



BUFFALO CITY MUNICIPALITY

ANNUAL REPORT

2007/2008

Vision

A people-centred place of opportunity where the basic needs of all are met in a safe, healthy and sustainable environment

EXECUTIVE MAYOR'S FOREWORD

Following on our commitment to transparency and accountability, I humbly present this Annual Report of Buffalo City Municipality for the Financial Year 2007/2008. The report is presented to the Buffalo City Council as the supreme custodians of the interests and resources of the municipality and people of Buffalo City.

The report endeavours to achieve two primary objectives. Firstly, it gives a brief profile of the Buffalo City area of jurisdiction - the people, the challenges and the Municipality's constitutional mandate to address the needs of our communities. Secondly, it mirrors the physical activities of the Municipality for the period under review, taking due care to quantify costs and successes.

The report thus endeavours to explain how Buffalo City Municipality has responded to the aspirations of our people as articulated in our Integrated Development Plan and as expressed during the Mayoral Izimbizo campaign, the IDP Review process and other consultative meetings. In short, this Annual Report captures the extent to which we have addressed the will and expectations of our people.

It should be noted that the activities and successes contained in this report are not the work of a single Directorate or Department, but should rightly be attributed to the combined efforts of all the structures that make up Buffalo City Municipality.

Service delivery and infrastructural development are ongoing processes. For this reason one will find that some of the operations encapsulated in this Annual Report are a continuation of activities from the previous Financial Year, whilst some have of necessity had to flow into the next Financial Year.

In presenting this report I want to commend the political will of all the members of the Mayoral Committee who tirelessly worked to ensure that directives of Council and the aspirations of the people found adequate expression in the activities of Directorates and Departments, and indeed the activities of individual members of the staff who were entrusted with the responsibility of implementing and translating such ideals into reality.

It is my hope and wish that this report will not only be accepted by Council and our stakeholders but that it will also go a long way in answering questions that are pertinent to our service delivery activities for the period under review.

In conclusion, I want to reiterate our commitment as Buffalo City Municipality to provide quality services to and for our people, to be a catalyst for positive change, and to create a better life for all in Buffalo City.

Councillor Z. Faku-Hobana
EXECUTIVE MAYOR:
BUFFALO CITY MUNICIPALITY

CONTENTS

Executive Summary	vi-vii
CHAPTER 1: INTRODUCTION AND OVERVIEW	
1.1 Introduction	1-4
1.2 Geographic and Demographic Profile	5-22
CHAPTER 2: PERFORMANCE HIGHLIGHTS	
2.1 Introduction	23
2.2 Service Delivery Highlights	24-37
2.3 Service Delivery Backlogs	38-42
2.4 Building and Zoning Plans Approved	43
CHAPTER 3: HUMAN RESOURCES AND OTHER ORGANISATIONAL MANAGEMENT	
3.1 Introduction	44
3.2 Integrated Human Resources System	44
3.3 Employment Equity	45
3.4 Organisational Benefits	46
3.5 Transformation and Skills Retention	47
3.6 Organisational Structure as at 30 June 2008	48
3.7 Staffing Levels as at 30 June 2008	49
3.8 Staff Costs	49
3.9 Employee Wellness	49-50
3.10 Employee Qualifications Profile	51-57
CHAPTER 4: AUDITED STATEMENTS AND RELATED FINANCIAL INFORMATION	
4.1 Financial Overview	58-64
4.2 Annual Financial Statements	65-132
4.3 Report of the Auditor General	133-142
4.4 Report of the Audit Committee on the Audited Annual Financial Statements	143-159
4.5 Governance Report: Internal Audit	160-180
CHAPTER 5: FUNCTIONAL AREA SERVICE DELIVERY REPORTING	
5.1 Introduction	181-182
5.2 The process of managing Organisational Performance	183
5.3 Individual Performance Management Systems	183-184
5.4 Scorecards	184-186
5.5 Service Delivery and Budget Implementation Plan as at 30 June 2008	187-310
5.6 Institution Scorecard (2007/08)	311-334

GLOSSARY

ADM	Amathole District Municipality
AG	Auditor General
ATICC	Aids Training, Information and Counselling Centre
BCM	Buffalo City Municipality
CBO	Community Based Organisation
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CSIR	Council for Scientific and Industrial Research
DLGTA	Department of Local Government and Traditional Affairs
DPLG	Department of Provincial and Local Government
DWAF	Department of Water Affairs and Forestry
DVRI	Duncan Village Redevelopment Initiative
ECDOH	Eastern Cape Provincial Department of Health
EHS	Environmental Health Services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross Domestic Product
GRAP	Generally Recognised Accounting Practice
HTA	High Transmission Area
IDP	Integrated Development Plan
IIA	Institute of Internal Auditors
IDZ	Industrial Development Zone
ILGM	Institute of Local Government Management of South Africa
IMPRO	Institute of Municipal Public Relations Officers
ISDP	Industrial Spatial Development Plan
KPA	Key Performance Area
KPI	Key Performance Indicator
KWT	King Williams Town
LED	Local Economic Development
LGSETA	Local Government Sector Education and Training Authority
LSDF	Local Spatial Development Framework
MFMA	Municipal Finance Management Act, 56 of 2003
MSA	Municipal Systems Act, 32 of 2000
MStA	Municipal Structures Act, 117 of 1998
MoU	Memorandum of Understanding
MTREF	Medium Term Revenue and Expenditure Framework
MURP	Mdantsane Urban Renewal Programme
NDPG	Neighbourhood Development Partnership Grant
NEPAD	New Partnership for Africa's Development
NGO	Non Governmental Organisation
NSDP	National Spatial Development Perspective
PGDP	Provincial Growth and Development Plan
PMTCT	Prevention of Mother To Child Transmission
SALGA	South African Local Government Association
SDBIP	Service Delivery and Budget Implementation Plan
SIDA	Swedish International Development Agency
SMME	Small, Medium and Micro Enterprise
TLC	Transitional Local Council
VCT	Voluntary Counselling and Testing
VCTC	Voluntary Couples Testing and Counselling

EXECUTIVE SUMMARY

Buffalo City Municipality (BCM) continues to grow progressively since its establishment in 2000. The Municipality has developed and adopted two consecutive Integrated Development Plans since 2000 to inform the tenure of Council in accordance with the Municipal Systems Act (No 32 of 2000).

In line with the Constitutional doctrine of developmental local government, the key strategic thrust for BCM remains unchanged since the 2006 local government election. They are:

1. Drafting a clear, long term development strategy;
2. Improving financial viability;
3. Improving institutional capacity;
4. Reducing poverty and unemployment and boosting economic growth; and
5. Ensuring sustainable human settlements.

This has culminated in the development of six over-arching key objectives for BCM, which are detailed in the table below:

KEY ISSUES	BCM KEY OBJECTIVES
<i>Buffalo City lacks a clearly defined long-term development strategy, which negatively impacts on the ability of BCM & Buffalo City stakeholders to work towards the achievement of Buffalo City's vision.</i>	BCM1 Buffalo City has a clearly defined long-term development strategy, enabling BCM and stakeholders to work together to achieve Buffalo City's vision.
<i>The sustainability of BCM is dependent on expanding its revenue in relation to costs and its financial viability, whilst implementing its mandate.</i>	BCM2 Effective, efficient, co-ordinated financial management and increased revenue - enabling BCM to deliver its mandate*.
<i>Inefficiencies exist within the institution, which compromise BCM's ability to deliver services.</i>	BCM3 BCM's institution is capacitated and structured to enable efficient, effective, and sustainable service delivery.
<i>Low economic growth, high unemployment, low skills levels, high levels of poverty and high inequality exist within BCM.</i>	BCM4 BCM creates an enabling environment for an economy that is growing, diversifying, generating increasing number of sustainable employment opportunities and contributing to increased incomes and equality.
<i>Whilst BCM delivers basic services (water, sanitation, waste removal & electricity) to about 70% of households, many households still lack adequate transport, social services, economic opportunities and an enriching environment.</i>	BCM5 Buffalo City is well structured, efficient and supports sustainable human settlements, thus enabling residents to meet their physical, social, developmental, environmental, cultural & psychological needs. (live, work & play)

<p><i>Lack of sustainable development and inappropriate use of resources has a harmful impact on the health and well-being of present and future generations of BCM.</i></p>	<p>BCM6 BCM has a safe, healthy and sustainable environment protected for the benefit of present and future generations through securing ecologically sustainable development and use of natural resources, whilst promoting justifiable social and economic development.</p>
--	---

** **Mandate:** as per the objectives for local government (152 constitution): provision of democratic and accountable local government, ensuring the provision of services in a sustainable manner, promoting social and economic development, promoting a safe and healthy environment, encouraging the involvement of communities and community organisation in matters of local government.*

The thrust, under the political guidance of Council, has been to ensure that the objectives of democratic and accountable local governance are upheld to at all times.

Yet, despite the progress detailed in the report, regarding service delivery performance, human resource, financial management; significant service delivery challenges still exist. In addition the sustainable economic development of the local economy requires high level of infrastructure investment especially with regards to the upgrading to the East London Port. There is also a greater need to create access to the market for small and informal businesses.

These factors, combined with growing unemployment, slow economic growth, the global economic crunch, low education and skills levels, as well as high HIV/Aids levels exponentially impact on service delivery capacity of the Buffalo City Municipality.