduct its business on an effective basis. Our skills development programmes are in line with the requirements of the Skills Development Act and our Workplace Skills Plan (WSP) is aligned to our business plan and focus is placed on occupational specific programmes, management development and scarce and critical skills training.

Training will focus on the development of specific competencies relating to our future strategy for the organisation. The main thrust of our training will be with a view to advancing our Waste Minimization strategies particularly in critical areas such as Separation @ Source and other initiatives guided by the reality that waste has to be diverted from Landfill sites.

Training continues to be provided for through further studies as well as various skills programmes offered to employees. The following is an indication of the training programmes our employees went through, across all occupational levels during the year under review:

4. Performance management

Performance Management was implemented for all executives and management levels during the year under review. In terms of the Performance Management policy, fixed term contract employee's final appraisals must be done at the end of the fourth quarter of the financial year.

The company has also commenced a rollout process to ensure that all employees in supervisory positions are included in the performance management strategy. Training of underperforming officials is also being managed with a view to increased performance levels. Performance Management is being adopted as a positive management strategy rather than a punitive process, and in this way employees feel comfortable to be part of the process.

5. Employee wellness

Pikitup firmly believe that a robust Employee Wellness service is paramount to maintaining the health and wellbeing of employees. As such, the company implemented the following employee health and wellness programmes during the year:

- 1) Incapacity and Absenteeism
- 2) Chronic Diseases
- 3) HIV and AIDS
- 4) Medical surveillance
- 5) Health Risk Assessments done
- 6) Immunization
- 7) EAP programs (debt, substance abuse)

Incapacity and Absenteeism

Employee Wellness department (EWD) has completed workshops at all depots within Pikitup. The ageing workforce in Pikitup is vulnerable to various stressors and strains including chronic diseases which manifest as incapacity, poor performance and absenteeism. Committees were developed and trained in management of incapacity and absenteeism in all depots.

HIV, TB and STI Programme

The Prevalence rate in Pikitup was estimated at **13%** in 2014/2015 during the Wellness day events held in September 2014. The previous prevalence rate in 2013/2014 was **20%**.

The majority of cases were in **36-55** age group as follows:

- Females: **6%**
- Males : **3.22%**

Hence this is in keeping with current scientific data which demonstrates that females are more vulnerable. Thus Pikitup is currently putting measures in place to align the HIV program with emphasis on gender sensitivity issues.

The HIV-TB co-infection remains a major challenge with prevalence rate of RSA in **73%**.

The National prevalence rate as estimated by HSRC in 2014 in South Africa is:

- 35 to 39 years age group in Males is **28,8%**
- 35 to 39 years age group in Females is **36%**
- Total National prevalence rate is estimated at **12,8%** (6,4 million cases).

Hence based on above it is evident that Pikitup infection rate is around the National average. This indicates the need for Pikitup intervention in procuring an external service provider and a dedicated HIV Coordinator to assist in managing HIV within the workplace.

Debt Management

The above continues to be one of the major programs for Wellness department due to high level of indebtedness among employees. Training was conducted in all depots with support from external service providers (NCR, Credit Ombudsman, Department of Gauteng consumer affairs, National Consumer commission) on debt management and also on management garnishee orders.

Substance Abuse Program

There has been an on-going education and awareness campaign on the above within Pikitup. Monthly support group meetings also take place among employees discharged from rehabilitation. Education was done for high risk and vulnerable groups of the RCR employees.

6. Staff costs

The overarching objective in the period has been characterized by amongst others, realignment of the HR functions and preparation for the implementation of the HR Service Delivery Model. In the reporting period, the following key delivery service areas were prioritized:

- Capacitating line functions as per the approved Organogram
- Attracting critical skills;
- Enhancing HR compliance to the relevant Legislation, Regulations and HR Policies;

Payroll Administration

The unit has ensured accuracy, completeness and validity of payroll by introducing a number of controls. These include monthly verification of active employees by line managers, reconciliation of payroll and accounting for overtime and acting allowances. The controls introduced have produced positive results relating to overtime. Overtime has been one of the cost drivers in the previous financial years. Furthermore, a number of cost saving measures have been introduced and these include reduction of overtime hours to be worked, re-fleeting and improved fleet management.

Employee Benefits

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

Defined Contribution Funds:

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

Defined Benefit Funds:

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

7. Human Capital Movement in the Year under Review

The HR Unit has met the needs of this constantly evolving environment by ensuring that it employs the right people for the right job at the right time. Every effort was made to ensure that the skills needed to enhance Pikitup's performance is obtained and retained. Pikitup appointed 75 employees as reflected below.

Table 4-1: Human Capital Movements during 2015/16

Occupational Category	Occupational	African		Coloured		Indian		White		Total
		Female	Male	Female	Male	Female	Male	Female	Male	
Top Management	F	0	2	0	0	0	0	0	0	2
Senior Management	E	2	4	0	0	1	1	0	2	10
Professionally qualified and experienced specialists and mid-management	D	7	12	1	1	0	0	1	3	25
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	C	9	8	0	0	1	0	0	1	19
Semi-skilled and discretionary decision making	B	3	13	0	0	0	0	0	0	16

Occupational Category	Occupational	African		Coloured		Indian		White		Total
		Female	Male	Female	Male	Female	Male	Female	Male	
Unskilled and defined decision making	A	1	2	0	0	0	0	0	0	3
Grand Total		22	41	1	1	2	1	1	6	75

Pikitup created over 1000 opportunities for unemployed youth for special projects aimed at achieving high levels of cleanliness within the CoJ.

Human Resources successes are also attributed to healthy leadership demonstrated within Pikitup. The macro structure is 70% capacitated, however an interim structure to ensure efficacies and improved service delivery was put also in place. The interim structure is fully capacitated.

During the year under review, the services of a total number of **1054** employees were terminated due to different reasons. About **13.75%** of the total terminations pertained to expiry of their contracts. It must be noted that Pikitup over the year has engaged the services of Extended Public Works Programme (EPWP) contractors. These were short-term project based contracts for, in the main, inner city cleaning. At the end of the project, these were terminated hence the number of contract expiry is high. Voluntary exit interviews were conducted. Employees who resigned opted to do so to take advantage of better prospects in other companies. The table below indicates the respective statistics pertaining to employee attrition:

Reason for Termination	Number of Terminations	% Terminations	Staff complement as at 30 June 2015
Contract Expiry	719	13.75%	5230
Death	53	1.01%	5230
Dismissal	23	0.44%	5230
Early Retirement	93	1.78%	5230
Medical Boarding	16	0.31%	5230
Resignation	65	1.24%	5230
Retirement	85	1.63%	5230
Totals	1054	20.15%	5230



CHAPTER FIVE: FINANCIAL PERFORMANCE



**JOHANNESBURG
SOC Limited**

Pikitup Johannesburg SOC Limited
Trading as Pikitup
Financial statements
for the year ended 30 June 2016

Pikitup Johannesburg SOC Limited

(Registration number 2000/029899/07)

Trading as Pikitup

Financial Statements for the year ended 30 June 2016

General Information

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Provides comprehensive waste management services on behalf of The City of Johannesburg Metropolitan Municipality to the residents and businesses within the City of Johannesburg Metropolitan Municipality geographic area.
BOARD OF DIRECTORS	Dr Hanekom P (Chairperson) Bp Adams DK Adv Badela G Mr Bahula M (Retired 31 August 2015) Mrs Bogatsu SR Mr Brenner L Ms Kana N (Appointed 16 March 2016) Mr Maharaj S (Chief Financial Officer) Mr Matshekga LJ Ms Nair A (Retired 31 August 2016) Dr Nyabeze WRR Adv Rampai TD
REGISTERED OFFICE	Jorrissen Place 66 Jorrissen Street Braamfontein Johannesburg 2001
BUSINESS ADDRESS	Jorrissen Place 66 Jorrissen Street Braamfontein Johannesburg 2001
POSTAL ADDRESS	Private Bag X74 Braamfontein Johannesburg 2001
CONTROLLING ENTITY	The City of Johannesburg Metropolitan Municipality incorporated in South Africa
AUDITORS	The Auditor General of South Africa
COMPANY SECRETARY	Mr Dekker FJ
COMPANY REGISTRATION NUMBER	2000/029899/07
CHIEF FINANCE OFFICER (CFO)	Mr Maharaj S
BANKERS	Standard Bank of South Africa Limited

Pikitup Johannesburg SOC Limited

(Registration number 2000/029899/07)

Trading as Pikitup

Financial Statements for the year ended 30 June 2016

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
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
MOE's	Municipal Owned Entities
MSA	Municipal Systems Act
MFMA	Municipal Finance Management Act
COJ	City of Johannesburg
CJMM	City of Johannesburg Metropolitan Municipality
USDG	Urban Settlements Development Grant

Pikitup Johannesburg SOC Limited

(Registration number 2000/029899/07)

Trading as Pikitup

Financial Statements for the year ended 30 June 2016

Director's Responsibilities and Approval

The directors are required by the Municipal Finance Management Act (Act 56 of 2003) and Companies Act of South Africa (Act of 2008), to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the directors to ensure that the financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The Auditor General is engaged as required by the Constitution s188 and MFMA s92 to express an independent opinion on the financial statements and was given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board set standards for internal control are aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit. Pikitup is in the process of implementing a combined assurance framework in line with the recommendation of King III. The combined assurance framework is currently at draft stage and will be implemented subsequent to approval from the board of directors. The purpose of a combined assurance model is to optimise overall assurance to the board of directors by management, internal and external assurance providers on how risk affecting the entity is being managed or mitigated.

The entity is wholly dependent on the CJMM for continued funding of operations. The financial statements are prepared on the basis that the entity is a going concern and that the CJMM has neither the intention nor the need to liquidate or curtail materially the scale of the entity.



Dr Hanekom P
Chairperson



Mr Dhlamini L
Acting Managing Director

Date: 29 November 2016

Pikitup Johannesburg SOC Limited

(Registration number 2000/029899/07)

Trading as Pikitup

Financial Statements for the year ended 30 June 2016

Audit and Risk Committee Report

The Audit and Risk Committee presents its report for the year ended 30 June 2016 as recommended by the King III report and in compliance with Section 94(7)(f) of the Companies Act of 2008 and MFMA s166. The Audit and Risk Committee has adopted formal terms of reference that have been approved by the Board of Directors. The Committee has conducted and discharged its affairs and its responsibilities in compliance with its terms of reference, King III, Section 94(7)(f) of the Companies Act of 2008 and MFMA s166.

The members of the Audit and Risk Committee are Mr Brenner L, Mr Buys R, Mr Hattingh W, Mr Mufana G and Mr Matshekga LJ. The Committee held 10 meetings during the financial year to review matters necessary to fulfill its role.

Members of the Audit and Risk Committee

The Audit and Risk Committee consists of the members listed hereunder and met 10 times during the financial year to review matters necessary to fulfill its role.

Name of member	Number of meetings attended
Mr Matshekga LJ (Chairperson)	10
Mr Brenner L	10
Mr Buys R	7
Mr Hattingh W	6
Mr Mufana G	10

In the conduct of its duties, the Audit and Risk Committee reviewed the terms of reference during the period under review and performed the following functions:

External audit

- Received and reviewed reports from Auditor General concerning the effectiveness of Pikitup's internal control environment, systems and processes; and
- Made appropriate recommendations to the Board regarding the corrective actions to be taken as consequence of audit findings.

Internal audit

- Considered the effectiveness of Internal Audit, which included approving the three year rolling plan and reviewed the annual internal audit charter;
- Received and reviewed reports from the internal auditors concerning the effectiveness of the company's internal controls, systems and processes;
- Reviewed the adequacy and appropriateness of management's corrective action plan as a consequence of audit findings;
- Made appropriate recommendations to the Board regarding the corrective actions to be taken as a consequence of the audit findings.

The internal audit function reports functionally to the Audit and Risk Committee and provides reports at Audit and Risk Committee meetings. The Chief Audit Executive reports at each Audit and Risk Committee meeting and has direct reporting line to the Chairperson of the Audit and Risk Committee. The annual audit plan is reviewed regularly to ensure it remains relevant and responsive to changes in the operating environment. During the year under review the Audit and Risk Committee met with the Chief Audit Executive and External Auditors without management being present.

Risk Management

Accountability for risk management lies with the Board. The risk appetite and tolerance levels are set by the Board and reviewed annually. The Board has delegated the oversight responsibility to the Audit and Risk Committee, which monitors that risk taken are within the tolerance and appetite levels. During the year under review, the Board held a risk workshop to review the top strategic risks. An experienced Chief Risk officer was appointed to strengthen the risk management capability of the organisation. The company has procured an ERP solution to fulfill and strengthen the Risk Management capabilities.

Performance Evaluation

The Audit and Risk Committee conducted its performance evaluation during the year. The result of the evaluation was satisfactory.

Pikitup Johannesburg SOC Limited

(Registration number 2000/029899/07)

Trading as Pikitup

Financial Statements for the year ended 30 June 2016

Audit and Risk Committee Report

Audit and Risk Committee Charter

The Audit and Risk Committee charter was reviewed and approved by the board of directors during the year . The Committee complied with its terms of reference as outlined in the charter.

Furthermore the Audit and Risk Committee:

King III recommendations

Pikitup adopted King III as part of its code on corporate governance. The assurance work conducted by assurance providers during the year included all principles of King III. Based on the assurance work provided , the Audit and Risk Committee is satisfied that King III recommendations were fully complied with during the year.

Assessment of the financial function

The Audit and Risk Committee satisfied itself that the Chief Financial Officer has appropriate financial experience . The committee continues to make recommendations for enhancing the functioning and improvement of the finance function to management where appropriate.

The Committee also considered the Annual Report for the year under review and recommended approval thereof to the Board of Directors. The Audit and Risk Committee is satisfied that it complies with its legal, statutory and delegated responsibilities.

Internal Control Environment

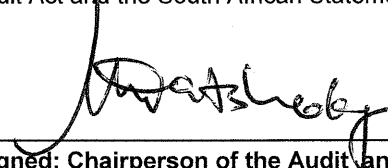
The Audit and Risk Committee has overseen a process by which Internal Audit performed a written assessment of the effectiveness of the company's system of internal control and risk management, including internal financial controls. The Audit and Risk Committee noted that in the certain instances management were slow to implement corrective actions required. The Committee has made recommendations for ensuring that the internal control environment is improved and better accountability from management is established.

In addition to work conducted by Internal Audit, the Audit and Risk Committee rely on the work conducted by the external auditors in the determining the effectiveness and adequacy of the system of internal control within the entity. In the previous financial year ,external auditors raised audit findings in its management report. Audit and Risk Committee is satisfied with the progress made in resolving these audit findings.

In the opinion of the Audit and Risk Committee, the internal controls of the Company are considered appropriate in terms of:

- Meeting the strategic objectives of the Company;
- Evaluating and mitigating the key risks facing the Company;
- Ensuring compliance with applicable laws and regulations;
- Ensuring that the Company's assets are safeguarded; and
- Ensuring that transactions undertaken are correctly recorded in accounting records.

The Audit and Risk Committee has evaluated the financial statements for the year ended 30 June 2016 and considers that they comply, in all material respects, with the requirements of the Companies Act, Municipal Finance Management Act, the Public Audit Act and the South African Statements of Generally Recognised Accounting Practice (GRAP).



Signed: Chairperson of the Audit and Risk Committee

Date: 29 November 2016

Pikitup Johannesburg SOC Limited

(Registration number 2000/029899/07)

Trading as Pikitup

Financial Statements for the year ended 30 June 2016

Director's Report

The directors submit their report for the year ended 30 June 2016.

1. INCORPORATION

The entity was incorporated on 28 November 2000 and obtained its certificate to commence business on the same day.

2. REVIEW OF ACTIVITIES

Main business and operations

The entity is engaged in providing comprehensive waste management services on behalf of the City of Johannesburg metropolitan municipality to the residents and businesses within the City of Johannesburg metropolitan municipality geographic area.

During the year under review there were no changes in the activities of the business.

Net surplus after taxation of the entity was R 293,414,693 (2015: deficit R 55,492,646). This is despite the entity incurring additional expenditure relating to the industrial action experienced during the financial period. The net expenditure incurred during the strike amounts to R102,5 million. The company implemented the no work no pay principle during the unprotected industrial action period resulting in savings on employee costs. Point 15 of the Director's report contains more information on the expenditure incurred during the industrial action.

3. GOING CONCERN AND UNDERTAKING OF SUPPORT

As at 30 June 2016, the entity had an accumulated surplus of R 417,504,036 (2015 R124,089,343) and that the entity's total assets exceed its liabilities by R 460,506,844 (2015 R167,092,151).

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

4. DIRECTORS' DECLARATION OF PERSONAL FINANCIAL INTEREST

The directors declared that they have no interest in the contracts of the company.

5. ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with the Municipal Finance Management Act (Act 56 of 2003).

6. SHARE CAPITAL

The company was incorporated with an authorised share capital of 1,000 ordinary shares of R1 each which were issued at par value.

According to the company's register at 30 June 2016 The City of Johannesburg Metropolitan Municipality held 100% of the ordinary share capital of the company.

There were no changes in the authorised or issued contributions from owners of the company during the year under review.

Pikitup Johannesburg SOC Limited

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Trading as Pikitup

Financial Statements for the year ended 30 June 2016

Director's Report

7. BORROWING LIMITATIONS

In terms of the of Memorandum of Incorporation and the Delegation of Authority, Pikitup Johannesburg (SOC) Limited does not have the authority to borrow funds on its own behalf. All external funding is managed under the auspices of the The City of Johannesburg Metropolitan Municipality Asset and Liability Management Committee.

8. MANAGEMENT AGREEMENT

The City of Johannesburg Metropolitan Municipality operates on a consolidated billing system for its revenue and certain of its controlled entities, which includes this company. In terms of this system, the City of Johannesburg Metropolitan Municipality invoices commercial and domestic customers on behalf of this company, and collects the receipts thereof from these customers.

9. BOARD OF DIRECTORS

The directors of the entity during the year and to the date of this report are as follows:

All directors are non-executive directors with the exception of the Accounting officer and Chief Financial officer .

Dr Hanekom P (Chairperson)	South African	
Bp Adams DK	South African	
Adv Badela G	South African	
Mr Bahula M	South African	Retired 31 August 2015
Mrs Bogatsu SR	South African	
Mr Brenner L	South African	
Ms Kana N	South African	Appointed 15 March 2016
Mr Maharaj S (Chief Financial Officer)	South African	
Mr Matshekga LJ	South African	
Ms Nair A (Accounting Officer)	South African	Retired 31 August 2016
Dr Nyabeze WRR	South African	
Adv Rampai TD	South African	

10. SECRETARY

The secretary of the entity is Mr F Dekker of:

Business address

Jorrissen Place
66 Jorrissen Street
Braamfontein
Johannesburg
2001

Postal address

Private Bag X74
Braamfontein
Johannesburg
2017

Pikitup Johannesburg SOC Limited

(Registration number 2000/029899/07)

Trading as Pikitup

Financial Statements for the year ended 30 June 2016

Director's Report

11. CORPORATE GOVERNANCE

General

The directors are committed to business integrity, transparency and professionalism in all their activities. As part of this commitment, the directors support the highest standards of corporate governance and the ongoing development of best practice.

Board of directors

The Board:

- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;
- is of a unitary structure comprising:
 - non-executive directors, all of whom are independent directors.
 - Accounting officer.
 - Chief Financial Officer.

Chairperson and Accounting Officer

The Chairperson of the Board is a non-executive director.

The roles of the Chairperson and Accounting Officer are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

The Acting Managing Director was seconded from Johannesburg Water SOC Limited.

Remuneration

The remuneration of the Accounting Officer is determined by the Shareholder.

The remuneration of the directors is determined by the City of Johannesburg as agreed by special resolution at the Annual General Meeting.

Pikitup Johannesburg SOC Limited

(Registration number 2000/029899/07)

Trading as Pikitup

Financial Statements for the year ended 30 June 2016

Director's Report

Board meetings

The directors held 18 meetings in the current financial period.

BOARD AND COMMITTEE MEETINGS

Name	Board Committee	Audit and Risk Committee	Operations and Service Delivery Committee	Social, Ethics and Human Resources Committee
Dr Hanekom P (Chairperson)	18	1	4	1
Bp Adams DK	15	1	4	4
Adv Badela G	11		2	1
Mr Bahula M	2		1	1
Mrs Bogatsu SR	17	1	4	4
Mr Brenner L	14	10		
Ms Kana N	7	1	1	1
Mr Matshekga LJ	16	10		1
Dr Nyabeze WRR	17	1	4	1
Adv Rampai TD	14			4

Audit and Risk Committee

The members of the Audit and Risk Committee are Mr Brenner L, Mr Hattingh W, Mr Buys R, Mr Mufana G and Mr Matshekga LJ. The Audit and Risk Committee held 10 meetings during the 2015/16 financial year to review matters necessary to fulfill their role.

MEMBERS OF THE AUDIT AND RISK COMMITTEE

Name	Audit and Risk Committee
Total number of meetings held	10
Mr Matshekga LJ (Chairperson)	10
Mr Brenner L	10
Mr Buys R	7
Mr Hattingh W	6
Mr Mufana G	10

Internal audit

The internal audit function was performed using in-house capacity, where required assistance was co-sourced from a panel of internal auditors. This is in compliance with Municipal Finance Management Act, 2003.

12. CONTROLLING ENTITY

The company's parent is The City of Johannesburg Metropolitan Municipality.

Pikitup Johannesburg SOC Limited

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Director's Report

13. INVESTMENT IN ASSOCIATES

Name of investment	Purpose of the company	Proportionate share of net income (loss) after tax
Friedshelf 128 (Pty) Ltd	Property company	(4 254 617)

Pikitup holds 50% equity interest in Friedshelf 128 (Pty) Ltd whose underlying assets comprise of the building situated at the following address: Corner Bertha and Juta Street in Braamfontein, Johannesburg.

The financial year-end of Friedshelf 128 (Pty) Ltd is the end of February.

14. BANKERS

Standard Bank of South Africa.

The management of the treasury function within the company is managed under the auspices of the The City of Johannesburg Metropolitan Municipality Treasury department. The company has a sweeping arrangement with The City of Johannesburg Metropolitan Municipality whereby all cash is swept on a daily basis to The City of Johannesburg Metropolitan Municipality's bank account.

15. 2015/16 INDUSTRIAL ACTION EXPERIENCED

Pikitup experienced industrial strike action during the 2015/16 financial period, which resulted in additional expenditure to maintain cleanliness levels across the City. The expenditure incurred by Pikitup was mainly on the following categories:

Hire of plant	(R20,7 million)
Net additional fleet cost	(R28,7 million)
Hire of casual labour	(R33,7 million)
Security services	(R51,6 million)
Other general expenses	(R8,4 million)
Estimated loss on commercial revenue	(R3,7 million)
Total Strike cost	(R146,8 million)
Less : Employee cost saving as a result of no work no pay	(R44,2 million)
Net strike costs	(R102,6 million)

The City established a Joint Operations Committee (JOC) to assist Pikitup to clear the waste backlog at a cost of R20,9 million.

Pikitup Johannesburg SOC Limited

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Financial Statements for the year ended 30 June 2016

Company Secretary's Certification

Declaration by the company secretary in respect of Section 88(2)(e) of the Companies Act of 2008

In terms of section 88(2)(e) of the Companies Act 71 of 2008, (as amended) and the Municipal Finance Management Act, Act 56 of 2003, I certify that, to the best of my knowledge and belief, the company has lodged and/or filled, for the financial year ended 30 June 2016, all such returns and notices as required and that all such returns and notices are true, correct and up to date.



Mr F Dekker

Company Secretary

Pikitup Johannesburg SOC Limited

(Registration number 2000/029899/07)

Trading as Pikitup

Financial Statements for the year ended 30 June 2016

Statement of Financial Position as at 30 June 2016

Figures in Rand	Note(s)	2016	2015
Assets			
Current Assets			
Inventories	3	4,240,468	4,444,032
Loans to shareholder	4	1,554,181,926	1,749,479,797
Receivables from exchange transactions	6	47,948,174	79,983,996
Consumer debtors	7	987,008,816	550,157,932
Cash and cash equivalents	8	56,430	53,941
		2,593,435,814	2,384,119,698
Non-Current Assets			
Property, plant and equipment	9	721,328,675	740,328,321
Intangible assets	10	426,639	6,737,653
Investment in associate	11	15,791,008	20,045,625
Loans to shareholders	4	117,439,078	110,413,070
Amounts owed by SARS	5	1,777,917	1,777,917
		856,763,317	879,302,586
Total Assets		3,450,199,131	3,263,422,284
Liabilities			
Current Liabilities			
Loans from shareholder	4	1,131,609,617	1,445,727,234
Finance lease obligation	13	36,639,297	44,307,255
Payables from exchange transactions	14	621,283,115	489,767,702
Provision for performance bonus and employee settlement	16	12,042,586	20,345,049
		1,801,574,615	2,000,147,240
Non-Current Liabilities			
Loans from shareholders	4	407,215,207	302,233,383
Finance lease obligation	13	116,303,926	153,097,299
Employee benefit obligation	15	82,950,505	89,724,772
Provisions- Landfill Rehabilitation	16	561,971,523	531,450,922
Provisions - Fleet	16	19,676,516	19,676,516
		1,188,117,677	1,096,182,892
Total Liabilities		2,989,692,292	3,096,330,132
Net Assets/ (Liabilities)		460,506,839	167,092,152
Net Assets/ (Liabilities)			
Share capital	18	1,000	1,000
Owners Contribution	19	43,001,808	43,001,808
Accumulated surplus		417,504,036	124,089,343
Total Net Assets / (Liabilities)		460,506,844	167,092,151

Pikitup Johannesburg SOC Limited

(Registration number 2000/029899/07)

Trading as Pikitup

Financial Statements for the year ended 30 June 2016

Statement of Financial Performance

Figures in Rand	Note(s)	2016	2015
Revenue			
Service Charges	21	1,345,463,024	1,215,285,257
Rental from facilities and equipment		304,760	244,820
Miscellaneous other revenue	23	54,276,128	22,231,579
Government grants & subsidies	24	648,043,901	608,007,861
Fair value adjustments		73,490,025	64,266,361
		2,121,577,838	1,910,035,878
Other income			
Discount received		510,114	-
Interest received		7,061,508	6,727,311
Income from equity accounted investment	11	-	1,937,482
		7,571,622	8,664,793
Operating Expenses (Refer to page 14)		(1,745,998,291)	(1,907,470,738)
Operating surplus	25	383,151,169	11,229,933
Finance costs	28	(85,481,859)	(66,722,579)
Loss from equity accounted investments	11	(4,254,617)	-
		(89,736,476)	(66,722,579)
Surplus (deficit) for the year		293,414,693	(55,492,646)

Pikitup Johannesburg SOC Limited

(Registration number 2000/029899/07)

Trading as Pikitup

Financial Statements for the year ended 30 June 2016

Statement of Financial Performance

Figures in Rand	Note(s)	2016	2015
Operating expenses			
Food for waste		(1,146,274)	-
Advertising		(865,868)	(1,099,857)
Assessment rates & municipal charges		(7,972,841)	(8,387,504)
Auditors remuneration	29	(5,449,850)	(4,069,734)
Allowance for doubtful debts	7	47,254,756	(459,625,408)
Bank charges		(15,413)	(62,430)
Cleaning		(9,294,409)	(1,603,451)
Safety Equipment		(834,661)	(64,108)
Conferences and seminars		(1,293,167)	(748,707)
Consulting and professional fees		(5,631,864)	(1,065,472)
Consumables		(19,283,645)	(20,642,313)
Pollution monitoring		(941,373)	(958,815)
Depreciation, amortisation and impairments	27	(116,015,183)	(111,864,449)
Employee costs	26	(895,501,588)	(808,076,041)
Entertainment		(5,422,540)	(3,285,279)
Medical expenses		(9,933)	(6,384)
Sundries		(263,125)	(109,450)
Waste disposal fees		(27,620,049)	(16,591,045)
Payroll processing		(1,306,557)	(1,407,356)
Recruitment fees		(1,183,693)	(2,897,870)
Fleet and cleaning services	20	(541,081,697)	(396,048,411)
Funeral assistance		(1,493,305)	(639,950)
IT expenses		(11,713,775)	(11,297,103)
Insurance		(2,262,765)	(2,685,898)
Lease rentals on operating leases		(10,539,123)	(7,507,403)
Legal expenses		(7,823,906)	(5,312,293)
Marketing		(1,894,731)	(298,670)
Asset scrapped		(6,612,862)	(555,520)
Printing and stationery		(894,615)	(951,211)
Repairs and maintenance		(5,253,739)	(3,290,845)
Security		(77,825,733)	(16,521,830)
Staff welfare		(3,643,017)	(4,861,271)
Subscriptions		(293,042)	(170,929)
Telephone and fax		(3,520,893)	(3,970,004)
Training		(1,159,489)	(943,731)
Environmental Education		(13,933,803)	(5,545,596)
Revenue and Customer Relations Management fees		(2,866,175)	(3,693,459)
Travelling		(388,344)	(610,941)
		(1,745,998,291)	(1,907,470,738)

Pikitup Johannesburg SOC Limited

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Financial Statements for the year ended 30 June 2016

Statement of Changes in Net Assets

Figures in Rand	Note(s)	Share capital	Owners Contribution	Accumulated surplus	Total equity
Opening balance as previously reported		1,000	43,001,808	656,081,833	699,084,641
Adjustments					
Change in accounting policy		-	-	(482,151,638)	(482,151,638)
Prior year adjustments	35	-	-	5,651,794	5,651,794
Balance at 01 July 2014 as restated		1,000	43,001,808	179,581,989	222,584,797
Changes in net assets					
Deficit for the year		-	-	(55,492,646)	(55,492,646)
Total changes		-	-	(55,492,646)	(55,492,646)
Balance at 01 July 2015		1,000	43,001,808	124,089,343	167,092,151
Changes in net assets					
Surplus for the year		-	-	293,414,693	293,414,693
Total changes		-	-	293,414,693	293,414,693
Balance at 30 June 2016		1,000	43,001,808	417,504,036	460,506,844

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Financial Statements for the year ended 30 June 2016

Cash Flow Statement

Figures in Rand	Note(s)	2016	2015
Cash flows from operating activities			
Receipts			
Sale of goods and services		1,034,221,856	948,267,008
Grants		648,043,901	608,007,861
Interest income		7,061,508	6,727,311
		1,689,327,265	1,563,002,180
Payments			
Suppliers		(1,451,728,383)	(1,781,955,762)
Finance costs		(48,533,775)	(31,806,703)
		(1,500,262,158)	(1,813,762,465)
Net cash flows from operating activities	30	189,065,107	(250,760,285)
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(107,071,855)	(135,045,796)
Proceeds from sale of property, plant and equipment	9	-	82,820
Net cash flows from investing activities		(107,071,855)	(134,962,976)
Cash flows from financing activities			
Interest paid - Sweeping		(256,580)	87,232
Net movement of shareholders loan		(16,437,280)	410,051,790
Finance lease payments		(65,296,903)	(34,691,258)
Net cash flows from financing activities		(81,990,763)	375,447,764
Net increase/(decrease) in cash and cash equivalents		2,489	(10,275,497)
Cash and cash equivalents at the beginning of the year		53,941	10,329,438
Cash and cash equivalents at the end of the year	8	56,430	53,941

Pikitup Johannesburg SOC Limited

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Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	1,334,932,000	2,164,000	1,337,096,000	1,345,463,024	8,367,024	A
Rental facilities and equipment	303,000	-	303,000	304,760	1,760	
Miscellaneous other revenue	7,685,000	6,006,000	13,691,000	54,276,128	40,585,128	B
Discount received	-	-	-	510,114	510,114	
Interest received	3,784,000	1,216,000	5,000,000	7,061,508	2,061,508	
Total revenue from exchange transactions	1,346,704,000	9,386,000	1,356,090,000	1,407,615,534	51,525,534	
Revenue from non-exchange transactions						
Government grants & subsidies	648,208,000	7,443,000	655,651,000	648,043,901	(7,607,099)	C
Fair value adjustment	-	-	-	73,490,025	73,490,025	
Total revenue from non-exchange transactions	648,208,000	7,443,000	655,651,000	721,533,926	65,882,926	
Total revenue	1,994,912,000	16,829,000	2,011,741,000	2,129,149,460	117,408,460	
Expenditure						
Personnel	(878,519,000)	(41,157,000)	(919,676,000)	(895,501,588)	24,174,412	D
Environmental Education	(14,290,000)	490,000	(13,800,000)	(13,933,803)	(133,803)	E
Depreciation and amortisation	(147,015,000)	29,562,000	(117,453,000)	(116,015,183)	1,437,817	F
Finance costs	(75,553,000)	(2,700,000)	(78,253,000)	(85,481,859)	(7,228,859)	G
Lease rentals on operating lease	(7,923,000)	(2,968,000)	(10,891,000)	(10,539,123)	351,877	
Allowance for doubtful debts	(107,749,000)	(55,763,000)	(163,512,000)	47,254,756	210,766,756	H
Safety	(1,129,000)	(172,000)	(1,301,000)	(834,661)	466,339	
Repairs and maintenance	(8,091,000)	1,171,000	(6,920,000)	(5,253,739)	1,666,261	
Pollution monitoring	(1,505,000)	600,000	(905,000)	(941,373)	(36,373)	
General Expenses	(753,138,000)	54,108,000	(699,030,000)	(750,233,577)	(51,203,577)	I
Total expenditure	(1,994,912,000)	(16,829,000)	(2,011,741,000)	(1,831,480,150)	180,260,850	
Operating surplus	-	-	-	297,669,310	297,669,310	
Income from equity accounted investments	-	-	-	(4,254,617)	(4,254,617)	
Surplus before taxation	-	-	-	293,414,693	293,414,693	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	293,414,693	293,414,693	

Pikitup Johannesburg SOC Limited

(Registration number 2000/029899/07)

Trading as Pikitup

Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

A. Service charges- The positive variance can be ascribed to domestic revenue which ended the financial year at R 58.914 million over budget, with commercial revenue also over budget by R8.439 million due to a positive result for landfill fees.

B. Miscellaneous and other revenue was higher than budget as a result of :

- Income derived from the cleaning of hostels which was received but not funded for.
- Income received from Economic Development department for expenditure incurred on EPWP programme.
- Ad-hoc projects completed on behalf of various city regions.
- Interest received from outstanding debtors was higher than budget.

C. Government Grants and Subsidies - Actual results are closely aligned with the revised budget and mainly consist of the Service fee received from the City for non - billable services, SETA and USDG grants .

D . Personnel cost - Actual costs for the year are marginally lower than budget for the financial year due to application of the no work no pay principle during the unprotected strike.

E. Environmental education cost for the financial year are closely aligned with the revised budget for the financial year .

F. Depreciation and Armotization cost are closely aligned with the revised budget for the financial year .

G. Finance costs- Costs for both the interest on capitalised leased and rehabilitation of landfill sites were slightly higher than expected compared to budget.

H. The allowance for doubtful debt- The allowance shows a reversal of R46.6 million which compares favourable to the budgeted amount of R163.5 million. This relates to the reversal relates to debtors provided for in the prior year which were no longer provided for in the current year due to improvements in the debtor's credit status. More information is provided in note 7 of the financial statements.

I. General expenses were over budget for the financial year directly as a result of unbudgeted cost incurred during the strike action .

- Fleet costs for the year were marginally lower than budget though this is partly related to the strike period, where City owned vehicles were utilised less due to security reasons
- Contractor costs for mobile plant and hire of casual staff as well as guarding and legal costs were significantly over budget due to cost incurred during the strike action.
- Contractor cleaning costs are under budget for the year as the Jozi@Work project was not accelerated during the strike period due to concerns over workers safety.
- Disposal costs paid to externally owned landfills were over budget for the financial year due to higher than budgeted waste tonnages being diverted as a result of the strike.
- Bin liner costs were below budget for the year due to delay in implementation of the Separation@source project.
- IT costs were under budget for the financial year with savings evident in both network infrastructure and software costs.
- Utility costs were aligned to budget for the financial year .
- The below table shows the comparison of budget and actual amounts relating to general expenses:

Pikitup Johannesburg SOC Limited

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Trading as Pikitup

Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
				Actual	Revised Budget	Variance
Fleet Cost				318,811,068	323,102,000	4,290,932
Contractors Costs - Mobile Plant				130,487,696	117,328,000	(13,159,696)
Contractor Costs - Cleaning Cost				97,994,355	120,006,000	22,011,645
Guarding Of Municipal Property				77,825,733	21,892,000	(55,933,733)
Contractors Costs - Hire of Casual Staff				34,995,984	6,448,000	(28,547,984)
Disposal Fees: Landfills				27,620,049	25,794,000	(1,826,049)
Stores and Materials (Including Bin Liner Costs)				18,942,571	34,980,000	16,037,429
IT Costs				11,713,775	13,359,000	1,645,225
Legal Costs				7,823,906	4,688,000	(3,135,906)
Utilities				6,781,194	7,664,000	882,806
Consultants Costs				5,631,864	3,030,000	(2,601,864)
Public Relations				4,014,800	4,781,000	766,200
Telecom Costs				3,520,893	6,125,000	2,604,107
Other Minor Items				4,069,689	9,833,000	5,763,311
				750,233,577	699,030,000	(51,203,577)

Pikitup Johannesburg SOC Limited

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Trading as Pikitup

Financial Statements for the year ended 30 June 2016

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, as adopted by the entity which have been consistently applied in the preparation of these financial statements, are disclosed below.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments. The discounting rates for the period under review is 9.25% (2014: 9.25%).

Impairment testing

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

Provisions

Provisions are raised based on the information available. Additional disclosure of these provisions are included in note 16 - Provisions.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The entity recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The entity recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the entity to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the entity to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Pikitup Johannesburg SOC Limited

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Financial Statements for the year ended 30 June 2016

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of assets

The entity's management determines the estimated useful lives and related depreciation charges for the items of property, plant and equipment. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

Effective interest rate

The Company used the City of Johannesburg Metropolitan Municipality Treasury borrowing rate as a point of departure and basis for discounting financial instruments.

Allowance for doubtful debts

The company assesses its trade receivables / held to maturity investments and/or loans and receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the statement of Financial Performance, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The provision for impairment is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow discounted at the effective interest rate computed at initial recognition

1.2 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

Pikitup Johannesburg SOC Limited

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Trading as Pikitup

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.2 Property, plant and equipment (continued)

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Useful life
Land	Straight line	Infinite
Buildings	Straight line	10-20
Plant and machinery	Straight line	6-10
Furniture and fixtures	Straight line	15
Motor vehicles	Straight line	3-6
Office equipment	Straight line	6-10
IT equipment	Straight line	6-10
Landfill Site	Straight line	Determined annually based on the available space
Signage	Straight line	15
Bins and containers	Straight line	15
Cellphones	Straight line	2

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

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

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

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1.2 Property, plant and equipment (continued)

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

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

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

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

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

1.4 Investment in associate

An investment in an associate is carried on equity basis and recognised through surplus and deficit.

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1.5 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the entity becomes a party to the contractual provisions of the instruments.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Loans to (from) economic entities

These include loans to and from controlling entities, fellow controlled entities, controlled entities, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

On loans receivable an impairment loss is recognised in surplus or deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Consumer Debtors

Trade receivables are measured at initial recognition at cost or fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

Payables from exchange transactions

Trade payables are initially measured at cost or fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

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1.5 Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

These are initially and subsequently recorded at fair value. Cash and cash equivalents are classified as loans and receivable financial instruments.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the entity's accounting policy for borrowing costs.

Other financial liabilities are measured initially at fair value and subsequently at amortised cost, using the effective interest rate method. Bank overdraft and borrowings are classified as loans and payables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

1.6 Tax

Current tax assets and liabilities

In the event that tax is payable it is based on taxable surplus for the year. Taxable surplus differs from surplus as reported in the statement of financial performance because it excludes income and expenses that are taxable or tax deductible in other years and it further excludes items that are never taxable or tax deductible.

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable surplus will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to net assets; or
 - a business combination.
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1.6 Tax (continued)

Current tax and deferred taxes are charged or credited to net assets if the tax relates to items that are credited or charged, in the same or a different period, to net assets.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of return on the remaining balance of the liability.

Operating leases - lessee

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

1.8 Inventories

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

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

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

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

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

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

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

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1.8 Inventories (continued)

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

Criteria developed by the entity to distinguish cash-generating assets from non-cash-generating assets are as follow:

1.10 Impairment of non-cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

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1.10 Impairment of non-cash-generating assets (continued)

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

1.11 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into.

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The company's contributions to the defined contribution plans are charged to the Statement of Financial Performance in the financial year to which they relate.

The company's has no further payment obligations once the contributions have been paid.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

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1.12 Employee benefits (continued)

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

The majority of the company employees are members of various defined benefit plans, the assets of which are held in separate trustee-administrated funds. These retirement funds are generally funded by payments from employees, the company and the The City of Johannesburg Metropolitan Municipality.

For defined benefit plans, the accounting costs are assessed and charged to the Statement of Financial Performance. The obligation is measured at the present value of the estimated future cash flows using interest rates of government securities that have terms to maturity approximating the terms of the related liability.

Any asset is limited to unrecognised actuarial losses, plus the present value of available refunds and reduction in future contributions to the plan.

Actuarial gains and losses are charged to the Statement of Financial Performance as the cost occur.

Other post retirement obligations

The entity provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The entity also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

1.13 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

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1.13 Provisions and contingencies (continued)

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

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

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

Provisions are not recognised for future operating surplus.

Actual costing figures were used in determining the provision for rehabilitation of landfill sites. Landfill areas are rehabilitated over years and in accordance with the operational plans. The areas will stay the same in size for a number of years.

Provision is made for estimated cost to be incurred on the long term environmental obligations, comprising expenditure on pollution control and closure over the estimated life of the landfill.

The increase in the restoration provision due to passage of time is recognised as interest in the income statements.

The cost of ongoing programmes to prevent, control pollution and rehabilitate the environment is recognised as an expense when incurred.

Provision are measured at the director' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

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

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.9 and 1.10.

If the related asset is measured using the revaluation model:

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1.13 Provisions and contingencies (continued)

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
 - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.14 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

1.15 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

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1.15 Revenue from non-exchange transactions (continued)

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

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1.16 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.17 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.18 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.19 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2016 or later periods:

Standard/ Interpretation:	Effective date:	Expected impact:
• GRAP 18: Segment Reporting	Not determined yet	The impact is not expected to be material.
• GRAP 20: Related parties	Not determined yet	The adoption of this amendment have previously been provided for in the financial statements
• GRAP 32: Service Concession Arrangements: Grantor	Not determined yet	The impact is not expected to be material.
• GRAP 108: Statutory Receivables	Not determined yet	The adoption of this amendment have previously been provided for in the financial statements
• GRAP 109: Accounting by Principals and Agents	Not determined yet	The impact is not expected to be material.

3. Inventories

Equipment stock	142,449	198,192
Bin Liners	2,830,603	1,655,423
Protective clothing	458,020	1,373,116
Consumable stock	809,396	897,837
Compost stock	-	319,464
	4,240,468	4,444,032

4. Loans to/(from) shareholder

City of Johannesburg Metropolitan Municipality - Notional loans in respect of Post Retirement Benefits (Non-Current Assets)	4.1	117,439,078	110,413,070
City of Johannesburg Metropolitan Municipality - Unsecured (Current Liabilities)	4.2	(1,131,609,617)	(1,445,727,234)
City of Johannesburg Metropolitan Municipality - Unsecured Other loans (Current Assets)	4.3	1,417,922,018	1,672,856,998
City of Johannesburg Metropolitan Municipality - Capex Loans (Non-Current Liabilities)	4.4	(407,215,207)	(302,233,383)
City of Johannesburg Metropolitan Municipality - Sweeping account (Current Assets)	4.5	136,259,908	76,622,799
		132,796,180	111,932,250

In the current financial period some of the transactions relating to Loans to/from shareholders reclassified to ensure that the note is more reliable and relevant.

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4. Loans to/(from) shareholder (continued)		
Non-current assets	117,439,078	110,413,070
Current assets	1,554,181,926	1,749,479,797
Non-current liabilities	(407,215,207)	(302,233,383)
Current liabilities	(1,131,609,617)	(1,445,727,234)
	132,796,180	111,932,250

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The entity does not hold any collateral as security.

4.1 Notional loans

Loans at beginning of the year	110,413,070	104,350,749
Movement	7,026,008	6,062,321
	117,439,078	110,413,070

The notional loans relates to the employee benefits obligations, refer to note 16

4.2 Unsecured

In respect of operating expenditure	(1,139,469,962)	(1,445,727,234)
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4.3 Unsecured other loans

In respect of operating expenditure	1,415,933,786	1,672,856,998
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4.4 Capex loans

Loans at beginning of the year	(302,233,383)	(181,178,452)
Receipts	(104,981,824)	(121,054,931)
	(407,215,207)	(302,233,383)

The terms of payments between 9% to 14% interest rate per annum and the payment terms ranging between 30 and 40 quarterly instalment. These loans relates to capital expenditure incurred and in line with the approved annual capital budget. The Urban Settlement Development Grant is disclosed as part of note 21.

4.5 Sweeping account

Opening balance for the year	76,622,799	(15,719,675)
Movement for the year	59,637,109	92,342,474
	136,259,908	76,622,799

The sweeping account represent cash that is swept on a daily basis as per the sweeping arrangement with The City of Johannesburg Metropolitan Municipality.

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5. Amount owed by SARS		
This relates to a refund in respect of 2010 Income Tax assessment. Pikitup has lodged an objection with the South African Receiver of Revenue for the amount to be refunded.		
Balance	1,777,917	1,777,917
6. Receivables from exchange transactions		
Trade debtors	47,948,174	79,983,996
The amounts previously classified as receivables from non exchange transactions in 2015 have been reclassified as receivable from exchange transactions for the period ending 30 June 2016. This is to ensure accurate and reliable reporting		
7. Consumer debtors		
Gross balances		
Refuse	1,628,474,825	1,271,884,773
Less: Allowance for impairment		
Refuse	(641,466,009)	(721,726,841)
Net balance		
Refuse	987,008,816	550,157,932
Refuse		
Current (0 - 30 days)	125,256,876	15,846,655
31-60 days	8,957,802	11,355,644
61-90 days	9,056,673	6,347,947
91 - 120 days	34,307,138	4,471,009
121 - 365 days	809,430,327	512,136,677
	987,008,816	550,157,932
The company adopted a revised doubtful debts policy during the 2015 financial year . The new policy requires the company's debtors book to be assessed on an individual debtor basis to evaluate whether any relevant impairment indicators as per the policy exist. Once such impairment indicators have been identified , an assesment has to be made on whether such indicators necessitate the impairment of the debt in the company 's accounting records. Once inpairment is established , the total debt of the debtor must be impaired. The previous policy assumed impairment to be applied based upon the age buckets of the debt.		
The positive balance on the allowance for the doubtful debts relates to the reversal of the debtors that were provided for in in the prior year that were no longer provided in the current year due to improvements in those debtor's credit status. The reassessment of debtors's credit status together with the bad debt erite off last year amounting to R244 million significantly reduces allowance for bad debts amount in the current year compared to last year. This amount is reflected in the statement of financial perfomance. Consumer debtors in the current year had increased compared to last year but this did not negatively affect those debtors credit status.		
Reconciliation of allowance for impairment		
Balance at beginning of the year	(721,726,841)	(473,785,283)
Movement	80,260,832	(247,941,558)
	(641,466,009)	(721,726,841)

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8. Cash and cash equivalents

The Company has a sweeping arrangement with the The City of Johannesburg Metropolitan Municipality whereby all cash is swept on a daily basis to the The City of Johannesburg Metropolitan Municipality's bank account. Petty cash is reflected as being on hand. The cash owed to the company by the The City of Johannesburg Metropolitan Municipality is reflected as an amount due from the shareholder.

Cash and cash equivalents consist of:

Cash on hand	56,430	53,941
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9. Property, plant and equipment

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	3,972,399	-	3,972,399	3,972,399	-	3,972,399
Buildings	297,145,662	(122,727,536)	174,418,126	207,023,768	(93,255,625)	113,768,143
Plant and machinery	26,032,939	4,298,587	30,331,526	63,508,021	(23,361,656)	40,146,365
Furniture and fixtures	18,652,308	(6,412,031)	12,240,277	14,647,504	(5,308,156)	9,339,348
Vehicles	266,539,226	(120,724,348)	145,814,878	266,539,226	(73,321,270)	193,217,956
Office equipment	14,407,013	(12,356,211)	2,050,802	12,360,660	(12,013,903)	346,757
IT equipment	16,078,145	(5,165,781)	10,912,364	15,515,348	(3,661,916)	11,853,432
Landfill sites	473,171,945	(212,973,826)	260,198,119	515,996,974	(222,980,315)	293,016,659
Bins and containers	152,139,800	(73,262,654)	78,877,146	262,612,250	(190,761,614)	71,850,636
Cellphones	370,736	(370,736)	-	370,736	(230,879)	139,857
Signage	5,928,711	(3,415,673)	2,513,038	5,841,250	(3,164,481)	2,676,769
Total	1,274,438,884	(553,110,209)	721,328,675	1,368,388,136	(628,059,815)	740,328,321

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Land	3,972,399	-	-	-	3,972,399
Buildings	113,768,143	67,862,095	-	(7,212,112)	174,418,126
Plant and machinery	40,146,365	155	-	(9,814,994)	30,331,526
Furniture and fixtures	9,339,348	4,792,104	(787,301)	(1,103,874)	12,240,277
Vehicles	193,217,956	-	-	(47,403,078)	145,814,878
Office equipment	346,757	2,046,354	(72,649)	(269,660)	2,050,802
IT equipment	11,853,432	562,798	(97,328)	(1,406,538)	10,912,364
Landfill sites	293,016,659	18,270,595	(9,718,489)	(41,370,646)	260,198,119
Bins and containers	71,850,636	13,450,293	(48,754)	(6,375,029)	78,877,146
Cellphones	139,857	-	-	(139,857)	-
Signage	2,676,769	87,461	-	(251,192)	2,513,038
	740,328,321	107,071,855	(10,724,521)	(115,346,980)	721,328,675

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9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Depreciation	Total
Land	3,972,399	-	-	-	3,972,399
Buildings	97,572,483	22,859,907	-	(6,664,247)	113,768,143
Plant and machinery	7,665,638	37,475,237	-	(4,994,510)	40,146,365
Furniture and fixtures	9,707,050	305,484	(9,261)	(663,925)	9,339,348
Vehicles	147,985,188	91,009,496	-	(45,776,728)	193,217,956
Office equipment	647,587	-	(15,029)	(285,801)	346,757
IT equipment	8,001,874	5,649,408	(444,484)	(1,353,366)	11,853,432
Landfill sites	354,819,151	40,656,384	(61,095,624)	(41,363,252)	293,016,659
Bins and containers	49,221,784	28,064,841	-	(5,435,989)	71,850,636
Cellphones	565,940	-	(82,820)	(343,263)	139,857
Signage	2,889,269	34,535	-	(247,035)	2,676,769
	683,048,363	226,055,292	(61,647,218)	(107,128,116)	740,328,321

Pledged as security

No items of Property plant and Equipment have been pledged as security as at end of financial period.

The following leased assets are included in Property, Plant and Equipment listed above

	2016			2015		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Vehicles	266,539,226	(120,724,348)	145,814,878	266,539,226	(73,321,270)	193,217,956

Details of properties

Free hold land and buildings is carried at historical cost. The title deeds are registered in the name of the City of Johannesburg. A process has commenced to transfer ownership into the name of the Company

Freehold land and buildings to the value of R 119,7m were purchased from City of Johannesburg Metropolitan Municipality in terms of the sale of business agreement dated 15 November 2001.

Reconciliation of Capital Work-in-Progress 2016

	Included within Infrastructure	Included within Other PPE	Total
Opening balance	61,458,661	58,654,251	120,112,912
Additions/capital expenditure	18,270,595	16,954,323	35,224,918
Transferred to completed items	(20,506,648)	(35,351,181)	(55,857,829)
	59,222,608	40,257,393	99,480,001

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10. Intangible assets

	2016			2015		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	19,032,869	(18,606,230)	426,639	28,589,586	(21,851,933)	6,737,653

Reconciliation of intangible assets - 2016

	Opening balance	Disposals	Amortisation	Total
Computer software	6,737,653	(5,642,810)	(668,204)	426,639

Reconciliation of intangible assets - 2015

	Opening balance	Amortisation	Total
Computer software	11,473,984	(4,736,331)	6,737,653

Pledged as security

No intangible asset was pledged as security in the current financial period.

11. Investment in associate

Name of entity	Listed / Unlisted	% holding 2016	% holding 2015	Carrying amount 2016	Carrying amount 2015
Friedshelf 128 (Pty) Ltd		50.00 %	50.00 %	15,791,008	20,045,625

The carrying amounts of associates are shown net of impairment losses.

Movements in carrying value

Opening balance	20,045,625	18,108,143
Share of surplus/(deficit) included in statement of financial performance	(4,254,617)	1,937,482
	15,791,008	20,045,625

Summary of controlled entity's interest in associate

Total assets	37,476,868	44,922,281
Total liabilities	(4,273,765)	(6,219,896)
Revenue	5,605,035	6,014,405
Surplus (deficit)	(5,499,282)	4,166,602

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11. Investment in associate (continued)

Associates with different reporting dates

The financial year-end of the associate is the last day of February. The year ends of the two entities are more than three months apart. The entity made estimates to the accounts of the associate to bring the two year ends in line with each other.

Revaluations are performed by the directors who have extensive experience in the location and category of the investment property being valued.

12. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2016

	Loans and receivables	Total
Loans to shareholder	1,671,621,004	1,671,621,004
Investment of associate	15,791,008	15,791,008
Receivables from non-exchange transactions	55,802,608	55,802,608
Consumer debtors	987,008,816	987,008,816
	2,730,223,436	2,730,223,436

2015

	Loans and receivables	Total
Loans to shareholder	1,859,892,867	1,859,892,867
Investment in associates	20,045,626	20,045,626
Receivables from non-exchange transactions	79,983,996	79,983,996
Consumer debtors	550,157,932	550,157,932
	2,510,080,421	2,510,080,421

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13. Finance lease obligation		
Minimum lease payments due		
- within one year	51,609,625	61,572,083
- in second to fifth year inclusive	130,689,465	182,468,322
	182,299,090	244,040,405
less: future finance charges	(29,355,867)	(46,635,851)
Present value of minimum lease payments	152,943,223	197,404,554
Present value of minimum lease payments due		
- within one year	36,639,297	44,307,255
- in second to fifth year inclusive	116,303,926	153,097,299
	152,943,223	197,404,554
Current liabilities	36,639,297	44,307,255
Non-current liabilities	116,303,926	153,097,299
	152,943,223	197,404,554

The entity leases motor vehicles under a finance lease arrangement with The City of Johannesburg Metropolitan Municipality .

The lease terms varies between 1-5 years and the interest rate was 10% (2015: 10%).

The depreciation and finance charges relating to the leased assets is included as part of the total depreciation and finance charges respectively.

14. Payables from exchange transactions

Trade payables	479,561,960	307,554,389
Accrued leave pay	81,981,296	62,073,903
Accrued bonus	22,265,632	17,805,154
Sundry creditors	37,474,227	102,334,256
	621,283,115	489,767,702

Sundry creditors include amongst others supplier's retention on capital projects and unclaimed credits relating to debtors.

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15. Employee benefit obligations		
Defined benefit plan		
Post Retirement Medical Aid Plan	(4,771,059)	(6,639,997)
Post Retirement Housing plan	(74,177)	(29,032)
Post Retirement Gratuity Plan	(78,105,269)	(83,055,743)
	(82,950,505)	(89,724,772)
Post retirement medical aid plan		
<p>Pikitup Johannesburg (SOC) Limited has obligations to subsidise medical aid contribution in respect of certain qualifying staff and pensioners and their surviving spouses. Only pensioners and employees who were aged 50 or older and were members of Lamaf (previously called Jomed) and Munimed medical schemes on 01 July 2003.</p> <p>The above Liability is unfunded. However, The City of Johannesburg Metropolitan Municipality has undertaken to cover such portion of the liability for the staff of Pikitup Johannesburg (SOC) Limited who are entitled to benefits that relate to their service with Pikitup Johannesburg (SOC) Limited since the company's establishment. This amount is determined at 01 July 2003 and has been crystallised in the form of a notional loan account which earned interest of R566 921 (2015 R 571 000) and against which the company may claim benefit payments made. This loan does not constitute an asset and in terms of GRAP 25 cannot be offset against the liability.</p> <p>The City of Johannesburg Metropolitan Municipality operates 6 accredited medical aid schemes, namely Global Health , Hosmed, Munimed, Bonitas, Samwumed and LA Health Pensioner continue on the option they belong to on the day of their retirement</p> <p>Amounts recognised in the Statement of financial position</p> <p>The fair value of plan assets includes</p>		
Movements for the year		
Opening balance	(6,639,997)	(5,771,000)
Net expense recognised in Statement of Financial Performance	1,868,938	(868,997)
	(4,771,059)	(6,639,997)
Net expense recognised in Statement of Financial Performance		
Past Service Cost	(44,029)	(168,000)
Interest	(566,921)	(517,000)
Actuarial (gains) losses	2,224,648	(375,012)
Benefits paid	255,240	191,015
	1,868,938	(868,997)
Notional loan account		
Opening balance	12,214,506	11,708,354
Interest	(255,240)	697,167
Amount paid by COJ	798,812	(191,015)
	12,758,078	12,214,506
Key assumption used on last valuation on 30 June 2016		
Discount rate used	9.12%	6.08%
Post retirement housing subsidy plan		

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15. Employee benefit obligations (continued)

Pikitup Johannesburg (SOC) Limited provides housing subsidies in respect of certain qualifying staff members. In the event that the housing loan that the subsidy relates to is not fully repaid at retirement date, the subsidy will continue into the members retirement. The subsidy amount is based on the subsidy being received at the date of valuation. The subsidy amount is assumed to remain constant and to continue for a period of 10 years after retirement.

The above liability is unfunded. However, the City of Johannesburg Metropolitan Municipality has undertaken to cover such portion of the liability for the staff of Pikitup Johannesburg (SOC) Limited who are entitled to benefits that relate to their service with the The City of Johannesburg Metropolitan Municipality since the company 's establishment. This amount was determined at 01 July 2003 and has been crystallised in the form of a notional loan account which earned interest of R2 519 (2015 R1000) and against which the company may claim beneconstitute an asset in terms of GRAP 25 cannot be offset against the liability.

Amounts recognised in the Statement of Financial Position and fair value of plan includes:

Movement for the year

Opening Balance	(29,032)	(15,000)
Net Expense recognised in the Statement of Financial Performance	(45,145)	(14,032)
	(74,177)	(29,032)

Net expenses recognised in the Statement of Financial Performance

Current service cost	(947)	-
Interest	(2,519)	(1,000)
Actuarial (gain)/ losses	(41,679)	(13,032)
	(45,145)	(14,032)

Key assumption used on the last valuation on 30 June 2016

Discounting rate	9.12 %	6.08%
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Post retirement gratuity plan

Pikitup Johannesburg (SOC) Limited provides gratuities on retirement or prior to death in respect of certain qualifying staff members who have service with The City of Johannesburg Metropolitan Municipality of Pikitup Johannesburg (SOC) Limited when they were not members of one of the retirement funds and who meet certain service requirements in terms of The City of Johannesburg Metropolitan Municipality since the company 's establishment. This amount is determines at 01 July 2003 and has been crystallised in the form of a notional loan account which earned interest of R6 482 436 (2015 R5 556 169) and against which the company may claim benefits payments made. This loan does not constitute a plan asset and in terms of GRAP 25 cannot be offset against the liability.

The plan is post retirement gratuity benefit plan.

Amounts recognised in the Statement of Financial Position

The fair value of plan assets includes

Movement for the year

Opening balance	(83,055,743)	(102,468,932)
Net expense recognised in the statement of financial performance	4,950,474	19,413,189
	(78,105,269)	(83,055,743)

Net expense recognised in the statement of financial performance

Interest	(6,927,781)	(8,800,000)
Actuarial (gains)/ losses	9,411,522	28,213,189
Benefits paid	2,466,733	-

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15. Employee benefit obligations (continued)	4,950,474	19,413,189
Notional Loan		
Opening Balance	98,198,564	92,642,395
Interest	6,482,436	5,556,169
	104,681,000	98,198,564
Key assumptions used on 30 June 2016		
Discount rate used	9.12%	6.08%
Pension benefits		
Post Retirement Liability		
Post retirement medical aid plan	(4,771,059)	(6,639,997)
Post retirement housing subsidy plan	(74,177)	(29,032)
Retirement gratuity	(78,105,269)	(83,055,743)
	(82,950,505)	(89,724,772)

Defined contribution plan

It is the policy of the entity to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The entity is under no obligation to cover any unfunded benefits.

The total economic entity contribution to such schemes	87,870,446	88,322,750
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Included in defined contribution plan information above, are the following plans which are Multi-Employer Funds and are Defined Benefit Plans, but due to the fact that sufficient information is not available to enable the entity to account for the plans as defined benefit plans. The entity accounted for these plans as a defined contribution plans:

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16. Provisions

Reconciliation of provisions - 2016

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
Provision for employee settlements	810,000	-	-	(810,000)	-	-
Performance bonus	11,766,396	11,064,176	(5,747,326)	(5,040,660)	-	12,042,586
Environmental rehabilitation: Closed landfill site	151,341,745	-	-	130,743	9,076,721	160,549,209
Environmental rehabilitation: Open landfill sites	387,877,830	-	-	(9,718,489)	23,262,973	401,422,314
	551,795,971	11,064,176	(5,747,326)	(15,438,406)	32,339,694	574,014,109

Reconciliation of provisions - 2015

	Opening Balance	Utilised during the year	Reversed during the year	Change in discount factor	Total
Legal proceedings	1,162,725	(352,725)	-	-	810,000
Performance bonus	10,055,393	10,289,656	(8,578,653)	-	11,766,396
Environmental rehabilitation: Closed landfill site	144,459,176	-	(1,195,105)	8,077,674	151,341,745
Environmental rehabilitation: Open landfill sites	425,226,530	-	(61,095,623)	23,746,923	387,877,830
	580,903,824	9,936,931	(70,869,381)	31,824,597	551,795,971

Non-current liabilities (Landfill rehabilitation)	561,971,523	531,450,922
Current liabilities	12,042,586	20,345,049
	574,014,109	551,795,971

On an annual basis, management has to determine an accurate estimate of the environmental obligation to rehabilitate the various landfill sites upon closure. During this process management placed reliance upon the final Landfill Airspace Estimation Report as compiled by an independent consulting engineer for the technical data utilised in the provision and lifespan estimates.

- The final side slopes for each landfills are 1:3;
- The cover to waste ratio is 1:5 for each site;
- The growth rates for each site are based on zero growth;
- The final landfill footprint extends over the entire landfill property size (excluding infrastructure and a 20m buffer zone between the site boundary and the toe of the landfill); and
- The density of the waste is calculated using both the survey and weighbridge data.

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16. Provisions (continued)

Provision for employee settlements

The legal proceeding provision relates to the claims by ex- employees. The cases have since been finalised and the rulling was in favour of Pikitup.

The are no expectation for the outflow of resources.

Perfomance bonus provision

The provision for bonus relates to performance bonuses for employees to whom the performance contracts applies for the period ending 30 June 2016.

Provision - Fleet

The provision relates to amounts owed to Fleet Africa for the fleet lease contract that has since expired. The matter has been referred to CoJ legal for assistance.

The provision is the total of all outstanding invoices.

The amount of R19 676 516 is expected to be paid to Fleet Africa.

17. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2016

	Financial liabilities at amortised cost	Total
Loans from shareholder	1,538,824,824	1,538,824,824
Payables from exchange transactions	621,283,115	621,283,115
	2,160,107,939	2,160,107,939

2015

	Financial liabilities at amortised cost	Total
Loans from shareholder	1,747,960,617	1,747,960,617
Payables from exchange transactions	489,767,702	489,767,702
	2,237,728,319	2,237,728,319

18. Share capital

Authorised

1000 Ordinary Shares of R1 each	1,000	1,000
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Issued

1000 Ordinary share of R1 each	1,000	1,000
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19. Owner's Contribution

Domestic Refuse -Consumer debtors	43,001,808	43,001,808
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The owner's contribution consists of domestic refuse debtors less provision for bad debts , transferred to the entity on the 1 July 2013. This will ensure that domestic revenue as well as the responsibility ,accountability,communication and infrastructure relating to domestic revenue is aligned.

20. Fleet and cleaning services

Waste removal vehicles	189,593,458	178,645,682
Fuel	48,566,229	51,998,112
Insurance	7,270,747	5,160,010
Repairs And Maintenance	73,380,633	74,926,703
Waste Cleaning Service	88,699,946	9,086,754
Mobile Plant Hire	130,487,696	73,266,989
Recycling cost	1,591,630	864,350
Hire And Maintenance Of Equipment	1,491,358	2,099,811
	541,081,697	396,048,411

The variance for the comparative periods for waste cleaning services is as a result of the implementation of the Jozi@work programme. It should be noted that the year on year increase in mobile plant hire is as a result of the industrial strike action during the current financial period.

21. Service charges

Service charges	1,345,463,024	1,215,285,257
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22. Revenue

Service charges	1,345,463,024	1,215,285,257
Rental facilities and equipment	304,760	244,820
Miscellaneous other revenue	54,276,128	22,231,579
Discount received	510,114	-
Interest received - Sweeping	7,061,508	6,727,311
Government grants & subsidies	648,043,901	608,007,861
Fair value adjustments	73,490,025	64,266,361
	2,129,149,460	1,916,763,189

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	1,345,463,024	1,215,285,257
Rental facilities and equipment	304,760	244,820
Miscellaneous other revenue	54,276,128	22,231,579
Discount received	510,114	-
Interest received - investment	7,061,508	6,727,311
	1,407,615,534	1,244,488,967

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22. Revenue (continued)

The amount included in revenue arising from non-exchange transactions is as follows:

Government grants and subsidies	648,043,901	608,007,861
Fair value adjustments	73,490,025	64,266,361
	721,533,926	672,274,222

23. Miscellaneous other revenue

Interest received on consumer debtors	17,737,465	12,802,882
Sundry revenue	23,830,437	9,424,597
Revenue from hostel cleaning	12,708,227	4,100
	54,276,129	22,231,579

Sundry revenue includes cleaning activities undertaken by Pikitup for Bekkersdal. It also includes a reimbursement for EPWP programme as well as contributions received for sorting facilities from Region E.

24. Government grants and subsidies

Operating grants

SETA Grant	2,368,730	1,091,482
Operating Grants from COJ	643,651,000	592,918,000
	646,019,730	594,009,482

Capital grants

USDG Grant	2,024,171	13,998,379
	2,024,171	13,998,379
	648,043,901	608,007,861

The grants received are the Skill Development Grant and the Urban Settlement Development Grant .

25. Operating surplus

Operating surplus for the year is stated after accounting for the following:

Operating lease charges

Premises		
• Contractual amounts	10,539,123	7,507,403
	10,539,123	7,507,403
Amortisation on intangible assets	668,204	4,736,331
Depreciation on property, plant and equipment	115,346,979	107,128,118
Employee costs	895,501,588	808,076,041

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Figures in Rand	2016	2015
26. Employee related costs		
Basic salaries	584,866,573	552,647,395
Hostel charges	5,327,829	5,045,775
Provident fund contributions	18,009	18,253
Uniforms and protective clothing	11,449,259	8,246,878
Housing benefits and allowances	1,684,868	1,117,572
Overtime payments	56,567,577	54,215,247
Bonus	45,388,311	44,670,820
Hostel recoveries	(1,571,250)	(1,173,987)
UIF	5,886,497	5,591,578
WCA	6,068,722	6,390,899
SDL	6,755,445	6,524,334
Leave pay provision charge	23,641,516	16,725,088
Other allowances	3,544,400	3,687,276
Bargaining council levies	380,060	374,045
Gratuities	3,410,145	10,124,627
Unfunded liabilities - Pension funds	(14,016,248)	(27,657,145)
Defined contribution plans	15 87,870,446	88,322,750
Acting allowances	2,015,941	2,150,311
Public holiday allowance	9,594,347	10,438,649
Travel allowance	21,623,157	19,621,734
Casual services	34,995,984	993,942
	895,501,588	808,076,041
27. Depreciation and amortisation		
Property, plant and equipment	115,346,979	107,128,118
Intangible assets	668,204	4,736,331
	116,015,183	111,864,449
28. Finance costs		
Shareholders loan account	31,192,668	19,187,579
Interest on fair value adjustments of expenditure	3,368,136	1,837,085
Interest paid on sweeping	256,580	87,232
Finance leases	17,163,127	12,619,124
Interest unwinding on rehabilitation of landfill	32,339,694	31,824,597
Net landfill rehabilitation adjustment and other interest	1,161,654	1,166,962
	85,481,859	66,722,579
29. Auditors' remuneration		
Internal	3,441,478	1,604,415
External	2,037,997	2,465,319
	5,479,475	4,069,734

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30. Cash generated from (used in) operations		
Surplus (deficit)	293,414,693	(55,492,646)
Adjustments for:		
Depreciation and amortisation	116,015,183	111,864,449
Gain on sale of assets and liabilities	6,612,862	555,520
Adjustment on property plant and equipment	-	(91,009,496)
Adjustment on landfills	(9,718,489)	(61,095,624)
Income from equity accounted investments	4,254,617	(1,937,482)
Fair value adjustments	(73,490,025)	(64,266,361)
Finance costs - Finance leases	40,835,580	34,915,876
Interest income	(7,061,508)	(6,727,311)
Dividends received	(510,114)	-
Debt impairment	47,254,756	(459,625,408)
Movements in retirement benefit assets and liabilities	4,052,294	18,490,345
Movements in provisions	22,218,138	(29,107,853)
Changes in working capital:		
Inventories	203,563	642,624
Receivables from exchange transactions	32,035,822	3,028,998
Consumer debtors	(418,567,678)	167,105,867
Payables from exchange transactions	131,515,413	181,898,217
	189,065,107	(250,760,285)
31. Commitments		
Commitments in respect of capital expenditure:		
Authorised and not yet contracted for		
• Property, plant and equipment	101,016,178	29,975,797
• Landfills and associated environmental assets	-	2,045,000
	101,016,178	32,020,797
Authorised and contracted for		
• Property, plant and equipment	7,920,597	76,924,203
Total capital commitments		
Already contracted for but not provided for	101,016,178	32,020,797
Not yet contracted for and authorised by directors	7,920,597	76,924,203
	108,936,775	108,945,000
Authorised operational expenditure		
Already Authorised and contracted for		
• Goods and Services	170,382,931	-
Total operational commitments		
Already contracted for but not provided for	170,382,931	-

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32. Contingencies

Economic entity

Freehold land, buildings and servitudes purchased from The City of Johannesburg Metropolitan Municipality in terms of the sale of business agreement, have not as yet been transferred into the name of Pikitup Johannesburg SOC Ltd. Transfer duties might be payable by the company on the transfer of property. It is not possible to estimate an expected amount.

The company has a contingent liability to the value of R29 516 712 relating to absorption of 409 general workers. The application was dismissed but the applicants are attempting to join another matter that only relates to absorption of employees without backdated compensation.

The plaintiff is claiming for damages for injuries allegedly sustained at or near Orange farm garden site. The total amount claimed is R400 000. The entity is defending the matter.

The plaintiff is claiming retention payments held by Pikitup for services provided. The total amount claimed is R104 526. The entity is defending the matter as the work could not be verified when the retention period lapsed. The matter has also prescribed.

The plaintiff is claiming monies for services rendered which it is alleged Pikitup has not paid. The total amount claimed is R333 790. The entity has admitted liability of R95 000, a proposed settlement has been tendered but was rejected by the plaintiff.

The company has a contingent liability in respect of claim of breach of contract by the plaintiff and for monies paid unduly. The total amount claimed is R622 006. Settlement negotiations are in progress and there is a possibility of withdrawal of both claims.

33. Related parties

Relationships

Directors

Controlling entity

Other members of the group

Refer to directors' report note

The City of Johannesburg Metropolitan Municipality

City of Joburg Property Company SOC Ltd

City Power Johannesburg SOC Ltd

Johannesburg City Parks NPC

Johannesburg Development Agency SOC Ltd

Johannesburg Metropolitan Bus Services SOC Ltd

Johannesburg Roads Agency SOC Ltd

The Johannesburg Tourism Company NPC

Johannesburg Water SOC Ltd

The Metropolitan Trading Company SOC Ltd

Roodepoort City Theatre NPC

Joburg Theatre SOC Ltd

The Johannesburg Fresh Produce Market SOC Ltd

The Johannesburg Zoo NPC

Johannesburg Social Housing Company SOC Ltd

Refer to note 11

Associates

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33. Related parties (continued)		
Related party balances		
Amounts included in Loans, Trade and other receivables regarding related parties		
City of Johannesburg Metropolitan Municipality	-	1,039,052
Johannesburg Social Housing Company SOC) Ltd	-	2,485,075
Johannesburg Development Agency SOC Ltd	180,592	-
Johannesburg Roads Agency SOC Ltd	1,780,263	-
	1,960,855	3,524,127
Amounts included in trade and other payables regarding related parties		
City of Johannesburg Metropolitan Municipality	-	15,415,787
Johannesburg Social Housing Company SOC Ltd	16,247	371,185
City Power Johannesburg SOC Ltd	2,709,000	-
City of Johannesburg Property Company SOC Ltd	-	78,550
The Johannesburg Fresh Produce Market SOCLtd	144,300	228,236
	2,869,547	16,093,758
Loans accounts owing by related parties		
City of Johannesburg Metropolitan Municipality	940,477,172	1,060,557,430
City of Johannesburg Metropolitan Municipality- unconfirmed balances	71,253,459	-
	1,011,730,631	1,060,557,430
Loan account owing to related parties		
City of Johannesburg Metropolitan Municipality	725,813,248	1,073,131,424
City of Johannesburg Metropolitan Municipality- Fleet Lease	153,121,203	197,404,555
	878,934,451	1,270,535,979
Related party transactions		
Sales to related parties		
City of Johannesburg Metropolitan Municipality	696,451,072	592,918,000
Johannesburg Social Housing Company SOC Ltd	287,757	-
Johannesburg Metropolitan Bus Services SOC Ltd	138,039	-
City Power Johannesburg SOC Ltd	1,260,417	-
Johannesburg Water SOC Ltd	750,612	310,500
Joburg Theatre SOC Ltd	94,051	-
Johannesburg City Parks NPC and Zoo	3,823,529	-
Johannesburg Roads Agency SOC Ltd	1,463,746	-
The Johannesburg Fresh Produce Market SOC Ltd	11,404,699	-
	715,673,922	593,228,500
Purchases from related parties		
City of Johannesburg Metropolitan Municipality	68,070,000	71,302,074
Johannesburg Social Housing Company SOC Ltd	-	4,027,106
City of Johannesburg Property Company SOC Ltd	32,619,390	68,903
Johannesburg Water SOC Ltd	2,181,000	-
Johannesburg City Parks NPC	3,104	-
Johannesburg Development Agency SOC Ltd	158,414	-
The Johannesburg Fresh Produce Market SOC Ltd	561,372	482,598
	103,593,280	75,880,681

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33. Related parties (continued)

Other expenses paid to (received from) related parties

City of Johannesburg Metropolitan Municipality - sweeping account interest received	(6,804,928)	(6,640,079)
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The amount of R71 253 459 relates to related party balances with City of Johannesburg Metropolitan Municipality that were not confirmed at year end . Included in these amounts are billing integration and other related party debtors.

Remuneration of management

34. Change in estimate

Property, plant and equipment

On an annual basis, management has to determine an accurate estimate of the environmental obligations to rehabilitate the various landfill sites upon closure. During this process management place reliance upon the final landfill airspace estimation report as compiled by an independent consulting engineer for the technical data utilised in the provision and lifespan estimates.

Robinson deep landfill site useful life remained at 6 years.

Ennerdale landfill site useful life changed from 11 to 10 years.

Marie louise landfill site changed remained at 5 years.

Goudkoppies landfill sites useful life remained at 14 years.

The impact of the change in estimate is the decrease in the annual depreciation charge by R6 776 903.

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35. Prior period errors

Statement of financial position

PIKITUP - Adjustment against opening accumulated deficit	-	5,651,799
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Statement of financial performance

PIKITUP - Expense	-	(18,496)
PIKITUP - Revenue	-	5,633,299
	-	5,614,803

The prior period errors relates in the main to revenue for 2013/14 and 2012/13 financial periods. These are amounts that were not billed in their respective periods and were identified at year end.

36. Risk management

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. The company is a wholly owned subsidiary of the City of Johannesburg Metropolitan Municipality. Risk management is carried out by a central treasury department within the Metro Municipality (company treasury) under policies approved by the Council.

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities. The entity also receives an annual subsidy from the City of Johannesburg Metropolitan Municipality which mitigates to a large extent the liquidity risk of the entity.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. No defaults or breaches occurred during the year and the entity is in good standing with its payables.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and trade receivables. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. The company is therefore exposed to credit risk.

37. Going concern

As at 30 June 2016, the entity had accumulated surplus of R 417,504,036 and that the entity's total assets exceed its liabilities by R 460,506,844.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

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38. Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance	14,228,432	14,228,432
Fruitless and wasteful expenditure current year	1,814,818	-
	16,043,250	14,228,432

The fruitless and wasteful expenditure incurred in the current financial period relates to rentals and utilities payment made to JHI Properties and Zenprop due to delayed tenant installation.

39. Irregular expenditure

Reconciliation of irregular expenditure

Opening balance	338,019,979	293,442,908
Irregular expenditure current year	11,413,248	23,423,993
Irregular expenditure prior year	21,153,078	-
	370,586,305	316,866,901

The amount disclosed relates to irregular expenditure identified during the forensic investigation and amounts spent on the procurement of binliners, consultants, medical insurance and security costs.

An award in relation to security services is subject to a court process and could have a potential impact on the current amount disclosed as irregular expenditure.

40. Supply chain management deviations in accordance with Regulation 36

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that the accounting officer records the reasons for any deviations and reports them to the next meeting of the board and includes a note to the financial statements. See below a summary of the deviations for the financial year:

- Regulation 36(a)(i) Emergency Other - Facilities management and repairs to the amount of R87 626 (incl VAT).
- Regulation 36(a)(i) Emergency Strike - Casual labour drivers, cleaning equipment, consumables, tools and physical security to the amount of R135 654 447 (incl VAT).
- Regulation 36(a)(ii) Single provider - Conference,subscriptions,media space,training,callibration of specialised equipment to the amount of R 1 451 984(incl VAT).
- Regulation 36(a)(v) Impractical - Forensic investigation, securing external landfill airspace, evacuation chairs,specialised equipment, personnel recruitment advertisement,hire of equipment,move management and tenant installation and physical security to the amount of R289 367 726(incl VAT).
- Regulation 36 (b) Ratification - recruitment agency due to extension of temporary contracts,media partnership, disciplinary hearing representatives and personnel competency assessments to the amount of R203 966 (incl VAT)

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41. Directors' emoluments

2016

	Emoluments
Dr Hanekom P (Chairperson)	452,019
Bp Adams DK	210,064
Mr Badela G	101,607
Mr Bahula M	66,921
Mr Brenner L	212,938
Ms Bogatsu SR	207,999
Ms Kana N	65,403
Mr Matshekga LJ	314,827
Dr Nyabeze WRR	223,735
Adv Rampai TD	147,535
	-
	2,003,048

		Basic Salary	Medical Aid Contribution	Pension Fund Contribution	Travel Allowance	Bonus	Acting Allowance	Total
Ms Nair A	Managing Director	1,900,324	-	164,319	342,964	-	-	2,407,607
Mr Maharaj S	Chief Financial Officer	1,587,714	-	116,299	-	132,180	152,828	1,989,021
Mr Magasa I	Chief Operating Officer	1,038,626	25,400	84,449	55,429	96,070	-	1,299,974
Ms Jack PN	Executive director : Waste Strategy and programmes	1,587,714	-	116,299	-	116,255	173,641	1,993,909
Mr Thekiso J	Executive Corporate Services	1,344,418	-	120,452	300,000	108,861	188,315	2,062,046
Mr Selepe LD	Chief Audit Executive	1,087,696	-	89,342	132,000	130,904	-	1,439,942
Mr Dekker FJ	Company Secretary	1,345,898	-	99,685	15,000	90,092	148,940	1,699,615
		9,892,390	25,400	790,845	845,393	674,362	663,724	12,892,114

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41. Directors' emoluments (continued)

2015

	Emoluments
Dr Mabuya N	298,740
Mr Bahula M	163,336
Mr Brenner L	290,298
Dr Hanekom P (Chairperson)	154,069
Mr Matshekga LJ	189,788
Mr Mondlane D	154,390
Dr Mutshekwane N	118,681
Dr Ndema Y	63,070
Dr Nyabeze WRR	150,112
Adv Rampai TD	121,676
Bp Adams DK	56,209
Adv Badela G	30,419
Mrs Bogatsu SR	40,008
	1,830,796

Executive directors		Basic Salary	Medical Aid Contribution	Pension Fund Contribution	Travel Allowance	Bonus	Acting Allowance	Leave	Total
Ms Nair A	Managing Director	1,790,398	-	153,064	342,964	-	-	-	2,286,426
Mr Maharaj S	Chief Financial Officer	1,485,924	-	106,612	-	240,698	93,742	-	1,926,976
Mr Magasa I	Chief Operating Officer	1,259,149	27,007	97,445	72,000	135,465	-	-	1,591,066
Ms Jack PN	Executive director : Waste Management	1,485,924	-	106,612	-	135,800	-	-	1,728,336
Mr Seymour A	Executive Director: Commercial and Customer Services	223,498	6,467	11,785	-	-	-	49,317	291,067
Mr Peters L	Executive Director : Legal and Compliance	276,602	10,854	16,318	-	160,710	-	57,574	522,058
Mr Thekiso J	Executive Director: Corporate Service	1,495,577	43,416	110,419	-	237,584	85,417	-	1,972,413
Mr Ramathlape J	Chief Technology Officer	755,333	-	97,500	166,667	-	-	66,064	1,085,564
Mr Selepe LD	Chief Audit Executive	1,009,500	-	81,900	132,000	-	-	-	1,223,400
Mr Njezula LI	Excitive Director : Statigic Support	787,195	-	82,875	-	12,637	-	-	882,707

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41. Directors' emoluments (continued)

Mr Dekker FJ	Company Secretary	1,273,650	-	91,381	-	166,848	57,582	-	1,589,461
		11,842,750	87,744	955,911	713,631	1,089,742	236,741	172,955	15,099,474



CHAPTER SIX: AUDITOR GENERAL FINDINGS

1. Auditor-General's report for the current year

Report of the auditor-general to the Gauteng Provincial Legislature and the council of the City of Johannesburg Metropolitan Municipality on Pikitup Johannesburg SOC Limited

Report on the financial statements

Introduction

1. I have audited the financial statements of the Pikitup Johannesburg SOC Limited set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2016, the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No.56 of 2003) (MFMA) and the Companies Act of South Africa, 2008 (Act No.71 of 2008) (Companies Act) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Pikitup Johannesburg SOC Limited as at 30 June 2016 and its financial performance and cash flows for the year then ended, in accordance with SA standards of GRAP and the requirements of the MFMA and the Companies Act.

Additional matters

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

Unaudited disclosure notes

8. In terms of section 125(2) (e) of the MFMA the municipal entity is required to disclose particulars of non-compliance with MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Other reports required by the Companies Act

9. As part of our audit of the financial statements for the year ended 30 June 2016, I have read the Director's Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports, I have not identified material inconsistencies between the reports and audited financial statements. I have not audited the reports and accordingly do not express an opinion on them.

Report on other legal and regulatory requirements

In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected objectives presented in the annual performance report of the municipal entity for the year ended 30 June 2016:
 - a. Objective 1.1: Minimise waste to landfill
 - b. Objective 2.1: Use waste for poverty alleviation and job creation opportunities
 - c. Objective 3.1: Effective and efficient waste services
11. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).

12. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

13. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected objectives.

Additional matters

14. I draw attention to the following matters:

Achievement of planned targets

15. Refer to the annual performance report on pages x to x for information on the achievement of the planned targets for the year.

Adjustment of material misstatements

16. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information for objective 3.1: effective and efficient waste services. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Compliance with legislation

17. I performed procedures to obtain evidence that the municipal entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual financial statements

18. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 (1) of the MFMA. Material misstatements of revenue and receivables, trade payables, disclosures and the cash flow statement identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

19. Reasonable steps were not taken to prevent irregular expenditure, as required by section 95(d) of the MFMA.

Revenue management

20. The existing management, accounting and information system was not completely adequate to recognise all municipal revenue when processes to register properties within the land information system had been successfully completed, as required by section 97(1) (h) of the MFMA.

Contract Management

21. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, in contravention of section 116(2) (c) of the MFMA.

Internal control

22. I considered internal control relevant to my audit of the financial statements, performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

Leadership

23. Leadership did not adequately exercise oversight responsibility over financial reporting and compliance resulting in material misstatements on the financial statements and non-compliance with the MFMA and SCM regulations.

Financial and performance management

24. Management did not prepare accurate and complete financial and performance reports that were adequately supported and evidenced by reliable information.

Compliance monitoring

25. Management did not adequately monitor compliance with applicable laws and regulations which resulted in material non-compliance with the MFMA and the SCM regulations.

Other reports

26. I draw attention to the following engagements that could potentially impact on the municipal entity's financial, performance and compliance related matters. My opinion is not modified in respect of these engagements that are either in progress or have been completed.

Investigations

27. Two investigations are being conducted into alleged financial misconduct and non-compliance with supply chain management prescripts regarding security, labour and inventory costs resulting from the strike and abnormal overtime costs claimed.

Johannesburg

30 November 2016



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

2. Historical audit findings and remedial action

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Audit Opinion	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with no findings	Unqualified with findings

Our review results reveal that action has been taken to address most of the audit findings identified in the AG report issued in November 2015. The follow-up review reflects the following results:

Financial Year	2012/13	2013/14	2014/15
Total Findings	49	35	16
Reduction		14	19
% Reduction		29%	54%
Resolution	48	34	13
Resolution Rate	98%	97%	81%
Unresolved Findings	1	1	3
% Unresolved Findings	2%	3%	19%

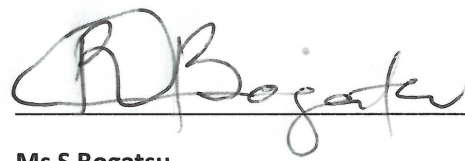
3. Board responsibility and approval

The Board, assisted by the Audit and Risk Committee; the Social, Ethics and Human Resource Committee and the Operations and Service Delivery Committee is ultimately responsible for the integrity and completeness of the integrated report and any supplementary information. The Board has applied its collective mind to the preparation and presentation of the integrated report and has concluded that it is presented in accordance with the International Framework. The Board approved the 2015/16 integrated report, together with the annual financial statements and supplementary information, taking into consideration the completeness of the material items it deals with and the reliability of information presented, in line with the combined assurance process followed.



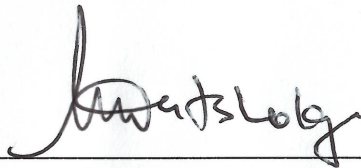
Dr P Haneekom

Chairperson: Board of Directors



Ms S Bogatsu

Chairperson: Social, Ethics & Human Resources Committee



Mr L Matsheka

Chairperson: Audit and Risk Committee



Dr W Nyabeze

Chairperson: Operations and Service Delivery Committee