



2021

BUFFALO CITY METROPOLITAN MUNICIPALITY

ANNUAL REPORT



**BUFFALOCITYMETROPOLITAN
MUNICIPALITY**
EASTERN CAPE | SOUTH AFRICA

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PROVINCE OF THE EASTERN CAPE . SOUTH AFRICA

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BUFFALO CITY METROPOLITAN MUNICIPALITY

ANNUAL REPORT

CHAPTER ONE

MAYORS FOREWORD
AND EXECUTIVE SUMMARY

CHAPTER 1 MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

BACKGROUND INFORMATION

In terms of Chapter 12, section 121(1) of the Municipal Finance Management Act (MFMA),

- (1) "Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this Chapter. The Council of the municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129."

Furthermore, section 127 stipulates that:

- (2) "The mayor of the municipality must, within seven months after the end of the financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control."

In compliance with the above legislative requirements, Buffalo City Metropolitan Municipality (BCMM) developed this Annual Report 2020/2021 to communicate with its residents, businesses, rate payers and other community organizations about council business, its services, performance, achievements and highlights for the year under review. Like any other state organ or, organization or entity, BCMM is being guided by its vision, mission statement, core values and strategic objectives when delivering its mandate.

BCMM VISION

Buffalo City Metropolitan Municipality is guided by the following long-term vision:

"Buffalo City: well-governed, connected, green and innovative."

- We are a city that re-invented itself from a divided and fragmented past.
- We are a successful, prosperous and dynamic modern city: enterprising, green, connected, spatially-integrated and well-governed.
- We are proud of our beautiful coastal city, capital of the Eastern Cape Province, home of a globally-competitive auto industry with excellent educational and medical facilities.

MISSION STATEMENT

Buffalo City Metropolitan Municipality is a city that:

- Promotes a culture of good governance;
- Provides effective and efficient municipal services;
- Invests in the development and retention of human capital to service BCMM and its community;
- Promotes social and equitable economic development;
- Ensures municipal sustainability and financial viability;
- Creates a safe and healthy environment; and
- Places Batho Pele at the centre of Service Delivery.

CORE VALUES

We are a city that espouses the following values:

- Good governance
- Fairness and equity
- Recognition of human capital
- Professionalism
- Service excellence
- Respect for cultural diversity
- Innovation
- Unity of purpose
- Ubuntu

STRATEGIC OBJECTIVES

Buffalo City Metropolitan Municipality strives to realize the following five strategic outcomes by the year 2030.

- An innovative and productive city: with rapid and inclusive economic growth, and a decline in unemployment.
- A green city: environmentally sustainable with optimal benefits from our natural assets.
- A clean and healthy city of subtropical gardens.
- A connected city: high-quality (and competitively priced) connections to ICT, electricity and transport networks (inside BCMM and to the outside world).
- A spatially-transformed city: progressively overcome apartheid spatial divisions and fragmentation with township economies becoming more productive.
- A well-governed city: a smart and responsive municipality (working with other levels of government) that plans and efficiently delivers high quality services and cost-effective infrastructure, without maladministration and political disruptions.

To achieve its objectives, BCMM formulated an inclusive and broad-based Metro Growth and Development Strategy (MGDS 2030), which is anchored on five strategic imperatives, namely:

Pillars of the BCMM Growth and Development Strategy – Vision 2030	
Strategic pillar 1	An inclusive and sustainable economic growth
Strategic pillar 2	A globally connected city
Strategic pillar 3	A clean and environmentally sustainable city
Strategic pillar 4	A spatially transformed city
Strategic pillar 5	A well governed city





COMPONENT A: EXECUTIVE MAYOR'S FOREWORD

A. VISION:

We are once more at that time of the year where we are required to report in detail to you regarding how we are leading the municipality. This being the final annual report for the term of office of council which started in 2016, we will report on the activities of the financial year under review but also reflect on the developmental projects that have taken place since the start of term.

We are proceeding with ease in the implementation of the vision of the Municipality which is encapsulated in the Metro Growth and Development Strategy (MGDS), Vision 2030, which was collectively created by the citizens and stakeholders of our City.

The MGDS implores us to build a productive and innovative city, that achieves higher levels of growth and revenue for the city, as well as higher levels of inclusivity to reduce inequality. It also implores us to take advantage of our natural endowment through building on Buffalo City's comparative advantage as a green city. The key to this is keeping the city clean, protecting our river systems, practising waste minimization, and prioritizing waste diversion and re-use, preventing water loss, and diversifying our energy mix to include green energy.

In keeping with the vision outlined in the Metro Growth and Development Strategy, we have made progress in the area of spatial integration in the city and we are making strides in the prioritisation of our catalytic urban development programme areas in the Metro. This Annual Report clearly shows that we have made visible investments in the inner city, which have improved the quality of the area and we are confident that this will strengthen investor confidence and appetite for investment in our CBD.

B. KEY DEVELOPMENTS:

Having found the institution with many administrative deficiencies, with acting even at the level of the City Manager and some Head of Directorate positions, we have been able to stabilise the administration. We can report that most senior management positions have been filled with the exception of the newly created Municipal Sports, Recreation and Amenities Directorate HOD.

Governance has been stable, with the council, oversight committees, the Covid-19 command council and top management meeting regularly. We now have functioning risk and audit committees that sit as scheduled. The mSCOA steering committee is established and functional and we have a Disciplinary Board that is functional.

All senior managers meet minimum competency levels, and all senior managers have signed performance contracts. This Annual Report clearly demonstrates that our council operates on sound advice in the execution of its duties. We have also been working with National Treasury's Government Technical Advisory Centre (GTAC) which has been instrumental in helping us to institutionalise our Metro Growth and Development Strategy (MGDS).

C. KEY SERVICE DELIVERY IMPROVEMENTS:

For our City to be productive, it needs to have the required infrastructure to carry a modernising industrial economy. We are a City hard at work in the provisioning of adequate infrastructure and as such we have turned the City into a construction site.

We are continuing to ensure that 4% of the revenue generated is reinvested back into the electrical network so that it remains reliable and meets safety standards.

We have since the start of the term spent R630 million on electricity which has seen the electrification of around 3200 formal households and 2629 informal dwellings. The bulk of our capital expenditure on electricity has gone towards the maintenance, upgrading and refurbishment of our electricity infrastructure to ensure reliability and consistency of supply. For the 2021/2022 financial year, R18 million has been committed for the electrification of an additional 400 formal households and 600 informal dwellings. Over the years we have spent an amount of R64 million on informal settlement electrification and we will continue to electrify qualifying informal dwellings.

With regards to water and sanitation, we can report that the percentage of households with access to a basic level of water supply is 98%. The overall access to a basic level of sanitation is 96%. We continue to provide a stable water and sanitation service supply to all the industries that are present in our City.

We want the people of the Metro to always have a reliable and clean water supply and this is why we invested an amount of R340 million for our water projects since the start of term with an additional budget of R41 million allocated for the 2021/22 financial year. We have erected communal water points for informal settlements and rural areas giving water supply access to 2500 households. We are continuing to deliver water through water tankers to those communities that do not have a water supply and with the help from the National Department of Water and Sanitation, we have upscaled this service ever since the outbreak of Covid-19.

In the year under review we have been busy constructing water supply systems with the intention of ensuring consistent water supply for the communities of Mxhalanga, Magqobhokeni and Cwengcwe. A project is underway to ensure consistent supply to Dikidikana and Mdingi Villages.

D. PUBLIC PARTICIPATION:

Public participation is essential for our municipality because we believe that it does not only earn us legitimacy, but it also affirms the principle of democracy being Government of the people, by the people, for the people.

This is why constant contact with residents is necessary so that their views find expression in our programmes. We have two main platforms of public engagement, the Integrated Development Plan and Budget Roadshows and the Mayoral Imbizo Programme. In the year under review both the IDP Roadshows and the Mayoral Imbizo were hosted through virtual platforms due to Covid-19. We always endeavour to deliver to the pleas made in these platforms.

E. FUTURE ACTIONS:

For us to fulfil our mandate of improving the lives of the people of Buffalo City we will continue to allocate 70% of our total capital budget to infrastructure development. The budget will therefore continue to be spent on the provision of water, the building of roads and the servicing and upgrading of our electricity network. This infrastructure-focused spending will also target human settlements and the electrification of informal settlements will be amongst the projects to be undertaken.

We will continue to prioritise Water and Sanitation as part of our quest of building business confidence through the reliability of supply whilst bringing dignity to all the people of Buffalo City.

We are also busy with other inner-city catalytic programmes in the East London CBD and this is also through approval of developments which have seen many buildings converted to student accommodation. The Buffalo City Metropolitan Development Agency (BCMDA) has also been instrumental in the development of our inner-city. Steady progress is being made in facilitating investments in mixed property developments at the Sleeper Site, Marina Glen A, Seaview Terrace and Water World.

F. AGREEMENTS / PARTNERSHIPS:

In order for us to achieve our objectives, we require consistent partnerships with a number of partners and as such we consistently host engagements with targeted stakeholders in our Metro. We therefore have good working relations with business, traditional leaders, trade unions, civil society and religious leaders. Our MGDS Vision 2030 forces us to have these partnerships.

It is important to note that due to the implementation of the District Development Model, we enhanced our relations with other stakeholders in the province and we have welcomed our District Development Champions who are MEC Weziwe Tikana-Gxothiwe from the Eastern Cape Provincial Government, Deputy Ministers Cassel Mathale and Boitumelo Moloi. Our district champions continue to give us guidance and leadership on all matters of development in our Metro.

We continue to have partnerships with many sister cities internationally such as the Jinhua People's Government, Chongqing, Yubie from China and Gavle in Sweden. Whilst some of the formalised partnerships have ended, we continue to engage over issues of mutual interest.

G. CONCLUSION:

Fellow Residents and Stakeholders of Buffalo City

We are presenting this Annual Report for the 2020/21 financial year for your consideration and engagement. We have honestly represented everything that has been done in our Metro and where we have not made progress, we have been honestly given an account, with reasons and remedial actions for the non-achievement of set objectives.

Many things can be said, but from the reading of this Annual Report one can easily see the fact that we are changing the face of the City by building roads in places that previously had bushes thereby creating the flow of traffic and connectivity for the communities of Buffalo City. We have dug trenches and piped water to the most far-flung of areas bringing dignity to our people. We have built houses that are fully equipped with water, sanitation and electricity. We know that more can be done and more must be done.



Executive Mayor
Cllr Xola Pakati

T 1.0.1



COMPONENT B: EXECUTIVE SUMMARY

1.1. CITY MANAGER'S OVERVIEW

The 2020/2021 financial year marked the end of the term of the current administration. The challenges that confronted the City during 2020/2021 financial year reflect the difficulties the country, the province and the City is still to come across during the next financial year. The development of the five-year closeout report is a necessary task to do. It will be from this report that the City will take stock on what has been done and what is it that is being carried over to the new term of office after the 2021 local government elections.

The immediate challenge the City faces is ushering in of the new administration after the 2021 local government elections. The second challenge will be to review all strategic plans for the next term of Council. These strategic plans include the Metro Growth and Development Strategy, Integrated Development Plan, and the Built Environment Performance Plan. Additional to the review of these strategic plans will be the development of a long-term financial strategy and its integration to other strategic plans of the city. The review of these plans and the development of the long-term financial strategy should be done having taken into consideration the necessary adjustments that have been brought by the advent of Covid 19.

The City prides itself that over the period it has massively invested on infrastructure and this includes building houses (including temporal relocation units for the dedensification of Duncan Village), roads and stormwater, electrification and on water and sanitation. The massive investment on infrastructure did not only improve the lives of Buffalo City residents but also increased the value of infrastructure assets for the City. This was an attempt to attract investment through new and renewed infrastructure assets to retain existing and attract new investments to the City.

The pace at which the City was determined in investing on infrastructure was dampened by the advent of Covid-19, which negatively affected our ability to collect revenue because of the closure of many small and medium businesses, which resulted in unemployment in particular the tourism and hospitality industry. As a response to Covid-19 challenges, the City developed a draft economic recovery plan as an attempt to recover our economy.

The coronavirus pandemic led to a number of policies being reviewed and that included the diversion of budgets from one priority area to another. This affected the City's Occupational Health and Safety Policy in that the policy had to be reviewed to accommodate the Covid 19 guidelines. The leave policy had to be supplemented by regulations and guidelines on leave including a new leave category called Covid-19 leave.

The drought that engulfed our region led to the City implementing stage three water restrictions from December 2019 including the year under review which is 2020/2021 financial year. This led to the City introducing water punitive tariffs to discourage those who fail to use water sparingly. The water punitive is regulated by the water act in that when dam/water levels are below a particular percentage a punitive tariff ought to be implemented. The City is rolling out the smart metering system for both water and electricity consumption. These water and electricity metres will bring about accuracy and integrity on the billing information. Local media have also been encouraged through print, radio, television and social media platforms including our website to use water sparingly and discourage electricity theft.

The City is providing several shared services with other spheres of government and these range from provision of water that is drawn from water sources owned by the National Department of Water Affairs and Sanitation. Provision of electricity in Buffalo City Metropolitan Municipality is provided by both the City in urban spaces and Eskom in rural spaces. This is as a result of our licensing rights from the National Electricity Regulator of South Africa (NERSA). The Provincial Department of Environmental Affairs is responsible for the approval of Estuary Management Plans. Buffalo City Metropolitan Municipality shares the audit and performance management committee with the Buffalo City Development Agency.

Over the years the City has taken a firm resolution of ensuring that risk management culture improves and strives to ensure that risk is embedded into planning, daily operations and most importantly decision making. The City has not yet reached a desired risk management maturity level but is however committed to improving the status quo. In the year under review, the Council has approved the enterprise-wide risk management framework which specifically addresses the structures, processes and standards implemented to manage risks on an institution – wide basis in a committed and consistent manner.

It provides a mechanism for managers to make informed management decisions, through the development, monitoring and review of internal control mechanisms and tools. Sound risk management will enable us to anticipate and respond to changes in our service delivery environment, as well as make informed decisions under conditions of uncertainty. Further details on the risk profile of the City is covered under 2.6 of this report.

The Municipal Demarcation Board started the ward delimitation process some time ago. It is important to mention that after the recent round of delimitation of wards, Buffalo City was not affected, it retained its 50 wards. The minor changes were on very few ward boundaries and that was as a result of a decrease or increase in the number of people residing in these wards.

THE BUILT ENVIRONMENT PERFORMANCE PLAN (BEPP)

Planning, budgeting and reporting reforms over the last five years have focused on Spatial Transformation through Grant Reform. The Built Environment Performance Plan (BEPP) was introduced by National Treasury as a planning tool to co-ordinate-built environment grants to achieve spatial transformation focused on the Urban Settlements Development Grant (USDG), the Human Settlements Development Grant (HSDG), the Public Transport Network Grant (PTNG), the Neighbourhood Development Programme Grant and the Integrated National Electrification Programme (INEP) grants to influence

All catalytic projects and programmes that the City implemented during the 2020/2021 financial year from the Metro Growth and Development Strategy and the Integrated Development Plan would not have been delivered if we did not have a credible Built Environment Performance Plan (BEPP). The credibility of our BEPP was also confirmed by National Treasury when they rated our BEPP a platinum status. Below is a snapshot of our BEPP document including catalytic projects and programmes.

infrastructure investment. The BEPP has therefore been a requirement of the Division of Revenue Act (DoRA) in respect of the above built environment grants and further formed an eligibility requirement for the Integrated City Development Grant (ICDG) as an incentive grant to further targeted investment in the built environment.

As a strategic spatial planning tool the BEPP has provided an integrated investment rationale, plan and process for the implementation of priority catalytic programmes and projects within the City. The spatial transformational aims of the BEPP have been to transform the Metro's built environment into a more compact, livable, integrated, inclusive, productive and sustainable place.

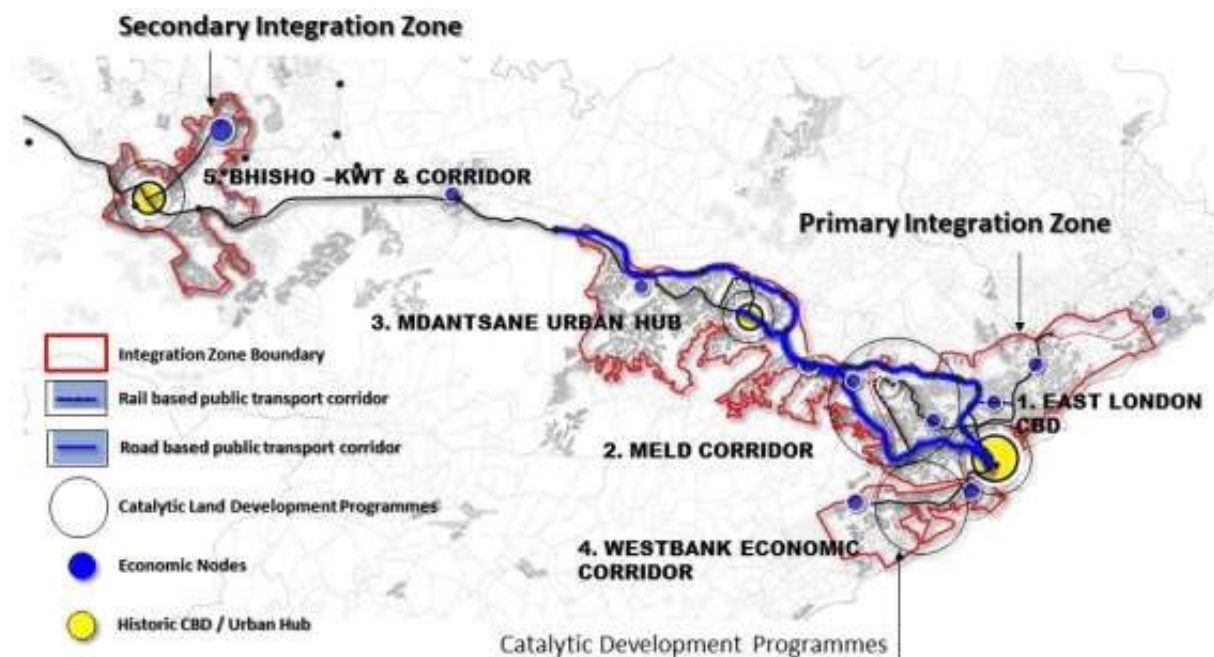


Figure 1. The spatial targeting approach of the BEPP

Over the past five-year term, the BEPP has been instrumental in institutionalising programme coordination and joint planning within the City's Catalytic Land Development Programmes which include the East London CBD and Inner-City Programme, the Mdantsane East London Development (MELD) Corridor Programme, the Mdantsane Urban Hub Programme, the West Bank Logistics Hub Programme and the Bhisho - Qonce (King Williams Town) - Zwelitsha Corridor Programme.

The BEPP has met with compliance requirements of the DORA in all five term of office years. In addition, the yearly independent evaluation of the BEPP by National Treasury has progressively shown improvement over this period. Progressing from a BRONZE rating in the 2016/17 FY, a SILVER rating in 2017/18 FY to a GOLD rating in the 2018/19 FY and a PLATINUM rating in the 2020/21 FY. The PLATINUM rating in the 2020/21 FY placed the BCMM first (#1) nationally in terms strategic planning, budget alignment and performance amongst South Africa's eight metro's.

ELECTRICITY SERVICES

The Metro continued to invest capital funding to the tune of R87.4 million into the aging electrical network by upgrading, refurbishing, and replacing equipment which has reached its useful lifespan. The 4IR SCADA project continues to provide the Electricity and Energy Department with much needed control and monitoring of the electrical network and provides safer more efficient operating during load shedding. Funding of the Operational and Maintenance function to ensure that the capital investment made is not lost and the network remains stable into the future, is a concern as this is funded through the revenue generated from electrical sales, this revenue was affected by the increase in electrical losses, which can be attributed to increase in electricity theft.

The City provided first time electrical services to 1000 residents within the licensed electrical network, this figure covers both formal and informal dwellings that met the electrification criteria in line with the OHS Act.

BCMM is not alone in offering electricity services to its residents, Eskom is the most important strategic partner in terms of offering electricity services to residents. Eskom and the City are responsible for the universal access to electricity under the NERSA license to supply electricity to rural areas. There are, however, differences in the level of services supplied by Eskom to residents residing in our rural areas and these are not only affecting BCMM but rather the entire South African municipalities.

With regard to conservation of power, the City has taken a decision to reduce its own electricity use due to the power problems of supply from the national grid. The Electricity and Energy Department implemented a number of projects to reduce power consumption: • Upgrading of over 10,000 streetlights to more efficient low consumption LED Street lights • Upgrade of over 200 high-mast lights • The Electricity Department installed solar systems at the Beacon Bay offices. While it has made the offices energy efficient, the office is also open for school visits for information and demonstration of the system. This is done by appointment only. A solar system has been installed at the Nahoon Estuary Reserve Environmental Centre.

WATER AND SANITATION SERVICES

Water Services

The City continued to deliver bulk services to accommodate village reticulation in outer areas. In the 2020/21 financial year 683 households were provided with water supply services for the first time within the minimum required standards. This equates to 0.4% of the total households, which leaves the water supply backlogs at 1%. The quality of water supplied to residents improved to an outstanding 99% compliance with the South African National Standards for drinking water (SANS 241) and World Health Organization (WHO) requirements.

The improvements are owed to the slow moving but successful implementation of water mains replacement programme, which kept the water quality within the necessary standards, though regularly bursting pipes compromise the quality due to soil ingress into the pipeline during repairs.

The Eastern Cape Province is experiencing a prolonged severe drought that threatens water resources, as dam levels are currently critically low. The high level of water losses are the results of ageing infrastructure; however, intervention measures are being implemented to renew our infrastructure to reduce water losses. The Water Department managed to reduce non-revenue water by 0.04% in the year under review. This happened due to the implementation of the approved Water Conservation and Water Demand Management (WCWDM) Strategy, whose level of success is limited by prevailing budgetary constraints.

Sanitation Services

The number of households with access to sanitation services has improved to 96% in the year under review, from 94% in the previous year. The available treatment capacity of some of our wastewater treatment works is still a big challenge, as the municipality no longer approves development in some areas such as Amalinda, Qonce, Bhisho, and Breidbach due to overloading. The current upgrading of Zwelitsha Wastewater Treatment Works is intended to regionalise a few wastewater treatment works in the Inland region and decommission those with less robust treatment technology. Similarly, the diversion of sewage from Central Wastewater Treatment Works in Amalinda to Reeston is geared towards opening development in the Amalinda area. These infrastructure upgrades will also improve the quality of effluent discharged from these treatment works to meet permitted discharge standards.

The City improved the provision of sanitation services in rural areas where it currently has backlogs; where it built and handed over 3 268 Ventilated Pit Latrine (VIP) toilets in the year under review. This achievement increased the number of VIP toilets installed to 57 715 since 2005. Similarly, new ablution facilities have been installed in informal settlements, to a total of 62 toilet seats with water points in the year under review. 45 toilet seats with water points were added to Temporary Relocation Areas in the year under review.

With an intention to create awareness to residents about mechanisms to conserve water the City's Infrastructure Directorate put up posters in all BCMM offices and buildings to demonstrate easy steps to conserve water as a scarce resource. In agreement with residents needs, the City continued to invest in various water meter replacement programmes, primarily aimed at ensuring accurate readings and billings.

ROADS AND STORMWATER SERVICES

The City's roads network consists of 3 319 km of surfaced and gravel roads network. With an estimated replacement cost of R9,4 billion. The surfaced roads network which includes asphalt, concrete and block paved roads consists of 1,682 km of roads with an estimated replacement cost of ± R7 billion and a gravel roads network of 1 637 km with an estimated replacement cost of R2,4 billion.

The Roads Branch had an annual capital budget allocation of R486.7 million for the rehabilitation, upgrade, resurfacing and regravelling of road infrastructure in the City (Roads

provision) for the 2020/2021 financial year. An amount of R98 million was allocated under the operational budget for the maintenance of existing roads.

The Roads Branch is currently in the process of procuring a professional team to undertake an inventory and condition survey of all surfaced and unsurfaced roads in the City. The Pavement Management System (PMS) is an important tool for the effective and economical management of the City's roads network. The visual assessment is to commence in the 2021/2022 financial year. Periodic pavement assessments provide insight into the rate of deterioration and the level of intervention required to maintain the network to an acceptable level.

Extended periods of dry weather (drought) followed by a period of rainfall accelerates the deterioration of the road surface as cracks form during the dry weather, which then allows water to enter the road layers during periods of rainfall, ultimately leading to potholes and road failures. Regular maintenance and resealing are critical to prevent the more major problems such as rutting, potholes, cracks, etc. There are two other road authorities responsible for roads, stormwater and bridges that operates within BCMM's area of jurisdiction; i.e. SANRAL (South African National Roads Agency Limited) which is responsible for all the national roads, and the Eastern Cape Department of Transport which is responsible for all the provincial roads.

WASTE MANAGEMENT AND REFUSE REMOVAL

The provision of refuse removal is guided by the National Domestic Waste Collection Standards, which states that refuse must be collected at least once a week. Buffalo City is a highly industrious City with a fast-growing urban population, which warrants effective waste management services and new innovations.

In response to this, the BCMM Solid Waste Management Department provides waste management and refuse removal services to all three BCMM regions and these services include street sweeping, clearance of illegal dumps, litter picking and refuse removal. These services are provided daily to all three regions. In addition to that, the department has to ensure that it establishes compliant waste management facilities, e.g., transfer stations and landfill sites so that waste collected from the operations is properly managed and does not affect the environment. The Department also has a dedicated Unit that educates and raises public awareness on waste management issues like curbing of waste littering, illegal dumping of waste, encouragement of recycling as well as adherence to the refuse removal schedule at household and business level. Furthermore, it is acknowledged that the state of cleanliness of the City is unsatisfactory and as such the Department has in the year under review implemented projects and programs.

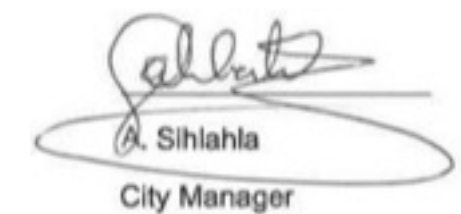
Notwithstanding the challenges that the Directorate is experiencing, the following projects were implemented:

- The City strengthened its waste minimisation programme together with partners like the Border Kei Chamber of Business (BKCoB). This has further manifested itself through Service Delivery on Fridays wherein the political leadership together with City officials embark on an aggressive clean-up campaign in each identified area.
- As a result, two cost recovery buy back centres were established in the City through the call to action programme in partnership with BKCoB.
- The City intensified its efforts for street cleaning, litter picking, gutter clearance, bush clearing etc. through its Integrated Rapid Response Team (IRRT).
- The City procured an additional fleet in the 2019/2020 and 2020/2021 financial years and has also budgeted for more fleet in the 2021/2022 financial year so as to continuously improve its waste management services.
- During the 2020/2021 financial year, the Department procured and installed 850 galvanised street litter bins across the three regions of the City. These receptacles will be further rolled out in the 2021/2022 financial year as they are budgeted for.
- The City, in the 2020/2021 financial year initiated works toward upgrading two transfer stations in the Coastal region i.e. Kaysers Beach and Kidds Beach. Work in these two facilities is at an advanced stage and adequate fleet for operations and management of these facilities have been procured. The regional landfill site in Berlin has been upgraded through construction of two new cells, construction of a leachate treatment system as well a waste sorting facility. The compliance of the site has been improved to more than 80%, however the matter of security in the City's waste facilities is of a serious concern.
- During the year under review, the Directorate reviewed its Integrated Waste Management Plan (IWMP) to align it with the National Waste Management Strategy 2020 which encourages waste diversion from landfill disposal as well as waste economy. The IWMP and the Waste Management By-Law will soon be out for external stakeholder consultation following Council Adoption and approval by the MEC of Economic Affairs and Tourism.

FINANCIAL SUSTAINABILITY

The difficult economic environment continues to pressurise the City's revenue capacity in terms of low growth prospects for service charges and ensuing debtor collection challenges exacerbated by the coronavirus pandemic. However, the City has a healthy financial position, and this is confirmed by the Credit Rating for 2020/21 (31 March 2021) which remained unchanged at A (Long term: A(za) and Short term: A1(za)) with the ratings outlook being Stable. The Stable Outlook reflects that the City has sufficient liquidity sources to mitigate against the current cash flow pressures. Kindly refer to section 1.4.3 for financial performance ratios of the City.

The City continues to improve efforts to limit non-priority spending and to implement stringent cost-containment measures in terms of the Municipal Financial Management Act. These measures are being implemented in an attempt to ensure the future viability of the institution and to focus on reducing the negative impact on the residents within the City's boundaries. Information related to the revenue trend by source, expenditure by type including borrowings undertaken by the municipality is covered under section 1.4 as well as in section 5 (T5.1.0) of this report.


A. Sihlahla
City Manager

T1.1.1.

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

ELECTRICITY:

The City is responsible for providing services to all its residents, this is a difficult in terms of electricity as the city is divided into two licensed areas of supply.

BCMM Electricity and Energy Services Department has a licence issued by NERSA to distribute electricity only to consumers within its area of supply which falls within the urban edge.

NERSA have issued Eskom with a licence to distribute electricity to consumers outside the urban edge. This makes

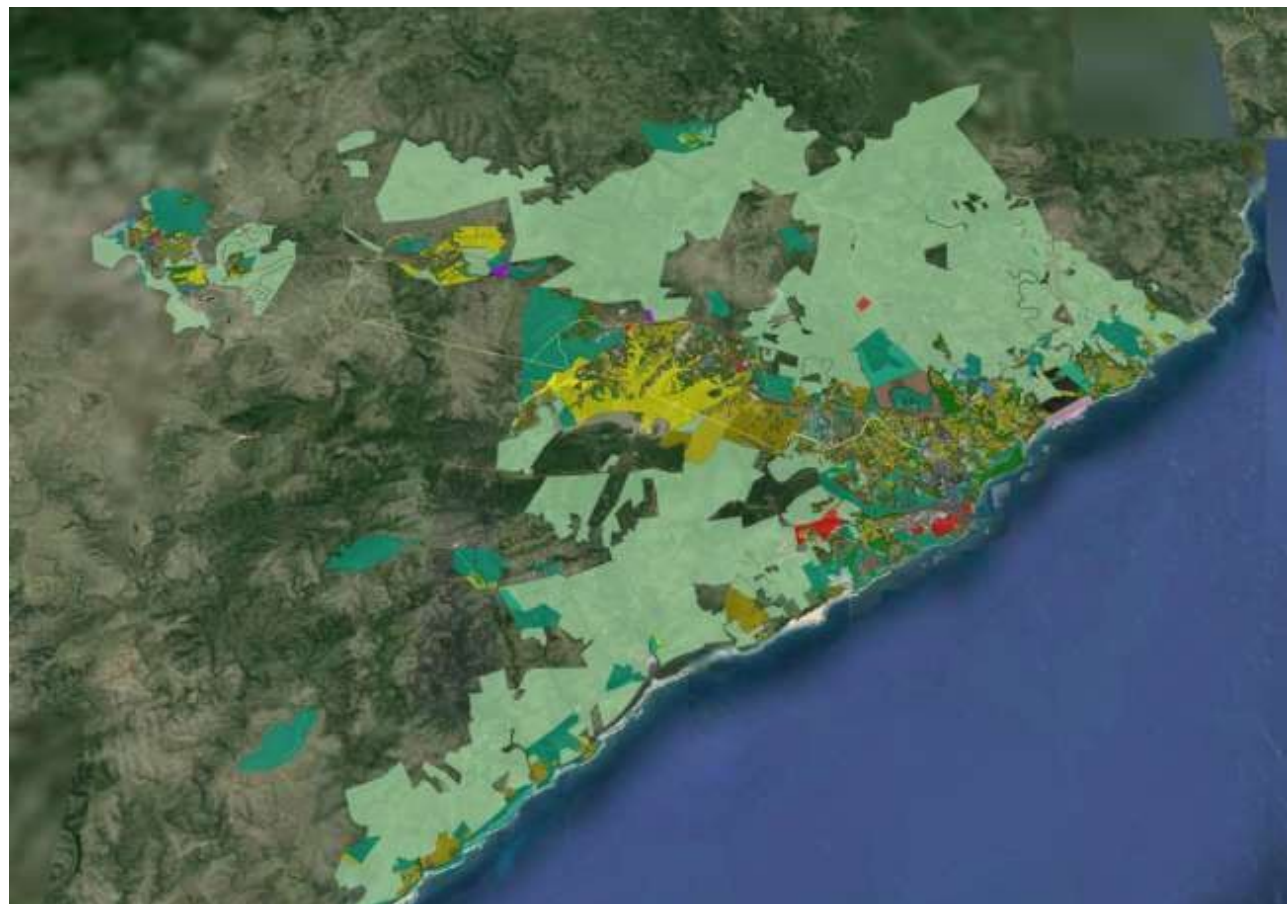
Eskom responsible for the supply of electricity to these consumers. BCMM has very little input into Eskom's standard of supply.

This situation continues to be a concern to most municipalities and has been discussed at the highest levels of government, as NERSA should issue the license within a municipal area taking into consideration all relevant legislation such as the Municipal Systems act which would require input into service standards, though a service delivery agreement.

Through SALGA, municipalities were negotiating a distribution service level agreement with Eskom. As no progress was achieved due to Eskom's unwillingness to compromise on issues of concern, SALGA has taken the issue to CoGTA for ministerial level input.

In the year under review the Electricity Department achieved the following high lights:

Electrification of 1000 households.
Investment of R87.4 million into the electrical network in terms of upgrade, refurbishment and renewal.



The provision of the electrical services should be provided in a safe, reliable and effective manner to all legal consumers with in the urban edge, the provision of the service in some areas has become a major challenge due to the increase in informal households caused by migration of rural people in search of employment.

Each new home becomes an illegal connection, these connections overload the electrical network causing interruption of service to the community who are legally entitled to the service.

The Electricity and Energy Services Revenue Protection Unit works seven days a week to remove illegal connections to ensure an uninterrupted electrical service.

The Electricity Department is unable to resolve the illegal act of illegal connections without the involvement of all relevant parties, the community, Councillor, SAPS and BCMM Law Enforcement.

All parties need to be involved in reducing illegal connections, which have led to deaths in the community and a loss of revenue which is affecting the viability of the electrical service which will affect all residents.

This can be resolved by the community and by taking legal action against those who perpetrate this illegal act.

WATER AND SANITATION

BCMM is a Water Services Authority (WSA) as well as a Water Services Provider (WSP), providing water, sanitation and scientific services with its primary duty being provision of water and sanitation services. The Amatola Water Board is an appointed WSP, providing bulk services to some areas of the municipality. The municipal Water Division achieved a substantial 99% compliance with prescribed national water quality standards in the year under review. This performance is above the division's own set target of 95%, as prescribed by the Blue Drop Certification system.

The Sanitation Division set a target of 75% compliance of effluent quality from its wastewater treatment works. This target was set in recognition of required improvements to wastewater treatment due to ageing infrastructure, less robust treatment technology used in some treatment works, and overloading in some systems. The overall average compliance of the 15 wastewater treatment works is 79% in the year under review, against the prescribed minimum target of 90% in terms of Green Drop Certification system.

Access to piped water has increased from 98% to 99% in the year under review. Similarly, access to adequate

sanitation (flush toilets and VIPs) increased from 94% in the last financial year, to 96% in the year under review. BCMM is served by seven water supply dams, with six dams owned by national Department of Water and Sanitation (DWS) and operated by the Amatola Water Board, and one dam owned and operated by the municipality. The national Department of Water and Sanitation is entrusted by the Constitution to manage national resources in a manner that meets the basic human needs for present and future generations, to promote equitable access to water, and to reduce and prevent pollution of water resources, amongst other responsibilities. However, climate change and severe droughts impose major challenges to water supply security in the area, as dams in the municipal area are struggling to fill up.

HOUSING

The City undertakes to prioritise housing and related services, identify and designate land for human settlements development, initiate, co-ordinate, facilitate, promote and enable appropriate human settlements development as mandated by the Constitution of the Republic of South Africa. The BCMM Human Settlements Directorate also undertakes to ensure that residents have access to sustainable housing on a progressive basis. Furthermore, it ensures that the environment in which residents are living meets good health and safety standards.

The sustainable development of affordable and well-located rental and social housing stock for the urbanising, rapidly growing, mobile (migrant) and urban population within inner city and other locations close to economic opportunities is a priority. It should be noted that a major challenge for the City has been a lack of abundantly well-located and affordable land for human settlement creation.

Regardless of the challenges mentioned above, during the 2020/2021 financial year, the Directorate completed 468 top structures, 414 internal services and 1,714 beneficiaries were registered in the National Housing Needs Register (NHNR). NHNR is the planning tool

that the Directorate of Human Settlements uses when planning for human settlements development for future projects. BCMM Human Settlements Directorate conducted ten Housing Consumer Education sessions in the City's wards, as an attempt to educate prospective beneficiaries about all human settlement programmes and policies in terms of qualification criteria and about the processes that lead to the ownership, management and maintenance of a house. The Beneficiary Administration Unit continues with beneficiary registration in all Provincial Human Settlements approved projects (Housing Subsidy Scheme) HSS.

As part of de-densification of informal settlements, particularly in Duncan Village, 462 sites were fully serviced with underground piped water and sanitation in the relocation area; and tarred roads including associated stormwater and temporary units were constructed at Mdantsane near Reeston chicken farm. To date about 180 of the built temporary units were occupied by the beneficiaries largely from the Duncan Village Informal Settlement.

In addition to that, 2,034 sites at Ziphunzana by-pass are under construction for water, paved roads and sanitation. Upon completion, beneficiaries from Duncan Village will be temporarily housed at this TRA with a view of making space for construction where they used to reside. They will only come back to the area once it has been formalised.

SOLID WASTE MANAGEMENT

Solid Waste Directorate is one of the service delivery Directorates of the City. The Directorate provides waste management services to over 132 000 households and a significant number of businesses daily across the three regions of the City. This is to ensure that residents live in an environment that is not harmful to their health and that the aesthetics of the City are improved.

It is acknowledged that the City's waste management services and the state of cleanliness have been subjected to criticism. The Directorate has always been inundated with complaints on the growing rate of waste littering, illegal dumping of waste and filthy streets. The long distance from the waste service points to the City's Regional landfill site that serves mainly the Coastal and Midland Regions situated in Berlin as well as lack of transfer stations has been posing challenges for efficient waste services provision. This is particularly the case for the Coastal Region with the furthest service points of more than 50 kilometers away from the landfill site. This is poses challenges for the provision of efficient waste management service and impacts negatively on the condition of the City's refuse removal trucks.

In view of these challenges, the City took drastic steps towards ensuring a pleasant environment. It initiated a process of reviewing its Integrated Waste Management Plan (IWMP) which is still undergoing consultation. The IWMP will ensure that waste is diverted from landfill sites (disposal) and advocate for waste beneficiation(e.g. recycling, composting etc.). The IWMP identifies the City's waste management challenges, priorities as well as goals for improved management of waste. It is a five-year plan comprising of short, medium and long-term goals that seeks to address waste management challenges. It is imperative that the IWMP is robust in its approach and able to provide practical solutions to the City's currentand future waste management challenges.

SPATIAL DEVELOPMENT PLANNING OUTPUTS

The following Development Planning projects were executed during the 2020/2021 financial year:

Forward /Spatial Planning
Buffalo City Metropolitan Municipal Spatial Development Framework Review: The SDF Review was approved by Council in December 2020.
Settlers Way Local Spatial Development Framework: The Settlers Way LSDF Review was approved by Council in December 2020.
Amalinda Cambridge Local Spatial Development Framework: The Amalinda Cambridge LSDF has been initiated and to be completed in the 2021/2022 Financial Year.

ROADS AND STORMWATER MANAGEMENT

Roads branch's core mandate is to provide a safe all weather roads network for all road users within the metropolitan area. A roads network in good, efficient roads network is the key to the growth and development of a city. Most investors look for access to local and international markets through seamless integration between road, rail, sea and air transportation. All major cities that have high levels of growth and economic development have excellent roads and logistics infrastructure.

The Buffalo City Metropolitan Municipality (BCMM) roads network consists of ± 3319 km of surfaced and gravel roads network. With an estimated replacement cost of R 9,4 Billion. The surfaced roads network which includes Asphalt, Concrete and Block Paved Roads consists of ± 1682km of roads with an estimated replacement cost of ± R 7 Billion and a Gravel roads network of ± 1637km with an estimated replacement cost of R 2,4 Billion.

The Roads Branch had an annual capital budget allocation of R 486.7 Million for the rehabilitation, upgrade, resurfacing and regravelling of road infrastructure in the City (Roads provision) for the 2020/2021 financial year. An amount of R 98 Million was allocated under the operational budget for the maintenance of existing roads.

79% of the R 486 699 169 capital budget was spent, there was an under expenditure on the Settlers Way and Mdantsane Roads projects, as the Settlers Way project was awarded later than anticipated, and the Mdantsane Roads Project is at procurement. 100% of the allocated

98 Million operating budget has been spent. The Roads Branch has two major projects currently being implemented, namely the Rehabilitation und upgrade of Settlers Way and Military Road, and Mdantsane Roads Upgrade Phase 3.

Rehabilitation and upgrading of approximately 7.8km of Settlers Way from the airport intersection to Pontoon Rd Robots. Rehabilitation of the existing road surface, construction of an additional lane of traffic in each direction, Construction of a kerb and gutter, stormwater drainage, sidewalks, public transport facilities and reconfiguration of the existing intersections.

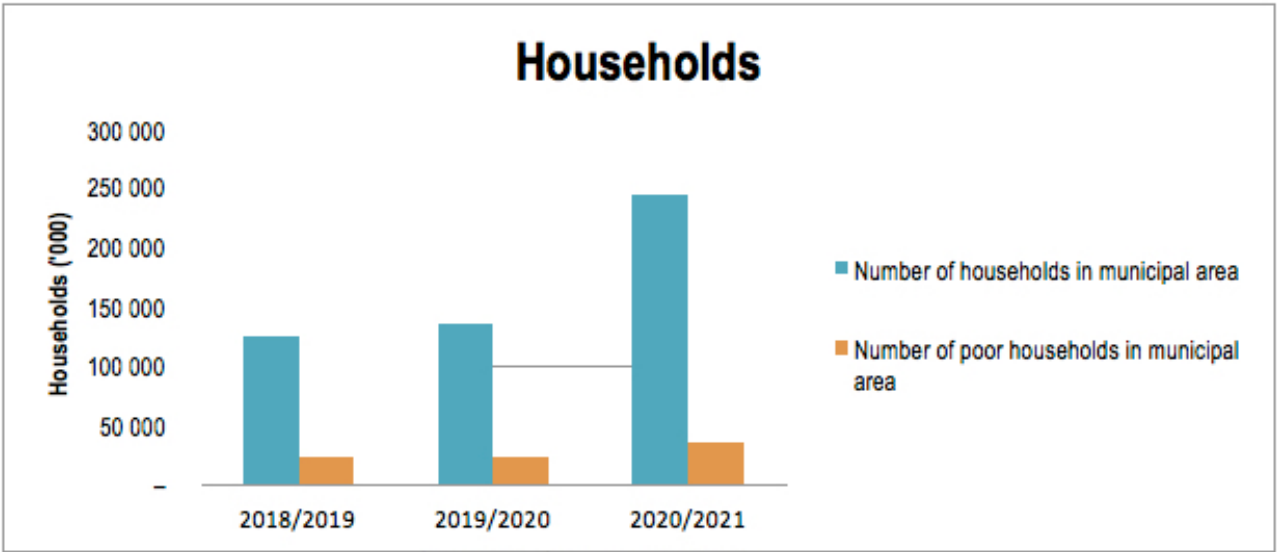
Military Road includes the rehabilitation and widening of 2.2 km's of road between Settlers Way and Bank Street, including turning lanes, kerbing, stormwater drainage, sidewalks, and intersection upgrades and 2.2 km of Military Road in East London, including the reconfiguration of intersections. Currently the stormwater drainage improvements are nearing completion and the earthworks

for the widening of the road is underway between Cotton Road and Military Road.

The Mdantsane roads program has been prioritized due to the historical neglect of the area. Mdantsane is a suburb of the City and is an urban area which is supposed to have the same level of service as that of other similar urban areas of the City. The upgrade of the existing gravel roads to surfaced standards was therefore prioritised in order to increase mobility and access to opportunities as well as improve the standards of living in Mdantsane and make it a more attractive area to live.

T1.2.1.

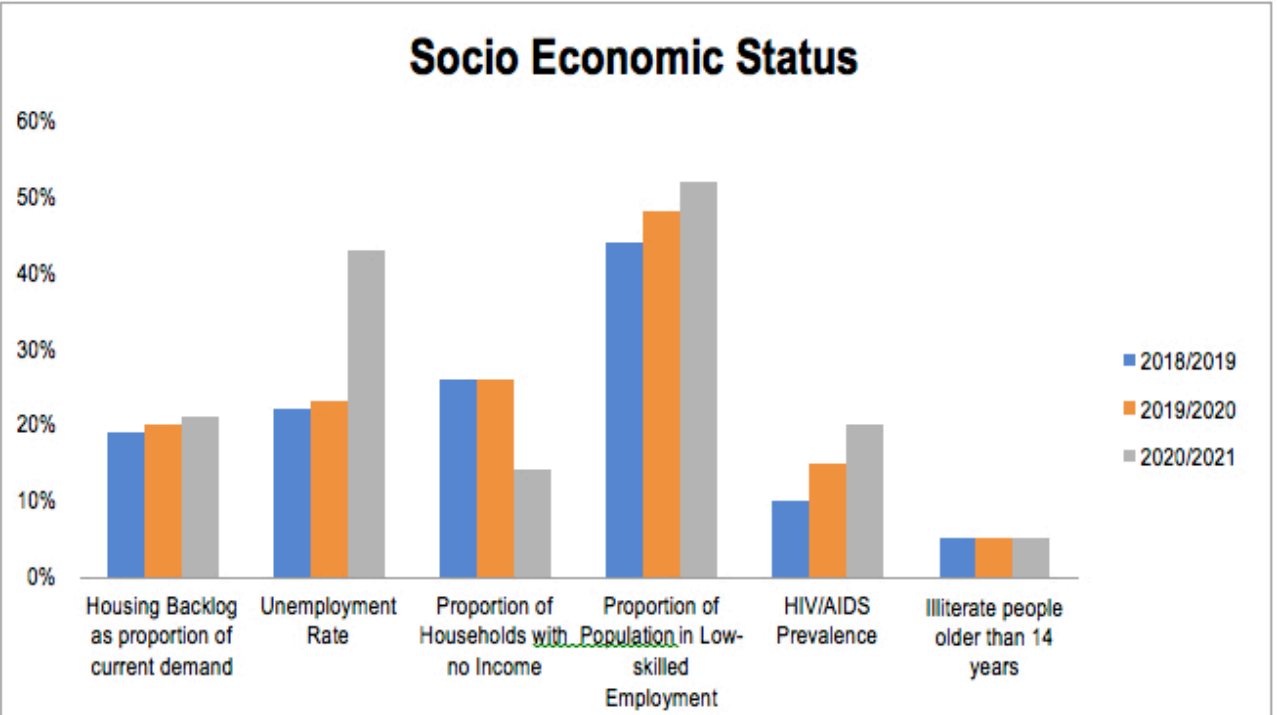
POPULATION DETAILS POPULATION '000									
AGE	2018 /2019			2019 / 2020			2020 / 2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
AGE: 0 – 4	44810	42715	87525	31212	30344	61556	30638	29806	60444
AGE: 5 – 9	39564	37710	77274	36591	35495	72086	36114	35050	71164
AGE: 10 - 19	58672	59669	118341	67403	102325	169728	68961	67108	136069
AGE: 20 - 29	90007	88805	178812	54578	51580	106158	54729	52192	106921
AGE: 30 - 39	85692	84110	169802	67820	63589	131409	67550	64777	132327
AGE: 40 - 49	41806	45650	87456	52965	56212	109177	54033	56854	110887
AGE: 50 - 59	27473	41347	68820	35092	49123	84215	35758	48173	83931
AGE: 60 - 69	18957	27957	46914	24316	38327	62643	24333	37430	61763
AGE: 70+	12127	21647	33774	22960	25872	48832	13179	24261	37440
SOURCE: IHS MARKIT REGIONAL EXPLORER VERSION 2201									
T 1.2.2									



Source: IHS Markit Regional Explorer version 2201

T 1.2.3

SOCIO ECONOMIC STATUS						
YEAR	HOUSING BACKLOG AS PROPORTION OF CURRENT DEMAND	UNEMPLOYMENT RATE	PROPORTION OF HOUSEHOLDS WITH NO INCOME	PROPORTION OF POPULATION IN LOW-SKILLED EMPLOYMENT	HIV/AIDS PREVALENCE	ILLITERATE PEOPLE OLDER THAN 14 YEARS
2018/2019	19%	22%	26%	44%	10%	5%
2019/2020	20%	23%	26%	48%	15%	5%
2020/2021	21%	43%	14%	52%	20%	5%
SOURCE: IHS MARKIT REGIONAL EXPLORER VERSION 2201					T 1.2.4	



SOURCE: IHS MARKIT REGIONAL EXPLORER VERSION 2201 T 1.2.5

The total population is the official statistics from IHS Markit, however, additions of towns and township yields 890 500 as opposed to 891 146.

NATURAL RESOURCES	
MAJOR NATURAL RESOURCE	RELEVANCE TO COMMUNITY
OCEANS ECONOMY	JOB CREATION AND SKILLS TRASFER
SAND MINING	SUSTAINABLE JOBS
TOURISM	LIVELIHOOD TO COMMUNITIES
FORESTRY	MANUFACTURING
T 1.2.7	

COMMENT ON BACKGROUND DATA

Demographic data is critical for planning any economic growth, developmental plans and services by the Municipality. The population trends and population growth directly and indirectly impact on demand for services rendered by government. Demographics affects other socio- economic indicators. With 884 000 people, the Buffalo City Metropolitan Municipality housed 1.5% of South Africa's total population in 2018. Between 2008 and 2018 the population growth averaged 1.11% per annum which is close to half than the growth rate of South Africa as a whole (1.61%). Compared to Eastern Cape's average annual growth rate (0.94%), the growth rate in Buffalo City's population at 1.11% was very similar to that of the province.

When compared to other regions, the Buffalo City Metropolitan Municipality accounts for a total population of 884,000, or 12.2% of the total population in the Eastern Cape Province, with the

Tambo being the most populous region in the Eastern Cape Province for 2018. Buffalo City increased in importance from ranking sixth in 2008 to third in 2018. In terms of its share the Buffalo City Metropolitan Municipality was slightly larger in 2018 (12.2%) compared to what it was in 2008 (12.0%). When looking at the average annual growth rate, it is noted that Buffalo City ranked third (relative to its peers in terms of growth) with an average annual growth rate of 1.1% between 2008 and 2018.

The Macleantown, Sandisiwe Sub-metro Region increased the most, in terms of population, with an average annual growth rate of 2.5%, the East London Sub-metro Region had the second highest growth in terms of its population, with an average annual growth rate of 1.8%. The King William's Town, Bhisho Sub-metro Region had the lowest average annual growth rate of 0.37% relative to the other within the Buffalo City Metropolitan Municipality.

The population projection of Buffalo City Metropolitan Municipality shows an estimated average annual growth rate of 1.0% between 2018 and 2023. The average annual growth rate in the population over the forecasted period for Eastern Cape Province and South Africa is 0.9% and 1.4% respectively. The Eastern Cape Province is estimated to have average growth rate of 0.9% which is lower than the Buffalo City Metropolitan Municipality. The South Africa as a whole is estimated to have an average annual growth rate of 1.4% which is higher than that of Buffalo City's growth rate.

The poverty gap is used as an indicator to measure the depth of poverty. The gap measures the average distance of the population from the poverty line and is expressed as a percentage of the upper bound poverty line, as defined by StatsSA. The Poverty Gap deals with a major shortcoming of the poverty rate, which does not give any indication of the depth, of poverty. The upper poverty line is defined by StatsSA as the level of consumption at which individuals are able to purchase both sufficient food and non-food items without sacrificing one for the other. It is estimated that the poverty gap rate in Buffalo City Metropolitan Municipality amounted to 31.1% in 2018 - the rate needed to bring all poor households up to the poverty line and out of poverty.

In 2018, the poverty gap rate was 31.1% and in 2008 the poverty gap rate was 33.5%, it can be seen that the poverty gap rate decreased from 2008 to 2018, which means that there were improvements in terms of the depth of the poverty within Buffalo City Metropolitan Municipality. In terms of the poverty gap rate for each of the regions within the Buffalo City Metropolitan Municipality, Macleantown-Sandisiwe Sub-metro Region had the highest poverty gap rate, with a rand value of 31.2%. The lowest poverty gap rate can be observed in the East London Sub-metro Region with a total of 31.1%.

The economic state of Buffalo City Metropolitan Municipality is put in perspective by comparing it on a spatial level with its neighbouring metropolitan municipalities, Eastern Cape Province and South Africa. The section will also allude to the economic composition and contribution of regions within the City. Buffalo City does not function in isolation from Eastern Cape, South Africa and the world and now, more than ever, it is crucial to have reliable information on its economy for effective planning. Information is needed that will empower the City to plan and implement policies that will encourage the social development and economic growth of the people and industries in the municipality respectively.

Buffalo City Metropolitan Municipality contributed 20.95% to the Eastern Cape Province GDP of R 377 billion in 2018 increasing in the share of the Eastern Cape from 19.61% in 2008. The Buffalo City Metropolitan Municipality contributes 1.62% to the GDP of South Africa which had a total GDP of R4.87 trillion in 2018 (as measured in nominal or current prices). Its contribution to the national economy stayed similar in importance from 2008 when it contributed 1.44% to South Africa.

In 2018, Buffalo City achieved an annual growth rate of 2.47% which is a significantly higher GDP growth than the Eastern Cape's 0.78%, and is higher than that of South Africa, where the 2018 GDP growth rate was 0.79%. Contrary to the short-term growth rate of 2018, the longer-term average growth rate for Buffalo City (1.69%) is very similar than that of South Africa (1.50%). The economic growth in Buffalo City peaked in 2011 at 4.11%.

In terms of unemployment rate within Buffalo City Metropolitan Municipality, in 2018 there were a total number of 123 000 people unemployed in Buffalo City, which is an increase of 45 300 from 77 800 in 2008. The total number of unemployed people within Buffalo City constitutes 15.66% of the total number of unemployed people in Eastern Cape Province. Buffalo City Metropolitan Municipality experienced an average annual increase of 4.70% in the number of unemployed people, which is worse than that of the Eastern Cape Province which had an average annual increase in unemployment of 4.66%.

When comparing unemployment rates among regions within Buffalo City Metropolitan Municipality, King William's Town, Bhisho Sub-metro Region has indicated the highest unemployment rate of 32.1%, which has increased from 25.6% in 2008. It can be seen that the Macleantown Sandisiwe Sub-metro Region had the lowest unemployment rate of 31.3% in 2018, which increased from 24.7% in 2008.

Major resources in Buffalo City Metropolitan Municipality and their relevance in improving the lives of the community are as follows:

- Oceans Economy - Job creation and skills transfer
- Sand mining - Sustainable jobs
- Tourism - Livelihood to communities
- Forestry - Manufacturing

[Source: IHS Markit Regional eXplorer version 1803, BCMM IDP 2020/2021]

T1.2.8.

1.3 SERVICE DELIVERY OVERVIEW

ELECTRICITY

The Electricity Departments' mandate to distribute and provide electricity services is derived from the following laws and regulations:

- Electricity Regulation Act ,2006(Act 4 of 2006)
- The Occupational Health and Safety Act
- NERSA License (NRS 048 Quality of Supply)
- Electricity Regulation Act ,2006(Act 4 of 2006)Objects of Act

2. The objects of this Act are to-

- (a) achieve the efficient, effective, sustainable and orderly development and operation of electricity supply infrastructure in South Africa;
- (b) ensure that the interests and needs of present and future electricity customers and end users are safeguarded and met, having regard to the governance, efficiency, effectiveness and long-term sustainability of the electricity supply industry within the broader context of economic energy regulation in the Republic.
- (c) facilitate investment in the electricity supply industry;
- (d) facilitate universal access to electricity;
- (e) promote the use of diverse energy sources and energy efficiency;
- (f) promote competitiveness and customer and end user choice; and
- (g) facilitate a fair balance between the interests of customers and end users, licensees, investors in the electricity supply industry and the public.

The Occupational Health and Safety Act (Act 85 of 1993)

- CLAUSE 8 General duties of employers to their employees. Every employer shall provide and maintain, as far as is reasonably practicable, a working environment that is safe and without risk to the health of his employees.
- CLAUSE 9 General duties of self-employed persons to persons other than their Employees.

Every employer shall conduct his undertaking in such a manner as to ensure, as far as is reasonably practicable, the persons other than those in his employment who may be directly affected by his activities are not hereby exposed to hazards to their health or safety. Compliance with the General Machinery regulations

- Compliance with the Electrical Machinery Regulations
- NERSA License (NRS 048 Quality of Supply)
- NERSA License (NRS 04 Quality of service)

GRID CODE

Operational Responsibilities of Distributors
The Distributor shall operate the Distribution System to achieve the highest degree of reliability and shall promptly take appropriate remedial action to relieve any condition that may jeopardise reliability.

Essentially the Electricity Departments' mandate is to provide an electricity service to all BCMM legal electricity is efficient reliable and safe.

There are two major challenges faced by the energy services department in achieving the electricity service mandate to provide a safe, reliable, and consistent service:

- The electrical network is continually vandalized and theft of electrical equipment is a common occurrence. These illegal activities impact on the electrical services as well as revenue. The funding set aside to carry out required maintenance and capital works is also affected as funds are then used to repair and replace vandalized equipment and is therefore not used for its original purpose, leading to reduced maintenance.
- Illegal connections continue to place a burden on the City's electrical services in numerous areas as illegal connectors continue to connect to the BCMM electrical network which causes the network to switch off due to overload. This leads to failures in the supply to BCMM's legal consumers. As illegal connections do not comply with standard installation practices, electrical network and equipment is also damaged. The damage of the network can lead to extended periods of no supply to legal consumers as in terms of the Occupational Health and Safety Act, BCMM as far as reasonably practicable must ensure that the network is safe before switching on. This requires the network damage to be repaired and all illegal connections to be removed before switching on. Illegal connections have led to a high electrical loss and ability to generate revenue and can no longer be tolerated as it is affecting the viability of the Municipality and the Electricity and Energy Department in particular.

The Electricity Department provides the required service through is three sections:

Development, Contracts and Asset Management: This section is responsible to manage the design, installation, renewal and upgrading of the electrical assets to ensure that the electrical service implement best practices and equipment to provide an optimal electrical service.

Operation and Maintenance: This section is responsible for the operations and maintenance of the electrical network by carrying out operations in line with HV and maintaining the electrical network in terms of schedules. A 24-hour standby service is provided to consumers.

Customer Care and Revenue Protection: This section is responsible for the protection of BCMM's electrical revenue, by removing illegal connections, identifying illegal connectors for prosecution and investigating theft of BCMM Electrical equipment. They also provide advice and information to consumers on the provision of electricity services.

WATER AND SANITATION

The City is currently supplying six kilolitres of free basic water per month to all registered indigent consumers within formal settlements in urban areas, and to unregistered rural & informal settlements. Approximately 250 530 households have access to basic water supply and approximately 242 891 households have access to basic sanitation services in the form of either flush toilets in urban areas or Ventilated Pit Latrines (VIPs) in rural areas. The remaining percentage of consumers have a form of water supply albeit below basic level of service, through a water cart delivering water to strategically positioned polymer tanks or into hand-held drums.

Budgetary constraints, as well as the aging infrastructure, imposed a major challenge to improving access to basic water services and operations and maintenance of existing

infrastructure. The lack of water network integration in some areas, especially in rural systems, makes it difficult to optimize available water resources and ensure service continuity even in cases of infrastructure break down. Increasing incidents of sewage overflows due to the deposition of foreign objects into the system, theft, vandalism, illegal electricity connections, and inadequate sewer capacity in some catchments; threatens the environment. This leads to prolonged sewage spillages into the environment, and thus increased health hazard to our communities.

ROADS AND STORMWATER MANAGEMENT

BCMM's Roads and Stormwater branch falls under the Directorate of Infrastructure Services and is responsible for the construction, maintenance and control of all proclaimed roads within the City's area of jurisdiction. It must be noted that there are roads within the municipal boundaries that fall under the control of other authorities such as national roads, provincial roads and private roads. The Roads and Stormwater branch is also responsible for the rehabilitation, maintenance and upgrade of bridges and stormwater infrastructure within the municipal boundary, existing stormwater pipes, channels, bridges and drainage structures. The existing stormwater infrastructure consists of ±70 bridge structures, ±21,000 manholes, kerb inlets, headwalls and other inlet and outlet structures; and in addition to this, there is ±600km of storm water pipes and culverts.

SOLID WASTE MANAGEMENT SERVICES

Solid Waste Department is one of the service delivery departments of the City. The Department provides waste management services to over 132,000 households and a significant number of businesses daily across the three regions of the City. This is to ensure that residents live in an environment that is not harmful to their health and that the aesthetics of the city are improved.

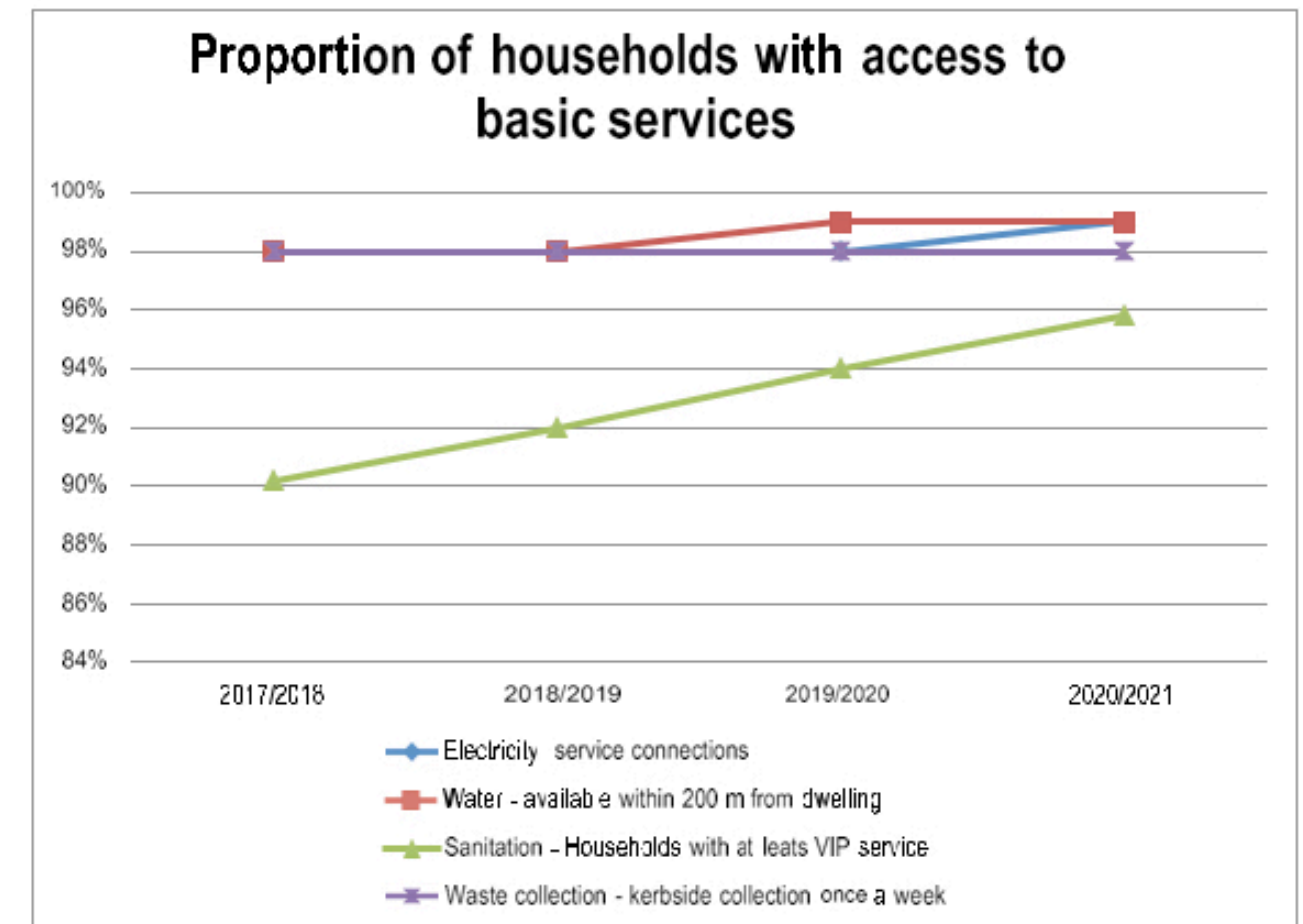
It is acknowledged that the City's waste management services and the state of cleanliness have been subjected to criticism. The Department has always been inundated with complaints on the growing rate of waste littering, illegal dumping of waste and filthy streets. The long distance from the waste service points to the City's Regional landfill site that serves mainly the Coastal and Midland Regions situated in Berlin as well as lack of transfer stations has been posing challenges for efficient waste services provision. This is particularly the case for the Coastal Region with the furthest service points of more than 50 kilometers away from the landfill site. This is posing challenges for the provision of efficient waste management service and further to this, this has negative impact on the condition of the City's refuse removal trucks.

In view of these challenges, the City has taken drastic steps towards ensuring a pleasant environment. To this extent, the city has initiated a process of reviewing its Integrated Waste Management Plan (IWMP) which is still undergoing consultation. The IWMP among others will ensure that waste is diverted from landfill sites (disposal) and advocate for waste beneficiation (e.g. recycling, composting etc.). The

IWMP identifies the City's waste management challenges, priorities as well as goals for improved management of waste. It is a five-year plan which comprises of short-term, medium-term and long-term goals that seeks to address waste

management challenges. It is imperative that the IWMP be robust in its approach and be able to provide practical solutions to the day-to day & future challenges of the City in respect to waste management.

T1.3.1



T1.3.2.

SHORTFALLS

Sanitation services have not been performing well when compared to other services like electricity, water services and waste collection services. However, the number of households with access to sanitation services improved to 96% in the year under review, from 94% in the previous year. This is as a result of the available treatment capacity of some of our wastewater treatment works which are still a big challenge, as the City no longer approves development in some areas such as Amalinda, Qonce, Bhisho and Breidbach due to overloading.

T1.3.3.

1.4 FINANCIAL HEALTH OVERVIEW

In these tough economic times, strong revenue and expenditure management is fundamental to the financial sustainability of the City which is critical in terms of achieving its service delivery and economic objectives. The reality is that the City is faced with development backlogs that emanate from a historical background. Furthermore, economic circumstances, such as increasing rates of unemployment and poverty impact the ability of households to pay their accounts. The City however remains in a financial healthy position. Cost containment measures are being implemented by the City in an effort to achieve operational efficiency and avoid deficits.

In the year under review, the City realised a surplus of R0.664 billion compared to a deficit of R0,079 million in the 2019/2020 financial year. This reflects a favourable variance of R1,007 billion in comparison to the budgeted deficit of R0,343 billion.

Total revenue realised was below the expected budget by a variance of R0,041 billion. The unfavourable revenue variance was a net result of variances from different revenue sources. Refer to Chapter 5 for further details.

The City's total operating expenditure was lower than the anticipated budget and therefore experienced a unfavourable variance of R1,048 billion. Refer to Chapter 5 for further details.

The statement of financial position for 2020/2021 reflects a favourable position as the City has excess assets over liabilities resulting into the net worth of R23,899 billion.

The Metro's Cash and Cash Equivalent at year-end amounted to R1,145 billion, a decline from the R1,373 billion held at the end of 2019/2020 financial year. The Metro has a strong cash and cash equivalent and can meet its immediate obligations.

T 1.4.1

FINANCIAL OVERVIEW: 2020/2021			
			R' 000
DETAILS	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL
INCOME:			
GRANTS	2,010,674	2,615,800	2,286,020
TAXES, LEVIES AND TARIFFS	5,234,380	5,234,380	5,526,760
OTHER	1,041,514	1,033,768	1,029,832
SUB TOTAL	8,286,568	8,883,948	8,842,612
LESS: EXPENDITURE	7,477,290	9,226,730	8,178,640
NET TOTAL*	809,278	(342,783)	663,972
* NOTE: SURPLUS/(DEFICIT)		T 1.4.2	

OPERATING RATIOS	
DETAIL	%
Liquidity Ratio	1,7:1
Cost Coverage	1,8
Total Outstanding Service Debtors	40,2%
Debt Coverage	114,5
Efficiency	100%
Capital Charges to Operating Expenditure	1,0%
Employee Costs as a percentage of Operating Expenditure	31,6%
Repairs & Maintenance as a percentage of Total Revenue (excl. Capital Transfers and Contributions)	1,7%
T 1.4.3	

COMMENT ON OPERATING RATIOS:

Liquidity Ratio: The rate of 1.7:1 is regarded as being within the National Treasury norm that ranges between 1.5 - 2 : 1. The ratio measures the municipality's ability to meet its Current Liabilities. A lower ratio indicates a situation of weakened liquidity position. The City still is able to pay Current Liabilities with available Current Assets but is investigating Revenue Enhancement Strategies in order to strengthen the Current Asset position.

Cost Coverage: This ratio explains how many months' expenditure can be covered by the cash and other liquid assets available to the City excluding utilisation of grants. This rate is at 1.8 months and is within the National Treasury norm of between 1 - 3 months.

Total Outstanding Service Debtors: The rate of outstanding service debtors is currently at 40.2%. Outstanding debtors continue to be a focus for the City which is continuously implementing methods to decrease this rate to be within a manageable level. The City continues to explore efforts to decrease outstanding services debtors and therefore improve its Collection Ratio above the budget of 90.5%.

Debt Coverage: It reflects the number of times debt payments can be made within operating revenue (excluding grants). This in turn represents the ease with which debt payments can be made by the City. This rate continues to improve; it is 114.5% as at 30 June 2021. This

indicates that the Metro's long-term debt is decreasing and is due to the City not taking up additional loan funding during 2020/21 financial year. The City, however, is currently in the process of taking up additional loan funding which in the future will drive this ratio down as loan funding is used to fund Capital Projects.

Efficiency: The City maintains its policy to pay its creditors within 30 days. The constant 100% payment levels to creditors highlights this achievement.

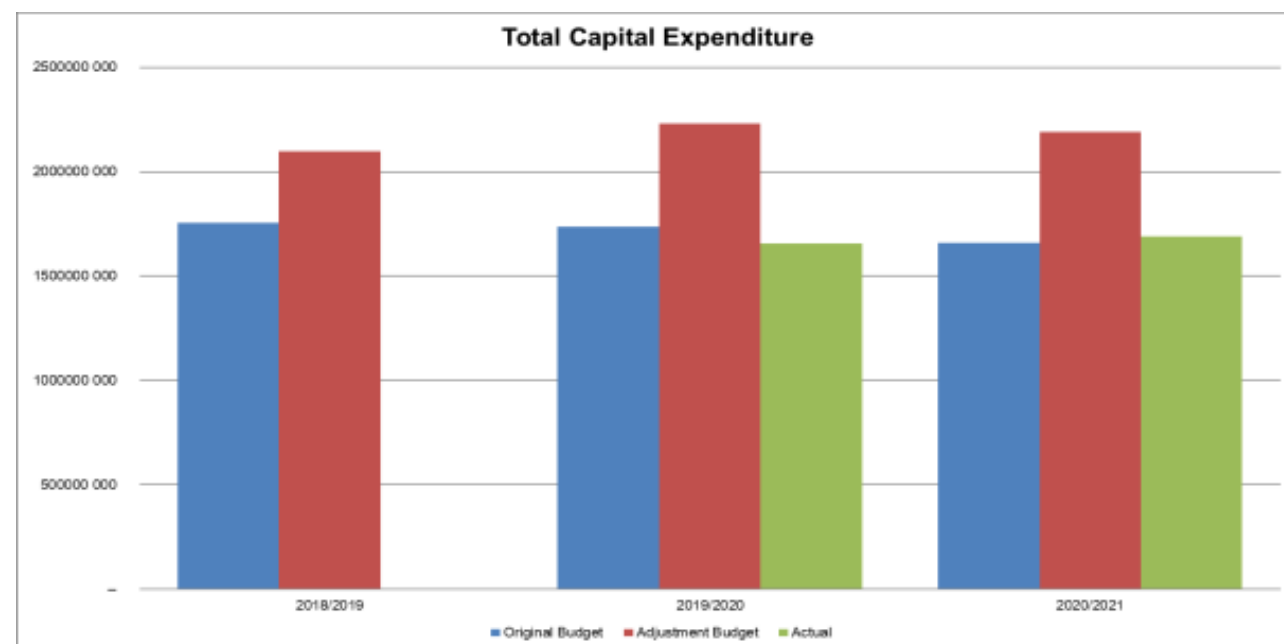
Capital Charges to Operating Expenditure: The rate is 1% in the 2020/2021 financial year. BCMM is currently in the process of taking up new loan facility which will have a direct impact on this ratio.

Employee Costs as a percentage of Operating Expenditure: The rate of 31.6% is within the norm of 25% - 40%.

Repairs and maintenance as a percentage of Total Revenue (excl. Capital Transfers and Contributions): This represents the proportion total Repairs and Maintenance when compared to Property, Plant and Equipment and Investment Property at carrying value. The rate remains below the norm of 8% for the Metro as it remains stable at 1.7%. The City is augmenting its asset maintenance programme by using part of its own funding towards capital investment on renewal of existing assets.

T1.4.3.1.

TOTAL CAPITAL EXPENDITURE: 2018/2019 - 2020/2021			
			R'000
DETAIL	2018/2019	2019/2020	2020/2021
ORIGINAL BUDGET	1,753,142	1,737,413	1,659,989
ADJUSTMENT BUDGET	2,096,370	2,228,896	2,189,745
ACTUAL	1,859,685	1,654,229	1,690,102
T 1.4.4			



T 1.4.5

COMMENTS ON CAPITAL EXPENDITURE

The City's capital expenditure for the year under review amounted to R1,690 billion (2019/2020: R1,654 billion), which represents 77% inclusive of VAT of its capital budget spent (2019/2020: 74%). Covid-19 lockdown restrictions have negatively affected performance on capital projects as it delayed and disrupted implementation of projects.

The capital expenditure incurred in the 2020/2021 financial year was funded through grants and subsidies and own funding. The City spent 97% of its total capital grants budget. The largest funding source was the Urban Settlement Development Grant which focused on developing new urban areas for habitation. This grant was utilised to create new infrastructure in the previously disadvantaged areas and to replace existing infrastructure in those areas where infrastructure is nearing or has exceeded its useful life. This is required to ensure the continued economic growth of the City and to allow for business confidence.

The City spent 57% of its total own funded capital budget. Covid-19 lockdown restrictions have negatively affected performance on projects as it delayed and disrupted implementation of projects; however, most of the projects are already awarded and the funding of such projects is fully committed. Projects that are funded by borrowings are still at procurement stage.

T 1.4.5.1

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

BCMM has embarked on a process to institutionalise and implement its 2030 Metro Growth and Development Strategy (MGDS) and is in process of reviewing the organisational structure. The proposed draft macro structure was workshopped with Councillors as part of the consultation process. The consultation process is ongoing and once approved by Council, the microstructure will be reviewed and aligned. The writing of job descriptions, the formal evaluation of jobs, and the auditing of evaluated jobs by the Human Resources Management Department has progressed very well and the project was approximately 83% completed as at June 2021.

T 1.5.1

1.6. AUDITOR-GENERAL'S REPORT

Buffalo City Metropolitan Municipality received a qualified audit opinion for the 2020/2021 financial year. The basis of the qualified audit opinion is outlined in Chapter 6 of this document.

T1.6.1.

1.7. STATUTORY ANNUAL REPORT PROCESS

NO.	ACTIVITY	TIMEFRAMES
1.	INCEPTION MEETING WITH ALL RELEVANT STAKEHOLDERS TO OUTLINE THE PROCESS	JULY 2021
2.	OUTLINING THE ANNUAL REPORT PROCESS TO TOP MANAGEMENT	
4.	COMPILING PERFORMANCE INFORMATION TAKEN FROM ALL DIRECTORATES	
5.	TABLING OF ANNUAL PERFORMANCE REPORT 2020/2021 TO THE TOP MANAGEMENT	
6.	SUBMIT THE ANNUAL PERFORMANCE REPORT TO AUDIT COMMITTEE	AUGUST 2021
7.	SUBMISSION OF SECTION 46 REPORT AND DRAFT ANNUAL FINANCIAL STATEMENTS TO AG	
8.	1 ST DRAFT ANNUAL REPORT TABLING TO TOP MANAGEMENT	OCTOBER 2021
9.	2 ND DRAFT ANNUAL REPORT TABLING TO TOP MANAGEMENT	
10.	SUBMISSION OF DRAFT ANNUAL REPORT TO INTERNAL AUDIT	NOVEMBER 2021
11.	SUBMISSION OF DRAFT ANNUAL REPORT INCLUDING ANNUAL FINANCIAL STATEMENTS TO AUDITOR GENERAL FOR AUDITING	
12.	FACILITATE AND RESPOND TO THE AUDITOR GENERAL ON THE QUERIES RAISED ON THE ANNUAL REPORT	
13.	PRESENTING THE FINAL ANNUAL REPORT TO TOP MANAGEMENT	DECEMBER 2021
14.	SUBMISSION OF FINAL DRAFT TO CITY MANAGER & SIGN OFF FINAL DRAFT BY EXECUTIVE MAYOR AND CITY MANAGER	
15.	TABLING OF ANNUAL REPORT TO COUNCIL	JANUARY 2022
16.	SUBMISSION OF TABLED ANNUAL REPORT TO AUDITOR- GENERAL, PROVINCIAL TREASURY AND LOCAL GOVERNMENT AND HUMAN SETTLEMENT	FEBRUARY 2022
17.	SUBMISSION OF ANNUAL REPORT TO THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE FOR OVERSIGHT AND SPEAKER'S OFFICE FOR PUBLIC PARTICIPATION	
18.	OVERSIGHT OF THE ANNUAL REPORT BY MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	MARCH 2022
19.	INVITATION OF PUBLIC COMMENTS ON ANNUAL REPORT, CONSIDERATION OF PUBLIC COMMENTS AND FORMULATION OF OVERSIGHT REPORT	
20.	CONSIDERATION AND ADOPTION OF ANNUAL REPORT AND OVERSIGHT REPORT BY COUNCIL	
21.	SUBMISSION OF ANNUAL REPORT AND OVERSIGHT REPORT TO AUDITOR GENERAL, PROVINCIAL TREASURY AND PROVINCIAL DEPARTMENT OF LOCAL GOVERNMENT AND HUMAN SETTLEMENT	
22.	SUBMISSION OF FINAL ANNUAL REPORT AND OVERSIGHT REPORT TO EASTERN CAPE PROVINCIAL LEGISLATURE	APRIL 2022
24.	PUBLICATION OF FINAL ANNUAL REPORT (WEBSITE AND OTHER MEDIA)	


STRUCTURE AND COMPONENTS OF 20/21 ANNUAL REPORT	
CHAPTER	COMPONENTS OF THE INTEGRATED ANNUAL REPORT
One	Introduction Provides an introduction and overview of the municipality and its entities to the reader. This chapter provides the key decision-makers – both on political and administrative level – with the opportunity to provide an overview of the functions, geographical area and performance of the municipality and its entities.
Two	Governance in BCMM This chapter entails the Political Governance Arrangements (Council and its Oversight Committees), Executive Political Governance (Mayoral Committee) Administrative Governance (Executive Management Team, Intergovernmental Relations and Corporate Governance. To ensure accountability and governance arrangements are in place information on matters of governance should be communicated to communities. This covers 4 components: Governance Structures; Intergovernmental Relations; Public Accountability and Participation and; Corporate Governance
Three	Overview of Service Delivery BCMM. Service Delivery Performance: focuses on service delivery on a service-by-service basis. It considers municipal performance derived from IDP objectives, translated into the SDBIP and presents data on community needs and resource deployment. The service delivery issues must be structured, captured and reflected under each priority as contained in the IDP to allow for easy comparisons on achievements against budget and SDBIP. The purpose of the chapter is to demonstrate to the reader, in terms of service delivery, what is being achieved and what remains outstanding.
Four	Organisational Development Performance. This chapter addresses information pertaining to the implementation of an effective performance management system, organisational development and performance of the municipality. Such information is required to identify skills gaps and plans for the development of such skills
Five	Financial Performance. Overview of the financial performance of the municipality / municipal entity thorough measuring of results. It further provides an opportunity for planning, so as to ensure that future budgetary allocations are brought in line with IDP and functional area activities and outputs.
Six	Auditor General Audit Findings. This chapter provides an overview of the Auditor- General's Report of the previous financial year. Specifically, it includes: Details on issues raised during the previous financial year; and remedial action taken to address the above and preventative measures.
	T 1.7.1

COMMENT ON THE ANNUAL REPORT PROCESS

In terms of Section 121(1) of the Municipal Management Finance Act (MFMA), Act 56 of 2003 as amended in September 2017, it is required that the municipality and every municipal entity must for each financial prepare an Annual Report. Over and above that, Section 127(2) of the MFMA further sets timeframes for the development of the Annual Report. It states that the mayor of the municipality must, within seven months of the end of the financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control. In order to comply with the statutory requirements dictated by all relevant legislation that guides the development of the Annual Report, it is critical that the municipality meets the timelines set and ensures that all the information provided in the report is credible, useful and reliable. Buffalo City Metropolitan Municipality (BCMM) has met and is within the timelines as outlined in the Annual Report process plan. In the event that the City anticipates that those timelines will not be met, contingency plans are being implemented to shorten timelines of some of the activities that will not have major impact on the process of the development of the Annual Report. BCMM has also undertaken reasonable actions to ensure that information presented in this report is factual and can be supported by evidence although any identification of errors must not be seen as a deviation from this intent.

BCMM always strives to ensure proper alignment between its plans as contained in the IDP, Service Delivery and Budget Implementation Plan (SDBIP), other plans and how reporting is handled to ensure proper accountability and transparency. In BCMM, organisational performance management is linked to individual performance management through section 56 managers, general and senior managers performance agreements. This assists to align the entire institutional performance management system.

T1.7.1.1

An aerial photograph of Buffalo City, South Africa, with a large, semi-transparent '2022' graphic overlaid on the right side. The city's coastline, harbor, and urban layout are visible. The text 'BUFFALO CITY METROPOLITAN MUNICIPALITY' is positioned above the '2022' graphic.

BUFFALO CITY METROPOLITAN MUNICIPALITY

ANNUAL REPORT

CHAPTER TWO

GOVERNANCE

CHAPTER 2

GOVERNANCE

INTRODUCTION TO GOVERNANCE

The governance of BCMM is based on Section 152(2) of the Constitution, 1996, which enjoins that the executive and legislative authority of a municipality is vested in Council. This gets operationalised through Section 79 Committees which support Council in going about its business whilst the Mayoral Committee get supported through the Section 80 Committees that are chaired by the Portfolio Heads.

The Executive Mayor and the Municipal Manager (referred to as the City Manager) are the embodiments of the relationship between the political and administrative governance of the municipality. They are therefore both entrusted with the responsibilities to ensure that a proper relationship between political and administrative governance always prevails for the needed stability of the municipality. To that end, the Executive Mayor and the Municipal Manager are responsible for both policy formulation and implementation. They therefore hold the fort in between the Council meeting and for that they are accountable to Council as well.

The Intergovernmental Relations Framework Act, 2005 (Act No.13 of 2005) was enacted in 2005. The objective of the Act is, “to facilitate coordination by the three spheres of Government i.e., National, Provincial and Local Governments in the implementation of policy and legislation. The purpose of a system of intergovernmental relations is to promote co-operative decision- making; to ensure the execution of policies through the effective flow of communication; to co- ordinate priorities and budgets across different sectors and the prevention of disputes and conflicts between spheres of government.

BCMM employs various mechanisms for public communication and participation to ensure that residents are well-informed and capacitated to optimally take part in municipal processes and programmes. Public Participation creates a platform for interface between the City and the community.

T 2.0.1

COMPONENT A:

POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The political and administrative governance at BCMM is predicated on the Constitution of the Republic of South Africa, 1996; the Local Government Structures Act 117 of 1998; the Local Government Systems Act 32 of 2000; Municipal Finance Management Act 56 of 2003 and other applicable pieces of legislation.

The Executive Mayor and the Municipal Manager (referred to as the City Manager) are the embodiments of the relationship between the political and administrative governance of the municipality. They are therefore both entrusted with the responsibilities to ensure that a proper relationship between political and administrative governance always prevails for the needed stability of the municipality. To that end, the Executive Mayor and the Municipal are responsible for both policy formulation and implementation. They therefore hold the fort in between the Council meeting and for that they are accountable to Council as well.

T 2.1.0

2.1. POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

In line with the Legislative requirements, Buffalo City Metropolitan Municipality is instructively mandated to have functional structures which must discharge the assigned roles and responsibilities as outline in the Municipal Structures Act.

THE LEGISLATIVE ARM

SPEAKER OF COUNCIL

The legislative arm of Council is headed by the Speaker of Council who presides over Council meetings. The incumbent, Cllr. Humphrey Maxegwana is responsible for coordinating and managing the functioning and development of Section 79 committees and Councillor Affairs. Furthermore, the Speaker fulfils the role of strengthening democracy and managing community participation in local government, particularly through the ward committees by ensuring that the ward committee system functions effectively. The Speaker promotes public consultation, involvement and participation in the affairs of the municipality.

CHIEF WHIP OF COUNCIL

The role of the chief whip is to manage other whips within the party to ensure that its members maintain discipline and good conduct and specifically seeks to ensure that party members speak with one voice on matters of policy. Thus, the Speaker is supported by the Chief Whip of Council, Cllr. M. Marata one of the chief whip’s primary functions is to ensure cohesion between the executive and legislative branches of government. Other tasks include:

- Ensuring that each of the political parties are properly represented on the various committees.
- Maintaining sound relations between the various political parties.
- Attending to disputes between political parties.

SECTION 79 OVERSIGHT COMMITTEES

The Section 79 committees have an important oversight role, especially with regard to strategic documents of the City i.e. IDP, budgets, policies, service delivery, strategic objectives and priorities, and by-laws. Oversight entails scrutinising the actions of Council’s executive and administration in a strategic and structured way. All section 79 portfolio committees’ terms of reference stipulate their working arrangements. These include vital information on the committees’ specific functional areas, such as details of their respective roles, powers and duties, chairpersons, membership and administrative support. Council’s legislative functions are, therefore, exercised through the support of these committees, which are representative of all political parties in the Council. The Section 79 committees are constituted by the following 7 Oversight Committees and eight Standing Committees:

OVERSIGHT COMMITTEES:

- Social Facilitation Committee
- Petitions Management Committee
- Rules Committees
- Ethics Committee
- Women’s Caucus Committee
- Municipal Public Accounts Committee
- Multi-Party Committee

SECTION 80 COMMITTEES

- Finance Services Committee
- Corporate Services Committee
- Human Settlements Committee
- Infrastructure Services Committee
- IDP and Organisational Management Committee
- Health, Public Safety and Emergency Committee
- Municipal Services
- Spatial Planning and Development
- Institutional Operations and Civil Relations
- Economic Development and Agencies
- Sport and Sponsorship Committee
- Remuneration Committee

There is an Audit Committee that provides opinions and recommendations on financial processes and performance and provides comments to the Oversight Committee/ Municipal Public Accounts Committee. The Municipal Public Accounts Committee (MPAC) or Oversight Committee constitutes of non-executive councillors and its report is published separately according to MFMA guidance. For the list of MPAC members, please refer to T2.1.3.

THE ADMINISTRATIVE STRUCTURES

- 1) Executive Management
- 2) Senior Management
- 3) Directorates
 - a) Departments
 - b) Sections
 - c) Units

THE COUNCIL

The Council is the highest decision-making structure of the Buffalo City Metropolitan Municipality that governs the local government affairs of the City. The Council performs this core functions through exercising both legislative and executive authority over the Municipality's administrative processes.

THE POLITICAL STRUCTURE

- a) The Executive Mayor, Councillor X.A. Pakati
- b) The Deputy Executive Mayor, Councillor H.E Neale-May
- c) The Speaker, Councillor H.C.M Maxegwana
- d) Chief Whip of Council, Councillor M. Marata

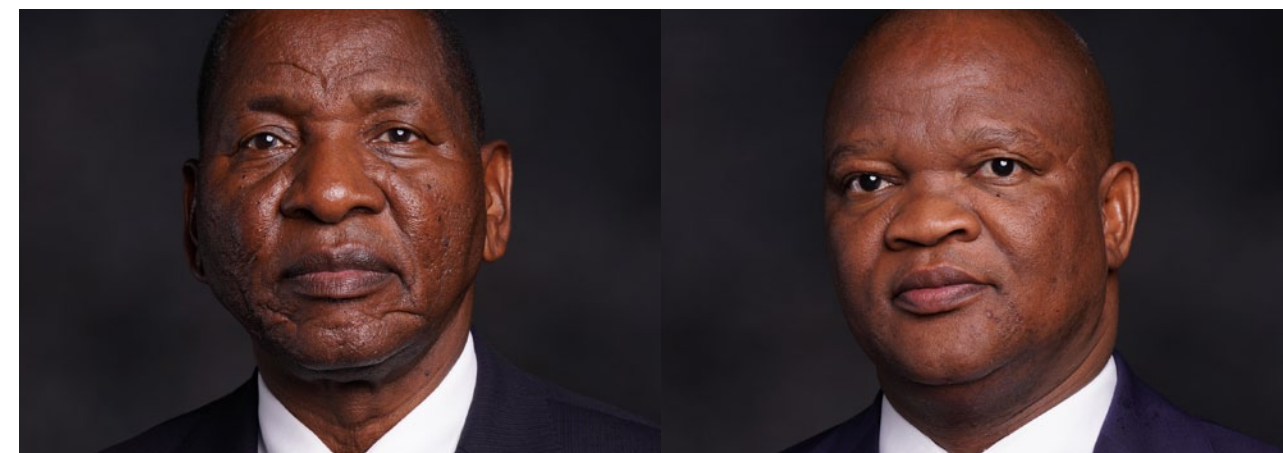
POLITICAL STRUCTURE



EXECUTIVE MAYOR
Councillor X. Pakati



DEPUTY EXECUTIVE MAYOR
Councillor H. Neale-May



SPEAKER
Councillor H. Maxegwana

CHIEF WHIP
Councillor M.N. Marata

MAYORAL COMMITTEE



Cllr. S. Caga
Finance Services



Cllr. P. Nazo-Mkatala
Spatial Development Planning



Cllr. B. Sauli
Corporate Services



Cllr. N.M. Mhlola
Human Settlements



Cllr. X. Witbooi
Special Programmes



Cllr. S.N. Toni
Infrastructure Services



Cllr. N.P. Peter
Municipal Services



Cllr. N. Vaaiboom
Local Economic Development



Cllr. A.O. Mnyute
Health, Public Safety & Emergency Services

COUNCILLORS.

BCMM has one hundred councillors, consisting of fifty ward councillors and fifty proportional representative councillors (See Appendix A for a full list of Ward and PR Councillors).

Section 81(2)(b) of the Municipal Structures Act 117 of 1998 enjoins Councils to have 20% of councilors as Traditional Leaders participating in Councils which translates to twenty Traditional Leaders as there hundred Councilors at BCMM as stated above.

T 2.1.2.

POLITICAL DECISION TAKING

The highest decision-making structure in the municipality is Council. It is empowered by section 160(1) of the Constitution to make decisions concerning the exercise of its powers and the performance of its functions, and by section 59 of the Municipal Systems Act to delegate some of its powers to any of the municipality's political office bearers, political structures, Councillors or staff members, in accordance with an approved system of delegations. In accordance with these provisions, Council adopted a separation of powers governance model wherein the legislative and executive powers and functions are separated by delegating the executive powers and functions to the Executive Mayor and the Mayoral Committee. The legislative powers and functions remain with Council, which it exercises through Section 79 committees. Section 79 Committees, in the main, oversee and scrutinise the exercise of the delegated executive powers and functions, and hold the Executive Mayor and Mayoral Committee accountable for such exercise.

The Council approved the establishment of committees in tandem with section 79 of the Municipal Structures Act, to ensure that it effectively and efficiently performs its functions and furthermore exercises its power. In carrying this assignment, the Council established the following committees with the listed Councillors as members: -

ETHICS COMMITTEE

The BCMM Ethics Committee is established in terms of Section 79 of the Local Government: Municipal Structures Act No. 117 of 1998. The Committee as mandated by the Council undertake various functions such as assist the Council to investigate the conduct of Councillors who are breaching Schedule 1 of the Municipal Systems Act No. 32 of 2000, to investigate the irregularities that are being committed by Councillors who are serving in the BCMM Council, to receive cases that have been referred to the Committee by Council for investigation etc. The Ethics Committee is comprised of the following members:

1. Cllr M. Marata (Chairperson)
2. Cllr V. Sakube
3. Cllr M. Bota
4. Cllr Z. Tokwe
5. Cllr S. Mapuka
6. Cllr P. Yenana
7. Cllr S. Skepe
8. Cllr T.F. Fritz
9. Cllr A. Botha
10. Cllr O. O Ntame
11. Cllr A. Mtsolo
12. Cllr G. Walton

The terms of reference of the ethics committee are drawn in verbatim from the resolution of Council as summed below:

- a) To identify values which should be the expected characteristics and distinguishing qualities attributed to a member of the Council
- b) Identify values to address current issues within the Council whenever such surface from time to time
- c) Consider the top ethical values that are posed by the community and expected of Councillors
- d) Monitoring the compliance with and enforcement of the Code of Ethics once it has been established and adopted by the Council
- e) Under the guidance of the Speaker, helping in monitoring compliance by Councillors Code of Conduct.

RULES COMMITTEE

BCMM Rules Committee is established in line with the provisions of Section 79 of the

Local Government: Municipal Structures Act No.117 of 1998. The committee is responsible for the development and review of the Council's Standing Rules and Orders, the development of rules and procedures for all section 79 Committees, the determination and/or formulation of policy and procedures regarding the appointment of Councillors as members of any committee including substitute/ replacement as well as alternates. The Rules Committee is compromised of the following members:

1. Cllr H. Maxegwana (Chairperson)
2. Cllr L.E. Simon-Ndzele
3. Cllr V. Mpanza
4. Cllr Z. Tokwe
5. Cllr K. Ciliza
6. Cllr N. Marwanqa
7. Cllr C. Matiwane
8. Cllr Holmes
9. Cllr G. Walton
- 10.Cllr A. Majeke
- 11.Chief P.V. Bacela (Observer)

The terms of reference of the rules committee are drawn in verbatim from the resolution of Council as summed herein under:

- a) To determine the standing rules of orders of procedure for the Council for the Council to adopt a new constitutionally corrected by-law.
- b) To review the existing by-law on rules and order of procedure from time to time in order to keep abreast of amended legislation and to identify areas not covered therein.
- c) To assist in ensuring that there is procedural compliance within Council by the members and thereby assist the Speaker in performing her role and functions as required in terms of the by-law.
- d) To scrutinize national and provincial by-laws and draft legislation that has an interest for the municipality and thereby provide mechanism to influence the legislative process by inter-alia making presentations on such by-laws to the relevant authorities.

SOCIAL FACILITATION COMMITTEE

BCMM Social Facilitation Committee is established in line with the provisions of Section 79 of the Local Government: Municipal Structures Act No.117 of 1998. The Committee seeks to ensure that Council complies with the Remuneration of Public Office Bearers Act No. 20 of 1998 that regulates the Determination of upper limits of salaries, allowances and benefits of different members of municipal councils, that the Council complies with the Government Gazette on Upper limits of salaries, allowances and benefits of different members of municipal councils as issued from year to year, to ensure that when a Draft Gazette is issued by the Minister of Cooperative Governance and Traditional Affairs Department, the Council must mandate the Speaker to submit comments to Department of Cooperative Governance and Traditional Affairs and SALGA on behalf of the Municipality. The Social Facilitation Committee is compromised of the following members:

1. Cllr V. Peter (Chairperson)
2. Cllr X. Simandla
3. Cllr L.E. Simon-Ndzele
4. Cllr N. Vitbooi
5. Cllr E. Tshabe
6. Cllr N. Gamnca
7. Cllr D.M. Dhaya

The terms of reference of the social committee as per the resolution of Council are summed as follows:

- a) To look into the packages of Councillors.
- b) To report on the structuring of the packages of Councillors.
- c) To deal with the tax issues related to Councillor allowances and structural arrangements of remuneration.
- d) To call for documents it may require in performing its mandate from Councillors and officials and to interview such persons from the ranks of officials, Councillors and such other external persons as shall be necessary in the execution of Council's mandate.
- e) To consider the relevant legislation including Gazette No 33867 and SALGA Circular 56 of 2010 in consultation with the senior legal adviser of BCMM.

PETITIONS COMMITTEE

BCMM Petitions Committee is established in line with the provisions of section 17(2)(a) of the Municipal Systems Act 32 of 2000 which stipulates that a municipality must establish appropriate mechanisms, processes and procedures to enable the local community to participate in its affairs, and to this end make provision for the receipt, processing and consideration of petitions and complaints lodged by members of the local community. The committee seeks to promote a democratic, open, transparent and participatory system of local government, develop a culture of community participation through the creation of mechanisms that allow the voice of the community to be heard, to be responsive to communities by providing feedback to petitioners in respect of petitions received. The Petitions Committee is compromised of the following members:

1. Cllr N.L. Kumbaca (Chairperson)
2. Cllr Z. Mtyingizane
3. Cllr N. Moyikwa
4. Cllr K. Ciliza
5. Cllr V. Peter
6. Cllr M. Bopi
7. Cllr M. Kosani
8. Cllr F.Z. Mdinwa
9. Cllr S.P. Dlova
- 10.Cllr Hlekiso
- 11.Cllr K. Zonke
- 12.Chief S.P. Makanana (Observer)

Terms of Reference for Petitions Committee are as follows:

- a) To receive and record any petition submitted in terms of this petition management policy.
- b) To record the oral submission or evidence of a petitioner.
- c) To, if a petition has been referred to in terms of section 10(1) of the policy, direct the person to whom the petition has been referred, to consider that petition, make a decision or recommendation in respect of that petition or otherwise dispose of the request or complaint raised in that petition.
- d) To require the person or body to whom the petition has been referred, to furnish the committee within three (03) days of that referral in writing with a detailed report on the steps taken by such persons or body to address the complaint, request, recommendation or instruction by the committee, as the case may be, and the reasons for those steps.
- e) On a quarterly basis, report to Council on the petitions submitted to the committee. The committee also reports on all its activities in respect thereof including the responsiveness, efficiency and timeousness with which petitions were dealt with. Moreover, it ensures the efficacy and adherence to the petitions process and procedures.

- f) Instruct the petitions coordinator to inform the petitioner timeously from time to time, of progress in respect of consideration of a petition and of any decision taken by the committee in respect of a petition and the reasons for that decision.
- g) If the petitioner or anyone has been invited by the committee to come and make an oral submission or call a witness, such a petitioner or person(s) must be informed of the date, time and venue when the petition is to be considered and the petitioner may attend that sitting of the committee. BCMM and its entity, and in doing so, the committee must consider improvements from previous statements and reports, and must evaluate the extent to which the Audit Committee's and the Auditor General's recommendations have been implemented.
- h) To promote good governance, transparency and accountability on the use of municipal resources.
- i) To recommend or undertake any investigation in its area of responsibility, after reviewing any investigation report already undertaken by the BCMM or the Audit Committee.
- j) To perform any other functions assigned to it through a resolution of Council within its area of responsibility.

WOMEN'S CAUCUS COMMITTEE

BCMM has a Women's Caucus constituted by all Women / Female Councillors from political parties represented in Council. The Caucus has a Committee established in terms of Section 79 of the Local Government: Municipal Structures Act No. 117 of 1998. The Committee seeks to act as an advisory and consultative body for all women Councillors representing their interests within BCMM structures, to engage Council and its structures on empowerment issues affecting women in administration, politics and the community, to facilitate leadership and development for women in Council and its structures so as to ensure their effective participation. The Committee is compromised of the following members:

1. Cllr C.M. Yekiso-Morolong (Chairperson)
2. Cllr K.T. Faku
3. Cllr T.I. Luzipho
4. Cllr S.E. Bentley
5. Cllr Y.C. Makapela
6. Cllr N. Moyikwa
7. Cllr V.E. Mpanza
8. Cllr Z. Mtyingizane
9. Cllr N.M. Ntshebe
- 10.Cllr B.O. Thwalingca
- 11.Chief N.E. Mpula-Mpula (Observer)

In line with other committees of Council, its terms of reference were agreed as:

- a) To lobby BCMM to develop, promote and implement gender policies.
- b) To monitor and evaluate the impact of these policies.
- c) To ensure that the IDP is gender sensitive and to promote women participation in the IDP and Budget processes of the BCMM.
- d) To advise and lobby for specific interventions by direct municipal investment in specific areas to enhance economic growth.
- e) To create public awareness about government policies and programs aimed at the advancement of women and children rights and the rights of the aged.
- f) To monitor the development and execution of appropriate policies and mechanisms in order that the BCMM reaches its employment equity targets at all levels of decision-making.
- g) To advocate commission research on the impact of gender policies on women and children at grassroots level.
- h) To develop programs to support married women, single mothers and the girl child.

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

Municipal Public Accounts Committee is a committee of Council established in terms of Section 79 of the Municipal Structures Act to exercise oversight over the Executive and administrative arm of the municipality. Simply defined at municipal level, oversight, refers to the role of Municipal Council in monitoring and reviewing the actions and performance (financial and non-financial) of the Mayoral Executive in delivering services to the people. The Committee is comprised of the following members:

- a) Councillor Z. Kodwa-Gajula – Chairperson
- b) Councillor Z. Tokwe
- c) Councillor C. Matiwane
- d) Councillor A. Majeke
- e) Councillor P. Miza
- f) Councillor G. Walton
- g) Councillor T. Mtya
- h) Councillor O. Ntame
- i) Councillor S. Skolo
- j) Councillor B. Kalani

The terms of reference of the Municipal Public Accounts Committee are summed as follow:

- a) To consider and evaluate the content of the annual report and to make recommendations to Council when adopting an oversight report on the annual report.
- b) To consider current in-year reports including the quarterly, midyear and annual reports in order to assist with the conclusion of matters that may not be finalized, information relating to past recommendations made on the annual report.
- c) To examine the financial statements and audit reports of the BCMM and its entity, and in doing so, the committee must consider improvements from previous statements and reports, and must evaluate the extent to which the Audit Committee's and the Auditor General's recommendations have been implemented.
- d) To promote good governance, transparency and accountability on the use of municipal resources.
- e) To recommend or undertake any investigation in its area of responsibility, after reviewing any investigation report already undertaken by the BCMM or the Audit Committee.
- f) To perform any other functions assigned to it through a resolution of Council within its area of responsibility.

Number of Council resolutions taken during the year under review were 227, of which 192 council resolutions were implemented and only 29 that are still to be implemented from the 2020/21 financial year.

List of those not implemented and reasons for not being implemented are outlined on the table below as follows:

NO	LIST OF RESOLUTIONS NOT RESOLVED	REASON	DIRECTORATE
1	Finalisation of farm 871/1 Greydell	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Spatial Planning Development
2	Land Audit for BCMM	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Spatial Planning Development
3	Relocation of Informal Settlement Dwellers at Stoneydrift tip site	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Human Settlement
4	Fruitless and wasteful expenditure incurred for the 2009/10; 2010/2011; 2011/12; 2012/13; 2013/14; 2014/15; 2015/16; 2016/17; 2017/18 Financial year	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	MPAC
5	Irregular Expenditure incurred during the 2017/18 Financial year	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	MPAC
6	Transfer of deceased estate immovable property in favour of the rightful indigent heir for the period :1 July 2019 – 30 September 2019 : Quarterly Report	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Spatial Planning Development
7	Progress on King William's Town: Public Transport Facilities Project	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Spatial Planning Development
8	Functionality of Buffalo City Metropolitan Municipality Ward Committees : 3rd and 4th Quarter Report	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Executive Support Services
9	Progress on the work of the Rapid Response Task Team	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Executive Support Services
10	Polluted stream passing through Braelyn and Pefferville	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Municipal Services
11	Sleeper Site Development by Buffalo City Metropolitan Development Agency Soc Ltd	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	BCMDA
12	Implementation of Remedial Action Plan to improve the Revenue Collection Rate : Quarterly Report	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Finance
6	Transfer of deceased estate immovable property in favour of the rightful indigent heir for the period :1 July 2019 – 30 September 2019 : Quarterly Report	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Spatial Planning Development
7	Progress on King William's Town: Public Transport Facilities Project	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Spatial Planning Development
8	Functionality of Buffalo City Metropolitan Municipality Ward Committees : 3rd and 4th Quarter Report	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Executive Support Services
9	Progress on the work of the Rapid Response Task Team	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Executive Support Services

10	Polluted stream passing through Braelyn and Pefferville	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Municipal Services
11	Sleeper Site Development by Buffalo City Metropolitan Development Agency Soc Ltd	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	BCMDA
12	Implementation of Remedial Action Plan to improve the Revenue Collection Rate : Quarterly Report	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Finance
13	Report on the implementation of the procurement procedures in terms Of the Supply Chain Management Policy	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Finance
14	Interspherical Capacity and Technical Support Package for Duncan Village Re-Development Initiative (DVRI) : Quarterly Report	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Human Settlements
15	Reviewed Sponsorship Policy	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Executive Support Services
16	Mdantsane Sharing Houses Dispute Status Quo Report	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Human Settlements
17	Progress on the implementation of Overtime Containment Measures	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Corporate Services
18	Outcomes of Mayoral and Councillors Lekgotla Held On 1-2 November 2018 and 9 November 2018	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Executive Support Services
19	Implementation of Smart Metering Solution : Quarterly Progress Report	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Finance
20	Investigation of Irregular, Fruitless and Wasteful Expenditure for 2012/2013, 2013/2014, 2014/2015 And 2015/2016 as well As 2016/2017 financial years	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Executive Support Services
21	Verbal Motion Without Notice: Deputy Executive Mayor, Councillor Z.P. Matana: Life Style Audit for Councillors and Officials	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	City Manager's Office
22	Implementation of the Energy Losses Plan: Quarterly Report	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Infrastructure
23	Supply Chain Management Annual Report : 2018/2019 Financial Year	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Finance

24	2018/2019 Fourth Adjustment Budget	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Finance
25	Notice of Question: Councillor W.D. Gould On Behalf of The Democratic Alliance: Buffalo City Metropolitan Municipality (BCMM) Workshops for Councillors	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Executive Support Services
26	Status of Dams in Buffalo City Metropolitan Municipality	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Infrastructure
27	Governance Model on the Separation of Functions and Powers for the Buffalo City Metropolitan Municipality	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Executive Support Services
28	Report on the Implementation of the Procurement Procedures in terms of the Supply Chain Management Policy	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Finance
29	Irregular Expenditure Incurred During The 2017/2018 Financial Year	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Executive Support Services
26	Status of Dams in Buffalo City Metropolitan Municipality	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Infrastructure
27	Governance Model on the Separation of Functions and Powers for the Buffalo City Metropolitan Municipality	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Executive Support Services
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27	Governance Model on the Separation of Functions and Powers for the Buffalo City Metropolitan Municipality	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Executive Support Services
28	Report on the Implementation of the Procurement Procedures in terms of the Supply Chain Management Policy	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Finance
29	Irregular Expenditure Incurred During The 2017/2018 Financial Year	The matter is in progress and under review on Matters Arising/Outstanding to be considered by Council.	Executive Support Services

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2.2 ADMINISTRATIVE GOVERNANCE

The City Manager appointed a Project Team that is responsible for strategically managing the Institutional Review of the City's functions and alignment of the organisational structure. This initiative will assist BCMM to institutionalise and implement its 2030 MGDS. The strategy outlines the cities' economic growth and development path up to 2030, to become "a well-governed, green, connected, innovative and productive city."

Top Management of the City comprises of the City Manager and eleven Heads of Directorates. Council approved the split of the Directorate of Municipal Services into two Directorates, namely, Directorate: Solid Waste and Environmental Management, and the

Directorate: Sport, Recreation and Community Development during March 2019, with the aim to reorganise functions in order to strengthen integration, performance and accountability, to enable the implementation of the Metro Growth and Development Strategy. This structural amendment is in the process of being implemented, and this structural change will be integrated with the broader macro-structure review process that is currently being undertaken.

The City Manager is the Administrative Head and Accounting Officer of the Municipality. As such, he reports directly to the Executive Mayor. The role of the City Manager is set out in legislation, inclusive of the Municipal Structures Act 117 of 1998, Municipal Systems Act 32 of 2000 and Municipal Finance Management Act 56 of 2003.

The Heads of Directorates (HoD) perform strategic leadership and management functions in their respective fields and any other responsibilities as contained in the Local Government Legislation as follows:

- Corporate Services
- Chief Operating Officer
- Infrastructure Services
- Solid Waste and Environmental Management
- Sport, Recreation & Community Development
- Health and Public Safety and Emergency Services
- Human Settlements
- Economic Development and Agencies
- Finance
- Spatial Planning and Development
- Executive Support Services

Although each HoD accounts to the City Manager for their functional area, they are also part of a team to ensure an integrated approach to service delivery. Top Management meetings are held on a monthly basis whereby key issues are addressed. HoD's also form part of all key committees dealing with organisational issues, such as the Council, Mayoral Committee, Audit Committee, Risk Committee and the Municipal Public Accounts Committee.

In order to further ensure further integration and synergy between the various Directorates and Departments, a Senior Management Team has been established comprising of the three top levels of management, that are; City Manager, Heads of Directorates and General Managers of the

various Departments. This team also meets on a monthly basis to consider and discuss institutional matters.

T 2.2.1

TOP ADMINISTRATIVE STRUCTURE



Mr A. Sihlahla
City Manager



Mr. N. Sigcau
Chief Financial Officer



Ms Ncumisa Sidukwana
HOD: Executive Support Services



Mr Bob Naidoo
HOD: Corporate Services



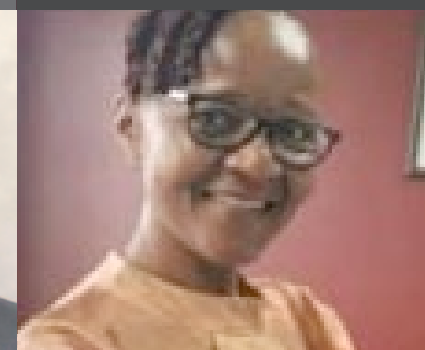
Miss Noludwe Ncokazi
HOD: Economic Development & Agencies



Ms. N. Mbali-Majeng
HOD: Spatial Planning & Development



Mr. N. Ncunyana
HOD: Infrastructure Services



Ms. Y. Sinyanya
HOD: Solid Waste and Environmental Management



Mr. V. Lwana
HOD: Health, Public Safety & Emergency Services



Mr. L. Mbula
HOD: Human Settlements



Mr. H. Sikweza
Acting HOD: Sport, Recreation & Community Development

COMPONENT B:

INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Chapter 3, Article 41, of the Constitution of the Republic of South Africa (1996) on co-operative governance and intergovernmental relations inter alia states that all spheres of government should “preserve the peace, national unity and the indivisibility of the Republic”. The Intergovernmental Relations Framework Act No.13 of 2005 was therefore enacted. It empowers all three spheres of government to cooperate and collaborate for a well-functioning system of governance. Intergovernmental Relations (IGR), in the form of consultations, coordination, mutual assistance, negotiation and joint decision-making, is seen as mechanism that enables effective and efficient governance. It promotes relationships with a wide range of stakeholders through multi-sphere dialogue. This includes liaison with local governments, provinces, sector departments and other state and non-state actors to promote effective governance, fast track service delivery, enable economic growth and facilitate social upliftment. IGR needs to be seen in the context of the social, political and economic realities of the country.

Chapter 7 of the National Development Plan 2030 details a vision for positioning South Africa to facilitate broad-based socioeconomic development and foster strong international ties.

South Africa’s Foreign Policy through bilateral and multilateral interactions protect and promote South Africa’s national interest and values. It aims to create a better world through its foreign agreements and programmes. Development Cooperation and International Relations promotes and advances international relations and cooperation of the RSA by presenting the country in an effective, coherent and comprehensive manner abroad.

International relations have taken on a new significance because of an increasingly interconnected world, allowing nations to cooperate with one another, pool resources and share information as a way to face global issues that go beyond any particular country or region. Contemporary global issues include pandemics, terrorism, and the environment. International relations also advance human culture through cultural exchanges, diplomacy and policy development.

At the local level, Development Cooperation, International Relations and Intergovernmental Relations focusses on the implementation strategies and programs that create awareness, improve organizational, social, cultural and developmental objectives and goals of the Metro through the forging of partnerships, signing of agreements, and engaging with local, national and international partners, donors and stakeholders. Whilst, some international partnerships are of a historic nature, in the main, partnerships are strategic and are aligned to the overall strategy and goals of the Metro. The partnerships have to date have had a long-term time horizon, with corresponding commitment of resources, regular evaluation, and deliberate efforts to introduce new activities and expand collaboration so that the broader city and the community benefits. BCMM’s International Relations Policy framework sets out key priorities

in order to utilize and leverage off strategic national, regional and international partnerships with the aim to:

- Facilitate information and knowledge sharing;
- Equip councillors and officials with additional skills and capacity;
- Build managerial and technical capacity;
- Unlock bottlenecks and challenges;
- Promote Buffalo City Municipality as an attractive location for investment and tourism;
- Develop project partnerships for mutual benefits;
- Explore new ways of performing its core business of service delivery;
- Address regional and global challenges that have local impact which need to be tackled on a broad basis like climate change and pandemics; and
- Contribute to global understanding, solidarity and peace.

T 2.3.0

2.3. INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

In May 2014 BCMM’s Intergovernmental Relations (IGR) Forum was launched. The IGR Forum was launched in terms of the Intergovernmental Relations Framework Act No.13 of 2005 which is located in Chapter 3 of the South African Constitution 1996, which sets out the basic principles and values of co-operative government and intergovernmental relations.

Section 41 of the Constitution requires an Act of Parliament to:

- Establish and provide for structures and institutions to promote and facilitate intergovernmental relations; and
- Provide for appropriate mechanisms and procedures to facilitate the settlement of intergovernmental relations disputes.

Subsequently, the Intergovernmental Relations Framework Act, 2005 (Act No.13 of 2005) was enacted. The objective of the Act is, “to facilitate coordination by the three spheres of Government i.e., National, Provincial and Local Governments in the implementation of policy and legislation.

The purpose of a system of intergovernmental relations is to promote co-operative decision- making; to ensure the execution of policies through the effective flow of communication; to co- ordinate priorities and budgets across different sectors and the prevention of disputes and conflicts between spheres of government.

The IGR Framework Act (IGRFA) sets out the general principles and objects of intergovernmental relations - the focus is primarily on the outcomes that the system must achieve:

- Coherent government;
- Effective provision of services;
- Monitoring implementation of policy and legislation; and
- Realization of national priorities.

BCMM’s IGR Forum Meetings are functional and function through the following IGR Structures:

- Political IGR Structure (BCMM Political IGR Forum holds 2 x meetings per financial year)
- Technical IGR Structure (BCMM Technical IGR Forum holds 4 IGR meetings per financial year).
- IGR Core group meets every quarter or as and when required
- IGR Political Roundtable (BCMM holds 2 x meetings a year)
- Technical Roundtable (BCMM Holds 2 x meetings a year)

BCMM IGR Political Forum: Facilitates IGR within the City, amongst (provincial and national government department within BCMM), state owned enterprises within BCMM. It is a political structure chaired by the Deputy Executive Mayor with representation from the Mayoral Committee, City Manager, HoD’s, representation from sector departments, parastals, and state-owned enterprises.

BCMM Technical IGR Forum: Is a technical support structure to the BCMM IGR Political Forum comprising of the City Manager, HoD’s, municipal officials, parastals, state-owned enterprises and agencies (all three spheres). The role of a technical support structure is to provide technical support to the political structure and to prepare for decision making in the political structure.

IGR Political Roundtable: The IGR Political Roundtable addresses outstanding and urgent matters needing political intervention between the Metro and other spheres. It also receives feedback and progress on resolution of issues from the Technical and Political IGR Forum meetings. This structure sits twice a year. The structure is chaired by the Deputy Executive Mayor and has representation from the Mayoral Committee and officials from the IDP, IGR, Public Participation and relevant BCMM Directorates, OTP, CoGTA, SALGA, Treasury and Relevant Stakeholders from Sector Departments, Parastals and Agencies.

IGR Core Group: This structure is made up of BCMM, COGTA, OTP, SALGA and Treasury. This structure looks at issues of governance that affect IGR. This structure meets four times a year and as when required.

THE IGR STRUCTURES:

- Improve integrated planning with other spheres and agencies of government;
- Engage sector departments on issues and projects that are cross-cutting with BCMM;
- Jointly resolve challenges faced within wards which are not part of BCMM functions.

INTRODUCTION OF THE DISTRICT DEVELOPMENT MODEL AND ONE PLAN

In 2019, the President, during his State of the Nation Address, delegated the 6th Administration to develop and implement a new integrated district-based approach to address service delivery challenges. Taking this mandate forward, the Minister for Cooperative Government and Traditional Affairs, during her Budget speech, announced that the Department would develop and implement a new district development model to address service delivery challenges of the 44 districts and 8 metropolitan municipalities.

The District Development Model was introduced in the year under review. It seeks to address the silos and the lack of coherence of planning and implementation in all spheres of government. The challenges intended to be solved through the District Development Model includes:

- i. Silos at a horizontal and vertical level.
- ii. Narrowing the distance between the people and government by strengthening the coordination role and capacities at the District/Metro.
- iii. Delivering integrated services whilst strengthening monitoring and evaluation and impact at district and local levels.
- iv. Ensuring inclusive and gender mainstreamed budgets based on the needs and aspirations of our people.
- v. Maximising impact and aligning resources at our disposal.
- vi. Changing the face of our rural and urban landscapes by ensuring alignment between urban and rural development.
- vii. Ensuring sustainable development accelerating to eradicate poverty, create employment and improving people's quality of life.

Through the IGR Structures of the Technical and Political IGR forums, BCMM facilitated the implementation of District Development Model and enabled the One Plan development for BCMM as well as contributed to the review of the BCMM IDP.

The DDM is anchored on the development of a One Plan for each district and metro space. The One Plan is an intergovernmental plan setting out a 25–30-year long-term strategic framework (consisting of short, medium and long-term actions) to guide investment and delivery in relation to each of the district and metropolitan spaces. It is critical that the One Plan's are jointly developed and agreed to by all three spheres of government with joint projects and budgets.

COVID-19 LOCAL COMMAND COUNCIL

As part of the response to the Covid-19 pandemic, government created an oversight structure to oversee the implementation of all government response in the fight against the pandemic. This structure is called Covid-19 National Command Council, which is chaired by the President. Other spheres of government replicated this structure with political heads as the chairpersons. It is a sector or cluster focus committee to ensure that the Metro is able to deal with all issues that emanates during the COVID 19 lockdown period and beyond. The Command Council ensures that there is active participation of all stakeholders in all joint metro and provincial disaster management structures, towards ensuring a coordinated

response to COVID-19 and it monitors the progress and impact of interventions in the municipality and submit weekly consolidated reports to the provincial and national disaster management structures.

These structures are supported by the Technical Structures consists of multi-disciplinary officials from the municipality and provincial departments. In the year under review BCMM held the following IGR meetings:

BCMM IGR MEETINGS HELD

The Buffalo City Metropolitan Municipality held the following IGR Sessions:

- Technical IGR Session - 25 August 2020
- IGR Core Group Meeting - 14 October 2020
- Three Sphere Technical IGR Session - 25 February 2021
- Political IGR Forum - 09 April 2021
- Political IGR Roundtable - 25 June 2021

Following the meeting held on 21 February 2020, IGR meetings could not be held physically until August 2021 due to the impact of Covid-19.

INTERNATIONAL RELATIONS

The Covid-19 pandemic highlighted a wide range of challenges faced by municipalities as a result of the pandemic. A major concern is the reduction in revenue collection owing to job losses, reduced household incomes and inability to recover revenue from normal revenue streams.

Service delivery has been hampered by the impact of Covid-19 and the lockdown. While essential services have been allowed to operate throughout the lockdown, the economic and social impacts of the pandemic have hindered efficient service delivery across all cities. Bearing the current situation and taking into consideration the South African Economic and Recovery plan as well as broader issues faced by the Metro, an international webinar was held with potential donors, experts and strategic provincial and national government departments to explore the funding opportunities available to the Metro, which it could harness in the long-term economic recovery process. BCMM held The International Relations and Development Partnerships for Economic Recovery Webinar that was held on 28 May 2021. Speakers from the following organisations presented at the session:

- South Africa: National Treasury Department: Senior Policy Analyst: Knowledge Management and Research - Mr Siphiwe Mkize & Director Economic & Infrastructure Sectors: Ms Seema Naran

- Office of the Premier, Eastern Cape Province: International Relations and Cooperation - Mr Malusi Mahlulo
- United Cities and Local Government Africa: Cabinet of the Secretary General Senior Advisor Lead Strategy & Partnerships in UCLG Africa - Mr. Christophe Lumsden
- AIVP – A world-wide Network of Port Cities: International Project Manager - Dr. -Ing. José M Pagés SÁNCHEZ
- World Bank: Country Director – Ms Marie Francoise Marie-Nelly
- International Finance Corporation: Operations Officer Infrastructure - Ms Philippa Vivienne McLaren
- Japan International Cooperation Agency: Chief Representative, Mr Minoru Homma
- South African Cities Network: CEO - Mr Sithole Mbanga

BCMM also coordinated and/or participated in international activities with sister city counterparts:

- Participated in the UNITE Conference on the Sustainable Development Goals with the City of Oldenburg from 5 November to 19 November 2020. BCMM presented on some of the projects that were funded by the Engagement Goal the donor i.e. The Model Energy Efficient Public Building and the Water Awareness Project.
- Donation of PPE's from City of Jinhua, China from the 4 – 12 February 2021: The Executive Mayor handed over Masks and other PPE's to the following hospitals as part of the donation from City of Jinhua in China:
 - Bhishe Hospital
 - Grey Hospital
 - Frere Hospital
 - Cecilia Makiwane Hospital
 - Nqubele Hospital
- BCMM and City of Oldenburg Awareness Raising on the Protection of Scarce Water Resources Project launch and Close out Event took place on 9 December 2021. It showcased the promotional activities to encourage households and business to use water consciously and sparingly due to the reducing water resources and drought situation experienced by the Metro.
- Preparing for the go-CAM Water Webinar: Climate Change and Water Security in the BCMM on 5th July 2021 with City of Oldenburg and OOWV the Oldenburg Water Authority to showcase the project and share lessons learnt from cooperating with the City of Oldenburg and OOWV.

Participated in the International Centre for Local Democracy - Seminar on Inclusive Cities and the Sustainable Development Goals on 4 and 5th May 2021.

T 2.3.0

NATIONAL INTERGOVERNMENTAL STRUCTURES

The intergovernmental system depends on well-coordinated policy, budgeting, implementation and reporting. Municipalities are normally represented on national intergovernmental structures by "organised local government", namely the South African Local Government Association i.e. SALGA.

The following intergovernmental forums play an important role in cooperative governance and in shaping policy and resource allocation decisions:

- Extended Cabinet: This is made up of national cabinet, premiers of provinces, and the chairperson of SALGA. It is the highest cooperative governance mechanism, advising the national cabinet when it finalises the fiscal framework and the division of revenue on which MTEF budgets are based.
- The President's Coordinating Forum: This is chaired by the President and comprises the nine provincial premiers, the chairperson of SALGA, the mayors of metros and the national ministers responsible for cross-cutting functions such as provincial and local government affairs, public service and administration, and finance. Other national ministers are also invited to participate.
- The Budget Council and Budget Forum: Is established under the Intergovernmental Fiscal Relations Act of 1997. The Budget forum consists of the members of the Budget Council plus representatives of SALGA. It provides a forum for discussion financial matters relating to the local government fiscal framework.
- MinMECs: These are sectoral policy forums made up of the national ministers responsible for concurrent functions and their provincial counterparts. SALGA represents local government on a number of these forums. The purpose of MinMEC's is to consult, coordinate implementation and align projects between National, Provincial and Metros. The Executive Mayor however participates in the Political MinMEC and the City Manager participates in the Technical MuniMEC.

The Executive Mayor participates in the President's Coordinating Forum. Some of the discussions in the financial year have been:

- Covid-19 and matters of the National Command Council
- District Development Model and One Plan
- Gender Based Violence and Femicide

The Executive Mayor is the Chair of the Local Command Council and the District Development Model and One Plan Local Political Champion. National policies have a direct impact on local government and participating in these forums ensures that BCMM and its communities' benefit from information, benefits and new guidelines enacted by National Government.

Some of the technical activities BCMM participated in include:

Date	Engagement
02 February 2021	Technical MinMEC
20 May 2021	National Treasury: 2021 Benchmarking Exercise

T2.3.1.

PROVINCIAL INTERGOVERNMENTAL STRUCTURES

At the provincial sphere, BCMM participates in the Premiers Coordinating Forum (PCF) which is attended by the Executive Mayor, and at technical level is attended by the City Manager. The Head of Directorate Executive Support Services and IGR team attend as observers and to take note of IGR matters that the City needs to attend to.

The municipality also participates in Provincial Intergovernmental Relations Forum a Technical Structure of the Eastern Cape Province. The Forum is attended by Head of Directorate Executive Support Services, General Manager for Communications, Development Cooperation and Intergovernmental Relations, Manager International Relations and Intergovernmental Relations and the Coordinator for Intergovernmental Relations.

BCMM has participated in the following Provincial IGR Engagements: 03 December 2020 - Provincial IGR Forum
15 June 2021 - Premier's Intergovernmental Forum
23 June 2021 - Amatole and BCMM: Long Term Planning Session
29 June 2021 - Special Technical MUNIMEC

Participation of BCMM in Provincial IGR Meetings is a legislated activity in terms of the IGR Framework Act of 2005.

The value derived from participation in Provincial IGR sessions and engagements is insurmountable due to the topics for discussion which have a direct impact and bearing on BCMM i.e.:

- Covid-19 Response Plans
- Update on Covid- 19 Re-Adjustment Strategy (Functionality of District & Metro JOCs and Response Plans to Covid-19)
- Drought Mitigation Strategies
- Update on Municipal Infrastructure Development
- Covid-19 Vaccine rollout
- Update on Financial Viability of Local Municipalities
- Update on Provincial Government Support: Grant Reprioritisation & Covid-19 Disaster Relief Funds
- District Development Model and One Plan Compilation and development.

BCMM has participated in the following Provincial IGR Engagements:

DATE	ENGAGEMENT
1 September 2020	Technical Premier's IGR Forum
17 September 2020	Provincial IGR Forum
6 November 2020	Provincial Dialog Infrastructure Planning, Budgeting and Reporting
03 December 2020	Provincial IGR Forum
03 December 2020	Office the Premier: Provincial IGR Forum
02 February	COGTA: Provincial Technical MUNIMEC
5 March 2021	COGTA: Provincial Technical MUNIMEC
16 March 2021	COGTA: Provincial Political MUNIMEC
25 March 2021	Office of the Premier: Provincial IGR Forum
11 May 2021	COGTA: Engagement on IGR Monitoring, Support and Intervention
15 June 2021	OTP: Premier's Intergovernmental Forum
23 June 2021	Provincial Treasury: Amatole and BCMM: Long Term-Planning Session
29 June 2021	COGTA: Special Technical MUNIMEC

BENEFITS

Participation of BCMM in Provincial IGR Meetings is a legislated activity in terms of the IGR Framework Act, 2005. The value derived from participation in Provincial IGR sessions and engagements is insurmountable due to the topics for discussion which have a direct impact and bearing on BCMM i.e.:

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- Drought Mitigation Strategies
- Update on Municipal Infrastructure Development
- Covid Vaccine rollout
- Update on Financial Viability of Local Municipalities
- Update on Provincial Government Support: Grant Reprioritisation & Covid Disaster Relief Funds
- District Development Model and One Plan Compilation and development.

T 2.3.2

RELATIONS WITH MUNICIPAL ENTITIES

ESTABLISHMENT RATIONALE

Municipal Systems Amendment Act 44 of 2003 (MSA):

- Chapter 8A S86B(1)(a) a provision is made of a private company as a municipal entity
- S86E(1)(b) the amended Act provides: the Municipality may establish a private company for purposes of performing a functioning a function or power in accordance with business practices in order to achieve the strategic objectives of the municipality more effectively and to the benefit of the community.

MUNICIPAL ENTITIES

The entity of the BCMM i.e. the Buffalo City Metro Municipality Development Agency (BCMDA) was operationalized in July 2016. In terms of the configuration of the municipality the Agency's work is coordinated and largely supports and complements the objectives of the Economic Development and Entities Department. The entity is entirely owned by BCMM which is its primary shareholder. The current Chief Executive Officer of the Agency is Mr. Bulumko Nelana who assumed his duties in October in 2017. The Chief Executive Officer and management account to the Board of Directors which is appointed by the shareholder. The function of the Board of Directors (Board) is primarily to ensure good governance, accountability, and strategic leadership.

In steering the entity's strategic development the Board draws reference and aligns its work to the MGDS as well as the public through participating in public participatory forums of the municipality where stakeholders provide feedback to municipalities on needs and priorities. The Board approves the final policies once they are presented with it by management and monitors the implementation of these plans. The Agency reports on a regular basis to the Council through the Office of the City Manager which receives monthly financial and quarterly performance reports and these are accompanied by consistent consultations to ensure management of programs. Below are some of the governance procedures that regulate the Agency:

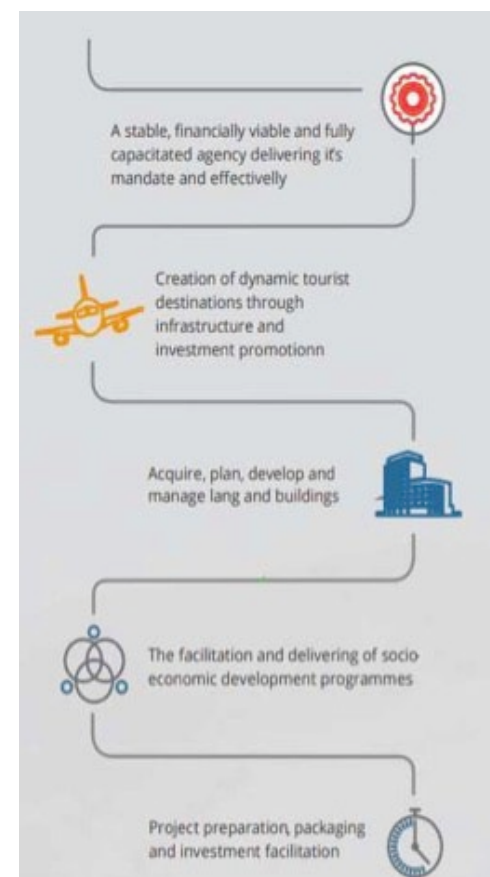
- Council appoints Board Members of the entity.
- The Board appoints the CEO and the Executive Directors.
- The CEO reports to top management of the City on a monthly and quarterly basis.
- The CEO is the member of the Municipal Council and forming part of the senior management team.
- Quarterly reports of the entity are submitted to BCMM Council.
- The City Manager of BCMM and appointed of Councilors are Board Member of BCMDA.
- The BCMDA holds an Annual General Meeting where the Chairperson of the Board tables the Integrated Annual Report of the Agency to the shareholder (represented by the Executive Mayor) for adoption.

THE AGENCY'S DEVELOPMENT TRAJECTORY

The table below outlines the general development trajectory of Agencies and how they mature to being fully functioning entities. It has been five years since the establishment of the Agency and it is evident that a number of objectives have been achieved, more specifically phase 1, phase 2 and phase 3 as well as elements of phase 4.

These achievements thereof attest to the good quality of stewardship and management of the agency. The next three years will be directed at driving the agency to full maturity and developing a firm pipeline of projects to ensure business continuity and sustainability (phase 5).

AGENCY ESTABLISHMENT MODEL/ PROCESS			
PHASE	AGENCY DEVELOPMENT	OBJECTIVES	YEAR
Phase 1	Pre- funding	Political buy-in for Agency concept / support and assistance/ no finance.	-1
Phase 2	Pre- establishment	Establishment of legal entity / internal and external systems and procedures (Municipality and Board) / Grant funding.	0
Phase 3	Establishment	Formal Agency establishment / 5-year strategic plan / policies/ Staff recruitment / operational and funding model / projects based on partnerships and small capital grant.	1 - 3
Phase 4	Operational / Fully functional	Programme and project planning / facilitation of investments / project launches / overseeing design and implementation / Review of strategic plan / Operational and Capital grants.	4 - 6
Phase 5	Business Continuity	Functional Agency / critical mass of projects / Semi- grant development.	7+



The BCMDA mandate is centered on investment attraction and economic growth into the City while maintaining strategic alignment with BCMM. The agency focusses on:

- Tourism Development
- Property Development
- Socio-Economic Development
- Investment Promotion

On the other hand, BCMM focuses on:

- An inclusive and sustainable economic growth.
- A globally connected city.
- A clean and environmentally sustainable city.
- A well governed city.

The Service Delivery Agreement (SDA) requires that BCMDA plays a critical role in ensuring the City realizes its strategic aspirations by performing both a facilitation function as well as a delivery function for the city.

BCMDA HAS FIVE STRATEGIC GOALS

- A stable, financially viable and fully capacitated agency delivering its mandate efficiently and effectively.
- A dynamic tourist destination through infrastructure investment and promotion.
- Acquire, plan, develop and manage land and buildings.
- Facilitate and deliver socio – economic development programmes.
- Project preparation packaging and investment facilitation.

BCMDA FUNDING

The Agency is completely owned by the BCMM and receives its funding for operations and capital projects from the BCMM. The Agency's reliance on BCMM for funding may prove to be unsustainable in the future, requiring alternative sources of revenue / a more sustainable funding model. The following are the possible revenue sources:

- Grants and Bonds
- Loans
- Interest
- Donations and Sponsorships
- Dividends
- Rentals and Sales

In addressing this, the Agency developed its Financial Sustainability Strategy which was adopted by the Board and was adopted by Council in the 2020/2021 financial year. Further work is to be undertaken to operationalize the strategy between the Agency and the Municipality. As a step towards this, BCMDA has developed a broad Financial Sustainability Strategy Implementation Plan which has been adopted by the Board.

FLAGSHIP CAPITAL PROJECTS

- Upgrade of Court Crescent
- Water World Upgrade and Extension
- Land Parcel Investment Development (Sleeper Site, Marina Glan A, Seaview Terrace & Water World Phase 2)

SUPPORT REQUIRED BY BCMDA

- Support BCMDA's development offerings
- Assists in better resourcing (i.e. budget and skills) of the BCMDA
- Increase and diversify provision of land parcels to include other development sectors
- Increase funding for project packaging in order to have investor ready projects
- Better coordination / integration between BCMDA and BCMM Directorates
- Fast track mechanisms in the approval processes for BCMDA

CONCERNS RAISED THROUGH VARIOUS ENGAGEMENT WITH DEVELOPERS

- Consistency in assessment of developments outside urban edge
- Long waiting period for assessment of development proposals
- Slow progress with SPLUMA and MPT
- No clear set of incentives or office that deals with ease of doing business in BCMM
- Investment / Funding available but no access to land

T2.3.3

DISTRICT INTERGOVERNMENTAL STRUCTURES

BCMM is not a district therefore it does have District Intergovernmental structures. However, as a metro, BCMM is seen as a district in terms of the DDM and One Plan. It is however, a category A municipality that is not responsible for other local municipalities. In terms of the DDM and One Plan, the importance of cross-boundary engagements has emerged as an important platform to influence investment, infrastructure and economic growth of the region, given BCMM's regional influence. Therefore, cross boundary engagements that could benefit both the metro and other neighboring municipalities is seen as important for development of the region. Therefore, BCMM will be exploring and facilitating formal engagements with other districts and metros in the upcoming financial year.

T2.3.4.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

In pursuit of promoting public accountability and broadening public participation, the City demonstrated a strong commitment to community-centred participatory approaches in the management of the municipality. Extensive involvement of communities in municipal planning, through established institutional arrangements, demonstrated the City's commitment to the promotion of public accountability. In this regard, significant strides were made in engaging communities through the utilisation of various governance structures at both the Executive and Legislative components of Council. This ensured active participation of communities in the development of their areas and ensured that the municipality is accountable to the public. Amongst others, the following included the initiatives undertaken to express and demonstrate the municipality's commitment to providing the community with information concerning issues of municipal governance, management and development.

BENEFITS DERIVED FROM DISABILITY FORUM

Person with disabilities often have a triple burden of marginalization and exclusion based on their disability and part of another vulnerable group for example the elderly and / or often not economically active. Anecdotal statistics show that persons with disabilities are not well represented in business, politics and academia.

The metro elected a Disability Forum in 2017 from Ward Committee Reps for Persons with Disabilities. This Forum seeks to collaborate with Chapter 9 institutions, state machinery and other stakeholders in addressing the common challenges facing persons with disabilities within society in general as well as local government.

The metro's Central Library was selected by the South African Library for the Blind to launch its latest Mini-Lib in September 2019. This facility within the library provides access to both hard and software information and communication technology as well as a braille printer, braille books and an audio lending library for both fiction and nonfiction

literature. The King Williams Town library also has a similar project and these initiatives assist with universal accessibility to information and education.

BENEFITS DERIVED FROM EXTERNAL REPRESENTATIVE FORUM

Represents the interest of Constituencies in IDP/BUDGET/ PMS process Consensus building between all stakeholder and BCMM
Monitoring of strategic decisions
Effectiveness and efficiency of information to all stakeholders

T 2.4.0

2.4. PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

BCMM employs various mechanisms for public communication and participation to ensure that the citizens are well-informed and capacitated to optimally take part in municipal processes and programmes. Public Participation created a platform for interface between the Municipality and the Community.

Public communication methods that are utilised to inform the public include the municipal website, national, regional and community radio stations, social media as well as the print media in the form of advertising in the local newspapers. Loud-hailing in communities and flyers/pamphlets are utilised to mobilise members of the community to attend municipal organised meetings and events, including the IDP/Budget road shows which are held throughout the municipality on an annual basis.

NATIONAL FORUMS PARTICIPATION

In terms of the Constitution, government is constituted as three spheres of government, namely national, provincial and local government. These spheres are distinctive, but are however interrelated and interdependent. All three spheres are obliged to observe and adhere to the principle of co-operative government and intergovernmental relations.

All spheres must firstly, be effective, transparent, accountable and form a coherent government; secondly, respect the constitutional status, institutions, powers and functions of government in other spheres of government; and thirdly, co-operate with one another in mutual trust and good faith.

Further, the Constitution provides for an Act of Parliament to establish or provide for structures and institutions to promote and facilitate intergovernmental relations. In this regard the Intergovernmental Relations Framework Act establishes a framework for national, provincial and local governments to promote and facilitate intergovernmental relations and provide for mechanisms and procedures to facilitate the settlement of international disputes.

National forums play a central role in promoting co-operative government and intergovernmental relations. It brings together senior representatives of three spheres of government, that is national, provincial and local government, to consider issues, including issues relating to how all spheres are impacted by the decisions taken at a national level. Some of the forums include, the Presidents Coordinating Forum, National Communicators Forum, National Council of Provinces, etc. Invitation to national meetings is extended to the Executive Mayor, City Manager and Heads of Directorates.

Participation in National forums promote the principles of cooperative governance, improves the capacity to monitor and assess performance of the metro, ensures a co-ordinated and co-operative approach to service delivery; enhances the impact of public participation initiatives and BCMM's role in promoting sound internal fiscal administration in international fiscal matters. With regard to fiscal capacity and efficiency, when resources are allocated by National Treasury BCMM needs to ensure that there is necessary capacity to utilise those resources within the timeframes given, are used efficiently and without wastage. These forums therefore provide guidance, support as well as helps monitor BCMM's performance of its core functions and responsibilities.

Buffalo City's IDP and Budget development was undertaken through an inclusive, integrated and procedurally consistent manner in line with an approved IDP/Budget/PMS Process Plan and Time Schedule which was compiled in accordance with Section 28 and 29 of the Municipal Systems Act and Section 21(1) of the Municipal Finance Management Act. A revised IDP/Budget/PMS Process Plan and Time Schedule IDP was approved by Council because some planned engagements were rescheduled as a result of challenges experienced due to the Covid-19 Global Pandemic.

The IDP process is an outcome of an intensive and detailed series of engagements with our communities through the following key participatory democracy instruments:

- Mayoral Imbizos (held during October 2020);
- IDP/Budget/PMS Workstreams where external stakeholders also participated in the deliberations (during October 2020);
- Ward Committee engagements and activities (held throughout the 2020/2021 financial year whenever possible within the regulatory restrictions in the Covid-19 Global Pandemic); and
- IDP Ward Priorities Sessions held with Ward Councillors from each of the three functional regions on the review of Ward Priorities in preparation for the new five-year IDP.
- IDP/ Budget Roadshow, Business Leaders Webinar and Youth Webinar – to consult the Draft IDP, Budget and BEPP 8 - 15 July 2021

The draft 2021/2026 IDP and MTREF Budget as well as BEPP was tabled at Council on 31 March 2021 and adopted on 23 April 2021. Thereafter the draft documents were made available to the community via the municipality's website, and hard copies were made available at customer care offices and municipal libraries. Further, consultation took place through various media platforms, for example, radio, social media, etc. This process was undertaken from 8 - 15 July 2021, thereafter, Council adopted the final IDP on 31 May 2021.

In compliance with the legislative requirements Buffalo City Metropolitan Municipality undertook the following activities in line with the IDP/Budget/PMS Process Plan towards the 2020/21 financial year:

NO	ACTIVITY DESCRIPTION	DATES ACHIEVED
PREPARATION PHASE		
1	Mayoral Committee: To consider and recommend that IDP/Budget/PMS Process Plan and Time Schedule be approved by Council (at least 10 months before the start of the budget year)	04/08/2020
2	Top Management: To consider 2020/2021 First Adjustment Budget & the 2019/2020 Fourth Adjustment budget and recommend being approved by Council	07/08/2020
3	Council: To approve - IDP/Budget/PMS Process Plan and Time Schedule (at least 10 months before the start of the budget year). The 2020/2021 First adjustment budget (to be tabled before 25 August 2020) and the 2019/2020 Fourth Adjustment budget.	28/08/2020 - 04/09/2020
PHASE 1: SITUATIONAL ANALYSIS		
4	BCMM Technical IGR Core Team: To deliberate on the process of rolling out the District/Metro Development Model at BCMM and align it with the IDP/Budget/PMS Process Plan	14/10/2020
5	IDP/Budget/PMS Workstreams: To prepare draft Situational Analysis Reports for Top Management Technical Planning Session (Environmental Profile, Population Trends and Profile, Social Development Profile, Governance and Finance Development Profile, Infrastructure Development Profile, Key Development Trends, Spatial Development Profile) To assess and identify information from adopted Sector Plans against the backdrop of the Situational Analysis, including the LSDFs for integration into the IDP Review document if possible	15, 16 & 21/10/2020
6	Top Management Technical Planning Session: To reflect on progress made with implementation of strategic priorities during preceding financial years To review Situational Analysis of the metro that inform priority choices (Environmental Profile, Population Trends and Profile, Social Development Profile, Governance and Finance Development Profile, Infrastructure Development Profile, Key Development Trends, Spatial Development Profile)	30/10/2020
7	Ward Councillors, together with Ward Committees compile ward profiles and review current ward priorities	01/09/2020 31/01/2020
8	IDP Technical Workstream: To assess and identify information from adopted Sector Plans against the backdrop of the Situational Analysis, including the LSDFs for integration into the IDP Review document if possible	15/10/2020 16/10/2020
9	Coastal Region Pre-Imbizo Session To prepare content for the Mayoral Imbizo	06/10/2020
10	Midland Region Pre-Imbizo Session To prepare content for the Mayoral Imbizo	13/10/2020
11	Inland Region Pre-Imbizo Session To prepare content for the Mayoral Imbizo	13/10/2020
12	Executive Mayoral Imbizo: To interact with ward communities to listen to needs and concerns; and provide feedback on approved programmes and projects for 2020/2021	24, 25, 26/10/2020
PHASE 2: STRATEGIES		
13	Submission of priority requests in relation to Catalytic Programmes to provincial sector departments and State-owned Enterprises, including Built Environment Performance Plan (BEPP) requests.	15/10/2020

NO	ACTIVITY DESCRIPTION	DATES ACHIEVED
14	Annual Evaluation of BEPPs & City Plans	28/10/2020, 03/11/2020
15	PATT: Knowledge Products & Training #1; Longer Term Planning #2; C88 Transformation Indicators in relation to longer term planning	26/11/2020
16	Metro Long-term Planning Project: CSP assistance to the metro with long-term planning	17/11/2020
17	Eastern Cape Joint Planning with NMB & BCMM: Joint planning between metros and their respective provincial governments facilitated by National Treasury	06/10/2020
18	Mayoral Lekgotla Session: To review strategic objectives for service delivery and development	12-13/11/2020
19	Council Lekgotla: To reflect on desired key outcomes over the remainder of Council's 5-year term based on its deep understanding of current and emerging City trends and realities as consolidated during Mayoral Lekgotla	19-20/11/2020
20	Council Workshop: To review the current budget related policies and need for compiling new budget related policies	13/11/2020
21	Budget Workshops with all directorates	23/11/2020 - 03/12/2020
22	Council: To approve the Draft 2019/2024 Spatial Development Framework of the metro as reviewed and aligned with the Draft 2021/2026 IDP.	11/12/2020
23	IDP/OPMS Portfolio Committee: To review and update the IDP Vision, Mission and Strategic Objectives for recommendation to Council	20/01/2021
PHASE 3: PROGRAMMES AND PROJECTS (Identifying, prioritising, costing programmes and projects)		
24	Council: To table and adopt the Statement of Financial Performance and the Implementation of the 2020/2021 budget for the second quarter & Mid-year budget and Performance assessment report ended 31 December 2020 To consider Municipal entity's proposed budget, priorities and objectives for 2021/2024 and proposed budget adjustments for 2021/2024	27/01/2021
25	Ward IDP Sessions on progress made with Ward Priorities	04 and 11/03/2021
26	Work sessions to do costing of prioritised projects and programmes for CAPEX and OPEX 2021/2024 MTREF	01-08/03/2021
27	Work sessions to set service delivery key performance indicators and targets	22/02/2021 – 10/03/2021
28	Council: Adopted	24/02/2021
	Amended IDP/Budget/PMS Process Plan and Time Schedule; IDP Vision, Mission, Strategic Outcomes, Strategic Objectives and Key Focus Areas; and Mayoral Lekgotla Priorities	

NO	ACTIVITY DESCRIPTION	DATES ACHIEVED
PHASE 4: INTEGRATION		
29	BCMM Technical IGR Forum Workshop: To allow Provincial Sector Departments and State-owned Enterprises to inform BCMM of provincial budgetary allocations and catalytic programmes. To allow BCMM to present proposed catalytic programmes. To identify transversal gaps and challenges to implementation of catalytic programmes and agree on action plans to address these.	25/02/2021
PHASE 5: ADOPTION		
30	Top Management Technical Planning Session: To consider and recommend the Draft 2021/2026 IDP, 2021/2024 MTREF Budget and 2021/22 SDBIP	04/03/2021
31	Budget Steering Committee: To consider the 2021/2026 Draft IDP, 2021/2024 MTREF Budget and 2021/22 SDBIP	09/03/2021
32	Top Management Technical Planning Session To consolidate the setting of key performance indicators and targets in line with the Draft IDP and Budget	16-17/03/2021
33	Councillors and Traditional Leaders' Workshop To deliberate on the 2021/2026 Draft IDP, 2021/2024 MTREF Budget and 2021/22 SDBIP	24/03/2021
34	Council: Tabling of the 2021/2026 IDP, 2021/2024 MTREF Budget, Draft BEPP and draft policies (at least 90 days before the start of the budget year). Tabling of the 2019/2020 Draft Annual Report before advertising it for public comment.	Tabled: 31/03/2021 Adopted: 23/04/2021
	Tabling of the proposed budget of the entity and assess the entity's (BCMDA) priorities and objectives and make recommendations. Board of Directors to consider the recommendations and, if necessary, submit a revised budget.	
35	BCMM Political IGR Forum: To present BCMM Draft IDP and MTREF Budget for comment to other spheres of government for consultation.	09/04/2021
36	Publicised the 2021/2026 Draft IDP, Draft 2021/2024 MTREF Budget, Draft BEPP and draft policies in the local newspaper and on the BCMM website and provided at least 21 days (for the IDP) and 30 days (for the Draft Rates Policy) for public comments and submissions.	19/04/2021
37	Virtual IDP/Budget Road Show: To consult the Draft IDP, SDBIP and Budget	
	Coastal IDP/Budget Roadshow	08/05/2021
	Midland IDP/Budget Roadshow	09/05/2021
	Inland IDP/Budget Roadshow	10/05/2021
	Business Leaders Webinar	12/05/2021
	Youth Webinar	15/05/2021
38	Budget Steering Committee: To consider and recommend the final 2021/2026 IDP, 2021/2024 MTREF Budget and 2021/22 BEPP, after considering the submissions made by the local community, National or Provincial Treasury, national or provincial organs of state or neighbouring municipalities.	17/05/2021
39	Councillors and Traditional Leaders' Workshop: To interrogate final IDP, Budget and BEPP	19/05/2021
40	Municipal Budget and Benchmark Engagement by National Treasury	21/05/2021
41	Council: To adopt 2021/2026 IDP, Performance Management Measures and Targets, 2021/2024 MTREF Budget, 2021/2022 BEPP and the revised Policies (at least 30 days before the start of the budget year) To approve the Draft 2019/2024 Spatial Development Framework of the metro as reviewed and aligned with the Draft 2021/2026 IDP.	31/05/2021

The District Development Model (DDM) was approved by Cabinet as a government approach to enhance integrated development planning and delivery across the three spheres of government with district and metro spaces as focal points of government and private sector investment. The envisaged integrated planning and delivery in the district and metro spaces will be enabled by joint planning, budgeting, and implementation processes.

It is acknowledged that the DDM introduces a new planning instrument in the form of the One Plan. This process comes into a planning environment where there are existing planning instruments at local, provincial, and national levels of government. However, the One Plan is not meant to replace any of the existing prescribed development, departmental strategic and annual performance plans that each sphere, department and state entity is responsible for or required to develop. The One Plan is rather informed by these plans and once in place, it will guide the review of these plans and budgets.

The introduction of the District Development Model (DDM) was welcomed by BCMM as a new planning instrument meant to augment the existing planning instruments at local, provincial and national levels of government.

The One Plan is an intergovernmental plan that outlines a common vision and desired future outcomes in each of the 44 district and 8 metro spaces. The One Plan was compiled in-house by the BCMM IDP Department in collaboration with the IGR Department. It is understood that the One Plan is not meant to replace any of the existing prescribed development, departmental strategic and annual performance plans that each sphere, department and state entity is responsible for or required to develop. The One Plan is rather informed by these plans and once in place, it will guide the review of these plans and budgets.

The BCMM Technical IGR Forum is functioning very well and has served as a critical catalyst for three-spheres strategic planning within the framework of the District/Metro Development Model and the metro's IDP Process Plan. The Political IGR Forum has also been revived with great success and met on 17 September 2021, the first one having been held on 9 April 2021 and the second one on 25 June 2021. Officials from the Provincial and National departments, as well as parastatals and State-owned Enterprises have also participated very well in the IDP Workstreams of the City. BCMM, as a result, could submit its first generation One Plan as a product of the collaborative strategic planning efforts of all three spheres of government.

On 17 September 2020, the IGR and IDP Units of BCMM submitted two reports to Top Management to initiate the implementation of the MDM in the City by recommending the institutionalisation of the MDM through the standing

IDP/Budget/PMS Workstreams which are utilised by the metro to coordinate and facilitate transversal and horizontal alignment as part of the IDP Process. The report also illustrated how the IDP, and MDM Processes would be aligned and sought approval for the Implementation of the Metro Development Model Concept and Process Plan for Buffalo City Metro in order to strengthen integrated planning, implementation and monitoring.

The key recommendations approved by Top Management include:

The implementation of the Metro Development Model Concept and Process Plan for Buffalo City in order to strengthen integrated planning, implementation and monitoring.

The participation of IGR and civil society partners to be pursued and sustained during the activities of the IDP/Budget/PMS work-streams.

That the IDP/Budget/PMS Workstreams and the BCMM Covid-19 Ward Based Rapid Response Task Teams form part of the institutional arrangements for the implementation of the District/Metro Development Model, IDP/Budget/PMS Process Plan and Covid-19 Response plan for the Buffalo City Metropolitan Municipality.

The IDP/Budget/PMS Workstreams consist of external representatives from, amongst others, civil society organisation, business, provincial and national government sector departments, parastatals and state-owned enterprises.

The following forums are used by BCMM throughout the year to consult members of the community:

IDP/Budget/PMS Workstreams
IDP/Budget/PMS External Representative Forum IDP/Budget roadshows
Business Leaders Webinar Youth Webinar
Executive Mayoral Imbizos Communicator's Forum

TRANSVERSAL VULNERABILITY REDUCTION MAINSTREAMING

The following groups are deemed to be “vulnerable” within the metro’s development trajectory; Women, Older Persons, Children and Youth, Persons with Disabilities as well as persons infected and affected by HIV and AIDS. Section (2) of the Municipal Systems Act No 32 of 2000, states that “a municipality must establish appropriate mechanisms, processes and procedures to enable the local community to participate in the affairs of the municipality”; Section (3) of the same Act states that, when establishing mechanism, processes and procedures in terms of section (2) the municipality must take into account the special needs of: people who cannot read or write; people with disabilities; women and other disadvantaged groups. To this end the metro has institutional structures for vulnerable groups to participate in metro processes including the Gender, Disability and Older Persons Forums as well the Metro AIDS Council.

BCMM strives for holistic transversal mainstreaming in keeping with its development trajectory to reduce vulnerability. This means that the metro’s core deliverables and mandate must seek to support and benefit vulnerable groups and their needs ought to be reflected and tracked across the operation plans and budgets of all metro departments and linked to the metro’s Performance Management and financial reporting systems.

The reporting, monitoring and evaluating of transversal mainstreaming of vulnerable groups issues in directorates’ planning and budgeting remains a challenge and typically directorates grapple with how the cross-cutting issues are impacted on by their service delivery and vice versa and to this end shared / cross cutting vulnerability reducing indicators and targets (similar to those prescribed in MFMA Circular 88) in respect of at least two local government specific vulnerability reducing indicators should be institutionalized within the metro’s Performance Management and financial reporting systems such that each directorate is able to account and quantify the beneficiation towards youth, gender and the disability sector within that directorate’s core business.

As the sphere of government closest to the people, the metro is well placed to institutionalize vulnerability reduction through the provision of basic services and reporting on economic, employment and entrepreneurial opportunities created.

The BCMM Bursary Fund is a multi-year programme with an annual budget of R3 million. Fifty young persons were awarded bursaries for academic year 2019 and sixty two young persons for 2020 as follows (25 new and 37 continuing).

The City reviewed its 2017 Child and Youth Development Strategy. It demonstrates the City’s commitment to child and youth development by promoting access to education, economic empowerment as well as participation and beneficiation in local government.

The City signed an agreement with Harambee Youth Employment Accelerator and a youth hub was been established at the EL Central Library with outreach activities into wards to reach out to youth with information and opportunities for employment well as upskilling initiatives to make them more marketable.

The three BCMM Youth Development Centres situated at the KWT Civic Centre, Gompo Arts Centre and Mdantsane Community Support Centre work closely with Harambee and provide youth with career guidance, free access to computer labs, free wi-fi and information on opportunities including bursary, learnerships as well as preparing youth for employment through curriculum vitae development, interview preparations and linking to entrepreneur programmes. Youth Officers also undertaken outreach activities to wards. These youth centres also undertake ward outreach activities for both in and out of school youth.

T 2.4.1

WARD COMMITTEES

Ward Committee structures are part of local governance and an important way of achieving the aims of local governance and democracy mentioned in the constitution. It is the appropriate channel through which communities can lodge their complaints and it is obliged to forward such complaints to the Council in the most appropriate manner. In a broader sense, a Ward Committee should be a communication channel for the entire community residing in that particular ward.

Ward committees are meant to encourage participation by the community - their job is to make municipal councils aware of the needs and concerns of residents and keep people informed of the activities of the municipal council.

ROLES OF WARD COMMITTEES

- Increase the participation of local residents in municipal decision-making, as they are a direct and unique link with the council;
- They are representatives of the local ward, and are not politically aligned;
- Should be involved in matters such as the IDP process, municipal performance management, the annual budget, council projects and other key activities and programmes as all these things impact on local people;
- Can identify and initiate local projects to improve the lives of people in the ward;
- Can support the Ward Councillor in dispute resolutions, providing information about municipal operations;
- Can monitor the performance of the municipality and raise issues of concern to the local Ward;
- Can help with community awareness campaigns e.g. waste, water and sewerage, payment of rates, as members know their local communities and their needs.

MAJOR ISSUES DEALT WITH BY THE WARD COMMITTEE SYSTEM

- Ward Committee meetings held monthly to discuss service delivery issues in the ward.
- They play an oversight role on behalf of communities regarding service provision assisting Ward Councillors in their locality.
- Participate in project steering committees for projects implemented within their wards.
- Report service blockages to relevant departments in the municipality with the assistance of the ward Councillor e.g. (illegal dumping, potholes, grass cutting, storm water drains etc.)
- Ward committees participate in Covid-19 Ward Based Rapid Response Task Teams in an effort to mitigate the spread of the virus in the communities.

T 2.4.2

Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillor	Number of Participating Municipal Administrator	Number of community members	Issue addressed (Yes/No)	Dates of manner of feedback given to community
Ward Committee Meeting	Monthly	Ward Councillor/ PR Councillor	1 & invited officials when there is a need e.g. explanation of a project	10	Yes	Area and Sectoral meetings.
Public meetings	DUE TO COVID -19 REGULATIONS, WARD GENERAL MEETINGS WERE CANCELLED.					
COVID-19 Ward Based Rapid Response Task Teams	22 July 2020	Relevant Ward Councillor	5	40		
Mayoral	24	Virtual	Virtual	Virtual	Yes	22 to 26
Imbizo:	October					October 2020
To table the service delivery progress report on what the Metro has done for its community as well as other programmes/ projects that are	2020 – Inland Region (King William’s Town)					
	25					
	October					
	2020–					
	Midland Region (Mdantsane)					
	26 October					
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillor	Number of Participating Municipal Administrator	Number of community members	Issue addressed (Yes/No)	Dates of manner of feedback given to community
in the pipeline.	2020 – Rural and Urban Coastal Region					
IDP & Budget Roadshow	14 – 15 June 2020	Virtual	Virtual	Virtual	Yes	14 – 15 June 2020 via social media, digital and radio platforms
Webinar and Youth Webinar:						

[illegible]

Due to Covid-19 regulations, communication and participation was limited to online channels as social distancing hampered the use of regular communication tools.

T.2.4.3.

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD

- Participatory democracy is strengthened.
- The Municipality makes more appropriate decisions based on the priority needs of the community.
- Community ownership is promoted so as to instill hope, own their projects and become part of the solution.
- The concerns and inputs of the community with regard to service delivery, general development of the community, disaster management and any other community concern wererecorded.
- Better decisions are made, with more positive outcomes, sustainability and sense of ownership.
- However, the lockdown and stringent measures on social distancing disrupted the scheduledmeetings and resulted in cancellation of ward public meetings during 2020/2021 financial year.

T 2.4.3.1

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/no
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

T 2.5.1

COMPONENT D:

CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Corporate governance seeks to build trust, accountability, and openness to foster financial and governance stability. this stability can only be guaranteed when it is implemented under a risk-based strategy/plan. the confidence on the organisation can only be guaranteed when there is some reasonable assurance that the plans and strategies are being implemented under a strict and compliant legislative environment.

T 2.6.0.

2.6 RISK MANAGEMENT

Buffalo City metro strives to be a well-governed City, thus it has is committed to ensuring that there is effective risk management and a sound control environment. It is a reality that no organisation operates in a risk-free environment thus the MFMA mandates the Accounting officer to take all reasonable to ensure that there is effective and transparent system of risk management in place.

BCMM therefore, understands that effective risk management is imperative for the City to fulfil its mandate, the service delivery expectations of the public and the performance expectations within. The realization of our Integrated Development Plan depends on us being able to take calculated risks in a way that does not jeopardize the direct interests of stakeholders.

Over the years the City has taken a firm resolution of ensuring that risk management culture improves, and risk is embedded into planning, daily operations and most importantly decision making. The City has not yet reached a desired risk management maturity level but is however committed to improve the status quo. In the year under review, the Council has approved the enterprise-wide risk management framework which specifically addresses the structures, processes and standards implemented to manage risks on an institution - wide bases in a committed and consistent manner.

It provides a mechanism for managers to make informed management decisions, through the development, monitoring and review of internal control mechanisms and tools. Sound risk management will enable us to anticipate and respond to changes in our service delivery environment, as well as make informed decisions under conditions of uncertainty.

As part of its risk management strategy, the City has a functional risk management unit.

Risk are assessed at strategic and operational level and it is a responsibility of each Directorate, below are the top five strategic risks which have been identified:

Risk No	Risk Category	Risk Name	Risk Description	Risk Causes	Mitigation Strategies
R01	Financial	Financial Management	Inefficient revenue collection processes, poor contact management and inadequate management of assets	a) Culture of non-payment by communities b) Inaccurate billing information on the system c) Incomplete/ inaccurate indigent register (High population of indigent households) d) Covid-19 Pandemic	a) Review of the revenue enhancement strategy document b) Continuous enforcement of revenue management policies c) Installation of the smart metering for both electricity and water d) Address meter and other infrastructure tampering e) Cost reflective tariff structure for services as per realistic collection rate
R02	Service Delivery	Infrastructure Services	Illegal & non-metered electricity connections, increased non-revenue water and inability to meet future water demands.	a) Ageing and/or inadequate infrastructure b) Rapid immigration and urbanisation/ Increased needs of communities c) Inadequate safeguarding of existing infrastructure (Vandalism and theft) d) Capacity and budget	a) Implementation of smart water metering project. b) Replacement of ageing water meters. c) Implementation of Revenue Enhancement Strategy d) Electrification of informal settlements.
				implementation of plans and strategies)	
R03	Business Continuity	Information Technology	Cyber Attacks and inadequate development and management of ICT network and infrastructure	a) Lack of integrated systems b) Lack of prioritisation of ICT infrastructure and growth c) Inadequate application security and access controls	a) Implementation of Azure Information Protection security features b) Document and implement cloud policies c) Install a secondary internet link to accommodate all virtual meetings d) Install backup power in network high sites 4) Conduct fully functioning disaster recovery test regularly 5) Complete the installation of optimal
				implementation of plans and strategies)	
R03	Business Continuity	Information Technology	Cyber Attacks and inadequate development and management of ICT network and infrastructure	a) Lack of integrated systems b) Lack of prioritisation of ICT infrastructure and growth c) Inadequate	a) Implementation of Azure Information Protection security features b) Document and implement cloud policies c) Install a secondary internet link to accommodate all virtual meetings

Risk No	Risk Category	Risk Name	Risk Description	Risk Causes	Mitigation Strategies
				application security and access controls	d) Install backup power in network high sites 4) Conduct fully functioning disaster recovery test regularly 5) Complete the installation of optimal fibre to support business connectivity and infrastructure 6) Install wi-fi in all BCMM halls to enable a virtual workplace
R04	Human Resources	Human Capital Management	Misalignment of the organisational structure with strategic objectives, escalating personnel	a) Change in the organisational strategy b) Lack of accountability	Work study to be explored in order to establish the root caused of excessive overtime.
			related costs and a non-performance oriented culture.	- Inadequate/ ineffective performance management systems	2) Continuous monitoring of overtime by HoD's and GM's for their respective Directorates. 3) Implementation of Job Evaluation is 4) Revision of municipal structure in progress, macro structure has been completed and microstructure still not yet started.
R05	Economic	Economic Development Environment	Failure to create an enabling environment to foster economic development, retain existing investment and attract new business to the Metro	a) High cost of doing business in the city b) Inadequate funding c) Lack of entrepreneurial culture d) Shortage of critical skills in key sectors to drive the economy e) The Country's shutdown because of the Covid-19 pandemic has disrupted the integrated global and domestic supply chains.	a) Masterplan Development is progressing. Milestone 9 is complete and waiting for approval. b) Presentation of needs assessment report c) Continue to conduct export development programme d) Develop an Investment Incentives Strategy e) To advertise the Economic Development Strategy f) Commission City-wide Socio-Economic Impact Assessment due to Covid-19 pandemic g) Develop an Economic Recovery Plan for Buffalo City
T2.6.1.					

2.7. ANTI-CORRUPTION AND FRAUD

The City is committed to the fight of fraud and corruption without fear or favour. BCMM is committed to a clean and transparent administration. The Council in the year under review has approved the fraud risk management strategy, to give guidance in promoting an ethical culture within BCMM.

The purpose of this Framework is to define what constitutes fraud and corruption and regulate the reporting, investigation and monitoring thereof. In November 2020, we were amongst many organizations across the globe who actively participated in the international fraud awareness week. This is a milestone we take pride in, as it shows our commitment and efforts to fighting fraud and corruption.

We continue to receive tip offs through our whistle blowing platform which is hosted by an independent external service provider. The hotline number is a toll-free number with a call back facility which residents can use to request a call back in order to lodge their reports. The (0800668413, call back 30916) hotline is a toll-free number operated 24 hours a day, 7 days a week and 365 a year.

This has been an effective and active platform; tip-offs are dealt with as and when received and investigation & resolution depends on the nature and complexity of the matter reported. We had received several reports through this platform which range from alleged financial misconduct, electricity theft and tampering to allegations of corruption.

Cases are dealt with as soon as they are received, some are investigated and resolved internally and where there is no capacity internally, capacity is sourced externally, for example, the revenue protection unit work tirelessly to follow up on reports of electricity theft and tampering. The City established a disciplinary Board which is responsible for following up on financial misconduct related cases and advises Council accordingly.

2.7.1

2.8. SUPPLY CHAIN MANAGEMENT OVERVIEW OF SUPPLY CHAIN MANAGEMENT

BCMM SCM system is premised on section 217 of the South African Constitution which must be, fair equitable, transparent, competitive and cost effective. The BCM SCM Policy is reviewed annually as prescribed by Section 3 of the MFMA and during the year under review the SCM policy was reviewed and approved by Council in May 2020.

There are five sections with the SCM department which are constituted in line with the SCM system and these comprises of: -

- Demand Management and Supplier Development Section
- Acquisitions Section (Buying and contracts)
- Logistics, Warehouse and Disposal Sections
- Risk and Compliance Management Section and
- Contracts Performance Management Section

In BCMM, the SCM system uses quotation and open bid procurement processes to source goods and services required for service delivery by the municipality. A total value, for quotations and tenders, of R56,740,923.65 in the 2020/2021 financial year and R1,081 341,387.26 respectively, in the 2020/2021 FY has been awarded.

Statistics of quotations awarded in 2020/2021 Financial year				
Month	R 0 - R2,000	R2001- R10,000	R10,001 - R30,000	TOTAL
July 2020	R77,321.94	R324,600.57	R652,736.05	R1,054,658.56
August 2020	R179,864.14	R902,272.54	R2,731,118.58	R3,813,255.26
September 2020	R142,020.60	R1,338,146.29	R5,285,742.63	R6,765,909.52
October 2020	R81,390.15	R851,622.98	R3,519,100.61	R4,452,113.74
November 2020	R120,145.45	R685,826.95	R2,293,971.12	R3,099,943.52
December 2020	R45,923.07	R365,973.89	R1,465,125.45	R1,877,022.41
January 2021	R37,280.40	R290,723.85	R1,199,607.84	R1,527,612.09
February 2021	R52,312.75	R420,923.69	R1 035 016.73	R1,508,253.17
March 2021	R10,937.70	R165,226.09	R358,984.60	R535,148.39
April 2021	R43,336.40	R276,885.27	R1,240 255.50	R1,560,477.17
May 2021	R19,413.30	R347,632.84	R1,578 803.70	R1,945,849.84
June 2021	R62,135.01	R258,792.53	R2,133,087.21	R2,454,014.75
TOTAL	R872,080.91	R6,228,627.49	R23,493,550.02	R30,594,258.42

Table: Tenders awarded by the Supply Chain Management System in 2020/2021					
	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Total
Informal Contracts	13	40	36	68	157
Formal Contacts	4	4	0	6	14
Annual Contracts	0	3	3	4	10
Total Number	17	47	39	78	181

Notable achievement and improvements made in the Supply Chain System

- Reviewal of the SCM Policy by Council in May 2020.
The revised BCMM Supply Chain Management Policy in June 2020 had to ensure that it takes effect to specifics regarding the sub-contracting of contractors, in that the subcontracting must specifically give priority to BCMM locality and suppliers except when it's not practical to do so.
- The implementation of the E-Procurement System to improve procurement of goods and services on three quotation system (R0 - R30,000 threshold), has seen an increased number of transactions by end user departments, as indication that the e-procurement system is full utilization and operational.

CHALLENGES AT SUPPLY CHAIN MANAGEMENT DEPARTMENT

- Staff challenges of which there is a process underway of the job grading for positions, and the filling of critical managerial vacancies on a permanent basis.
- A permanent appointment has been made in the position of General manager with effect from 01 June 2021.
- Capacity issues including the inclination of the traditional way of procurement versus the evolving strategic

procurement thus impacting in driving service delivery and the turnaround with the Supply Chain Management environment.

- The introduction and the implementation of the City Infrastructure Delivery Management System (CIDMS) will see the process of streamlining the cities' business processes within other directorates based on recommendations of best practice in optimising service delivery.

REMEDIAL ACTIONS

- Continuous monitoring and regularly reporting on the turn-around times for awards in order to improve service delivery.
- Implementation of an integrated electronic procurement system to improve, enhance supply chain management processes to better enable them in the entire value chain.
- Evaluation of jobs within the SCM environment.

Development of a new SCM Turnaround plan which is in the process of consideration.

T2.8.1

2.9. BY-LAWS

By-laws Introduced during Year 2020/2021					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
None	None	None	None	None	None
T 2.9.1					

COMMENT ON BY-LAWS:

NB. There were no by-laws developed or revised during 2020/2021 financial year.

T2.9.1.1

2.10 WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	28.04.2020
All current budget-related policies	Yes	10.03.2020
The previous Annual Report (2019/2020)	Yes	08.07.2021
The Annual Report (2020/2021) published/to be published	Yes	To be published
All current performance agreements required in terms of S57(1)(b) of the Municipal Systems Act and resulting score cards	Yes	12.08.2020
All service delivery agreements (2020/2021)	Yes	12.08.2020
All long-term borrowing contracts (2020/2021)	No	None
All supply chain management contracts above a prescribed value (give value) for 2020/2021	No	None
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of S14(2) or (4) during Year 1	No	None
Contracts agreed in 2020/2021 to which S33(1) applies, subject to Ss(3) of that section	No	None
Public-private partnership agreements referred to in S120 made in 2020/2021	No	None
All quarterly reports tabled in the council in terms of S52(d)during 2020/2021	Yes	29.10.2020 28.01.2021 03.05.2021 29.07.2021
T 2.10.1		

COMMENT ON MUNICIPAL WEBSITE CONTENT AND ACCESS

Following challenges with the previous website, the Municipality launched a new and improved site on 24 May 2018. The new website has adopted the Metro's corporate colours, new menu items, it is easy and user-friendly with social media links available (Facebook and twitter). The design and layout of the website has been an ICT responsibility while content production and loading sits with the Communications Department.

The Corporate Services Department has been trained to upload vacancies whilst Supply Chain Management officials upload tenders. This makes the uploading of critical information quicker and timeous.

The new website allows for logging of faults via a mobile app linked to the website. It is responsive and adaptive in different platforms including mobile and desktop. This enables users to navigate easy and be able to get municipal contact details for reporting service delivery challenges, issues of fraud and able to buy lights and pay account.

The change in the features of the website is the elevation of Public Notices, Latest News and Important Numbers. Furthermore, links have been added and these include ELIDZ, Tourism, Afesis-Corplan and BCMDA. Other features include the addition of videos and enhancement of graphics.

2020/21 IDP Road Show Communication Action Plan
THEME: "A CITY HARD AT WORK"
#BCMMIDP #CITYHARDATWORK
Dates: 8,9,10 May 2021

BACKGROUND

BCMM conducted the 2020/21 IDP Roadshows virtually due to Covid-19. BCMM consulted communities in the City, to table the Draft IDP and allow the residents to raise issues they see as priority to them. This exercise assisted the Metro in planning for the next financial year. The consultations were conducted through community radio stations and social media platforms.

The Metro continues working under the theme Unity in Action, a City hard at work and ensures it reflects massively on the long-term and short-term plans presented in all wards. During this financial year the City delivered on major infrastructure projects across all regions.

OBJECTIVES

The communication objectives of the plan are as follows:

- To inform and educate the people of the City about the long- and short-term service delivery projects for each ward.
- To raise public participation and awareness about the planned projects;
- To create communication platforms for leaders / management to engage with communities about the City's programmes;
- To mainstream communication services as a strategic function in service delivery.

PRINCIPAL COMMUNICATORS

No.	COMMUNICATIONS TASK TEAM: SPOKESPERSONS			
	Name	Organisation/D epartment	Contact NO.	Email address
1.	Cllr Xola Pakati	BCMM EM		
2	Mr. Andile Sihlahla	BCMM CM		
3	Mr. Samkelo Ngwenya	BCMM Comms	0735574707	samkelon@buffalocity.gov. za

SECONDARY COMMUNICATORS

No.	COMMUNICATIONS TASK TEAM: ISSUES MANAGEMENT			
	Name	Organisation/Department	Contact NO.	Email address
1.	Cllr Xolani Witbooi	BCMM Portfolio Head		
2	Ncumisa Sidukwana	BCMM Head ESS		
3	Ward Councillors	BCMM ward Councillors	-	-

VIRTUAL IDP ROADSHOW: COMMUNICATIONS ACTION PLAN

TASK	DETAILS	DATE
Communications Plan	Draw up Communications plan as per concept document Draw up Virtual action plan	April 2021
Ward Media Mapping	Cluster wards as per media reach Classify which media radio stations per each area	April 2021
Book Newspaper Advert	Book advert for IDP to be published on the 27 May 2021 Isolezwe, Rising Sun, Daily Dispatch	June 2021
Set up platforms	Social media accounts Verification & Registration	April 2021
TASK	DETAILS	DATE
Event Designs	Commission and approve designs E-Posters, e-Banners, e- Flyers, e-Program	April 2021
Media Promotion and Marketing	Advertising on radio Boosting on Facebook	April 2021
Loud hailing	Recorded loud hailing message Loud hailing in the main roads from 08h00 to 16h30 when needed Loud hailing in wards as per Ward Media Maps and radio shows	April 2021
Public Participation / Mobilisa- tion	URBAN WARDS: Flyer / Poster emailed to Ward Cllrs, Traditional Leaders and Ward Committees to distribute to their contact groups i.e. rate-payer's associations, Shared in Councillors WhatsApp group. Ward Councillors, Traditional Leaders, Ward Committees and CDWs SMS to Ward Committees and CDWs will be sent after the briefing of Councillors. Advised Ward Cllrs to nominate participants from their wards for inputs/comments/questions	April 2021
Pre-recordings	Packaging of the IDP presentation	April 2021
Simulations and tests	Run live tests with ICT Create email, website template Social media and radio	April 2021
Live streaming	Broadcast the Roadshow Capture Public inputs and comments Media engagements	April 2021
Recording and packaging	Options to record, save, video	April 2021
Media Monitoring	Media monitoring report	April 2021
Pre-recordings	Packaging of the IDP presentation	April 2021
Simulations and tests	Run live tests with ICT Create email, website template Social media and radio	April 2021
Live streaming	Broadcast the Roadshow Capture Public inputs and comments Media engagements	April 2021
Recording and packaging	Options to record, save, video	April 2021
Media Monitoring	Media monitoring report	April 2021

ANNEXURE: Ward Community Media Mapping NOTES: IDP Inter-Department Technical Team Support panel for radio shows
One-hour radio shows (14h00 - 16h30 pm)

RADIO STATIONS SCHEDULE:

REGION	RADIO STATIONS	SOCIAL MEDIA PLATFORM
COASTAL	Wildcoast FM Izwil Lethemba FM KNR Kumkani FM	BCM Facebook page Dispatch LIVE
MIDLAND	Mdantsane FM	BCM Facebook page
INLAND	Fort Hare FM	BCM Facebook page
NCERHA (Incorporate Scenery Park ward)	Kumkani FM	BCM Facebook page

PROGRAM:



WEBSITE STATS: JULY 2020 - JUNE 2021

PAGES AND CLICKS

JULY 2020- SEPTEMBER 2020
Clicks – 22 700 Page Impressions
– 398 766

OCTOBER 2020 – DECEMBER 2020
Clicks – 26 889
Page Impressions – 533 490

JANUARY 2021- MARCH 2021
Clicks – 17 999 Page Impressions – 467 023

APRIL 2021- JUNE 2021
Clicks – 14 889
Page Impressions – 567 990

TOP DEVICES UTILISED

Desktop Mobile

TOP 2 SEARCH ENGINES

Google Chrome Mozilla Firefox

MOST VIEWED PUBLIC NOTICES

NOTICE OF VIRTUAL SPECIAL MEETING OF THE COUNCIL
EXTENSION OF MOTOR VEHICLE LICENSE DEPARTMENT
HOURS NOTICE: DRAFT INTEGRATED DEVELOPMENT PLAN
(IDP) 2020/21

MOST VIEWED VACANCIES

INTERNSHIP PROGRAMME 2020/2021 FINANCIAL YEAR
ADMINISTRATIVE ASSISTANT – EMPLOYEE WELLBEING:
HUMAN RESOURCES
PERFORMANCE AND DEVELOPMENT- Six-month project post
TRAFFIC OFFICERS X6 (X4 COASTAL & X2 INLAND): TRAFFIC
SERVICES

TOP 5 COUNTRIES

Germany China South Africa India
UK

T 2.10.1.1

2.11. PUBLIC SATISFACTION ON MUNICIPAL SERVICES PUBLIC SATISFACTION LEVELS

As per the appropriate legislation mandating local authorities to undertake regular assessments of the satisfaction levels of the community served, BCMM embarked on a process of undertaking their first Customer Satisfaction Survey, since 2006, during the 2020/21 Financial Year, culminating in the production of a Customer Satisfaction Survey.

The purpose of a Customer Satisfaction Survey (CSS) is to assist in establishing the current state of development in Buffalo City Metropolitan Municipality, but it is only component of the overall assessment of the state of development. It serves to record the perception on the residents within the municipal area, with respect to a broad range of topics from the state of services in the area to a perception of the municipality itself and also, it's Council.

As a Community Satisfaction Survey only reflects what residents think of the state of development in the municipality, it might not correlate to actual levels and nature of service delivery.

The findings of this exercise will serve as a baseline to inform future planning.

In keeping with accepted national and international research standards and norms, this survey represented an extensive valid and reliable quantitative and qualitative

research exercise, conducted by an independent outside service provider, in gauging the views of a representative sample of BCMM residents. In this respect, a sample size of 734 households participated within the one week-long data collection process. One or two households were selected per street per ward. In the households where people were not available, such households were by-passed. In instances, where the data collectors knocked on the gate and the residents of that particular household were not willing to participate in the survey, such

residents were not forced or coerced to participate, but instead, the next household was approached. One person was interviewed per household. The data collectors purposefully selected older people (above 18 years of age) based on the assumption that they had a better experience with the BCMM services.

The survey was anonymous, in that participants were not required to identify themselves or the constituents they represent. Participants were assured that their responses will be treated with outmost confidentiality, meaning that their responses were not going to be linked to the respondent. It is, therefore, assumed that the survey findings are a true reflection of the BCMM, customers who provided objective and honest responses without fear of being disadvantaged or hope of being advantaged by the BCMM for their responses.

A questionnaire with predominately closed-ended questions was developed and administered through face-to-face interviews.

T 2.11.1

Satisfaction Surveys Undertaken during: Year 2020/2021

Subject matter of survey: Customer Satisfaction Survey	Survey method: Quantitative Research Design utilising structured questionnaire, and analysis drawn from data collected from sampled amount of households, and Qualitative Research Design in obtaining views of BCMM Councillors, and Officials, through individual and Focus Group Interviews (This Survey Method applies to all the rows below)	Survey date: 2020/2021	No. of people included in survey: Sample of 734 Households	Survey results indicating satisfaction or better (%)*
Overall satisfaction with:				
(a) Municipality			734	23%

T2.11.2.

SUMMARISED AVERAGE SATISFACTION LEVELS PER SERVICE 2020/21

SERVICES	AT LEAST SATISFIED	NEUTRAL	AT LEAST DISATISFIED
1. INFRASTRUCTURE SERVICES	33%	14%	53%
2. REFUSE AND SANITATION	29%	14%	57%
5. DROUGHT AND DISASTERS	11%	21%	68%
6. MUNICIPAL PARKS, PLAYGROUNDS, SPORTS FIELDS AND STADIUMS	24%	32%	44%
7. CEMETRIES	24%	34%	42%
8. COMMUNITY HALLS	30%	30%	40%
9. LIBRARIES	25%	36%	39%
10. TRAFFIC SERVICES AND TRANSPORT	33%	41%	26%
11. LAW ENFORCEMENT	24%	35%	41%
12. HOUSING	25%	12%	63%
13. BUILDING PLAN AND LAND USE APPLICATIONS	14%	59%	27%
14. FINANCE SERVICES	9%	11%	80%
15. MUNICIPAL WORKERS	27%	35%	38%
16. COMMUNICATION	11%	21%	68%
17. LOCAL ECONOMIC DEVELOPMENT	21%	30%	49%
TOTAL	395%	484%	324%
AVERAGE SERVICE DELIVERY SATISFACTION	23%	27%	50%


T2.11.2.1

COMMENT ON SATISFACTION LEVELS

CONCLUSIONS ON CUSTOMER SATISFACTION OVERALL CUSTOMER SATISFACTION

The average level of satisfaction for the financial year 2020/21 was 23%. There was a slight increase in the level of satisfaction on roads, traffic, and transport services, compared to the 2016/17 financial year. Electricity, water, and housing services experienced more than half a decline in satisfaction levels. Electricity, water, and housing are very volatile to demand elasticity. A slight increase in the size of the population creates a sharp increase in the demand for these essential services. However, this increase in demand does not correlate with the increase in the budget allocation of the Metro. As noted by the Executive Mayor, the City is experiencing an influx of people coming from rural areas in search of jobs, education, and business opportunities. This increases the demand for water, electricity, and housing services in the City. Even though the satisfaction level shows a 44% decline from the 2016/17 financial year, it must be noted that three financial years have passed since the previous CSS was done. The time of conducting a CSS is an important factor in the perception level of people. New settlements have been established since the previous CSS. Recent events such as the outbreak of Covid-19 and its impact on the formation of new informal settlements, poor performance of the economy, and loss of jobs might have played a role in the negative perception of residents. Covid-19 has an impact on the working conditions of many companies. Like other companies, BCMM staff members are working on a rotational basis, without the full staff complement in the office to provide services to the public. This contributes to the slow pace of service delivery and the frustration of residents.

T2.11.2.2.



BUFFALO CITY METROPOLITAN MUNICIPALITY

ANNUAL REPORT

CHAPTER THREE

SERVICE DELIVERY PERFORMANCE
(PERFORMANCE REPORT PART I)

CHAPTER 3

SERVICE DELIVERY PERFORMANCE

(PERFORMANCE REPORT PART I)

COMPONENT A: BASIC SERVICES

INTRODUCTION TO BASIC SERVICES

ELECTRICITY

BCMM is responsible for electrification of formal RDP dwellings within the City's area of supply. Funding is provided for electrification through the Urban Settlement Development Grant (USDG), BCMM strives to provide universal access of electricity to all. In terms of the universal access policy a minimum supply of 20-amps is required, BCMM council undertook to provide a supply of 40-amp to all RDP dwellings. In terms of the program the electricity service is a subsidized service and residents are required to pay the approved subsidized connection fee for the service.

Council has taken a decision to waive the connection for indigent consumers, as many indigent consumers have difficulty in paying the subsidized fee.

The electrification backlog within the formal RDP housing sector is owing to new housing projects that are completed during the year, this number fluctuates between 1000 and 1500 which remain un-electrified for a short period of time. Electrification takes place once the housing project reaches 80% occupation rate. This is to ensure the safety of the electrical network which is prone to theft in unoccupied area.

Electrification of informal areas remains a priority of the City with the pace of electrification within informal areas being slow due to requirements set out in the Guidelines. BCMM visited the City of Cape Town who lead the way in terms of informal electrification. Based on this visit a new standard operating procedure has been approved and will be tested in the new financial year. As all relevant directorates input into the procedure and are aware of the role they play the implementation of the procedure should increase informal electrification.

The status quo remains in Eskom controlled licensed areas as the backlog is mainly due to extensions to already electrified villages, the main hindrance to electrification of these extensions is that many of them do not meet electrification guideline of having a layout plan.

WATER AND SANITATION SERVICES

The municipality infrastructure is under stress due to the rapid growth in urban centres and massive new developments in peri urban areas which require a higher level of service. BCMM as a Water Services Authority, dispenses water supply through internal capacity and the assistance in provision of bulk services for some areas by Amatola Water Board. In the recent years BCMM moved faster in providing water and sanitation services in informal settlements and rural areas in the interest of increasing access to basic services to all residents of the City.

The City's infrastructure investment is increasing year on year and expenditure shows the commitment in providing sustainable water services to our communities. Since 2015/16, more than R1 billion has been spent on water and sewer infrastructure. In 2020/21 alone, the City spent R281,311,113 replacing and installing new pipes, building new and maintaining existing reservoirs and pump stations, removal of alien vegetation, replacement of manholes and providing water services to customers in informal settlements and rural villages.

As the City continues to grow, large-scale investment in wastewater infrastructure is required to add capacity and keep up with the latest technology and treatment standards. The metro invested close to R810,928,409 in wastewater treatment works and bulk infrastructure since 2015/16. The municipality recently spent over R220 million to upgrade the Reeston Wastewater Treatment Works, in preparation for diversion of from the Central Wastewater Treatment Works to open development in Amalinda, Wilsonia, Reeston, and other adjacent areas. Similarly, the municipality will soon commission the newly upgraded Zwelitsha Wastewater Treatment Works, to open development in Qonce and surrounding areas.

In agreement with the City's residents needs, the metro invested close to R197,409,667 in various water meter replacement programmes, primarily aimed at ensuring that customers receive accurate readings. In terms of the bulk water supply network, about R457,128,090 has been spent since 2015/16, including some R84,166,020 in the financial year under review.

WASTE MANAGEMENT AND REFUSE REMOVAL

Solid Waste Directorate is one of the service delivery Directorates of the City. This Directorate provides waste management services to over 132,000 households and a significant number of businesses daily across the three regions of the City. This is to ensure that residents live in an environment that is not harmful to their health and that the aesthetics of the city are improved.

It is acknowledged that the City's waste management services and the state of cleanliness have been subjected to criticism. The Directorate has always been inundated with complaints on the growing rate of waste littering, illegal dumping of waste and filthy streets. The long distance from the waste service points to the City's Regional landfill site that serves mainly the Coastal and Midland Regions situated in Berlin as well as lack of transfer stations has been posing challenges for efficient waste services provision. This is particularly the case for the Coastal Region with the furthest service points of more than 50 kilometers away from the landfill site. This is posing challenges for the provision of efficient waste management service and further to this, this has negative impact on the condition of the City's refuse removal trucks.

In view of these challenges, the City has taken drastic steps towards ensuring a pleasant environment. To this extent, the city has initiated a process of reviewing its Integrated Waste Management Plan (IWMP) which is still undergoing consultation. The IWMP among others will ensure that waste is diverted from landfill sites (disposal) and advocate for waste beneficiation (e.g. recycling, composting etc.). The IWMP identifies the City's waste management challenges, priorities as well as goals for improved management of waste. It is a five-year plan which comprises of short-term, medium-term and long-term goals that seeks to address waste management challenges. It is imperative that the IWMP be robust in its approach and be able

to provide practical solutions to the day-to day & future challenges of the City in respect to waste management.

T3.0.1.

INTRODUCTION TO BASIC SERVICES

The municipality provides water services to its consumers, with Amatola Water Board supplying bulk water services to some parts of the municipality. The levels of service for water services are broken into two categories. Rural areas and households outside the urban edge are supplied with communal standpipes based on RDP standards. On the other hand, households situated in formal settlements within the urban edge are provided with full pressurised water supply from erf connections.

The municipality provides free basic water of 6 kilolitres to rural areas and urban informal settlements, and rebate for registered indigent consumers in urban formal areas. Approximately 99% of households have access to basic levels of water supply, including those that are residing in informal settlements.

The sewerage infrastructure throughout the municipality is generally in a fair to poor condition, with some catchments faced with inadequate conveyance and treatment capacity and aging infrastructure, resulting in periodic spillages into the river systems and environment in general. Approximately 96% of households have access to basic levels of sanitation services, with the backlog currently faced in rural areas and informal settlements in urban areas. Similarly, access to sanitation is divided into two categories, with full waterborne services in urban and some peri-urban settlements, and Ventilated Improved Pit-latrines (VIPs) provided in the rural areas.

Reticulated wastewater in urban areas is serviced by a network of 2,428 km, 95 sewerage pump stations, and 15 Wastewater Treatment Works. Due to the topology of the region, there is a number sewage pump stations and pipe bridges within the respective drainage regions, which place additional operation and maintenance challenges, with some areas faced with high levels of infrastructure vandalism, illegal electricity connections and cable theft.

T 3.1.0

3.1 WATER PROVISION

INTRODUCTION TO WATER PROVISION

The National Department of Water and Sanitation (DWS) is responsible for the availability, security, and sustainability of water services for municipalities. In committing to this constitutional mandate, the DWS has established the Amatola Water Supply System Reconciliation Strategy Steering Committee, which comprises of all the Water Services Authorities (WSAs) that are supplied water from Amatola Water Supply System. The

municipality gets some of its bulk water from Amatola Water Board, through an agreement between the municipality and the waterboard. Amatola Water System supplies approximately 84% and 67% to East London and Mdantsane areas respectively. The remainder is supplied from the Keiskamma System and the stand-alone underground water supply schemes.

The Amatole Water Supply System (AWSS) supplies domestic, industrial, and agricultural water to BCMM, as well as to parts of Ngqushwa and Amahlati Local Municipalities which form part of the Amathole District Municipality (ADM). The supply system comprises the following dams: Bridle Drift Dam, Gubu Dam, Laing Dam, Maden Dam, Nahoon Dam, Rooikrantz Dam and Wiggleswade Dam. The implementation of the Reconciliation Strategy is guided by the Strategy Steering Committee (SSC) comprising representatives of the Department of Water and Sanitation, BCMM, ADM, Amatola Water Board and other strategic partners. The municipality initiated an Effluent Re-use study that may provide an additional 20 megalitres of treated wastewater effluent into the system.

During the Blue Drop Certification last audit, with results published in 2014, BCMM received a score of 72% which is less than what is required to get certificate. This achieved score does not mean that the municipality water that is below the standard in terms of quality. The quality of the water supplied to our consumers is above 95% compliance, and the municipality has achieved 99% water quality compliance with national standards (SANS 241) in the past four financial years consecutively.

The levels of service for water services have been broken into two categories, with rural areas or households outside the urban edge and informal settlements supplied with communal standpipes based on RDP standard of access to water within 200-meter radius. Households situated within the urban edge are supplied with full pressurised water supply with erf connection.

The following were service delivery objectives for the period under review:

Description	Baseline	Target	Actual
% of households with access to basic level of water supply	98%	98%	99%
% compliance of water treatment works with SANS 241	≥95%	≥95%	98%
Reduction in non-revenue water	34%	30%	36,27%

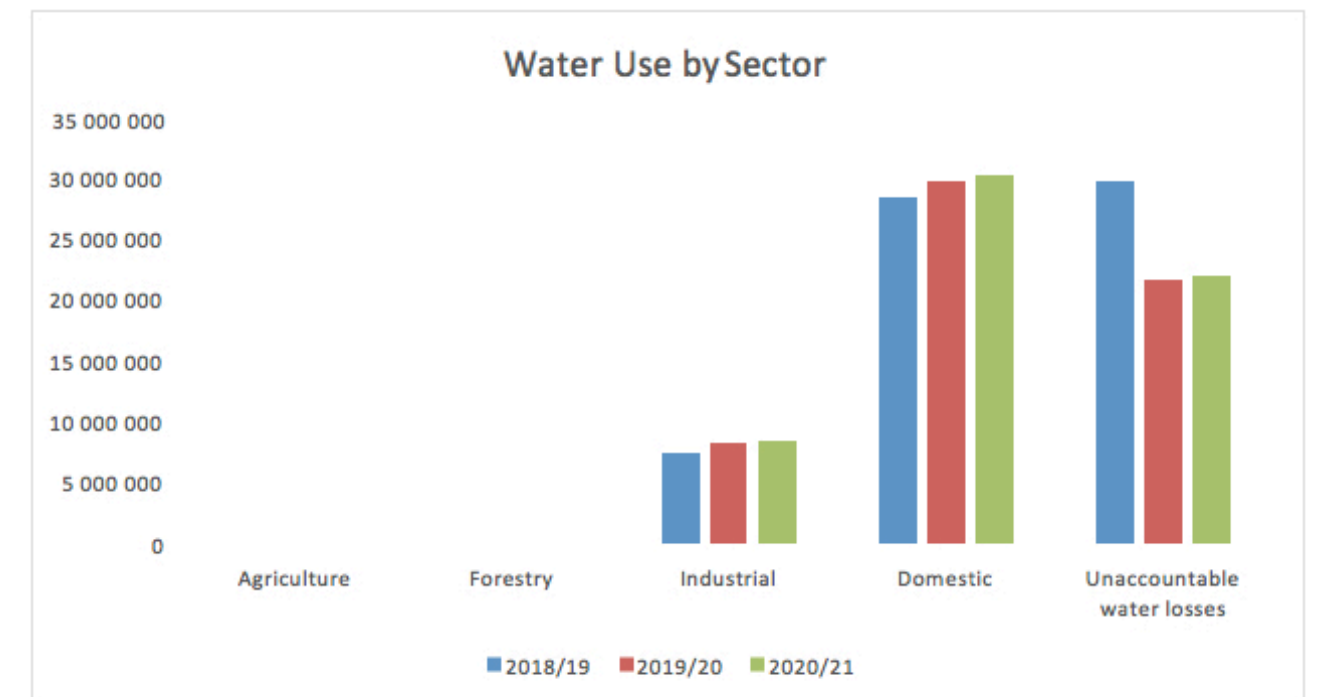
The municipality has prioritized water losses and Non-Revenue Water through implementation of pipe and water meter replacement programs. The municipality spent over R200 million in the last three financial years on pipe & meter replacement programme and has budgeted R24, 100,000 million in the mid-term budget and expenditure framework to continue with the programme. The programme includes replacement of old water meters and installation of advance remote smart meter reading system to reduce metering inaccuracies. Similarly, the municipality is currently in a process of upgrading its data acquisition and telemetry system to efficiently monitor water distribution and pumping systems remotely, to reduce water distribution losses.

The municipality also identified a few illegal water connections, particularly in the rural supply schemes to communities, and infrastructure vandalism is a major challenge. The municipality installed water service points to informal settlements to ensure access to water services. Communities together with Ward Councillors identify needs within informal settlements to which the municipality responds. Further to this, 250 (5 per ward) ward-based community members were employed to address leaks at standpipes and to undertake repairs on indigent households beyond the water metre. The municipality operates a 24-hour call centre every day, where service disruptions and/or complaints can be registered. Furthermore, complaints can be logged during office hours at the help desks of the various service centres.

T 3.1.1

Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
2018/19	0	0	7,429,316	28,339,939	29,566,499
2019/20	0	0	8,177,730	29,555,195	21,513,206
2020/21	0	0	8,322,397	30,016,670	21,818,438

T 3.1.2



T.3.1.2.1.

COMMENT ON WATER USE BY SECTOR

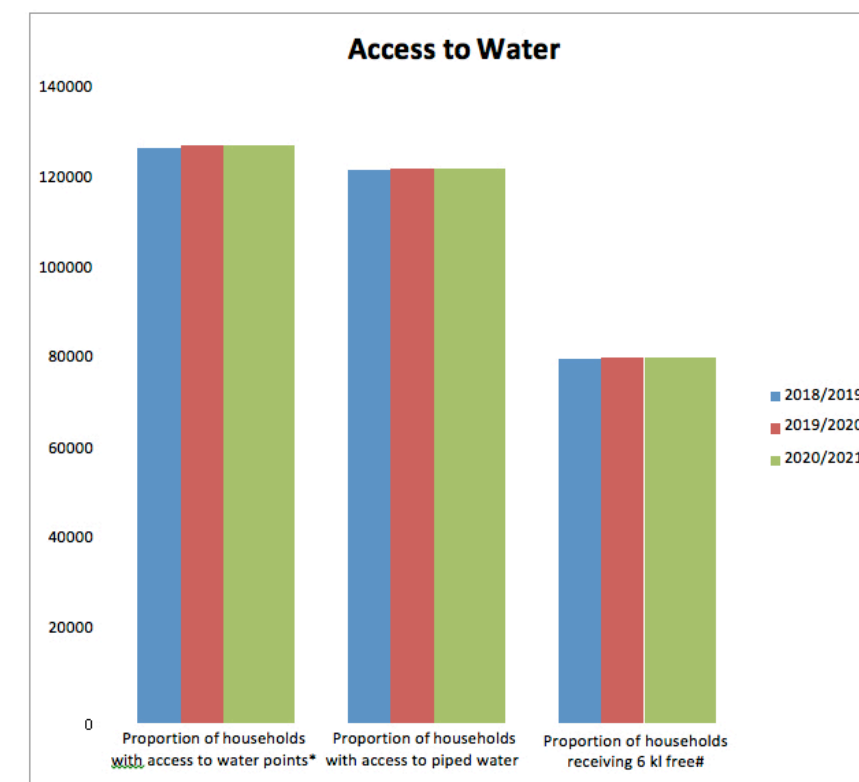
The Reconciliation Strategy determines the health of the Amatola Water Supply system yield and predicts the period the demand will surpass the available supplies. The municipality will need to augment its water resources by 2027 and implement an effective water demand management to ensure that the system is optimised. Currently, the system is adequate to meet the high growth projections until the said period. The metro has reliably provided water services to communities. A total volume supplied in the 2020/2021 financial year has decreased by a massive 1,486,425; adding to a previous two years saving of 3,405,507 kilolitres.

There are some 850 rural non-residential consumers units (i.e. schools, clinics, police stations sports facilities) within the municipality. These often have rudimentary standalone water supplies and generally have basic onsite dry sanitation facilities, which are not serviced by the municipality. No significant growth in the number of public institutions and dry industries are anticipated in the short to medium term, although proposed and/or planned developments have been submitted for approval by the city.

T 3.1.2.2

Water Service Delivery Levels Households				
Description	2017/18 Actual No.(000)	2018/19 Actual No.(000)	2019/20 Actual No.(000)	2020/21 Actual No.(000)
<u>Water:</u> (above min level)				
Piped water inside dwelling	118	122	122	122
Piped water inside yard (but not in dwelling)	-	-	-	-
Using public tap (within 200m from dwelling)	105	126	126	128
Other water supply (within 200m)	-	-	-	-
Minimum Service Level and Above sub-total	223	248	248	250
Minimum Service Level and Above Percentage	98%	98%	98%	99%
<u>Water:</u> (below min level)				
Using public tap (more than 200m from dwelling)	-	-	-	-
Other water supply (more than 200m from dwelling)	1	5	5	3
No water supply				
Below Minimum Service Level sub-total Below Minimum Service Level	2%	2%	2%	1%
Percentage Total number of households*	224	253	253	253
* - To include informal settlements				T 3.1.3

Households - Water Service Delivery Levels below the minimum Households						
Description	2017/18 Actual No.	2018/19 Actual No.	2019/20 Actual No.	2020/21 Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total households	118	122	122	122	122	122
Households below minimum service level	-	-	-	-	-	-
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
Informal Settlements						
Total households	105	126	126	128	128	128
Households below minimum service level	1	5	5	3	3	3
Proportion of households below minimum service level	1%	4%	4%	2%	2%	2%
T 3.1.4						



T3.1.5.

Water Service Policy Objectives Taken From IDP									
Service Objectives		Outline Service Targets		2019/20		2020/21		2021/22	2022/23
Service Indicators (i)	(ii)	Target	Actual	Target	Actual	Target	Actual	Target	
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)	
Service Objective xxx									
To ensure water supply systems in BCMM are compliant with Blue Drop Certification	Additional Households provided with minimum water supply during the year (Number of households (HHs) without supply at year end)	517 additional HHs (7 680 HHs outstanding)	517 additional HHs, (6 455 HHs outstanding)	517 additional HHs, (6 455 HHs outstanding)	500 additional HHs (6 972 HHs outstanding)	578 additional HHs, (5 877 HHs outstanding)	350 additional HHs (6 105 HHs outstanding)	500 additional HHs (5 605 HHs outstanding)	1000 additional HHs (4 605 HHs outstanding)
		Less than 12 Ints	4 Ints	4 Ints	Less than 12 Ints	4 Ints	Less than 4 Ints	Less than 4 Ints	Less than 4 Ints
		T5% (800 000 KLs)	36.31% (1586425 KLs)	T5% (800 000 KLs)	T5% (800 000 KLs)	36.27% (1486425 KLs)	T5% (800 000 KLs)	T5% (800 000 KLs)	T5% (800 000 KLs)
		Reduce unaccountable water levels compared to the baseline of Year -1 (xxx kilolitres (KLs) unaccounted for during the yr)	Reduce unaccountable water levels compared to the baseline of Year -1 (xxx kilolitres (KLs) unaccounted for during the yr)	Reduce unaccountable water levels compared to the baseline of Year -1 (xxx kilolitres (KLs) unaccounted for during the yr)	Reduce unaccountable water levels compared to the baseline of Year -1 (xxx kilolitres (KLs) unaccounted for during the yr)	Reduce unaccountable water levels compared to the baseline of Year -1 (xxx kilolitres (KLs) unaccounted for during the yr)	Reduce unaccountable water levels compared to the baseline of Year -1 (xxx kilolitres (KLs) unaccounted for during the yr)	Reduce unaccountable water levels compared to the baseline of Year -1 (xxx kilolitres (KLs) unaccounted for during the yr)	Reduce unaccountable water levels compared to the baseline of Year -1 (xxx kilolitres (KLs) unaccounted for during the yr)
T 3.1.6									

Employees: Water Services					
Job Level	Year 2019/2020	Year 2020/2021			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 – 3	149	146	134	12	8.22%
4 – 6	43	50	42	8	16%
7 – 9	34	43	39	4	9.30%
10 – 12	68	71	67	4	5.63%
13 – 15	12	12	12	0	0%
16 – 18	3	4	4	0	0%
19 – 20	0	0	0	0	0%
Total	309	326	298	28	8.59%
T 3.1.7					

Financial Performance 2020/2021: Water Services R'000					
Details	2019/2020	2020/2021			
	Actual	Original Budget	Adjustment Budget	Actual	Varian ce to Budget t
Total Operational Revenue	853 200	809 410	1 035 602	1 521 624	47%
Expenditure:					
Employees	150 482	143 707	148 781	148 781	3%
Repairs and Maintenance	40 555	39 967	35 650	35 550	-12%
Other	463 284	511 574	1 110 866	1 023 922	50%
Total Operational Expenditure	654 320	695 248	1 295 297	1 208 253	42%
Net Operational Expenditure	(198 880)	(114 162)	259 695	(313 371)	64%
T 3.1.8					

Capital Expenditure 2020/2021: Water Services						
R' 000						
Capital Projects	2020/2021					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	104 191	115 939	84 166	-24%		
AMAHLEKE WATER SUPPLY	–	2 508	2 508	100%	2 508	
WATER BACKLOGS	30 000	31 114	31 114	4%	31 114	
UPGRADE WATER NETWORKS	10 291	15 994	15 994	36%	15 994	
PIPE AND WATER METER REPLACEMENT IN MDANTSANE	5 000	5 000	5 000	0%	5 000	
PIPE AND WATER METER REPLACEMENT IN BISHO,KWT & DIMBAZA	8 400	8 400	7 248	-16%	8 400	
BULK MAINS-KWT & BHISHO INFRASTRUCTURE	30 000	30 000	–	0%	30 000	
DISTRIBUTION-AMAHLEKE WATER SUPPLY	3 000	–	–	0%	3 000	
PUMP STATION-PIPE AND WATER METER REPLACEMENT IN BISHO,KWT & DIMBAZA c/o	–	1 191	1 035	100%	1 191	
ALTERNATIVE W/SUPPLY - BULK MAINS c/o	–	1 752	1 752	100%	752	1
ALTERNATIVE W/SUPPLY - BULK MAINS	2 000	1 874	1 874	-7%	000	2
DAMS AND WEIRS-KWT & BISHO INFRASTRUCTURE	3 000	3 326	3 326	10%	000	3
RESERVOIRS- UPGRADE WATER NETWORK C/O	–	404	352	0%	–	
UMZONYANA DAM UPGRADE	5 00	6 608	6 608	24%	000	5
W/DEMAND MANGM - WATER CONSERV - PRV STA	2 000	2 268	2 268	12%	000	2
PIPE AND WATER METER REPLACEMENT IN EL	5 500	5 500	5 088	-8%	500	5
T 3.1.9						

COMMENT ON WATER SERVICES PERFORMANCE OVERALL

Water Supply Services performance targets and achievements for 2020/2021 Service Delivery Budget Implementation Plan (SDBIP) are as follows:

DESCRIPTION	BASELINE	TARGET	ACTUAL ACHIEVEMENT
% of households With access to basic Level of watersupply	98%	98%	99%
% compliance of Water treatment works With SANS 241	≥95%	≥95%	98%

Households receiving basic level of water supply services have increased from 98.6% (249 ,847 h/h) to 99% (250,530 h/h) which is 0.4% or 683 households in the year under review. Compliance of water treatment works with national water quality standards (SANS 241) is substantially above the target of 95%, sitting at 99%.

FOUR LARGEST CAPITAL PROGRAMME OR PROJECTS IMPLEMENTED IN 2020/2021.

Description	Details
Augmentation of Water Treatment capacity	Design and construction of additional sedimentation tank, upgrading of filters, augmentation of bulk water mains upgrading of BRPS and Mdantsane pump station.
Bulk Water Supply to Coastal areas)	Construction of bulk water supply, reservoirs and village reticulation to eradicate backlogs and augment water supply to coastal towns. A bulk water line connecting villages from Chalumna side to Umzonyana scheme is underway.
Amahleke Water Supply	Design and construction of an additional storage reservoir to provide a storage capacity of 36 hrs is completed. The second phase is expected in due course. To augment water supply to accommodate village extensions.
Bulk Water Provision- Replacement of existing infrastructure	Replacement of aging infrastructure to reduce bursts and installation of water meters (bulk & domestic) to reduce water losses.

To address the issues of water treatment works compliance, aging infrastructure, housing delivery and economic development the municipality has initiated a few projects, namely, augmentation of treatment capacity, Amahleke Water Supply, Newlands Water Supply, and bulk water supply to coastal areas.

To address water shortages in our Inland Region the Border Post Water Treatment Works project and augmentation of Cwengcwe Mxhalanga scheme was initiated. The variance in budget required for these projects is approximately R600 million.

The current Mid-Term Revenue and Expenditure Framework (MTREF) has a budget allocation as set out below.

Financial Year	Budget
2021 - 2022	R125,573,410
2022 - 2023	R172,480,485
2023 - 2024	R284,055,315
Total	R582,109,210

Water backlogs account for approximately 1% of the total municipal population. A budget of R350 million is required to eradicate water backlogs withing the municipality. The constrained budget allocation for operation and maintenance of water services result in frequent water supply breakdowns in the system; however, efforts are being made to address this challenge.

T 3.1.10

3.2. WASTEWATER (SANITATION) PROVISION INTRODUCTION TO SANITATION PROVISION

The municipality provides sanitation services to all its households in urban, peri-urban, and rural areas. It maintains a waterborne system as a minimum level of sanitation services to urban areas and peri-urban areas, either through a reticulation system, or through septic/conservancy tanks as on-site sanitation in some areas not yet reticulated.

Currently, the reticulated wastewater network is served by 15 wastewater treatment works, which include 5 Activated Sludge Systems, 5 Biological Trickling Filter Systems, 4 Ponds Systems, and a Marine Discharge System in Hood Point in the West Bank area. The municipality has a reticulation network of various pipe sizes, totalling 2,428 km, with 95 sewerage pump stations and rising mains in some areas.

The sewerage infrastructure throughout the municipality is generally in a fair to poor condition, with some catchments faced with inadequate conveyance and treatment capacity and aging infrastructure. Some of the wastewater treatment works have not received major refurbishments in the last 20 years, with mechanical and electrical equipment deteriorated to critical levels in some treatment works like Mdantsane, Potsdam, Berlin, and Central Wastewater Treatment Works.

Despite these challenges, the municipality invested significantly in wastewater infrastructure, through a programme of regionalization of wastewater treatment. Reeston Wastewater Treatment Works has recently been upgraded from a 2 megalitre treatment capacity to 10 megalitre capacity. This was done to allow for diversion of Central Wastewater Treatment Works to Reeston, as the municipality currently no longer approved development in the Central catchment areas due to overloading of the treatment works. Approximately R220 million has been spent in the last five years upgrading Reeston Wastewater Treatment Works.

Similarly, the municipality spent approximately R450 million thus far in upgrading of the Zwelitsha Wastewater Treatment Works to a regional wastewater treatment works. This is to allow for decommissioning of Schornville Wastewater Treatment Works, Bhisho, and Breidbach Ponds. The completion of upgrades in Zwelitsha treatment works will allow for the municipality to approve development in Qonce and surrounding areas that are currently faced with development moratorium due to inadequate bulk sewerage treatment infrastructure.

The municipality is currently conducting upgrading of Hood Point Marine Discharge Screening Station to allow for more treatment capacity for the developing West Bank area. The municipality has also awarded Environmental Authorization to construct a deep-sea marine outfall sewer of approximately 1.4 km in Hood Point, at an estimated construction cost of approximately R450. Similarly, the growing development in coastal areas like Kidds Beach, has forced the municipality to review existing masterplans for these coastal areas, as existing treatment technologies are not suitably designed for the current high growth rates.

The municipality is also reviewing policies and guidelines to try and regulate the uncontrolled

proliferation of septic/conservancy tanks in some of the rural and peri-urban areas around the main urban centres.

The City is also faced with high levels of infrastructure vandalism, illegal electricity connections, and cable theft in some areas. These challenges result in periodic spillages into the environment, with some prolonged spillages due to repeated vandalism and illegal electricity connections in other areas.

The proliferation of densely populated informal settlements in the urban areas that are located over wastewater sewers pose challenges in terms of deposit of foreign objects into the system, illegal sewer connections, frequent blockages, and inability of our maintenance teams to conduct repairs and maintenance effectively. The municipality is making plans to improve housing delivery in places like Duncan Village, Nompumelelo and surrounding areas, which is expected to provide relief from sewage overflows due to informal settlements and backyard dwellers.

The municipality developed a programme of provision of waterborne ablution facilities in informal settlements since 2010. Ablution facilities are delivered at a rate of approximately 60 toilet seats per annum. This translates to provision of approximately 600 households with access to sanitation services each year. This is based on the accepted empirical standard of each toilet seat providing access to at least 10 households in informal settlements. Most of these communal ablutions are provided with a Caretaker, responsible for day-to-day maintenance of these ablutions. To date the municipality has provided employment opportunities to approximately 500 Caretakers taken from communities where these ablutions are located. Caretakers are appointed under the Expanded Public Works Programme (EPWP) guidelines and principles, that require these appointments to be maintained to a maximum of 2 years.

However, the success of the programme of provision of ablution facilities in informal settlements is threatened by high levels of vandalism, illegal water connections that result in water supply not reaching the ablution facilities, and associated blockages and dysfunctional conditions of some as a consequence. Similarly, some communities illegally connect sewers, resulting in unnecessary blockages and sewage overflows within the communities.

The municipal minimum standard for sanitation services in rural areas is provision of Ventilated Improved Pit-latrines (VIPs). The municipality has provided approximately 57,715 VIPs since 2005. However, there is still approximately 5,285 households in rural areas without sanitation services. The municipality currently delivers approximately 3,200 VIPs each year, depending on budget allocation; it is estimated that this backlog will be eradicated in the next 2 - 3 years.

However, the municipality is also faced with the growing need to empty existing VIPs, particularly those over 10 years, as these are full or close to filling up in most communities. Faced with budgetary constraints, the municipality is currently unable to catch-up with this growing backlog; however, consideration is given to restructuring of budget in the short to mid-term period to address this challenge head-on.

Currently, approximately 96% of households have access to basic levels of sanitation services, with the 4% backlog faced mainly in rural areas and informal settlements in urban areas. The following are some of the main sanitation infrastructure provisions currently underway:

Description	Details
Upgrading of Zwelitsha Wastewater Treatment Works	Upgrading of Zwelitsha Wastewater Treatment Works to allow for decommission of Schornville, Bhisho, and Breidbach treatment works and diversion of flows to Zwelitsha.
Diversion of Sewage from Central WWTW to Reeston WWTW	Diversion of Central WWTW to Reeston WWTW, through construction of a 5 km long x 4 m diameter Sewer Tunnel. The works includes construction of a 400 m Tunnel Approach Section, 4.5 km Sewer Tunnel, Central Tunnel Shaft, and Tunnel Exit
Tunnel Diversion of Central Wastewater Treatment Works	Diversion of sewage flows from Central Wastewater Treatment Works to Reeston Wastewater Treatment Works through a 4.5 km long and 30 m deep sewage tunnel
Upgrading of Hood Point Marine Discharge	Upgrading of existing screening station, provision of primary sludge treatment facilities, and construction of a 1.4 km long deep sea marine discharge outfall sewer.
Upgrading of Mdantsane Wastewater Treatment Works	Upgrading of existing Inlet Works, Primary Settling Tanks, Biological Trickling Filters, and Provision of new perimeter fencing and guardhouse.
Upgrading of Eastern Beach Sewer	Provision of a parallel 1 m diameter pipeline from Esplanade Street to City Pump Station in Bats Caves.
Provision of Ablution Facilities in Informal Settlements	Provision of waterborne ablution facilities in informal settlements in the urban areas.
Sanitation Backlog Eradication	Provision of VIPs to eliminate rural sanitation backlogs.

The municipality made the following mid-term budget allocation to address IDP targets and bulk sanitation infrastructure challenges set out above:

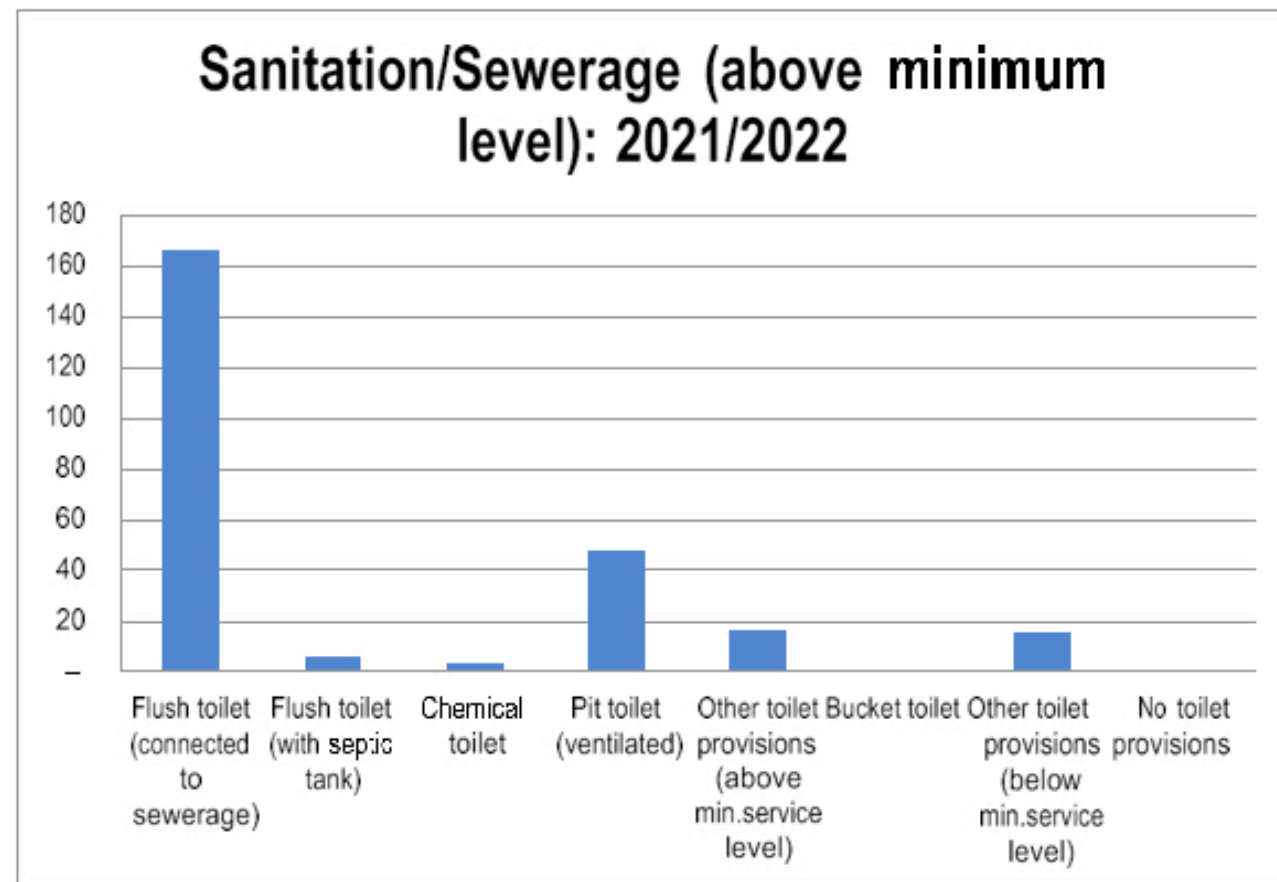
Financial Year	Budget
2021-2022	R320,376,378
2022-2023	R558,900,000
2023-2024	R623,679,622
Total	R1,502,956,000

In its Service Delivery and Budget Implementation Plan the municipality set the following as its performance target in sanitation services for the year under review:

Description	Target	Actual
% Compliance with wastewater treatment works effluent quality standards	>75%	79%
No households provided with access to basic level of sanitation service	3,000	3,268
Additional Service Points (Toilets) installed in informal settlements	60	107

The municipality received 2 Green Drop Certification for two of its wastewater treatment works during the last assessments conducted in 2013 by the National Department of Water and Sanitation. The municipality was the best performing municipality in the Eastern Cape at the time. The Department of Water and Sanitation has revived the Green Drop Certification system, with assessment scheduled for the last quarter of 2021.

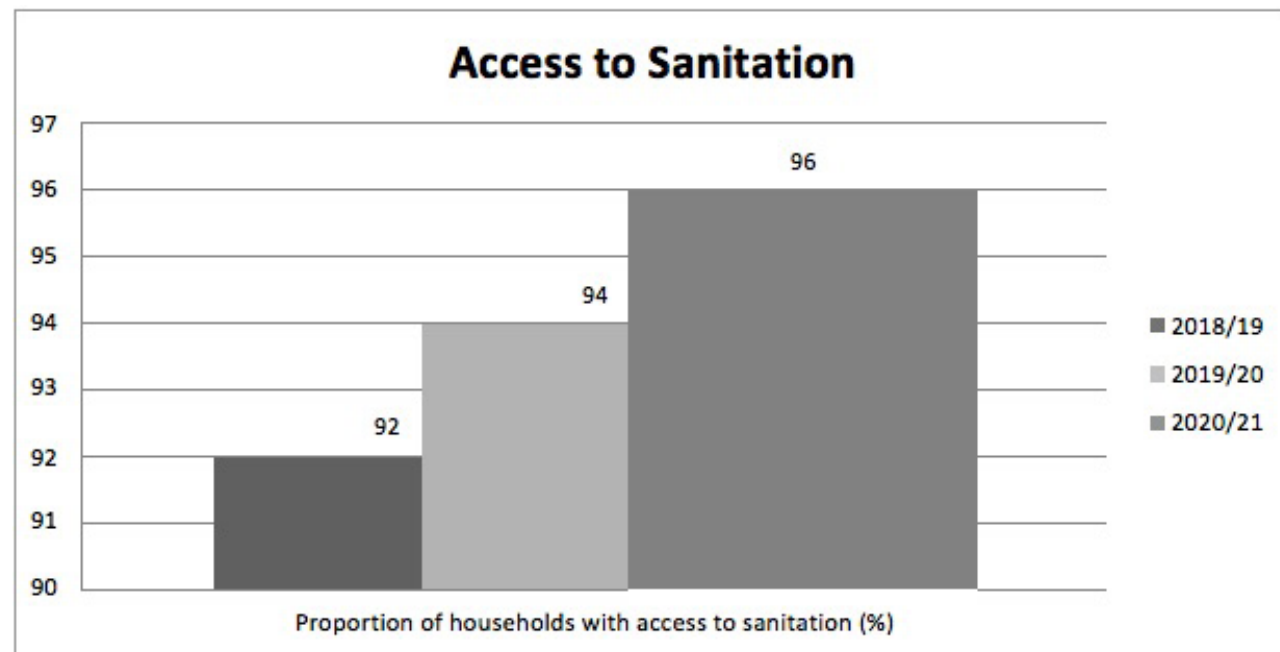
T 3.2.1



T3.2.2.

Description	2017/18 Outcome	2018/19 Outcome	2019/20 Outcome	2020/21 Actual
	No.(000)	No.(000)	No.(000)	No.(000)
<u>Sanitation/sewerage: (above minimum level)</u>				
Flush toilet (connected to sewerage)	159	176	166	166
Flush toilet (with septic tank)	5	5	5	5
Chemical toilet	4	4	4	4
Pit toilet (ventilated)	36	43	47	50
Other toilet provisions (unventilated pit toilets)	20	5	16	16
<i>Minimum Service Level and Above sub-total</i>	224	232	238	243
<i>Minimum Service Level and Above Percentage</i>	99,2%	91,7%	94,0%	95,8%
<u>Sanitation/sewerage: (below minimum level)</u>				
Bucket toilet	–	–	–	–
Other toilet provisions (below min.service level)	–	–	15	11
No toilet provisions	2	21	8	5
<i>Below Minimum Service Level sub-total</i>	2	21	15	11
<i>Below Minimum Service Level Percentage</i>	0,8%	8,3%	6,0%	4,2%
Total households	253	253	253	253
*Total number of households including informal settlements				T 3.2.3

Households - Sanitation Service Delivery Levels below the minimum Households (000)						
Description	2017/18	2018/19	2019/20	2020/21		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	224	232	235	243	243	243
Households below minimum service level	29	21	18	11	11	11
Proportion of households below minimum service level	0%	0%	0%	96%	96%	96%
Informal Settlements						
Total households	253	253	253	253	253	253
Households below minimum service level	43	35	30	11	11	11
Proportion of households below minimum service level	19%	14%	12%	4%	4%	4%
T 3.2.4						



Access to Sanitation	
	Proportion of households with access to sanitation (%)
2018/19	92%
2019/20	94%
2020/21	96%

T3.2.5.

Wastewater (Sanitation) Service Policy Objectives Taken From IDP											
Service Objectives		Outline Service Targets		2019/20		2020/21		2021/22		2022/23	
		Service Indicators (i)		(ii)		Target	Actual	Target		Actual	Target
*Previous Year (iii)	(iv)			*Previous Year (v)	*Current Year (vi)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)			
Service Objective xxx											
Provision of toilets within standard	Additional Households (HHs) provided with minimum sanitation during the year (Number of HHs remaining without minimum sanitation at year end)	6,049 additional HHs (5,467 HHs remaining)	5,934 additional HHs (15,000 HHs remaining)	5,934 additional HHs (15,000 HHs remaining)	5,934 additional HHs (15,000 HHs remaining)	4,671 additional HHs (10,646 HHs remaining)	4,671 additional HHs (10,646 HHs remaining)	4,671 additional HHs (10,646 HHs remaining)	3,200 additional HHs (7,446 HHs remaining)		
Flush Toilets		166,079	165,972	166,079	166,475	166,808	166,808	166,808	167,108		
Rural VIP Latrines		62,977	63,531	62,977	66,731	68,799	68,799	68,799	70,799		
Informal Settlement HH's serviced		5,030	5,170	5,030	5,770	6,840	6,840	6,840	6,900		
										T3.2.6	

Employees: Sanitation Services					
Job Level	Year 2019/2020	Year 2020/2021			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (asa % of total posts) %
0 - 3	258	256	234	22	8.59%
4 - 6	26	27	23	4	14.81%
7 - 9	44	64	56	8	12.50%
10 - 12	23	25	21	4	16.1%
13 - 15	7	11	11	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	358	383	345	38	9.92%

T 3.2.7

Financial Performance 2020/2021: Sanitation Services R'000					
Details	2019/2020	2020/2021			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	503 259	534 537	585 058	714 577	25%
Expenditure:					
Employees	125 668	35 664	135 396	135 396	74%
Repairs and Maintenance	40 935	34 963	35 738	40 935	15%
Other	210 743	373 531	285 923	233 938	-60%
Total Operational Expenditure	377 346	444 158	457 057	410 269	-8%
Net Operational Expenditure	(125 913)	(90 379)	(128 001)	(304 308)	70%

T 3.2.8

Capital Expenditure 2020/2021: Sanitation Services R' 000					
	2020/2021				
	Bud get	Adjust ment Budget	Actual Expend iture	Variance from original budget	Total Project Value
Capital Projects	272 800	287 841	80 295	- 240%	
Total All					
	3 000	3 381	3 381	11%	3 381
ABLUTION FACILITIES					
BERLIN SEWERS	5 000	-	-	0%	5 000
BERLIN SEWERS		4 897	4 897	100%	4 897
BISHO KWT & ZWELITSHA BULK REG SEWER SCHEME		43 847	43 847	100%	43 847
BISHO KWT & ZWELITSHA BULK REG SEWER SCHEME	55 000	-	-	0%	55 000
BISHO KWT & ZWELITSHA BULK REG SEWER SCHEME	30 000	-	-	0%	30 000
E/L SEWER DIVERSION : CENTRAL TO REESTON	170 800	-	-	0%	170 800
HOOD POINT MARINE OUTF SEWER & AUXILLIARY WORKS	5 000	-	-	0%	5 000
BISHO KWT & ZWELITSHA BULK REG SEWER SCH-PHASE 2 C/O		7 886	1 781	100%	7 886
BULK MAINS BISHO & KWT INFRASTRUCTURE C/O		465	-	0%	465
BISHO KWT & ZWELITSHA BULK REG SEWER SCHEME		30 000	-	0%	30 000
E/L SEWER DIVERSION : CENTRAL TO REESTON		170 800	3 079	100%	170 800
HOOD POINT MARINE OUTF SEWER & AUXILLIARY WORKS		4 764	4 764	100%	4 764
HOOD POINT MARINE OUTF SEWER & AUXILLIARY WORKS C/O		2 010	963	100%	2 010
EXTENSION OF SANITATION SERVICES MZAMOMHLE C/O		1 269	821	100%	1 269
MDANTSANE WASTEWATER TREATMENT WORKS	4 000	4 000	3 780	-6%	4 000
EAST BEACH GRAVITY SEWER UPGRADE c/o	-	2 190	2 124	100%	2 190
RETICULATION c/o	-	4 393	4 104	100%	4 393
WASTEWATER TREATMENT WORKS c/o	-	5 908	5 411	100%	5 908
UPGRADING OF LABORATORY c/o		2 032	1 344	100%	2 032
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					

T3.2.9

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

Currently, approximately 96% of households have access to basic levels of sanitation services, with the 4% backlog faced mainly in rural areas and informal settlements in urban areas. The following are some of the main sanitation infrastructure provisions currently underway:

Description	Details
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Provision of Ablution Facilities in Informal Settlements	Provision of waterborne ablution facilities in informal settlements in the urban areas.
Sanitation Backlog Eradication	Provision of VIPs to eliminate rural sanitation backlogs.

The municipality has made the following mid-term budget allocation to address the Integrated Development Plan (IDP) targets and bulk sanitation infrastructure challenges set out above:

Financial Year	Budget
2021 - 2022	R320,376,378
2022 - 2023	R558,900,000
2023 - 2024	R623,679,622
Total	R1,502,956,000

The municipality received 2 Green Drop Certification for two of its wastewater treatment works during the last assessments conducted in 2013 by the National Department of Water and Sanitation. The municipality was the best performing municipality in the Eastern Cape at the time. The Department of Water and Sanitation has revived the Green Drop Certification system, with assessment scheduled for the last quarter of 2021.

T3.2.10

3.3. ELECTRICITY INTRODUCTION TO ELECTRICITY

The role of the City’s Electricity and Energy Services is to ensure that the electrical services provided to Buffalo City’s 140,000 legal consumers is safe, effective and efficient ‘which complies with legal and statutory requirements.

The following levels and standards of Electricity Service are provided by BCMM within the urban edge and Eskom in the rural areas.

BCMM ELECTRIFICATION

FORMAL ELECTRIFICATION:

BCMM provides 40-amps service connections to all RDP dwellings which is above the national minimum standard of 20-amps required by the Department of Energy. A request was sent to the Human Settlements Directorate before the new financial year to identify housing projects that meet the DoE guidelines for electrification which requires that the housing project must be 80% complete and occupied.

INFORMAL ELECTRIFICATION:

In line with the council resolution, the Electricity and Energy Department electrified 900 informal dwellings; to effectively reduce electrical losses and other effects of illegal connections this program needs to increase in numbers.

BCMM has a growing population of informal dwellings due to migration of people from rural areas in search of employment opportunities resulting in people settling on open pieces of land which do not meet spatial planning requirements. This in turn leads to demands for electrification that cannot be met, which is usually done in a haphazard way because of how the dwellings are built, the density of the dwellings was well as a number of other issues.

The City recognizes that informal settlements are an urban reality, at least in the medium term, and will be the only form of housing available to many residents and have taken the decision to electrify areas that are compliant with the standard operating procedure and can be safely electrified.

Set out below are the basic requirement of the SOP:

The settlement should be close to existing infrastructure and is in a position where electrification is practicable and not encumbered by any of the following elements:

- Servitude
- Road or rail reserve
- Flood prone area
- Environmental issues
- Storm water retention or detention pond
- Private land
- Unstable land
- Any other health or safety hazard.

The settlement is stable and has a least a basic layout that has considered the elements above (i.e. there is no further growth or relocation planned for the foreseeable future).

Of the original 45,000 informal dwellings within the City needing electricity, the City’s Electricity and Energy Department electrified approximately 7,000 informal dwellings.

The remaining dwellings do not meet the original DoE guideline or have been ear-marked for de-densification or relocation, this poses a major risk for both the institution and residents living within these areas.

ESKOM ELECTRIFICATION

Eskom as with BCMM is responsible for universal access to electricity under the NERSA license issue to supply rural areas. Eskom has an electrification program which is funded by the Department of Minerals and Energy.

FREE BASIC ELECTRICITY

In ensuring that all households connected to the BCMM Electrical network have access to electricity and can benefit from the service provided indigent consumer are receive a monthly allocation of 50 free units.

A further benefit provided to indigent consumers that are connected to the electricity grid is the waiver of the subsidized service connection free and the connection is provided at no cost to the indigent consumer.

REVENUE PROTECTION

Since the exception of the smart metering project in 2017, the Electricity Revenue Protection Section have project managed the installation of some 16,719 smart meters which comprisesof 6,669 postpaid meters and 10,050 prepayment meters. The smart meter commissioning process has proved to be highly successful in resolving monthly billing issues previously being experienced by large power users and the two dedicated specialized electricians haveidentified some **R15,798,706** in billing irregularities which have now been resolved and the underbilling rectified on the financial back-end billing system.

Prepayment smart meter conversions has seen some 253 tampers/faulty meters being identified by the smart metering installation team and some R1,017,797 has been recovered in lost consumption and penalty charges. It is also noted that about +13,000 existing “non- purchasing” prepayment customers are being targeted for a smart meter installation and financial recoveries made where tampering or meter faults are found.

A breakdown of installed smart meters, per Region and per meter type is as follows:

REGION INSTALLED METERS	Post-Paid 6,669	Pre-Paid 10,050	Grand Total 16,719
REGION	Post-Paid	Pre-Paid	Grand Total
COASTAL	5,781	8,196	13,977
INLAND	640	1,813	2,453
MIDLANDS	248	41	289
Grand Total	6669	10050	16719
METER TYPE	Post-Paid	Pre-Paid	Grand Total
1 Phase	4,350	9,609	13,959
3 Phase Direct	1,304	441	1,745
CT	1,015		1,015
Grand Total	6,669	10,050	16,719

An analysis of Electricity kWh yearly sales shows that 77.84% of electricity income is derived from three customer tariffs, viz, our medium voltage large power users, our domestic prepayment customers and from low voltage large power user customer categories (as broken down in the table below).

It stands to reason that Revenue Protection activities are prioritised in these customer categories and some 1,206 meter inspections took place to try and check the escalationelectricity non-technical loss trend which is currently sitting at 17% of total sales for the 2020/21 financial period.

Table A: % kWh purchases per tariff category for 2020/21

Tariff Name	% of total kWh purchases
MV Large Power Users >=1MVA(TOU)	29.30%
Domestic prepay	25.32%
LV Large Power Users >= 80 KVA	23.22%
ELIDZ on peak	4.38%
Credit Small Power users >=50KVA	4.38%
Domestic Credit	3.33%
Prepay Indigent & Pensioners	2.63%
TOU 4B	2.51%
Street Lighting	2.31%
Prepay Small Power Users	1.76%
TOU 4A	0.64%
Prepay LPU	0.09%
Credit Indigent & Pensioners (Above 50KWH's)	0.08%
Sport fields lighting & schools	0.04%
Temporary & Itinerant	0.01%
TOU 4C	0.00%
SSEG	-0.0032%

It is also interesting to note that small scale embedded generation (SSEG) customers accounted for -0.0032% of total sales as BCMM is procuring the excess export energy from these customers. BCMM has also now increased the export SSEG tariff from -0.496c (ex VAT) /kWh to -0.86125c (ex VAT) / kWh to entice these high- end customers to remain grid connected and whereby both the customer and BCMM derive benefit from this green energy produced. This is an escalating market and BCMM is a proud that it is one of 35 municipalities which have implemented SSEG tariffs.

SALGA in conjunction with specialist tariff consulting partners, the GIZ and Ronaldo Consulting, have just selected BCMM, as one of two metros selected, to undergo a detailed cost of supply tariff study in order to implement corrected electricity supply tariff, per tariff category. This study will prove true distribution and transmission costs and will show that BCMM is willing to adapt in this highly specialized tariff design processes to suit both our social and economic climate and to hopefully bring some relief to our indigent customer base. It is also envisaged that this process will also introduce a new and much needed electricity wheeling tariff for new Independent Power Producers to supply BCMM customers with “green energy”.

Illegal electricity connections are still problematic for our service delivery program and the dedicated illegal electricity connections “raid” team spent about 1,170 hours removing illegal connections over 320 days. Unfortunately, this exercise is presently a reactive exercise and further staff resources is presently being motivated for more frequent removals to take place and arrests made.

During the year, twenty two arrests were made for non-ferrous theft incidents which took place on the electricity network and where BCMM incurred some R26.9 million in damages. Pleaserefer to the non-ferrous theft incidents summarized below:

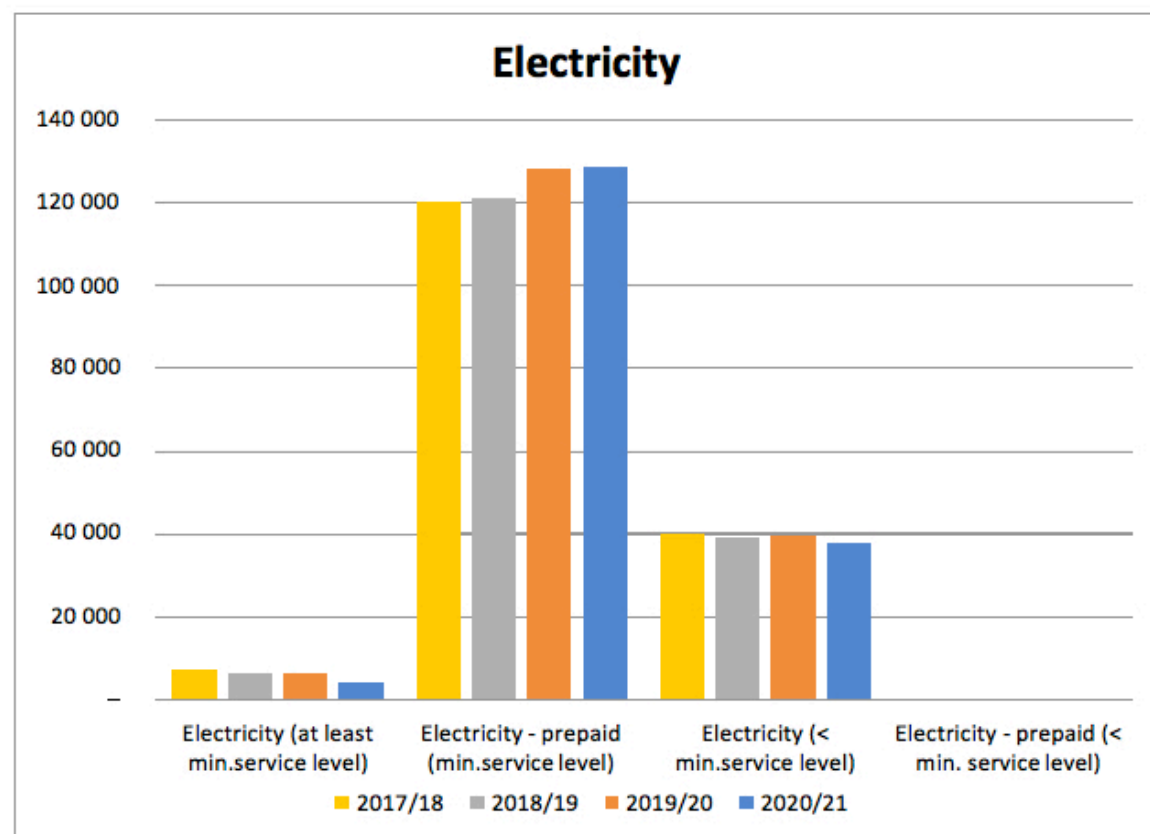
Summary - Network/Vandalism Cases (2020/21/22)

Description	Incidents	Rand Value
Equipment Damage due to Illegal Connections	54	R3,777,368
Substation Equipment Theft /Insurance Claims	19	R8,604,779
Theft of OHM conductor	228	R10,544,807
Total	301	R22,926,954

*A further R4,025,513 was spent in associated labor and vehicle costs in restoring network damages.

The escalating non-ferrous theft incidents is worrying and BCMM would like to take this opportunity to recognize the assistance we get from security companies operating within our area of supply. Their dedication to serve local communities, whose electricity supply service is negatively affected by non-ferrous theft, is applauded.

ELECTRICITY SERVICE DELIVERY LEVELS



T3.3.2

ELECTRICITY SERVICE DELIVERY LEVELS

Electricity Service Delivery Levels				
Description	2017/18	2018/19	2019/20	Households 2020/21
	Actual No.	Actual No.	Actual No.	Actual No.
Energy: (above minimum level)				
Electricity (at least min.service level)	7	6	6	4
Electricity - prepaid (min.service level)	120	121	128	129
<i>Minimum Service Level and Above sub-total</i>	127	127	134	132
<i>Minimum Service Level and Above Percentage</i>	76,0%	76,5%	77,2%	77,9%
Energy: (below minimum level)				
Electricity (< min.service level)	40	39	40	37
Electricity - prepaid (< min. service level)	-	-	-	-
Other energy sources	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	40	39	40	37
<i>Below Minimum Service Level Percentage</i>	24,0%	23,5%	22,8%	22,1%
Total number of households	167	166	174	170
				T 3.3.3

HOUSEHOLDS-ELECTRICITY SERVICES DELIVERY LEVELS BELOW THE MINIMUM

Households - Electricity Service Delivery Levels below the minimum						
Description	2017/18	2018/19	2019/20	2020/21		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total households	130	130	137	135	135	135
Households below minimum service level	3	3	3	2	2	2
Proportion of households below minimum service level	2%	2%	2%	1%	1%	1%
Informal Settlements						
Total households	45	45	45	45	45	45
Households below minimum service level	40	39	40	37	37	37
Proportion of households ts below minimum service level	89%	87%	88%	83%	83%	83%
						T 3.3.4

Electricity Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2019/2020		2020/2021		2021/2022		2023/2024	
		Target	Actual	Target	Actual	Target	Actual	Target	Actual
Service Indicators		*Previous Year		*Previous Year		*Current Year		*Current Year	*Following Year
		(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
(i)	(ii)								
Service Objective xxx									
Provision of minimum supply of electricity	Number of new RDP households supplied with electricity	1500	1560	1500	1000	1000	1000	1500 new electrical connections	1500 new electrical connections
Implementing lighting programme to ensure adequate lighting coverage	Number of new highmast lights installed	10	10	10	10	0 Due to non-performance of the appointed contractor 222 street lights were installed in new areas requiring street lights	10	10	10
									T 3.3.5

Employees: Electricity Services					
Job Level	Year 2019/2020	Year 2020/2021			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (asa % of total posts) %
0 – 3	92	102	92	10	9.80%
4 – 6	25	26	24	2	7.69%
7 – 9	40	41	39	2	4.88%
10 – 12	58	62	56	6	9.68%
13 – 15	5	6	5	1	16.66%
16 – 18	1	2	0	2	100%
19 – 20	0	1	1	0	0%
Total	221	240	217	23	9.58%
T 3.3.6					

Financial Performance 2020/2021: Electricity Services R'000					
Details	2019/2020	2020/2021			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	1 881 199	2 247 390	2 129 390	2 006 120	-12%
Expenditure:					
Employees	131 653	137 251	134 332	134 332	-2%
Repairs and Maintenance	121 531	123 888	125 103	125 003	1%
Other	1 873 801	2 138 888	2 086 868	1 999 533	-7%
Total Operational Expenditure	2 126 985	2 400 027	2 346 304	2 258 868	-6%
Net Operational Expenditure	245 786	152 636	216 914	252 748	40%
T 3.3.7					

Capital Expenditure 2020/2021: Electricity Services R' 000					
Capital Projects	2020/2021				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	120 877	128 403	124 127	3%	
BULK ELEC INFRAS UPGR (RING-FENCED 4%)	87 377	87 377	85 689	-2%	87 377
LV NETWORKS - RN=INLAND	500	–	–	0%	500
LV NETWORKS - RC=COASTAL	3 800	–	–	0%	3 800
LV NETWORKS - RC=COASTAL HIGHMAST	1 500	1 956	1 956	23%	1 956
STREETLIGHTING - WARD 12	3 000	14 592	14 592	79%	14 592
ELECTRIFICATION - INFORMAL DWELLING AREAS - BCMM	10 000	9 154	9 154	-9%	9 154
USDG ELECTRIFICATION PROGRAMME C/O		1 389	958	100%	1 389
ELECTRIFICATION - INFORMAL DWELLING AREAS - BCMM	6 000	6 000	4 649	-29%	6 000
LV NETWORKS - RN=INLAND	200	135	135	-48%	135
TOOLS AND EQUIPMENT (SPECIALISED VEHICLES)	750	750	696	-8%	750
BUILDING ALTERATIONS - BEACON BAY CIVIC CENTRE & OPERATIONS DEPOT	750	750	–	0%	750
ENERGY EFFICIENCY DEMAND SIDE MANAGEMENT PROGRAMME	000	6 300	6 300	-11%	6 300
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T 3.3.8					

COMMENT ON ELECTRICITY AND ENERGY SERVICES PERFORMANCE OVERALL:

STREET LIGHTING

Streetlight projects in Xhwasinja, Mzamomhle and retrofit were completed in the year under review:

STREETLIGHTING INSTALLATION



Amalinda Forrest



Amalinda Main Rd

NETWORK STABILITY/ ENHANCEMENT

The Electricity and Energy Department provides a service and is only able to install additional connections onto the network, when the network is reliable and has spare capacity. The electricity network in Buffalo City is currently in a fair condition and is improving owing to the capital investment injected into the system. There are still budget constraints, which force the Electricity Department to strictly prioritize on capital upgrading and replacement of the electrical network. The prioritization of capital projects is based on a number of issues which are then taken into account:

1. The Electrical Master Plan
2. The network performance over the previous year
3. The required upgrading needed to meet new consumer

The vandalism and theft of the network has huge consequences. The network had several power outages as well as poor quality of supply to electricity consumers due to the ongoing vandalism and theft. Due to a lack of Opex budget, the need to keep the power on over-rides the best plans and dictates that we have to replace substations and cables to ensure a continuous supply to the consumer.

The Electrical Master plan needs to be updated and will include a strategic capital reinvestment plan, with achievable goals. The investment plan will include the capital budget required to ensure network stability. The aim of the investment plan will be to normalize the network so Buffalo City does not experience further electrical failures, which would have a negative impact on the city's economic growth and the municipality's income.

The Electricity Department received R120 million in the 2020/2021 financial year for capital projects. The Electricity and Energy Department spent 93% of the budget implementing countless projects to ensure a safe, reliable, and efficient electrical network.

ACHIEVEMENTS 2020 - 2021

BULK ELECTRICITY INFRASTRUCTURE UPGRADE (Ring Fenced 4% of Revenue)

- Burnett Road Mini-Sub Upgrade
- Zwelitcha replacement of Mini-Sub 233
- Kings Mall Metered RMU replacement
- Checkers Amalinda metered RMU replacement
- Blue Rock Crushers metered RMU replacement
- ASPEN Pharmaceuticals Substation upgrade and metered RMU replacement.
- Switchgear replaced at the following Substations: (1) Humber Road. (2) Mobil. (3) Law Courts. (4) Buckingham Court. (5) The Perm. (6) Second Creek Pumpstation. (7) Church Hill Arms. (8) FM Tower. (9) Court Leigh Court.
- Sheffield Road Switch House Phase 2 was completed.
- Under frequency Load Shedding Panels installed.
- Load Control, Audit and Installation completed in the Main Substations.
- SCADA Setup and Switchhouse Links commissioned.
- West Bank to Woodbrook 132kV Line Insulators replacement
- 132kV Protection Infrastructure Upgrade Stafford / Progress / Stoneydift
- 132kV & 66kV Substation Infrastructure Upgrade
- Mdantsane and Inland SCADA Commissioning

ELECTRIFICATION

The Electricity Department received in the 2020/2021 financial year an amount of R17,3 million to install as indicated below 1,000 service connection to both formalized RDP dwellings and Informal dwellings meeting the minimum criteria.

FORMAL CONNECTIONS

AREA	ACTUAL ACHIVED
Infill Electrification	90
Potsdam Unit P	10

INFORMAL CONNECTIONS

AREA	ACTUAL ACHIVED
Xhwasinja	164
Mzamomhle Phase 3	576
Mzamomhle Phase 4	160

MZAMOMHLE INFORMAL ELECTRIFICATION



Ready board/Meter Installation on rails



Overhead Network



Transformer/ Network construction



Service Connection entering dwelling

XHWITINJA ELECTRIFICATION



MAJOR CHALLENGES IN ELECTRICITY

While the Electricity and Energy Services Department deals with a number of minor issues on a daily basis, there are three major issues that affect the Department's ability to provide effective services.

SERVICES AND REMEDIAL ACTIONS TAMPERING AND ILLEGAL CONNECTIONS

Buffalo City (East London in particular) is an urban economic hub. Migration from rural areas to the city results in an increase in informal settlements. Many informal settlement residents then make illegal electrical connections which has a negative impact on the revenue generated by the City's Electricity and Energy Department. Reduced revenue in turn has a roll on effect on the City's Capital and Maintenance Budgets.

In the 2020/2021 financial year the electrical losses increased to 22%, this is largely due to meter tampering and illegal connections.

These illegal connections have an impact on the viability of the Electricity Department to provide a safe, reliable, and efficient supply to our legal consumers.

This illegal act has also led to the death of numerous people.

BCMM can no longer accept the losses to the revenue that should be generated from electricity sales as it is affecting the viability of the electricity and energy department as well as the departments that are subsidized by the revenue.

The Electricity and Energy Services Department's Revenue Protection Unit continuously removes illegal connections. This action does not have the desired effect.

The only other option is for BCMM to implement a no tolerance policy and start implementing legal action against illegal connectors, specifically targeting perpetrators that are making a business of illegal connections, to reduce the impact on revenue, loss of life and maintenance budgets.

VANDALISM AND THEFT

During the year, there has been a substantial increase in vandalism and theft of the electrical network. This affects consumers in the areas where vandalism and theft takes place and specifically in industrial areas as it affects their production as well as our sales to them.

Vandalism and theft have a knock-on effect as funding required for essential capital and maintenance projects need to be diverted to repair and replace vandalized and stolen equipment.

Over 22 arrests have been made for non-ferrous theft incidents which took place on the electricity network and where BCMM incurred some R26.9 million in damages. Please refer to the non-ferrous theft incidents summarized below:

Summary - Network/Vandalism Cases (2020/21/22)

Description	Incidents	Rand Value
Equipment Damage due to Illegal Connections	54	R3,777,368
Substation Equipment Theft /Insurance Claims	19	R8,604,779
Theft of OHM conductor	228	R10,544,807
Total	301	R22,926,954

*A further R4,025,513 was spent in associated labor and vehicle costs in restoring network damages.

The escalating non-ferrous theft incidents is worrying and BCMM would like to take this opportunity to recognize the assistance received from security companies operating within our area of supply. Their dedication to serve local communities, whose electricity supply service is negatively affected by non-ferrous theft, is applauded.

ELECTRICITY BUDGETS

The budgets made available to the Electricity and Energy Services Department is being used as effectively as possible, considering the reduced budgets and the effect of vandalism and theft.

Additional capital and operational/maintenance funding is required to replace existing equipment which has pasted its normal working life span and then to maintain the new equipment as well as the old.

Additional funding would assist in ensuring that the quality of supply and service of electricity network remain at the required levels.

T3.3.9

3.4. WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTION, WASTE DISPOSAL, STREET CLEANING & RECYCLING)

INTRODUCTION TO WASTE MANAGEMENT

Solid Waste Department is one of the service delivery departments of the City. The Department provides waste management services to over 132,000 households and a significant number of businesses daily across the three (3) Regions of the City. This is to ensure that residents live in an environment that is not harmful to their health and that the aesthetics of the city are improved.

It is acknowledged that the City's waste management services and the state of cleanliness have been subjected to criticism. The Department has always been inundated with complaints on the growing rate of waste littering, illegal dumping of waste and filthy streets. The long distance from the waste service points to the City's Regional landfill site that serves mainly the Coastal and Midland Regions situated in Berlin as well as lack of transfer stations has been posing challenges for efficient waste services provision. This is particularly the case for the Coastal Region with the furthest service points of more than 50 kilometers away from the landfill site. This is posing challenges for the provision of efficient waste management service and further to this, this has negative impact on the condition of the City's refuse removal trucks.

In view of these challenges, the City has taken drastic steps towards ensuring a pleasant environment. To this extent, the city has initiated a process of reviewing its Integrated Waste Management Plan (IWMP) which is still undergoing consultation. The IWMP among others will ensure that waste is diverted from landfill sites (disposal) and advocate for waste beneficiation (e.g. recycling, composting etc.). The IWMP identifies the City's waste management challenges, priorities as well as goals for improved management of waste. It is a five-year plan which comprises of short-term, medium-term and long-term goals that seeks to address waste management challenges. It is imperative that the IWMP be robust in its approach and be able to provide practical solutions to the day-to day & future challenges of the City in respect to waste management.

Waste management activities and interventions undertaken are as follows:

- Mapping out of illegal dumps hotspots to prepare for the establishment of mini transfer stations at ward level in 2021/2022 financial year.
- Clustering of service areas for refuse removal in the residential areas to ensure optimal use of resources and also to prevent waste collection backlog.

The clustering has commenced in the Midland Region and Inland Regions are currently Coastal region is drawing lessons from them in order to improve their service model.

- The Department continues to distribute refuse bags regularly to households and implementing a weekly collection service as part of ensuring maximum cleanliness throughout the City.
- The City is reviewing its Waste Management by-laws in line with the IWMP. This will assist the City to better manage those who pollute the environment.
- The City has procured additional fleet in 2019/2020 financial year including 2020/2021 and has also budgeted for more fleet for 2021/2022 financial year in order to continuously improve on waste management service.
- The City has intensified its efforts for street cleaning, litter picking, gutter clearance, bush clearing etc through its Integrated Rapid Response Team (IRRT).
- The City has strengthened its waste minimisation programmes together with partners such as Border Kei Chamber of Business (BKCoB). This has further manifested itself through **Service Delivery on Fridays** wherein the Political Leadership together with the officials embark on an aggressive clean-up campaign in each identified area.
- The branding of Solid Waste vehicles in an effort to raise community awareness can further attest to the City's waste minimisation strategies.

TOP SERVICE DELIVERY PRIORITIES

- The City will strengthen its IRRT endeavours to ensure that the manner in which the service is provided is sustained.
- The City will ensure that on an annual basis the IWMP is reviewed.
- The City will establish 4 drop-off zones and recommission the Beacon Bay Garden transfer sites to be fully compliant and optimally operated in order to minimise illegal dumping
- The City will pilot a community-based service delivery platform in Southernwood, Quigney, Mdantsane and King Williams Town so that lessons can be learnt and applied throughout the city.
- The City will prioritise replacement of old fleet.
- In the Coastal region, the Department implemented a new collection model in November 2021. Through the gains/saving in efficiency, the City will be able to redirect resources in terms of savings to Duncan Village and Southernwood

PARTNERSHIPS

The City values the support provided by its partners such as the BKCoB and BCMDA who have been working jointly with the City to ensure cleanliness of strategic areas such as the entrances and exits of the City as well as the tourist attraction areas. BKCoB, BCMDA together with other private partners contributed in waste minimisation initiatives and education and awareness programmes. The City's Integrated Rapid Response Team was been set up in all three regions of the City with the purpose of among others, to ensure quality assurance of waste service provision, follow up on complaints as well as reinforcing services in problematic areas. The participation of the Expanded Public Works Programme (EPWP) participants in augmenting and complementing the City's cleaning programmes that ensures that waste services are delivered as mandated.

GARDEN TRANSFER STATIONS AND LANDFILL SITES

The City in the 2020/2021 financial year initiated works towards upgrading of two transfer stations in the Coastal Region i.e. Kaysers Beach and Kidds Beach. Work in these two facilities is at its advanced stage and adequate fleet for operations and management of these facilities were procured. The regional landfill site in Berlin was upgraded through the construction of two new cells, construction of a leachate treatment system as well as a waste sorting facility. The compliance of the site has been improved to more than 80%, however the matter of security in the City's waste facilities is a serious concern.

STREET LITTER BINS

In 2020/2021 financial year, the Department procured and installed 850 galvanised streetlitter bins across the three regions of the City. These receptacles will be further rolled out in the 2021/2022 financial year as they are budgeted for.

SERVICE DELIVERY FRIDAYS

While the City is in the process of providing the services and the necessary facilities, community outreach programmes are also carried out in the form of Service Delivery Fridays wherein officials and members of the community jointly engage in cleaning operations of identified open spaces. The City's executive members also participate in these initiatives. These programmes are accompanied by awareness raising campaigns to educate the communities about the importance of keeping their living spaces clean, discourage illegal dumping of waste and encourage waste minimisation initiatives.

T3.4.1.

SOLID WASTE SERVICE DELIVERY LEVELS

Households					
Description	2015/16	2016/17	2017/18	2018/19	2019/20
	Actual	Actual	Actual	Actual	Actual
	No.	No.	No.	No.	No.
Solid Waste Removal: (Minimum level)					
Removed at least once a week	138	143	127	149 551	157 391,872
Minimum Service Level and Above sub-total	138	143	127	149 551	157 391,872
Minimum Service Level and Above percentage	5.3%	6.3%	28.4%	98%	70,4%
Solid Waste Removal: (Below minimum level)					
Removed less frequently than once a week	N/A	N/A	N/A	N/A	2012,11
Using communal refuse dump	846	487	63	61 252	6 707,04
Using own refuse dump	547	565	205		46 949,28
Other rubbish disposal	952	938	17		3 129,95
No rubbish disposal	123	124	35		7 154,18
Below Minimum Service Level sub-total	2,468	2,113	320	320	65 952,56
Below Minimum Service Level percentage	94.7%	93.7%	71.6%	41%	29,6%
Total number of households	2,606	2,256	447	210 803	223 568
Total number of households	5 685	5 699	5 523	4 991	
			T 3.4.2		

HOUSEHOLDS - SOLID WASTE SERVICE DELIVERY LEVELS BELOW THE MINIMUM STANDARDS

Households - Solid Waste Service Delivery Levels below the minimum						
Description	2017/20218	2018/2019	2019/2020	Households		
	Actual	Actual	Actual	Origin al Budge t	Adjuste d Budget	Actua l
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	100 000	100 000	100 000	100 000	100 000	100 000
Households below minimum service level	25 000	25 000	25 000	25 000	25 000	25 000
Proportion of households below minimum service level	25%	25%	25%	25%	25%	25%
Informal Settlements						
Total households	100 000	100 000	100 000	100 000	100 000	100 000
Households ts below minimum service level	25 000	25 000	25 000	25 000	25 000	25 000
Proportion of households ts below minimum service level	25%	25%	25%	25%	25%	25%
				T 3.4.3		

Waste Management Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2019/2020		2020/2021		2021/2022	2022/2023		
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		Previous Year	Current Year		Current Year	Current Year	Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Provision of weekly collection service per household (HH)	% of known informal settlements with access to refuse removal	100%	100%	100%	100%	100%	100%	100%	100%
									T 3.4.4

Employees: Solid Waste Management Services					
Job Level	Year 2019/2020	Year 2020/2021			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (asa % of total posts) %
0 – 3	589	607	587	20	3.29%
4 – 6	47	42	31	11	26.19%
7 – 9	68	91	88	3	3.30%
10 - 12	13	12	12	0	0%
13 - 15	1	1	1	0	0%
16 - 18	3	3	3	0	0%
19 - 20	1	1	1	0	0%
Total	722	757	723	34	4.49%
T3.4.5					

Employees: Waste Disposal and Other Services					
Job Level	Year 2019/2020	Year 2020/2021			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 – 3	25	26	23	3	11.54%
4 – 6	8	8	8	0	0%
7 – 9	6	6	6	0	0%
10 - 12	3	3	3	0	0%
13 - 15	0	0	0	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
Total	43	44	41	3	6.82%
T3.4.6					

Financial Performance 2020/2021: Solid Waste Management Services R’000					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	232 450	645 480	645 485	528 500	4%
Expenditure:					
Employees	216 021	226 208	230 074	230 074	2%
Repairs and Maintenance	11 295	11 542	10 906	10 906	-6%
Other	276 130	96 835	182 513	167 421	42%
Total Operational Expenditure	503 446	334 585	423 493	408 400	18%
Net Operational Expenditure	53 213	(146 060)	(62 152)	(92 127)	-59%
T 3.4.7					

Financial Performance 2020/2021: Waste Disposal and Other Services R’000					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	2 781	6 937	6 937	2 108	-229%
Expenditure:					
Employees	16 388	16 898	17 402	17 402	3%
Repairs and Maintenance	–	149	0	0	- 149235990 0%
Other	28 441	29 596	37 437	37 411	21%
Total Operational Expenditure	44 828	46 644	54 839	54 813	15%
Net Operational Expenditure	42 047	39 707	47 902	52 705	25%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.4.8					

Capital Expenditure 2020/2021: Waste Management Services				R' 000	
Capital Projects	2020/21				
	Budget	Adjustmen t Budget	Actual Expenditur e	Variance from original budget	Total Project Value
Total All	11 510	61 712	44 246	74%	
OFFICE FURN & EQUIPMENT (DIRECTORATE)	250	250	198	0%	250
BCM FLEET - SOLID WASTE FLEET AND PLANT	10 860	24 437	24 437	0%	24 437
PURCHASE OF BULK CONTAINERS WITH REMOVAL VEHICLES	–	225	225	0%	225
BCM FLEET - SOLID WASTE FLEET AND PLANT c/o	–	9 262	4 629	0%	9 262
GALVANISED STREET LITTER BINS (CBDS) c/o	–	2 931	2 721	100%	2 931
METAL SKIPS c/o	–	5 000	489	100%	5 000
GUARD HOUSE ABLUTION FACILIT & OFFICES	400	400	186	-115%	400
TRANSFER STATION C/O	–	19 207	11 362	100%	19 207
Total project value represents the estimated cost of the project on approval by council (including past and future expenditureas appropriate.					
T 3.4.9					

COMMENT ON WASTE MANAGEMENT SERVICE OVERALL

The City has procured additional fleet in 2019/2020 financial year including 2020/2021 and has also budgeted for more fleet for 2021/2022 financial year in order to continuously improve on waste management service. In addition to this, the City has intensified its efforts for street cleaning, litter picking, gutter clearance, bush clearing etc through its Integrated Rapid Response Team (IRRRT). The City strengthened its waste minimisation programmes together with partners such as BKCoB. This is manifested through **Service Delivery on Fridays** wherein the Political Leadership together with the officials embark on an aggressive clean-up campaign in identified areas.

Two cost recovery buy back centres have been established in the City through the call to action programme in partnership with BKCoB.

LARGEST CAPITAL PROJECTS

- Rehabilitate Beacon Bay, Kidds Beach and Kaysers Beach garden transfer stations.
- Procurement of additional fleet (yellow plant) to be less reliant on hired fleet in terms of cost savings and at the same time improving access to services

T 3.4.10

3.5. INTRODUCTION TO HOUSING

Section 26(1) of the Constitution, on Housing states that:

- 1) Everyone has a right to have access to adequate housing.
- 2) The state must take reasonable legislative and other measures within its available resources, to achieve the progressive realisation of this right.

3) No one may be evicted from their home, or have their home demolished, without an order of court made after considering all the relevant circumstances. No legislation may permit arbitrary evictions.

BCMM undertakes to prioritise housing and related services targets, identify and designate land for human settlements development, initiate, co-ordinate, facilitate, promote and enable appropriate human settlements development as mandated by the Constitution of the Republic of South Africa. The BCMM Human Settlements Directorate also undertakes to take steps to ensure that residents have access to sustainable housing on a progressive basis. Furthermore, it ensures that the environment in which residents are living in is of a good quality of life with good health and safety standards.

The sustainable development of affordable and well-located rental and social housing stock for the urbanising, rapidly growing, mobile (migrant) and urban population within inner city and other locations close to economic opportunities is a priority. It should be noted that a major challenge for the City has been a lack of abundantly well-located and affordable land for human settlement creation.

BCMM is required to have land acquisition strategy in place. Public land is vested in the state and it has proven to be a cumbersome exercise to access state land as compared to accessing privately owned land. Typical example is the land in Reeston that will yield 66 housing units. The municipality has been battling to get the land released to the municipality by the State.

Acquisition for more land by BCMM needs to be prioritized. Land release is further impeded by various pieces of legislation and legal procedures related to the alienation of land, the difficulties in accessing state-owned land and the constitutional imperatives impacting on the acquisition of private land.

Responding to this challenge, BCMM engaged the Housing Development Agency (HDA)and entered into a protocol agreement that will yield land release and acquisition. During November 2013, the protocol agreement between BCMM and HDA was signed. However, interventions need to be made to improve the relationship between the two government institutions for the agreement to yield positive results.

The slow pace of land release and or transfer of ownership to BCMM is taking longer than anticipated. These challenges caused delays in the desired pace to upgrade informal settlements through provision of full serviced sites and building of adequate housing for homeless, destitute citizen and backyard dwellers of BCMM. There is an urgent need to unlock all land parcels to improve service delivery.

The City needs a paradigm shift in providing mostly houses to the household families whoare residing in informal settlements. This created animosity between households who are residing in back yard shacks and to those who are blue card holders. The City's Human Settlements Directorate has undertaken to change its strategy by attempting to strike a balance in providing houses to informal settlement's household families; those who are residing in back yard shacks; and to blue card holders.

The City has ± 108,000 prospective beneficiaries that are expressed in the National Housing Needs Register (NHNR). In respect of informal settlements, BCMM has ±68,000 households who are residing in informal settlements. The Directorate of Human Settlements, Spatial Planning and Development and Infrastructural Services Directorates work hand in hand in respect Informal Settlements Upgrading Programme (ISUP).

The Directorate of Human Settlements serviced delivery is measured according to the number of top structures completed, number of fully serviced sites provided with water and sanitation and number of beneficiaries registered for housing opportunities.

In the financial year 2020/2021, the Directorate had completed 468 top structures, 414 internal services and 1,714 beneficiaries were registered in the National Housing Needs Register (NHNR). NHNR is the planning tool that the Directorate of Human Settlements is using when planning for human settlements development for future projects. The City's Human Settlements Directorate conducted 10 Housing Consumer Education sessions in the metro's wards as an attempt to educate prospective beneficiaries about all human settlement programmes and policies in terms of qualification criteria and about the processes that lead to the ownership, management and maintenance of a house. The Beneficiary Administration Unit is continuing beneficiary registration in all Provincial Human Settlements approved projects (Housing Subsidy Scheme) HSS.

Furthermore, the guide and road map in terms of human settlements goals, the Integrated Sustainable Human Settlement Plan (ISHSP) was submitted to all three committees of Council for consideration and approval. It was subsequently approved and adopted by council in June 2019. The ISHSP was developed to be a human settlements blue print and guide in implementing different projects within the metro. Furthermore, the Integrated Sustainable Human Settlement Plan is an overarching plan that integrates a strategy to deliver a variety of types of accommodation within the framework of infrastructure, transport, economic and social development and initiatives as prioritised and spatially defined.

The execution of the ISHSP requires the classification of various projects, plans and their objectives. In order to meet the objectives of these projects there needs to be funding allocated by the appropriate funding bodies, which are set up either within the municipal structures, or at provincial or at national level. The ISHSP then undertakes the role of defining broadly the nature and cost of capital investments necessary for the implementation of the ISHSP.

During 2020/2021 financial year the Directorate of Human Settlements managed to complete 468 top structures in the following projects:

Quarter 1	Quarter 2	Quarter 3	Quarter 4
Mdantsane Cluster 1 = 32 Fynboss = 68	Mdantsane Cluster 1 = 30 Fynboss = 11	Potsdam Ikhwezi = 23 Mdantsane Cluster 1 = 150	Dacawa = 58 Potsdam Ikhwezi = 96

100	sites	41	sites	173	sites	154	sites
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In the list given above, the following were classified as high priority housing projects:

Mdantsane Cluster 1: 212
Potsdam Village : 96
Fynboss : 79
Dacawa : 58

As part of de-densification of informal settlement in particular in Duncan Village, 462 sites fully serviced relocation area under ground piped water and sanitation, tarred roads including associated stormwater and temporary units were constructed at Mdantsane near Reeston chicken farm. To date about 180 of the built temporary units were occupied by the beneficiaries largely from Duncan Village informal settlement.

Again 2,034 sites at Ziphunzana by-pass are under construction for water, paved roads and sanitation. Upon completion beneficiaries from Duncan Village will be temporarily housed at this TRA with a view of making space for construction where they used to reside. They will only come back once the areas has been formalised.

IMPACT

The progress made in providing 468 top structures and 414 serviced sites has major impact on the programme of moving from dense & health hazardous informal settlements where there are currently sharing ablution facilities and further expose people to numerous opportunistic diseases. The relocation of people to individual serviced sites also helps in reducing fire disasters that leave people destitute having lost lives and their belongings. It further creates space for construction of permanent houses in areas where people were evacuated. At estimated number of four (5) people per household, construction of 468 housing units/ top structures in the 2020/21 financial year has provided access to decent housing with water and sanitation to 2,340 people in the Metro's area of jurisdiction, that used to reside under stressful living conditions.

During construction of internal services and houses, social economic activities made a major impact on people's lives. 586 job opportunities were created, skills were developed and 30% of work was allocated to small medium micro enterprises that needed an opportunity to develop their businesses to high grading in terms of Construction Industry Board, which is required for further consideration for project award.

It is expected that Provincial & National Government Departments will now provide other crucial community services such as police stations, clinics, schools etc, which are much needed by communities.

T.3.5.1

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in informal settlements
2017/18	733,000	589,000	80,4%
2018/19	172,576	112,576	65,2%
2019/20	219,281	114,995	52,4%
2020/21	223,568	162,068	72,4%
			T3.5.2

Housing Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2019/20		2020/21			2021/22	2022/23	
		Target	Actual	Target	*Current Year	Actual	Target	*Current Year	*Following Year
Service Indicators		*Previous Year		*Previous Year			*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
To promote an integrated spatial form	Number of subsidised housing units completed	435	123	435	400	468	n/a	n/a	n/a
To promote an integrated spatial form	Number of formal sites serviced	940	671	940	700	414	n/a	n/a	n/a
Housing Developments located in quality environments and close to economic opportunities	Number of beneficiaries registered for housing opportunities	2010	2285	2010	1600	1714	n/a	n/a	n/a
									T3.5.3

Housing Service Policy Objectives Taken From IDP										
Service Objectives		Outline Service Targets	2019/20		2020/21		2021/22	2022/23		
			Target	Actual	Target	Actual I	Target			
Service Indicators	(i)		(ii)	*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	*Current Year (vii)	*Current Year (ix)	
Service Objective										
To promote an integrated spatial form		Number of subsidised housing units completed	435	123	435	400	468	n/a	n/a	
To promote an integrated spatial form		Number of formal sites serviced	940	671	940	700	414	n/a	n/a	
Housing Developments located in quality environments and close to economic opportunities		Number of beneficiaries registered for housing opportunities	2010	2285	2010	1600	1714	n/a	n/a	
										T3.5.3

Financial Performance Year 2020/2021: Housing Services R'000					
Details	Year -2019/2020	Year 2020/2021			
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	50,145	81,371	153,712	738	-10,933%
Expenditure:					
Employees	31,947	35,778	36,306	36,306	1%
Repairs and Maintenance	555	485	485	485	0%
Other	13,064	359,818	161,412	7,385	-4,772%
Total Operational Expenditure	45,567	396,081	198,203	44,176	-797%
Net Operational Expenditure	(4,579)	314,710	44,491	43,439	-624%
T 3.5.5					

Capital Expenditure Year2020/2021: Housing Services R' 000

Capital Projects	Year2020/2021				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	311,993	478,316	468,583	33%	
Office Furniture and Equipment (Directorate)	500	500	493	-1%	500
Boxwood Project	20,000	16,304	16,304	0%	20,000
D- Hostel	10,000	1,014	1,014	0%	10,000
C Section and Triangular Site	12,000	387	387	0%	12,000
N2 Road Reserve	5,000	3,389	3,389	0%	5,000
Xhwitinja C/O	–	300	–	0%	–
Breigbach Services Project- Water	3,000	3,000	3,000	0%	3,000
Ginsberg- Water	500	475	475	0%	500
Nondula C/O	–	100	100	0%	–
Majarantiyeni C/O	–	200	–	0%	-
Ford Msimango	7,000	3,132	3,132	0%	7,000
Covid 19 Special Clinics (Parkhomes)	3,000	6,795	6,795	56%	3,000
Dimbaza Shuter Houses	2,000	2,664	2,645	24%	2,000
Dimbaza Blind	4,500	3,626	3,626	0%	4,500
Erf 271 Summerpride C/O	–	805	–	0%	–
Phakamisa Sewers	3,000	1,765	1,765	0%	3,000
Reeston Phase 3 Stage 3	500	200	–	0%	500
Mzamomhle Peoples Housing Process C/O	–	23,992	23,992	100%	–
Phakamisa South	11,500	20,643	20,643	44%	11,500
Lilyvale Roads	5,000	3,466	3,466	0%	5,000
Reeston Phase 3 Stage 2	25,000	29,064	29,064	14%	25,000
Potsdam Ikhwezi Block 1	10,000	3,303	3,303	0%	10,000
Purchase of land parcels- Haven Hills	–	12,254	12,254	100%	–
Potsdam North Kanana	5,000	2,174	2,174	0%	5,000
Ilitha North 177 Units	9,950	24,091	24,091	59%	9,950
Duncan Village Proper	5,000	1,952	1,952	0%	5,000
Mdantsane Zone 18 CC Phase 2	25,000	31,294	31,294	20%	25,000
Amalinda Co- Op	5,000	8,587	8,587	42%	5,000
Cluster 1	15,000	36,597	36,597	59%	15,000
Cluster 2	20,000	36,634	36,549	45%	20,000
Ziphunzana Bypass Relocation Site (TRA's) C/O	–	34,411	34,411	100%	–
Block Yard TRA	1,500	1,250	–	0%	1,500
Braelyn Ext 10	2,000	3,793	3,793	47%	2,000
Tyutyu Phase 3	8,771	15,252	15,252	42%	8,771
Westbank Restitution	30,550	2,000	765	0%	30,550
Mdantsane Erf 81, 87 & 88 Relocation Area	–	37,804	37,804	100%	–
Mdantsane Erf 81, 87 & 88 Relocation Site	4,750	75,656	75,656	94%	4,750
Mdantsane Erf 81, 87 & 88 Relocation Site Units C/O	–	2,188	2,188	100%	–
Cluster 3 Fynbos Ndancama C/O	–	9,271	3,639	100%	–
Fynbos C/O	–	17,984	17,984	100%	–
T 3.5.6					

COMMENT ON THE PERFORMANCE OF THE HUMAN SETTLEMENTS SERVICE OVERALL:

There are ± 68,000 informal settlement structures located in more than 154 informal settlements within the BCMM Urban Edge. The City is in the prcess of procuring a service provider for Informal Settlement Study Review. The review will asist BCMM for planning and budgeting purposes. The highest density and number of informal settlement structures is located in Duncan Village. The current data reading back yard shacks is ± 40,000 in BCMM, with the highest numbers being in the greater East London area and the Mdantsane and Potsdam area. The City's Directorate of Human Settlements will budget for a study that will review the data of back yard shacks.

The City is currently involved in the following priority housing programmes:

- Emergency housing programme; assisting ECDohS which is the leading stakeholder.
- Upgrading of informal settlement programme
- Rural housing subsidy programme
- Project linked subsidy programme
- Disposal of municipal housing stock (discount benefit scheme);
- Social Housing support programme and Consumer Educaiton
- Beneficiary Administration
- Policy Development to facilate improved service delivery

The BCMM Human Settlements Directoirate has a function to accommodate all residents, presently residing in informal settlements, in formal housing through an incremental process. This will result in those currently receiving a sub-economic RDP level of service, receiving full level of RDP or higher level of services.

However, owing to the extent of the housing to be delivered and the income levels of the beneficiaries, the impact of this housing programme will be significant both in terms of land acquisition, state land transfer, water / sanitation services provisions (extent of infrastructure required to support such development) and the sustainability of the Municipality in maintaining such services (most beneficiaries of the housing programme will more than likely not be able to afford the higher levels of service). Various housing projects were implemented within the metro with the support of the Eastern Cape Department of Human Settlements implementing some of the projects within our jurisdiction.

These projects are geographically scattered in the following areas:

- East London
- Mdantsane
- Reeston
- Potsdam
- King William's Town
- Rural Areas

BCMM engaged the National Department of Human Settlements to assist the municipality in accelerating the eradication of informal settlements. The National Department of Human Settlements has made a budget available for Informal Settlements Upgrading. Informal Settlements Upgrading therefore means changing the status of illegal structures into some form legality, and by so doing, it alleviates the housing statistics. Furthermore, upgrading also requires the recognition of the following three conditions: 1) The property rights 2) The Property values and 3) The physical characteristics of the basic assets and their impact on each other. Over and above the legal perspective of upgrading, it usually addresses the issue of unavailability or improvement of infrastructural services.

OVERVIEW ON HUMAN SETTLEMENTS SERVICE DELIVERY

Despite the challenges of staff deficit that deliver in full swing in various programmes that aiming improving lives of people residing in informal settlements, the City's Human Settlements Directorate continues impacting lives of people.

BCMM is proud to confirm that the interspherical agreement with National & Provincial Department of Human Settlements continues showing good results in speeding up service delivery in the City. This agreement levelled the ground for an implementation protocol agreement to be concluded with Housing Development Agency to play the role of a Programme Manager for Duncan Village and an Implementing Agent role in projects taking place outside Duncan Village.

There are efforts aimed at improving the Human Settlements' Directorate lack of adequate capacity to deliver at larger scale and meet Medium Strategic Frame work goal, the intention is to have a fully capacitated team and improve work systems, clear standard operating procedure etc.

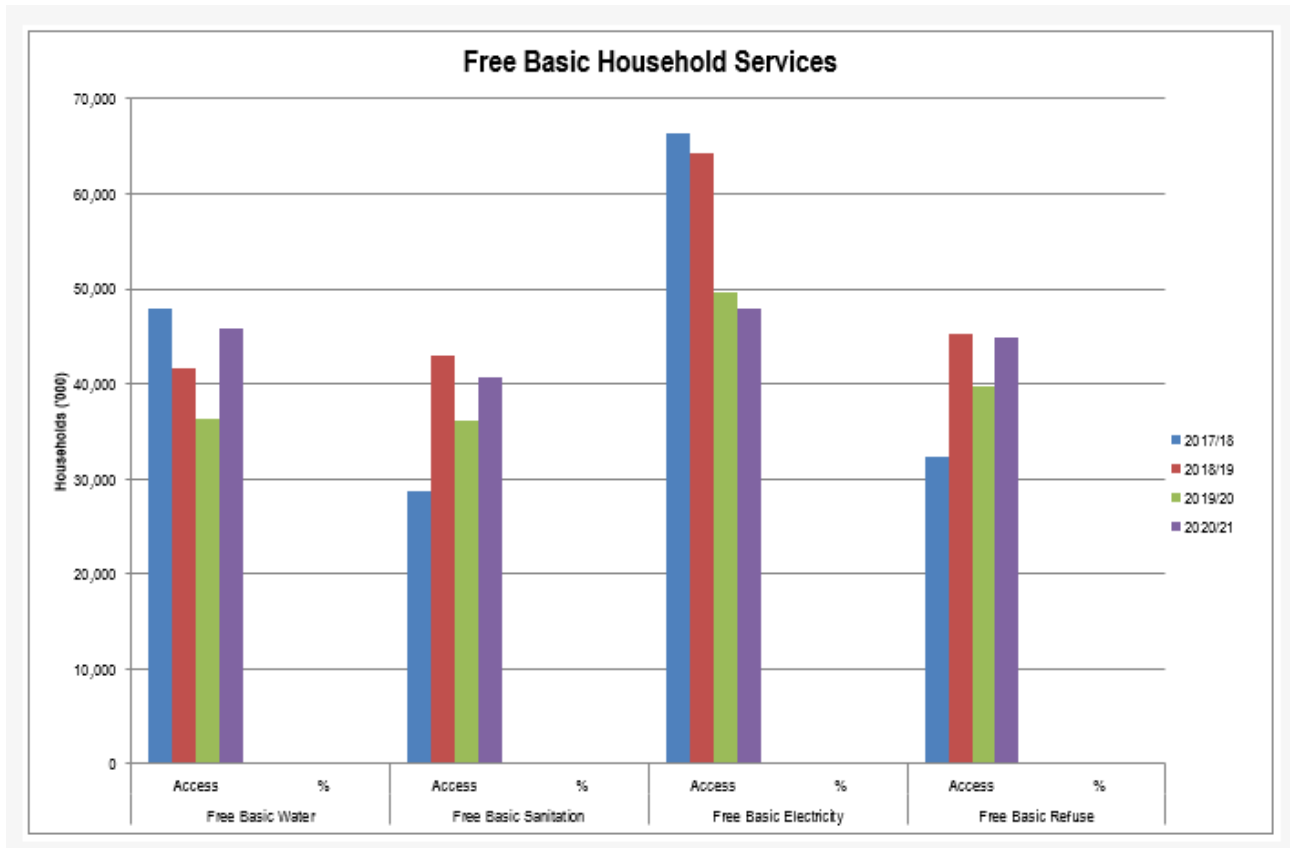
T3.5.7

3.6. FREE BASIC SERVICES AND INDIGENT SUPPORT INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

In terms of its Constitutional obligation, BCMM provides a monthly indigent subsidy to registered indigent customers. The City has an Indigent Support Policy and By-law in place that governs the application process and financial aspects. Council reviewed the Indigent Support Policy for 2020/21. For the period 2020/21, the policy stipulates and prescribes the qualifying criteria for a domestic household based on gross household income equal to two social grants per month or property value R120,000 or less. The subsidy relates to electricity (50kWh), water(6kl), refuse removal, sanitation, property rates. Every month, with the monthly billing, the indigent subsidy is granted on the Indigent Beneficiaries' accounts. For free basic electricity, customer claim their 50kWh every month via the vending system.

Table T3.6.2 and T3.6.3 below reflects the split between the different services related to the urban register. The figures reflect the actual numbers of subsidy granted per service. The grand total as reflected in the table is the sum of urban and rural (electricity) registered indigent customers.

T 3.6.1



T3.6.2

Free Basic Services to Low Income Households										
	Number of households									
	Grand Total	Households earning less than R3,820 per month								
		Total	Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
			Access	%	Access	%	Access	%	Access	%
2017/18	75,866	75 866	47,908	100%	28,779	100%	66,285	100%	32,372	100%
2018/19	78,636	78 636	41,655	100%	43,063	100%	64,195	100%	45,194	100%
2019/20	51,547	51 547	36,263	100%	36,186	100%	49,572	100%	39,644	100%
2020/21	50,430	50,430	50,430	100%	40,718	100%	47,915	100%	44,934	100%
T 3.6.3										

Financial Performance Year 2020/2021: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	2019/2020	2020/2021			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	206,415,858	177,412,098	177,412,098	173,789,125	-2%
Waste Water (Sanitation)	56,381,145	86,450,356	86,450,356	61,503,070	-41%
Electricity	49,660,147	67,124,306	67,124,306	37,515,847	-79%
Waste Management (Solid Waste)	104,312,299	146,502,023	146,502,023	110,803,192	-32%
Total	416,769,449	477,488,783	477,488,783	383,611,234	-24%
T 3.6.4					

Free Basic Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2019/2020		2020/2021			2021/2022	2023/2024	
Service Indicators		Target	Actual	Target	*Curre nt Year	*Previo us Year	Target	*Previo us Year	*Curre nt Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(iii)	(iv)	(v)	(vi)
Service Objective xxx									
"BCMM provides free basic services to communities in respect of Water, Waste Water (Sanitation), Electricity and Solid Waste (Refuse Removal). Kindly refer to Table T3.6.3 and T3.6.4. In terms of T3.6.5, BCMM does not provide alternative support to low-income households that do not receive all the free basic services."									
T 3.6.5									

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT

For the period 2020/21, the policy stipulates and prescribes the qualifying criteria for a domestic household based on gross household income equal to two social grants per month (total being R3,820 for 2020/2021) or property value R120,000 or less. The subsidy relates to electricity (50kWh), water (6kl), refuse removal, sanitation, property rates. Every month, with the monthly billing, the indigent subsidy is granted on the Indigent Beneficiaries' accounts. For free basic electricity, customers claim their 50kWh every month via the vending system.

The intention of the indigent support policy is to assist the beneficiary with basic services and to rehabilitate the beneficiary to be able to exit the indigent support provision. Annually the municipality is provided with equitable share from National Government that funds the monthly provision of Free Basic Services to the beneficiary.

The actual vs. budget performance is outlined in T3.6.4 above.

T 3.6.6

COMPONENT B: ROAD TRANSPORT INTRODUCTION TO ROAD TRANSPORT

STRATEGY

We have developed an Integrated Public Transport Network Plan (IPTN) that covers the entire needs of the city. The IPTN also includes the development of the universal access development plan that ensures that the needs of the special groups are incorporated into the IPTN.

T 3.7

INTRODUCTION TO ROADS

Roads branches core mandate is to provide a safe all weather roads network for all road users within the metropolitan area. A roads network in good, efficient roads network is the key to the growth and development of a city. Most investors look for access to local and international markets through seamless integration between road, rail, sea and air transportation.

It is with this in mind that road infrastructure is prioritised as a key to unlocking investment and development. All major cities that have high levels of growth and economic development have excellent roads and logistics infrastructure.

The BCMM roads network consists of 3,319 km of surfaced and gravel roads network. With an estimated replacement cost of R9,4 billion. The surfaced roads network which includes asphalt, concrete and block paved roads consists of

1,682km of roads with an estimated replacement cost of ±R7 billion and a Gravel roads network of 1,637km with an estimated replacement cost of R2,4 billion.

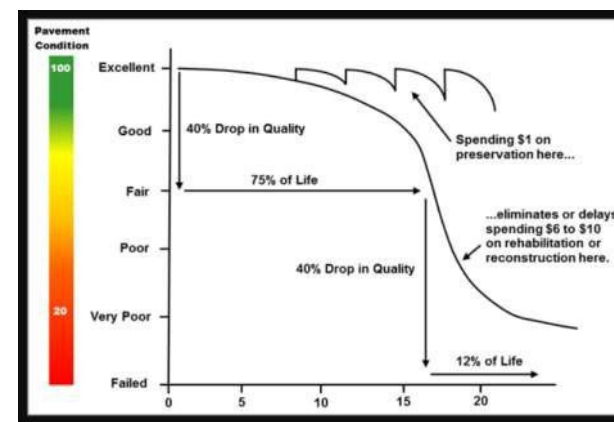
The Roads Branch had an annual capital budget allocation of R486.7 million for the rehabilitation, upgrade, resurfacing and regravelling of road infrastructure in the City (Roads provision) for the 2020/2021 financial year. An amount of R98 million was allocated under the operational budget for the maintenance of existing roads.

The Roads Branch is currently in the process of procuring a professional team to undertake an inventory and condition survey of all surfaced and unsurfaced roads in BCMM. The Pavement management system (PMS) is an important tool for the effective and economical management of the Roads network. The visual assessment is to commence in the 2021/2022 Financial year. Periodic pavement assessments provide insight into the rate of deterioration and the level of intervention required to maintain the network to an acceptable level.

Based on historical data and condition trends, it is estimated that between 30% and 40% of the roads network is in a poor to very poor condition. Generally, it is acceptable to have between 5% to 10% of the roads network in a Poor to Very Poor condition at any given time. This indicates that there is a need for extensive reinvestment in the Roads network in order to improve the overall condition of the network to acceptable levels. The costs of rehabilitation escalates when there is damage to structural layers and foundations of roads as rehabilitation becomes reconstruction.

Extended periods of dry weather (drought) followed by a period of rainfall accelerates the deterioration of the road surface as cracks form during the dry weather, which then allows water to enter the road layers during periods of rainfall, ultimately leading to potholes and road failures. Regular maintenance and resealing is critical to prevent the more major problems such as rutting, pothole, cracks, etc.

Below is a representation of a typical deterioration curve for a surfaced road. Preventative maintenance must be carried out on a regular basis to ensure the longevity of the road.



URBAN ROADS

An annual program of roads rehabilitation and resurfacing is undertaken whereby wards are allocated a budget for roads resurfacing. This program is aimed at addressing the deteriorating condition of existing urban roads in the metro. Due to the significant backlog in roads resurfacing, the cost of maintaining the roads is higher as the roads have deteriorated beyond the optimal condition for resurfacing. Many of the roads need rehabilitation, which means that the roads layers must be reconstructed instead of just the surfacing layer. This exercise is far more expensive and time consuming.

As a result of this the available funding is not adequate to have a meaningful impact and improve the overall condition of the roads network.

RURAL AND INFORMAL ROADS

There is an annual capital budget allocation for the rehabilitation and regravelling of rural roads in the metro. A program of rehabilitation of Rural gravel roads is implemented on an annual basis to ensure accessibility in rural areas. Gravel roads are by nature maintenance intensive and require full regravelling every five years. The slope of the terrain and rainfall events can significantly reduce the useful life of these roads.

It is important to remember that the municipality is only responsible for the internal gravel roads in villiages. Rural access and collector roads fall under the control of the provincial roads department.

The Roads Branch undertakes the maintenance and rehabilitation of rural and informal roads to provide a basic level of road access to rural and informal areas. This is often a challenge as many of the rural areas are widely dispersed which makes it a challenge to provide road access, as long sections of road must be constructed at a high capital cost to very few houses.

In informal areas, there is often very little space left for road access resulting in the need to Remove or relocate informal dwellings, which often takes allot of time. The provision of road drainage is also a challenge as there is no space, and often the informal areas are constructed in areas that are not conducive to the provision of roads and stormwater drainage. Other limiting factors to the provision of road access to informal areas is land ownership and zoning.

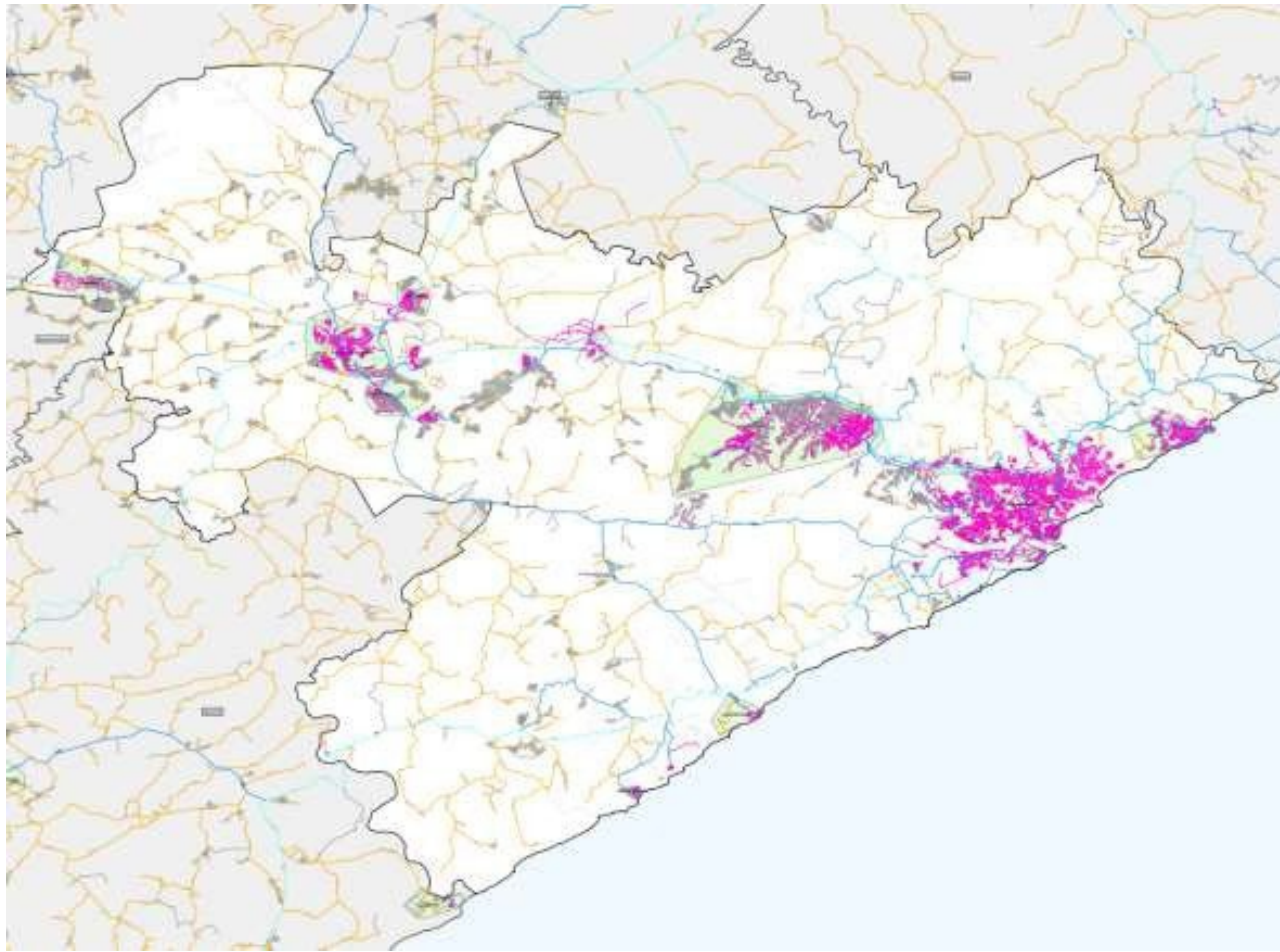
ROADS STAKEHOLDER INTERFACE

Other road authorities that operate within the BCMM boundaries are the Provincial Department of Roads and Transport which is responsible for 472 km's of surfaced roads and 1,083 km's of gravel roads within the BCMM area.

The second roads authority is South African National Roads Agency Limited (SANRAL) which is responsible for all the National roads within BCMM such as the N2, N6 and R72.

The Roads Branch has engaged the Department of Roads & Public Works (DRPW) through the intergovernmental relations forum to address the maintenance and upgrade of provincial roads within the metro. There are several roads that have a significant impact on the residents of the City, including but not limited to Buffalo Pass, East Coast Resorts Road, R102, Schafli Road, Quenera Lagoon Road, R346, Voortrekker Road, etc. ... that are in need of maintenance and upgrading to facilitate safe and efficient transportation systems in and around the City. The provincial roads department prioritises road works according to criteria set out by the department which in many cases will not correspond with the priorities of the metro.

Below is a map depicting the roads that fall under the different road authorities within BCMM's boundary.



Light Blue Roads are National Roads (SANRAL)

Orange Represents Provincial gravel roads

Dark Blue Represents Provincial surfaced roads

Light Grey represents Gravel Roads under the control of BCMM.

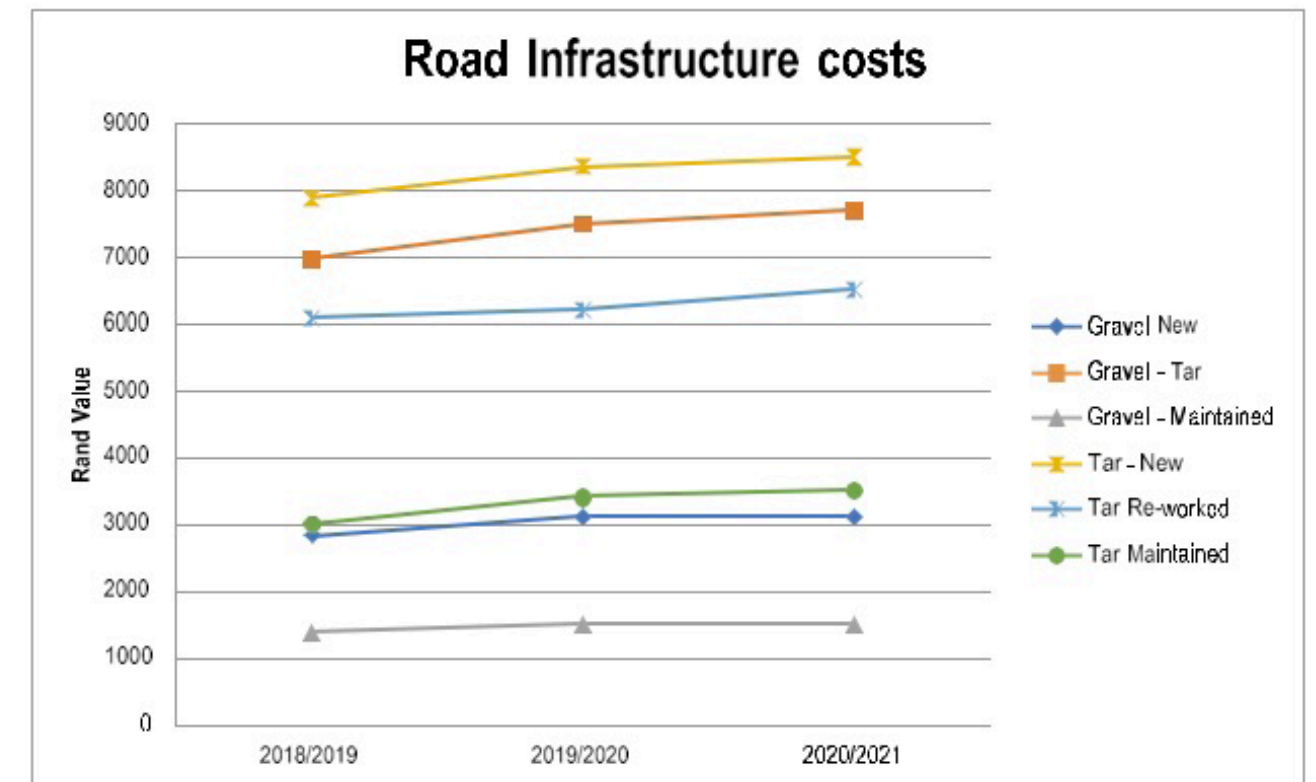
Pink represents Municipal Surfaced Roads under the control of BCMM.

T3.7.1

Gravel Road Infrastructure					Kilometers
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained	
2018/2019	1,663	5	23	149	
2019/2020	1,645	9	13	90	
2020/2021	1,637	4	12	62	
					T 3.7.2

Tarred Road Infrastructure						Kilometers
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained	
2018/2019	1,647	23	50.14	50.14	800	
2019/2020	1,670	13.24	30.74	30.74	956	
2020/2021	1,682	12	33	33	750	
						T 3.7.3

Cost of Construction/Maintenance							R' 000
	Gravel			Tar			
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained	
2018/2019	2,817	6,957	1,380	7,877	6,095	3,000	
2019/2020	3,098	7,500	1,500	8,349	6,200	3,400	
2020/2021	3,100	7,700	1,500	8,500	6,500	3,500	
							T 3.7.4



T3.7.5.

Road Service Policy Objectives Taken From IDP									
Service Objectives		2019/2020		2020/2021		2021/2022		2023/2024	
Service Indicators	Outline Targets	Target	Actual	Target	Actual	Target	Actual	Target	Actual
	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)
Service Objective xxx									
Elimination of gravel roads in townships	Kilometers of gravel roads tarred (Kilometers of gravel road remaining)	xxx kms gravel roads tarred (xxx kms gravel roads remainin g)	xxx kms gravel roads tarred (xxx kms gravel roads remainin g)	xxx kms gravel roads tarred (xxx kms gravel roads remainin g)	xxx kms gravel roads tarred (xxx kms gravel roads remainin g)	xxx kms gravel roads tarred (xxx kms gravel roads remainin g)	xxx kms gravel roads tarred (xxx kms gravel roads remainin g)	xxx kms gravel roads tarred (xxx kms gravel roads remainin g)	xxx kms gravel roads tarred (xxx kms gravel roads remainin g)
		xxx kms	xxx kms	xxx kms	xxx kms	xxx kms	xxx kms	xxx kms	xxx kms
Development of municipal roads as required	xxx kms of municipal roads developed	Existing roads gravelled or re-gravelled	Existing roads gravelled or re-gravelled	Existing roads gravelled or re-gravelled	Existing roads gravelled or re-gravelled	Existing roads gravelled or re-gravelled	Existing roads gravelled or re-gravelled	Existing roads gravelled or re-gravelled	Existing roads gravelled or re-gravelled
		55	55	55	55	55	55	55	55
	Kilometers of roads surfaced	19	19	19	19	19	19	19	19
		16	16	16	16	16	16	16	16
	Km of gravel Roads upgraded to Surfaced Standard	13,24	13,24	13,24	13,24	13,24	13,24	13,24	13,24
		16	16	16	16	16	16	16	16

Employees: Road Services					
Job Level	Year 2019/2020	Year 2020/2021			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 – 3	154	168	159	9	5.36%
4 – 6	60	56	53	3	5.36%
7 – 9	35	44	38	6	13.64%
10 – 12	29	34	31	3	8.82%
13 – 15	4	5	4	1	20%
16 – 18	3	4	3	1	25%
19 – 20	2	3	3	0	0%
Total	287	314	291	23	7.32%
T3.7.7.					

Financial Performance 2020/2021: Road Services R'000					
Details	2019/2020	2020/2021			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	25	2 539	2 539	12	- 21233 %
Expenditure:					
Employees	84 050	90 564	88 213	88 213	-3%
Repairs and Maintenance	116 956	119 467	118 941	118 841	-1%
Other	776 750	348 107	863 918	595 386	42%
Total Operational Expenditure	977 756	558 138	1 071 073	802 440	30%
Net Operational Expenditure	977 732	555 599	1 068 534	802 428	31%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.7.8					

Capital Expenditure 2020/2021: Road Services R' 000					
Capital Projects	2020/2021				
	Budget	Adjust ment Budget	Actual Expendi ture	Variance from origin al budget	Total Project Value
Total All	395 147	466 920	383 743	-3%	
BOWLS ROAD REHABILITATIONN - WARD 3		1 500	1 410	100%	1 500
CONSTRUCTION OF ROAD INFRASTRUCTURE - TOYANA ROAD	18 000	10 000	9 981	-80%	10 000
CONSTRUCTION OF ROAD INFRASTRUCTURE - TOYANA ROAD		3 039	3 039	100%	3 039
BOWLS ROAD REHABILITATIONN - WARD 3	1 500	–	–	0%	1 500
UPGRADING OF CBD ROADS	2 038	–	–	0%	2 038
REHABILITATION OF SETTLERS WAY	154 050	–	–	0%	154 050
REHABILITATION OF ZIPHUNZANA BYPASS	1 000	–	–	0%	1 000
UPGRADING OF CBD ROADS		2 038	2 020	100%	2 038
REHABILITATION OF BCMM BRIDGES AND STORMWATER	5 000	4 709	4 709	-6%	4 709
REHABILITATION OF DOUGLAS SMITH HIGHWAY	1 000	1 000	998	0%	1 000
REHABILITATION OF DOUGLAS SMITH HIGHWAY		1 870	1 870	100%	1 870
REHABILITATION OF SETTLERS WAY		154 050	74 751	100%	154 050
REHABILITATION OF SETTLERS WAY c/o		11 826	11 457	100%	11 826
REHABILITATION OF ZIPHUNZANA BYPASS		1 000	979	100%	1 000
ROADS PROVISION	46 981	75 310	72 009	35%	75 310
RURAL ROADS	57 297	94 619	94 619	39%	94 619
UPGRADING OF MDANTSANE ROADS - CLUSTER 1	22 000	15 616	15 616	-41%	15 616
UPGRADING OF MDANTSANE ROADS - CLUSTER 2	35 000	44 903	44 903	22%	44 903
UPGRADING OF MDANTSANE ROADS - CLUSTER 3	14 000	7 425	7 425	-89%	7 425
URBAN ROADS-CLUSTER 1	4 000	4 600	4 600	13%	4 600
URBAN ROADS-CLUST 3:WARD 15	1 281	1 281	1 223	-5%	1 281
URBAN ROADS - WARD 35	4 000	4 593	4 593	13%	4 593
KWT ROAD	28 000	27 541	27 541	-2%	27 541
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T3.7.9					

3.7.10 COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

The Roads Branch achieved three of the four targets for the 2020/2021 financial year as per the Service Delivery Budget Implementation Plan (SDBIP) targets.

79% of the R486,699,169 capital budget was spent, there was an under expenditure on the Settlers Way and Mdantsane Roads projects, as the Settlers Way project was awarded later than anticipated, and the Mdantsane Roads Project is at procurement. 100% of the allocated R98 million operating budget.

The Roads Branch has 2 major projects currently being implemented, namely the Rehabilitation and upgrading of Settlers Way and Military Road, and Mdantsane Roads Upgrade Phase 3.

REHABILITATION AND UPGRADE OF SETTLERS WAY AND MILITARY ROADS

Contract Value: R 461,832,000.00

The contractual commencement date was 17 May 2021 and the anticipated completion date is 16 May 2023.

The project scope is:

Rehabilitation and upgrading of approximately 7.8km of Settlers Way from the airport intersection to Pontoon Road robots. Rehabilitation of the existing road surface, construction of an additional lane of traffic in each direction, Construction of a kerb and gutter, stormwater drainage, sidewalks, public transport facilities and reconfiguration of the existing intersections.

Military Road includes the rehabilitation and widening of approximately 2.2 km of road between Settlers Way and Bank Street, including turning lanes, kerbing, stormwater drainage, sidewalks, and intersection upgrades and 2.2 km of Military Road in East London, including the reconfiguration of intersections.

Currently the stormwater drainage improvements are nearing completion and the earthworks for the widening of the road is underway between Cotton Road and Military Rd.

There are no additions or variations anticipated for the project at this stage.



Mdantsane Roads Upgrade Phase 3: R364 million

The Mdantsane roads upgrade project is for the upgrade of existing gravel roads in Mdantsane to surfaced standards. It is a multi-year multi-phase project aimed at eradicating gravel roads in the residential area of Mdantsane.

Phase 3 is complete.

Phase 4 is in procurement stage. There is currently works being undertaken through annual contractors while the procurement process is underway for Phase 4.

Phase 3 consisted of 60 km of roads that have been upgraded from gravel to surfaced standards.

The works include:

- Earthworks, gravel selected layers, sub-base and base layers with a 30mm asphalt surfacing.
- Kerbs, channels and edge beams
- Storm water, catch pits and pipework
- Sidewalks
- Alterations to existing sewer, water and other services where needed.
- Cable ducts, Telkom and electrical, where needed.
- Finishing of the road reserves.

The Mdantsane roads upgrade project phase 3 consisted of 60 km of existing gravel roads being upgraded to surfaced standards. The community benefitted from the project in the form of employment generation, improved mobility and access to services through the implementation of the project. The project was completed at the end of the 2019/2020 financial year.

The Mdantsane roads program has been prioritized due to the historical neglect of the area. Mdantsane is a suburb of the City and is an urban area which is supposed to have the same level of service as that of other similar urban areas of the city. The upgrade of the existing Gravel roads to surfaced standards was therefore prioritised in order to increase mobility and access to opportunities as well as improve the standards of living in Mdantsane and make it a more attractive area to live.

T 3.7.10

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

The Roads Branch achieved 3 of the 4 targets for the 2020/2021 financial year as per the Service Delivery Budget Implementation Plan (SDBIP) targets.

79% of the R 486 699 169 capital budget was spent, there was an under expenditure on the Settlers Way and Mdantsane Roads projects, as the Settlers Way project was awarded later than anticipated, and the Mdantsane Roads Project is at procurement. 100% of the allocated 98 Million operating budget.

The Roads Branch has 2 major projects currently being implemented, namely the Rehabilitation und upgrade of Settlers Way and Military Road, and Mdantsane Roads Upgrade Phase 3.

Rehabilitation and upgrade of Settlers Way and Military Roads Contract Value: R 461 832 000.00

The contractual commencement date is 17 May 2021, and the anticipated completion date is 16 May 2023.

The project scope is:

Rehabilitation and upgrading of approximately 7.8km of Settlers Way from The airport intersection to Pontoon Rd Robots. Rehabilitation of the existing road surface, construction of an additional lane of traffic in each direction, Construction of a kerb and gutter, stormwater drainage, sidewalks, public transport facilities and reconfiguration of the existing intersections.

Military road includes the rehabilitation and widening of approximately 2.2Km of Road between Settlers Way and Bank St, including turning lanes, kerbing, stormwater drainage, sidewalks, and intersection upgrades and 2.2km of Military Road in East London, including the reconfiguration of intersections.

Currently the stormwater drainage improvements are nearing completion and the earthworks for the widening of the road is underway between Cotton Rd and Military Rd.



Mdantsane Roads Upgrade Phase 3: 364 Million

The Mdantsane roads upgrade project is for the upgrade of existing gravel roads in Mdantsane to surfaced standards. It is a multi-year multi-phase project aimed at eradicating gravel roads in the residential area of Mdantsane.

Phase 3 is complete

Phase 4 is in procurement stage. There is currently works being undertaken through annual contractors while the procurement process is underway for Phase 4.

Phase 3 consisted of 60Km of roads that have been upgraded from gravel to surfaced standards.

The works include:

- Earthworks, gravel selected layers, sub-base and base layers with a 30mm asphalt surfacing.
- Kerbs, channels and edge beams
- Storm water, catch pits and pipework
- Sidewalks
- Alterations to existing sewer, water and other services where needed.
- Cable ducts, Telkom and electrical, where needed.
- Finishing of the road reserves.

The Mdantsane roads upgrade project phase 3 consisted of 60km of existing gravel roads being upgraded to surfaced standards. The community benefitted from the project in the form of employment generation, improved mobility and access to services through the implementation of the project. The project was completed at the end of the 2019/2020 financial year.

The Mdantsane roads program has been prioritized due to the historical neglect of the area. Mdantsane is a Suburb of the City and is an urban area which is supposed to have the same level of service as that of other similar urban areas of the city. The upgrade of the existing Gravel roads to surfaced standards was therefore prioritised in order to increase mobility and access to opportunities as well as improve the standards of living in Mdantsane and make it a more attractive area to live.

T 3.7.10

3.7.B. BCMM MECHANICAL WORKSHOP AND FLEET INTRODUCTION TO BCMM MECHANICAL WORKSHOP AND FLEET

The establishment of a mechanical workshop was based mainly to increase the average service life and serviceability of BCMM fleet by conducting inspections; repairing engine failures; repairing mechanical and electrical systems malfunctions; replacing parts and components; repairing body damage. Further it provides the proper management of assets, optimise the procurement and the disposal of all fleet, manage fleet assets to ensure asset value is maintained and vehicles are kept in a safe, healthy and roadworthy condition as per the National Road Traffic Act and other pieces of legislation.

3.7.B 1 Brief strategy and the steps taken toward implementation

The primary responsibility includes inspecting the vehicle's mechanical components and its engine, diagnosing problems with vehicles and performing maintenance and repair work on cars, trucks, horticultural and specialised vehicles.

Conduct fleet needs assessment; research on the latest technology, develop efficient & effective utilization of vehicles for departments such as solid waste, empower youth by develop and training on mechanical related scarce skills, Recommend for the disposal of obsolete fleet

Purchasing of Fleet; Monitoring of Fleet; Administrating, registering and licensing of Fleet; Outsourcing of specialized mechanical services;

Ensuring effective and efficient service delivery by minimizing vehicle downtime and ensuring that vehicles are in a road worthy condition as per the National Road Traffic Act 1996 and other relevant pieces pf legislation.

3.7.B

2 **Maio** successes achieved in year 2020/21. A Fleet Vote:

1. Procured one excavator to complete set of equipment for gravel roads maintenance for each region.
2. Additional procurement of five 18,000 liter water tankers, and two 12,000 liter watertankers for carting of water to cover most rural areas and urban areas during emergencies.
3. Procured additional three ariel platforms for maintenance of electrical lines for all BCMM Regions.
4. Procurement of 20 LDV vehicles with canopies to assist in all departments to respond on service delivery request and to transport workers during this period of pandemic.
5. Procurement of eight extended cab LDV vehicles.
6. Also procured eleven double cab 4x4 LDV vehicles to access rural areas.
7. Procured library bus for municipal services to assist on empowering leaners in BCMM community especially rural areas.

B Solid Waste Vote:

8. Procurement of four compactor trucks for the Solid Waste Department; one allocated each to Midlands and Inland and two for Coastal to address the environmental issues on clean,safe and healthy city.
9. Procurement of two 4 ton crew cab cage trucks for the Parks Department for a green city
- 10.Procured one excavator for landfill sites
- 11.Procurement of two front end loaders for landfill sites
- 12.Procured of four 4 ton crew cab refuse cage trucks for refuse removal
- 13.Procured a hook lift truck
- 14.Procured two 10 cube tipper trucks
- 15.Procurement of six LDV vehicles with canopies to assist superintendents

3.7 B3

Challenges Faced in Year (2020/21)

1. Covid- 19 negatively affected the performance and productivity of the mechanical workshop due to a number of reasons such as senior mechanics with comorbidities and unavailability of vehicle spares.
2. Budget shortfall to address request from various departments such as water tankers, disposal site equipment's, road construction plant
3. Due to increased number of vehicles there is inadequate workshop space
4. Staff shortage due to moratorium on filling funded vacant posts
5. A total of 228 units (vehicles, trucks, yellow plant, tractors and trailers) were absolute and therefore deregistered and are awaiting auction.
6. A secured overnight parking facility for vehicles

3.7 B4 Remedial Actions (2020/21)

1. Budget is requested on budget adjustment to address the shortage of vehicles.
2. A request for bigger piece of land to address space shortage is submitted to spatial planning and will be addressed shortly.
3. Staff shortage is addressed by procuring new vehicles with a service plan / maintenance plan.
4. An expression of interest for repairs and maintenance contract for three-year period will alleviate the pressure, bring benefits of preventative maintenance and reduce unplanned downtime as soon as it is finalised by the Bid Committees.

3.7 B5

Service delivery priorities and the impact you have had on them during 2020/21 financial year.

1. Vehicle availability and reduced vehicle downtime target of 30% to less than 15%.
2. Allocated budget was spent by 100%
3. Supply of additional vehicles and replacing uneconomical vehicles.
4. Supply loan vehicles to accommodate various needs of departments.
5. A total of 167 units (vehicles, trucks, trailers, yellow and small plant) were absolute and therefore deregistered and are awaiting auction

MUNICIPAL FLEET DATA

MUNICIPAL FLEET DATA							
		YEAR 18/19		YEAR 19/20		YEAR 20/21	
NO	DETAILS	ACTUAL		ESTIMATED	ACTUAL	ESTIMATED	ACTUAL
1	SUV'S	6		0	6	0	6
2	LDV'S	614		0	603	45	628
3	Panel Vans	17		0	12	0	12
4	Mini Buses	24		0	18	0	18
5	Trucks (incl compactors)	287		0	269	19	288
6	Sedans	230		11	241	0	241
7	Buses	5		0	5	0	5
8	Mobile Libraries	2		0	2	1	2
9	Tractors	54		0	52	0	52
10	Fire Tenders	23		4	27	0	27
11	Trailers	134		17	151	0	151
12	Yellow Plant	45		0	43	2	45

EMPLOYEES: MECHANICAL WORKSHOP AND FLEET

Job Level	2019/20		2020/21		
	Employees	Posts	Employees	Vacancies (full time equivalent)	Vacancies (as % of total posts)
0-3	8	8	5	3	37.5%
4-6	27	36	30	6	20%
7-9	13	30	27	3	11.1%
10-12	20	26	24	2	8.3%
13-15	1	4	2	2	100%
16-18	1	1	1	0	0%
19-20	1	1	1	0	0%
Total	71	106	90	16	17.7%

Total should equate to those included in the Chapter 4 total employee schedule. Employees and posts numbers are as at 30 June. Posts must be established and funded in the approved budget or adjustment budgets. Full time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. "senior management") then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

3.8. TRANSPORT (INCLUDING VEHICLE LICENCING & PUBLIC BUS OPERATION)

3.8.1. INTRODUCTION TO TRANSPORT

The objective of the BCMM transport system is to provide easy access to work, school, community services and recreational activities in a safe and secure environment and in a cost effective manner. The modes of transport system consist of vehicles, buses, pedestrians, private vehicles and cycling. The municipality has developed an Integrated Public Transport Network Plan (IPTN) in July 2018 and main public transport routes and related feeders have been identified.

Further, the IPTN is targeting to reduce the traveling costs of communities from their various locations since the service would be partially subsidised by the National Government. Completed Business Plans for each of the IPTN corridors will be used as a basis to negotiate with affected operators to initiate the subsidised bus service operations once the suspension of the grant from July 2020 for a period of three years has lapsed.

The following documents are reviewed periodically to implement the strategy:

- a) **Comprehensive Integrated Transport Plan** – deals with an overall perspective of the BCMM transport planning documents. The 2013 plan is currently under review with the draft report anticipated not later than end September 2020.
- b) **Non-Motorised Transport Plan** – deals with plan on the implementation of priority projects in terms of non-motorised transport (sidewalks, bicycle lanes, traffic safety plans).

The plan for rural non-motorised transport was completed in 2012 and a number of identified pedestrian bridges are under design stage and implementation stage.

- c) **Traffic Safety Plan** - reduce the number of severity of collisions & casualties within its area of operations. The plan is currently under review as part of the Comprehensive Integrated Transport Plan review.
- d) **Transport Register** - The latest plan was completed in 2017. The plan provides a description of all the scheduled and unscheduled services operating in, to or from the Buffalo City area and of all public transport facilities and infrastructure in the Buffalo City area. The Transport Register includes a record of all changes to operating licenses and permits in the Buffalo City area and new ones issued.

- e) **Freight Plan** - to survey the current freight movement and the modes by which such freight is being transported, and which has defined certain strategic freight corridors. The plan is currently under review as part of the Comprehensive Integrated Transport Plan review.
- f) **Arterial Road Network Development Plan** - The plan was completed in 2016. Transport Planning is a dynamic process, as forecasting future needs is dependent upon current priorities, planning and development. This Plan is used to assist in the formulation of an implementation programme for the next five years, and as a guide for planning in years beyond.
- g) **Public Transport Plan** - this plan assists the City in planning for public transport services and their various systems. The plan is currently under review as part of the Comprehensive Integrated Transport Plan review.
- h) **Business Plan & Operational Plan** - this plan assists the City in identifying whether it can operate viable public transport and also what are the costs associated with that system. The plan was completed in June 2018.

The Top 3 Priorities for the year under review include:

1) ACCESSIBILITY

MOUNT RUTH NODE

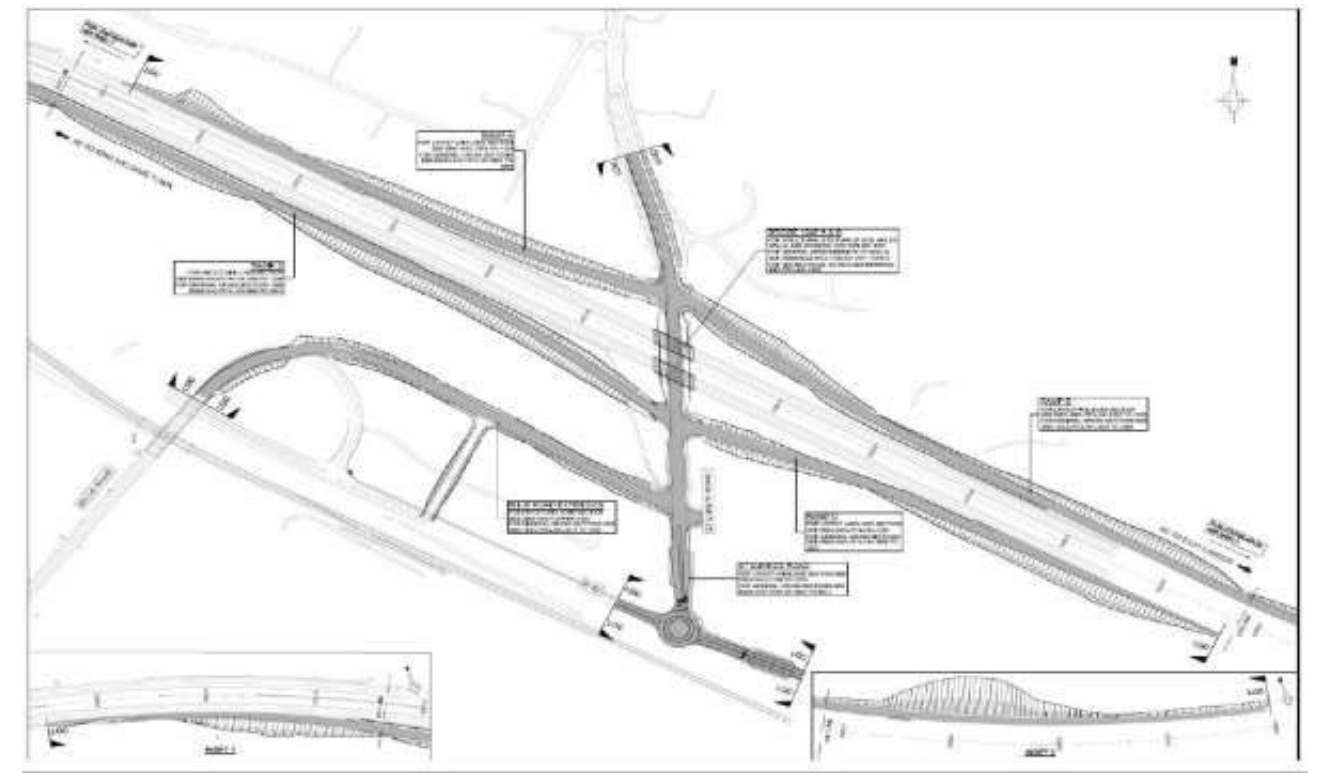
Mount Ruth was specifically identified in the MELD Corridor study, as an area with very high potential for development as a mixed land use node, based on its proximity to the rail line and station, its direct connection with the Mdantsane CBD as well as its potential linkages with the N2 and N6 Freeway systems. This highlighted the need for a more detailed nodal development plan for Mount Ruth and resulted in the preparation of the Mount Ruth Nodal Precinct Development Plan.

This plan took cognisance of the BCM and Mdantsane Draft Public Transport Plans that were prepared at the same time but also considered future private transport linkages to Mdantsane via Mount Ruth as well as infrastructure requirements to support Mount Ruth as a development node.

Mdantsane has limited access to the N2 freeway system. This lack of accessibility impacts negatively on the area, particularly with respect to attracting investment. At the same time, it was recognised that there were important linkages missing from the transport network as a whole if the logic of a hierarchical road system is to apply. In order to attract investment through improved accessibility, it was

proposed that a road interchange be provided on the N2 which connects with the M16 (Billie Road), which will improve access to the Highway Town Centre and the Newlands access road to the north. The connection to the Newlands access road will ultimately result in connection to the N6 which is an important National Route to the north.

The Mount Ruth Interchange Draft Detailed Designs was completed as of end June 2020. The design of the interchange was approved by the SANRAL.



2) MOBILITY

The municipality implemented a number of projects and programmes in order to improve mobility, the highlights are:

- a) Upgrading three King William's Town public transport facilities is ongoing from the 2017/18 financial year. The upgrading of the Taxi City Rank was completed in June 2018. The upgrading of the Market Square Bus Rank was completed in June 2019 and Market Square Taxi Rank is scheduled to be completed by end November 2021.
- b) Upgrading of Ginsberg Taxi Rank offices and ablution facilities started in January 2020 and completed on the 19 March 2021. The project entailed the upgrading of existing offices with an additional boardroom, ablution facilities, storage room and kitchen facility.
- c) Re-alignment of the R72 Sleeper Site Road provided a major connectivity to the city between the N2 and R72. The total length of the project is 930m from Bowl Road Intersection to Moore Street and construction started on the 01 August 2019 and completed on 21 May 2021.

3) SAFETY

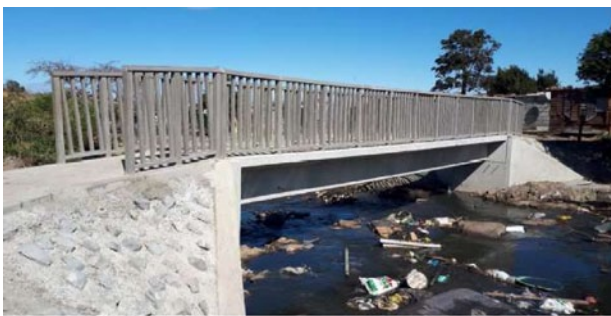
- a) Installation of traffic signals at intersections will improve traffic flow during peak hours. One intersection was installed with traffic signals.
- b) The municipality has ongoing programme for the construction of traffic calming measures to provide safety at pedestrian crossings and reduce speed within the internal roads in our community.
- c) Construction of taxi/bus embayment is an annual ongoing programme in order to improve pedestrian safety, two embayment were constructed.

MAJOR SUCCESSES

The following are considered major success for the City as these projects will have a significant socio-economic impact on the City:

1) BRIDGES

- a) Completion of the Gesini and Matanzima Pedestrian Bridges in Duncan Village



Gesini Pedestrian Bridge



Matanzima Pedestrian Bridge

- b) Construction of the upgrade of Umswi Street Bridge in Amalinda Forest commenced early 2021 and is scheduled for completion July 2021.



Umswi Street Upgrade

- c) Completion of the designs for the following pedestrian bridges: Sithembiso Senior Secondary School, NU11B link, Scenery Park North and South Pedestrian Bridges, the Ncera to New Hope Pedestrian Bridges and the Ndevana Cemetery Bridge Upgrade.

2) SIDEWALKS

Completion of 3.741 km's of sidewalks in Mdantsane NU1, Ilitha, Dimbaza, Sweetwaters and Sunnyside Extension.

3) TRAFFIC CALMING (SPEED HUMPS)

No traffic calming (speed humps) were constructed due to the delays in Bid Committees.

4) GUARDRAILS

123 km of guardrails were installed in Coastal and Inland regions.

5) TRAFFIC SIGNALS

Completed the installation of traffic signals at NEX/N2.



6) PUBLIC TRANSPORT INFRASTRUCTURE

- a) Upgrading of Ginsberg Taxi Rank
 - b) Completed Construction of three Taxi/ Bus Embayment's
- The City has the following public transport operators:

THE TAXI INDUSTRY

It is a well-known that the taxis industry is one of the key stakeholders in the City's public transport sector. The City continuously holds meetings with them, as the biggest stakeholder in public transport sector of the City, regarding operational issues.

BUS OPERATOR

The City has numerous bus operators, with a majority being long distance buses. The Mayibuye Bus Service is a private entity operating on different routes to the City's bus service and has a large number of services within the boundaries of the City. There are various Bus Associations operating within the City, most of them being within the King William's Town area servicing the rural areas. Furthermore long-distance buses provide inter-town services.

THE PRASA RAIL SERVICE

The Metro Rail service carries a large number of commuters that stay along the rail corridor. Future plans of PRASA is to upgrade the stations that are operating and that they will continue to carry the same percentage of commuters until the feeder routes to the train stations have been upgraded as part of the proposed IRPTN system. PRASA has further increased capacity of its trains between Berlin and East London.

EAST LONDON AIRPORT

The City's airport is operated by ACSA. It provides commercial flights to areas throughout the country with Johannesburg and Cape Town being the main destinations. Shuttles services are available to commuters from within the airport facility as well as private car hire.

MUNICIPAL BUS SERVICE

BCMM currently operates a fleet of only five municipal buses. The fleet was reduced from thirty-three buses when Council decided that all buses over fifteen years old should be removed from the service. The buses are predominately used by scholars. The demand has reduced due to the costs of the fares being higher than the minibus taxi services. The revenue generated has dropped as buses are only used mostly by scholars.

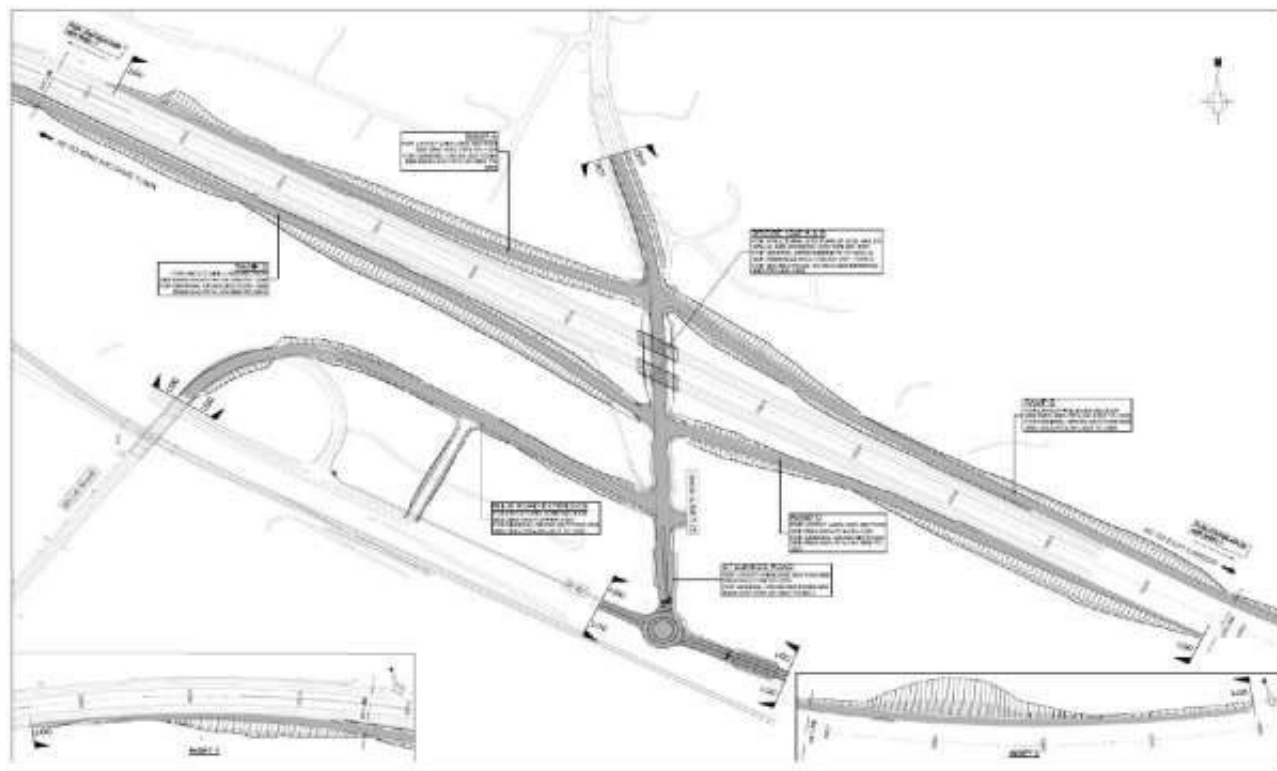
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The Mount Ruth Interchange Preliminary Designs are at an advanced stage and final engagements with Department of Public Works and SANRAL for final Approval so that the design stage can be completed.



T 3.8.1

Municipal Bus Service Data					
	Details	2019/20 Actual No.	2020/21 Estimate No.	Actual No.	2021/22 Estimate No.
1	Passenger journeys	not available	not available	not available	not available
2	Seats available for all journeys	various size buses	various size buses	various size buses	various size buses
3	Average Unused Bus Capacity for all journeys	25%	50%	75%	80%
4	Size of bus fleet at year end	5	5	5	5
5	Average number of Buses off the road at any one time	0	1	1	1
6	Proportion of the fleet off road road at any one time	0	20%	20%	20%
7	No. of Bus journeys scheduled	8	6	6	6
8	No. of journeys cancelled	0	1	1	1
9	Proportion of journeys cancelled	0%	16.67%	16.67%	16.67%

T 3.8.2

Concerning T 3.8.2

Line 6 is calculated by taking the numbers from lines, as follows: $5/4 \times 100\%$. The average number of busses off the road is obtained by sampling the number off the road on different

days at different times. Line 9 is calculated by taking numbers from lines as follows: $8/7 \times 100\%$.

T3.8.2.1

Transport Service Policy Objectives Taken From IDP											
Service Objectives		2018/2019		2019/2020		Year 1		2020/2021			
	Outline Service Targets	Target	Actual	Target	Actual	Target					
Service Indicators		*Previous Year		*Previous Year	*Current Year	*Current Year	*Current Year	*Current Year	*Following Year		
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)		
Service Objective xxx											
Extensive investment and development of infrastructure networks	Number of pedestrian bridges constructed	0	1	1	0	0	2	2	3		
Extensive investment and development of infrastructure networks	Length of surfaced roads upgraded (km)	0	0,78	0,78	2,12	0	2	0	0		
Extensive investment and development of infrastructure networks	Number of speedhumps constructed	79	69	69	50	46	32	40	40		
Extensive investment and development of infrastructure networks	Km of sidewalks constructed	11	9,032	9,032	3,5	6,951	3,7	3,776	2,35		
Extensive investment and development of infrastructure networks	Number of Taxi/Bus Embayments Constructed	5	5	5	2	0	0	1	3		
Extensive investment and development of infrastructure networks	Number of public transport facilities rehabilitated	1	1	1	1	0	1	0	1		
										T 3.8.3	

Employees: Transport Services					
	Year 2019/2020	Year 2020/2021			
Job Level	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	7	7	7	0	0%
4 – 6	7	5	5	0	0%
7 – 9	11	17	11	6	35.29%
10 – 12	10	5	5	0	0%
13 – 15	2	3	2	1	33.33%
16 – 18	3	5	5	0	0%
19 – 20	1	1	1	0	0%
Total	41	43	36	7	16.28%

T3.8.4

Financial Performance Year 2020/2021: Transport Services R'000					
Details	2019/2020	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	3 894	5 330	1 216	828	-544%
Expenditure:					
Employees	22 012	23 332	22 885	22 885	-2%
Repairs and Maintenance	3 277	3 748	3 391	3 291	-14%
Other	352 846	9 669	140 327	96 619	90%
Total Operational Expenditure	378 135	36 749	166 603	122 795	70%
Net Operational Expenditure	374 241	31 418	165 387	121 967	74%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					

T 3.8.5

Capital Expenditure 2020/2021: Transport Services R'000					
Capital Projects	2020/2021				
	Budget	Adjust ment Budget	Actual Expendi ture	Variance from original budget	Total Project Value
Total All	145 800	154 557	145 906	0%	
BRIDGE DESIGNS & IMPLEMENTATION- COASTAL	5 900	3 972	3 972	-49%	27 972
BRIDGE DESIGNS & IMPLEMENTATION- MIDLAND	4 100	–	–	0%	–
GUARDRAILS- COASTAL	100	93	92	0%	93
GUARDRAILS- MIDLAND	300	–	–	0%	–
GUARDRAILS- INLAND	100	99	99	-1%	99
SLEEPER SITE ROAD	32 200	41 598	41 599	23%	91 598
SLEEPER SITE ROAD	1 300	–	–	0%	–
GUIDANCE SIGNAGE- COASTAL	300	159	159	0%	759
SIDEWALKS- COASTAL	700	708	708	0%	10 708
SIDEWALKS- MIDLAND	600	367	367	0%	10 367
SIDEWALKS- INLAND	1 700	–	–	0%	–
TRAFFIC CALMING- COASTAL	500	–	–	0%	–
TRAFFIC CALMING- MIDLAND	1 000	–	–	0%	–
TRAFFIC CALMING- INLAND	1 500	–	–	0%	–
TRAFFIC SIGNALS- COASTAL	1 500	1 502	1 502	0%	8 002
MDANTSANE ACCESS ROAD C/O	30 000	–	–	0%	–
MDANTSANE ACCESS ROAD C/O	–	34 320	34 320	100%	34 320
QUMZA HIGHWAY PHASE 7 - PHASE 1 & 2 C/O	56 000	–	–	0%	–
QUMZA HIGHWAY PHASE 7 - PHASE 1 & 2 C/O	–	43 165	43 165	0%	43 165
TAXI RANK INFRAST (ROADS & ABLUTION FAC)-INLAND	3 000	–	–	0%	–
TAXI RANK INFRAST (ROADS & ABLUTION FAC)-INLAND	–	3 300	3 238	0%	3 300
TAXI RANK INFRAST (ROADS & ABLUTION FAC)- INLAND	500	1 914	1 914	74%	11 914
TAXI/BUS EMBAYMENTS-INLAND	1 500	335	335	0%	3 535
NORTH WEST CORRIDOR- COASTAL	3 000	–	–	0%	–
NORTH WEST CORRIDOR - COASTAL	–	4 000	–	0%	4 000
NORTH WEST CORRIDOR	–	6 540	6 540	0%	6 540
SLEEPER SITE ROAD c/o	–	667	566	0%	667
CITY TO SEA BOULEVARD c/o	–	124	124	0%	124
TAXI RANK INFRAST (ROADS & ABLUTION FAC)- COASTAL c/o	–	148	–	0%	148
TAXI RANK INFRAST (ROADS & ABLUTION FAC)- INLAND c/o	–	2 191	1 106	0%	2 191
TRAFFIC SIGNALS c/o	–	1 253	762	0%	1 253
TRAFFIC SIGNALS - BCMET c/o	–	542	–	0%	542
MARKET SQUARE TAXI RANK c/o	–	1 645	1 485	0%	1 645
NORTH WEST CORRIDOR c/o	–	261	261	0%	261
BRIDGE DESIGNS & IMPLEMENTATION - COASTAL C/O	–	534	534	0%	534
BRIDGE DESIGNS & IMPLEMENTATION - INLANDS C/O	–	322	322	0%	322
TAXI / BUS EMBAYMENTS COASTAL C/O	–	132	132	0%	132
TAXI / BUS EMBAYMENTS MIDLAND C/O	–	541	541	0%	541
TRAFFIC CALMING MIDLAND C/O	–	1 036	–	0%	1 036
TRAFFIC SIGNALS COASTAL C/O	–	7	–	0%	7
TRAFFIC SIGNALS INLAND C/O	–	348	–	0%	348
SIDEWALKS MIDLAND C/O	–	107	–	0%	107
SIDEWALKS INLAND C/O	–	2 296	2 065	0%	2 296
GUIDANCE SIGNAGE C/O	–	62	–	0%	62
GUARDRAILS COASTAL C/O	–	21	–	0%	21
GUARDRAILS MIDLAND C/O	–	48	–	0%	48
GUARDRAILS INLAND C/O	–	200	–	0%	200
Total project value represents the estimated cost of the project on approval by T council (including past and future expenditure as appropriate.					

3.8.6

COMMENT ON THE PERFORMANCE OF TRANSPORT OVERALL:

The City has a number of projects that are planned to be implemented over the next five-year period namely:

- a) **Construction of Traffic Engineering Safety Measures** programme has resulted in the construction of 50 speed humps, 6.951km of sidewalks, installation of traffic signals in two intersections and the construction of one taxi / bus embayment. The projects would contribute in reducing the number of accidents that involves vehicle and pedestrians. The programme will be completed within the approved budget.
- b) The upgrading of Ginsberg Taxi Rank offices and ablution facilities started in January 2020 and completed on the 19 March 2021. The project entailed the upgrading of existing offices with an additional boardroom, ablution facilities, storage room and kitchen facility. The project was completed within the approved budget.
- c) The Re-alignment of the R72 Sleeper Site Road provided a major connectivity to the City between the N2 and R72. The total length of the project is 930m from Bowl Road Intersection to Moore Street to the total value of R 58,807,160.23 was completed on the 21 May 2021. The project was completed with budget.
- d) Mdantsane Access Road widening is about providing additional safety measures to the pedestrians and vehicles within that area. The project will be completed in the next financial year and will be completed within budget.

T 3.8.7

3.9. WASTE WATER (STORM WATER DRAINAGE)

3.9.1 INTRODUCTION TO STORM WATER DRAINAGE

Stormwater drainage plays a critical role in ensuring that a city remains accessible and operational during periods of heavy rainfall, by ensuring effective drainage of critical infrastructure and maintaining mobility and access to essential services. Instances of flooding can have a devastating effect on a city impacting negatively on business, private property and the delivery of municipal services causing widespread damage and essentially isolating a city.

Global Warming has a profound impact on weather patterns with South Africa and East London not being an exception. The Eastern Cape is currently in the midst of a crippling drought with record low rainfalls being measured throughout the province. The historical data on rainfall patterns no longer give an accurate representation of expected rainfall. There is an urgent need to make provisions to augment supply of potable water as well as to make provision for more extreme weather events. Stormwater management, harvesting and attenuation are now becoming more and more important features in the urban landscape. Rainwater tanks and water reuse systems are no longer nice to have, but are an essential part of the water cycle.

The stormwater unit falls under the Roads and Stormwater Branch, and is mandated to carry out all repairs, maintenance and upgrade of all the BCMM owned road stormwater drainage, bridges, culverts and concrete lined drains that fall under the control of the Municipality. The existing infrastructure consists of ±70 bridge structures, ±21,000 manholes, kerb inlets, headwalls and other inlet and outlet structures within BCMM many of which are damaged or blocked. There is more than 612 km's of storm water pipes and culverts within the City, many of which are very old, corroded and need replacement.

The key service delivery priorities are:

- Attending high risk areas.

Densification of residential and business areas which is more desirable from a planning and service provision perspective has its own drawbacks in the form of increased stormwater runoff and inadequate existing infrastructure to cater for the subsequent increases in runoff.

As a result of this densification, low lying areas within the metro are more susceptible to flooding. It is not feasible to simply increase the size of all the existing stormwater infrastructure. The Stormwater Unit follows a multi-pronged

approach. Firstly, it ensures that water being discharged into the stormwater system is controlled and discharged in an acceptable manner. Secondly, it looks at ways to control the discharge of stormwater into systems that are at risk of flooding by constructing regional

attenuation facilities. And lastly, by carrying out upgrades to existing infrastructure to improve capacity.

Informal areas are particularly vulnerable to flooding due to the fact all available space is utilised to construct shelters, and in most cases this includes water courses and low lying areas. The result is that during heavy rainfall, there can be flash flooding with sudden and dangerous consequences. In order to combat this, a process has been undertaken to determine high risk areas and identify informal areas that are at risk of flooding. These shelters are then prioritised for relocation in order to clear the area.

Clearing of the watercourse is also done to try and improve capacity and thus reduce risk in informal areas.

- Renewals of existing infrastructure:

An ongoing program of renewals is carried out in various areas of the city. It focuses on the clearing of existing stormwater systems, replacing of damaged manholes and kerb inlets. All New Kerb inlets are also being fitted with gratings to reduce the ingress of solid waste into the stormwater system.



- Rehabilitation and maintenance of bridges and culverts:

Bridge and major culvert renewals are an ongoing program whereby existing bridges and culverts are rehabilitated and renewed in order to extend the useful life of the structures.

The works include concrete repairs, joint replacement, clearing of the watercourse, parapet handrails, drainage and surfacing.

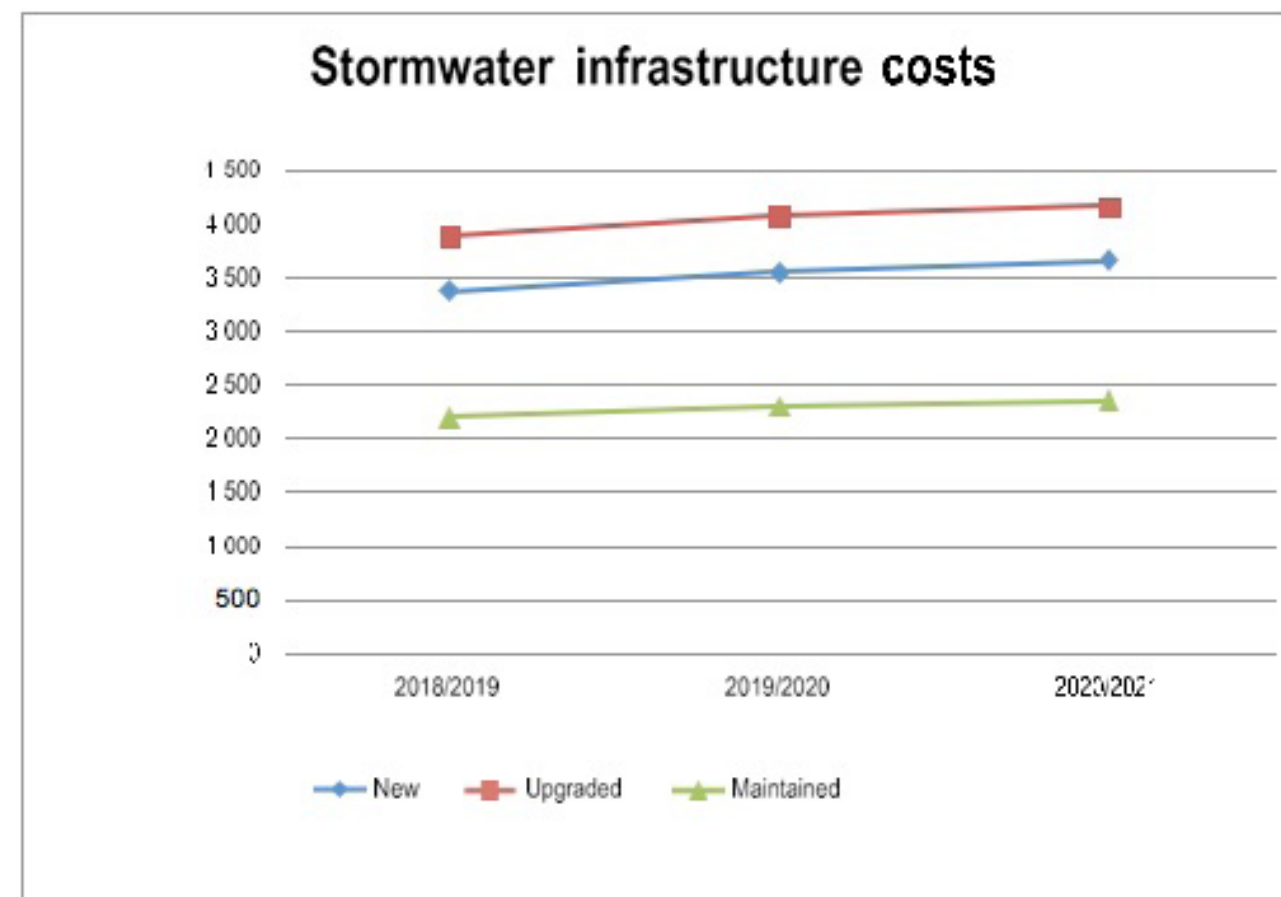
There is a significant backlog in the maintenance and upgrade of the existing stormwater drainage systems in the city. An additional amount of R30 million per annum is required to reduce the backlog in stormwater upgrades and maintenance. There is an urgent need to make additional funding available to replace/rehabilitate and upgrade the stormwater network, as it is in a poor condition, and unable to cope with modern requirements.

Services rendered to rural and informal areas include the provision of earth drains along gravel roads when undertaking maintenance and the installation of pipe culverts at low points on rural roads.

T 3.9.1

Stormwater Infrastructure				
	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
2018/2019	607	5	3	202
2019/2020	612	8	5	167
2020/2021	618	6	2	215
T 3.9.2				

Cost of Construction/Maintenance			
	Stormwater Measures		
	New	Upgraded	Maintained
2018/2019	3,367	3,872	2,185
2019/2020	3,535	4,066	2,294
2020/2021	3,650	4,150	2,350
T 3.9.3			



T 3.9.4.

Stormwater Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2019/2020		2020/2021			2021/2022	2023/2024	
		Target	Actual	Target	Actual		Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year	*Previous Year		*Previous Year	*Current Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(iii)	(iv)	(v)	(vi)
Service Objective xxx									
Development of fully integrated stormwater management systems including wetlands and natural water courses	Phasing in of systems	Strategy approval (Yes/No); Timescale x yrs	Strategy approval (Yes/No); Timescale x yrs	Strategy approval (Yes/No); Timescale x yrs	Strategy approval (Yes/No); Timescale x yrs	Strategy approval (Yes/No); Timescale x yrs	Strategy approval (Yes/No); Timescale x yrs	Completion (Yes/No); x yrs remaining	Completion (Yes/No); x yrs remaining
Number of existing BCMM Bridges rehabilitated	3	3	3	3	3	3	2	2	3
<p>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. *'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 Chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</p>									
T 3.9.5									

Employees: Storm water Services					
Job Level	Year 2019/2020	Year 2020/2021			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	10	7	7	0	0%
4 - 6	0	3	3	0	0%
7 - 9	1	1	1	0	0%
10 - 12	0	0	0	0	0%
13 - 15	1	1	1	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	12	12	12	0	0%
<p>Totals should equate to those included in the Chapter 4 total employee schedule. Employees an numbers are as at 30 June. *Posts must be established and funded in the approved budget or a budget. Full-time equivalents are calculated by taking the total number of working days lost (excl weekends and public holidays) while a post remains vacant and adding together all such days to posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the n posts equivalent to the accumulated days.</p>					
T 3.9.6					

Financial Performance 2020/2021: Stormwater Services R'000					
Details	2019/2020	2020/2021			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	25	2 539	2 539	12	- 21233 %
Expenditure:					
Employees	84 050	90 564	88 213	88 213	-3%
Repairs and Maintenance	15 592	15 802	16 582	15 592	-1%
Other	–	–	–	–	0%
Total Operational Expenditure	99 642	106 365	104 796	103 805	-2%
Net Operational Expenditure	99 617	103 826	102 257	103 793	0%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.9.7					

Capital Expenditure 2020/2021: Stormwater Services R' 000					
Capital Projects	2020/2021				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	5 000 000	4 708 836	4 708 835	-6%	
REHABILIT OF BCMM BRIDGES AND STORWATER	5 000 000	4 708 836	4 708 835	-6%	4 708 836
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T 3.9.8					

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

The stormwater branch 100% of the allocated Capital budget of R4 million for the 2020/2021 financial year. and operating budget of R11 million was spent over the 2020/2021 financial year.

The stormwater unit is currently undertaking survey and assessment of all existing stormwater infrastructure in the urban areas. The work includes capturing locality, size and condition data on all existing stormwater infrastructure. This will assist in determining Capacity constraints, maintenance needs and the prioritisation of projects. Areas currently underway is The East London CBD, Quigney, Nahoon, Buffalo Flats and King William’s Town.

The stormwater unit has completed the refurbishing of three bridges in the 2020/2021 financial year in Duncan Village Bridge Rehabilitation, Dorchester Heights Smythlands Road Bridge, joints and bearings replacement and resurfacing, and the widening works on the Pearce Street Bridge.

Albatross Road Bridge-

One of the major bridge projects currently underway is the Albatross Road/West Drive bridge

upgrade in King William’s Town. The works includes the demolition of the existing low level

bridge, and the construction of a new bridge to cater for the 1:100 year return period flood. Along with the approach roads, sidewalk and lighting.

The anticipated construction cost is R30,000,000 incl VAT. The bridge is anticipated to be complete in October 2021.

There has been no addition or variation on the project budget.



The stormwater unit’s ongoing capital programs are:

- The rehabilitation/replacement of kerb inlets and manholes
- Upgrade of existing stormwater infrastructure in low lying areas.
- Refurbishment of existing bridges in BCMM

The budgets for these works are determined by the capital budget allocation for the financial year.

The ward-based roads and stormwater maintenance program assists with the clearing of open drains, inlets and gutters.

Stormwater infrastructure upgrades forms part of any roads rehabilitation and upgrade is also included in the mega projects such as Mdantsane Upgrade Clusters, Settlers Way and Military Road upgrades, Qumza Highway Upgrade, etc. This recapitalisation helps improve the stormwater drainage system by increasing capacity and renewal of the old infrastructure.

3.10. PLANNING

COMPONENT C:

PLANNING AND DEVELOPMENT

INTRODUCTION TO PLANNING AND DEVELOPMENT

KEY LEGISLATION THAT GUIDES THE PLANNING AND DEVELOPMENT PROCESSES IN BCMM

1. INTEGRATED URBAN DEVELOPMENT FRAMEWORK

The Department of Cooperative Governance and Traditional Affairs developed an Integrated Urban Development Framework (IUDF) of 2016 as a response to the post-2015 Sustainable Development Goals (SDGs), in particular to Goal 11: Making cities and human settlements inclusive, safe, resilient and sustainable. The IUDF also builds on various chapters of the National Development Plan (NDP) and extends Chapter 8 'Transforming human settlements and the national space economy' and its vision for urban South Africa.

The IUDF identifies some key elements such as, the creation of **compact cities**, decent public transport and the development of industries and services designed to break down apartheid geography. Compact growth reduces the costs of providing services and infrastructure, increases the viability of connecting public transport and other forms of urban infrastructure".

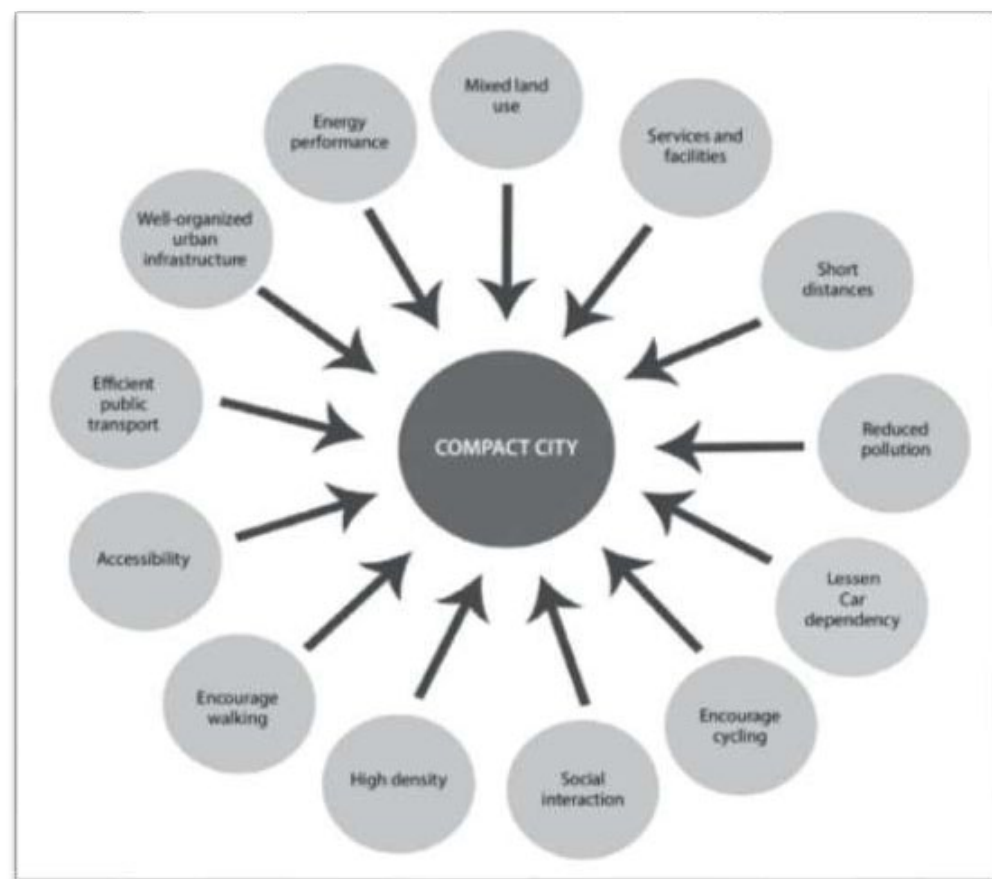


FIGURE: KEY ELEMENTS IN THE CONCEPT OF A COMPACT CITY

Firmly rooted in the NDP, the IUDF reinforces that South Africa needs to redress its apartheid partial legacy and create more compact and connected cities and towns. The ultimate outcome of the IUDF is spatial transformation which marks a New Deal for South African cities and towns, by steering urban growth towards a sustainable growth model of *compact, connected* and *coordinated* cities and towns.

The IUDF notes that urban growth boundaries proposed in municipal SDFs must be maintained, to avoid urban sprawl as well as to protect environmentally sensitive land and prime agricultural land for food security. The IUDF notes that compact urban growth is not simply about urban containment (i.e. prohibiting growth outside a certain boundary) or high densities, but rather about managing urban expansion in ways that avoid inefficient spatial development. Therefore, high-density mixed-use Transport Orientated Development (TOD), with high levels of accessibility to local employment and services which reduces transportation costs, is promoted.

2. NATIONAL DEVELOPMENT PLAN (NDP)

There are five overarching principles for Spatial Transformation set out in Chapter 8 of the National Development Plan. These have been incorporated into SPLUMA and will be discussed below.

3. SPATIAL PLANNING AND LAND USE MANAGEMENT, ACT 16 OF 2013

Chapter 2, Section 7 of the Spatial Planning and Land Use Management Act No.16 of 2013 (SPLUMA) identifies the development principles as follows:

- **Spatial Justice** - Inclusion and integration of disadvantaged areas
- **Spatial Sustainability** - Promote land development in locations that are sustainable, limit urban sprawl, create communities that are viable, consider all current and future costs for all parties with respect to the provision of infrastructure and social services for land developments.
- **Efficiency** - optimising existing resources and infrastructure. Efficient commuting patterns.

- **Spatial Resilience** - flexibility of spatial plans, policies and land use management systems are accommodated to ensure sustainable livelihoods in communities most likely to suffer the impacts of economic and environmental shocks.
- **Good Administration** - execution of good governance principles in measuring how public affairs are conducted and managing public resources in the process of decision making and the implementation and non-implementation of decisions.



Figure: The SPLUMA Development Principles (DRDLR, 2019)

BCMM is compliant with SPLUMA and regular Municipal Planning Tribunal (MPT) meetings were held during the 2020/21 financial year. The SPLUMA By-Law has been approved and gazetted. It makes provision for applications for development on, or changes to land use, of communal land located in the areas of traditional councils, where such developments or change in land use will have a high impact on the rural community. In the 2020/2021 financial year seven MPT meetings were held. In total, fifty six reports were submitted to the MPT for consideration, of which thirty seven reports were approved, eleven reports were not approved, and five reports were deferred; while three reports were held in abeyance. A total number of 935 Land Use Applications were approved by the HOD: Spatial Planning and Development under delegated authority during the 2020/2021 financial year.

3.10 PLANNING

INTRODUCTION TO PLANNING

BCMM approved the Buffalo City Metropolitan Municipality Spatial Development Framework (SDF) Review in December 2020 for the Buffalo City municipal area in terms of Sections 25(1) and 26(e) of the Municipal Systems Act 32 of 2000, read with Sections 12 and 20 of the Spatial Planning and Land Use Management Act 16 of 2013 and Chapter 2 of BCMM's Spatial Planning and Land Use Management By-Law (published under Local Authority Notice 62 in the Eastern Cape Provincial Gazette on 18 July 2016).

In line with the new system of spatial planning brought into being in 2014 by SPLUMA, government policies increasingly emphasise the need to pursue strategic outcomes that would lead to a change in the entrenched but unsustainable Apartheid-based segregated spatial patterns of development that prevail in almost all South African municipalities, including BCMM. For this reason, a key focus of the new Buffalo City Municipal SDF during this review has been to enable and promote spatial transformation so that a more spatially just, efficient, resilient and sustainable spatial pattern of development can be achieved to underpin economic growth and social progress over time.

The Draft Buffalo City Metropolitan Municipal Spatial Development Framework (SDF) Review contains thematic areas.

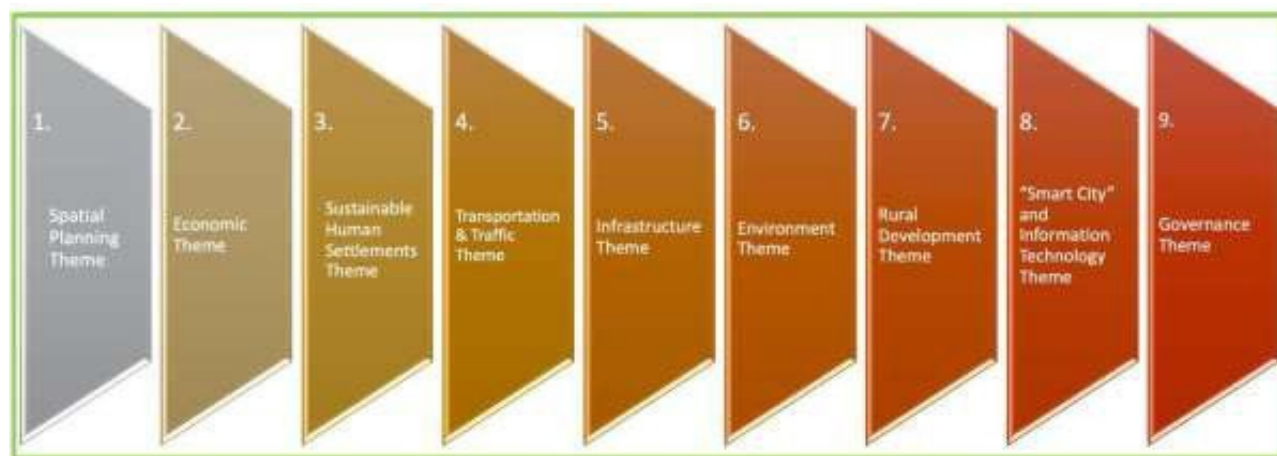


Figure: the 9 Thematic Areas of the Spatial Development Framework

Each thematic area contains a set of development principles on which proposals for each theme are based.

10- YEAR MSDF SPATIAL DEVELOPMENT VISION: WHAT BCMM SEEKS TO ACHIEVE BY 2030

To begin with, the Municipal SDF takes its lead from the long-term vision set out in the BCMM IDP:

“Buffalo City: well-governed, connected, green and innovative”

In responding to this IDP Vision, the MSDF review puts forward a 10-year spatial development vision. This describes what the Municipal SDF is working towards achieving over the next 10-year time frame and serves to guide BCMM's continued efforts to improve local and regional economic opportunities and, ultimately, to facilitate sustainable growth in the City.

- Buffalo City has re-invented itself through its transformation from a spatially and socially divided past, to consolidate its position as a 'City-in-a-Region' that anchors socio-economic development in the Eastern Cape Province.
- It has put in place the necessary enabling infrastructure, transportation and Information and Communication Technology systems to underpin an innovative Knowledge-Based Economy that embraces the 4th Industrial Revolution (4IR) and Digital Transformation.

- In so doing, it progressed to create a successful, prosperous and dynamic modern city that is enterprising, green, open and connected, spatially integrated and well-governed.
- Its citizens are proud of their beautiful coastal lifestyle city, which is the capital of the Eastern Cape Province, home to a globally competitive auto industry, and has excellent social, educational and medical services and a diverse housing market that meets their varying needs.
- They continue to strive to achieve a compact, sustainable and resilient City.

KEY SPATIAL DEVELOPMENT PROPOSALS IN THE MUNICIPAL SDF INCLUDE:

1. FACILITATING ECONOMIC GROWTH AND DEVELOPMENT

- Supporting the development of a multifaceted **Knowledge-Based Economy** by:
 - Promoting the creation of a **West Bank Logistics and Manufacturing Hub** centred on the East London IDZ as a key component of the **West Bank Economic Corridor**.
 - Leveraging **high-speed broadband Internet connectivity** to facilitate 5G technologies that will expand the BCMM economy into **4IR** and promote **Digital transformation**.
 - Promoting the University Town concept to facilitate the transition to the new economy. It also that seeks to enable the tertiary institutions in the

City to strengthen, complement each other and link their education offerings to the needs of the Regional and National economy.

- Related to the University Town concept, proposing the creation of the East London Inner City Innovation District, which would be centred on the East London CBD and the surrounding suburbs of Southernwood and Belgravia, with strong linkages to the ELIDZ and West Bank Logistics Hub.

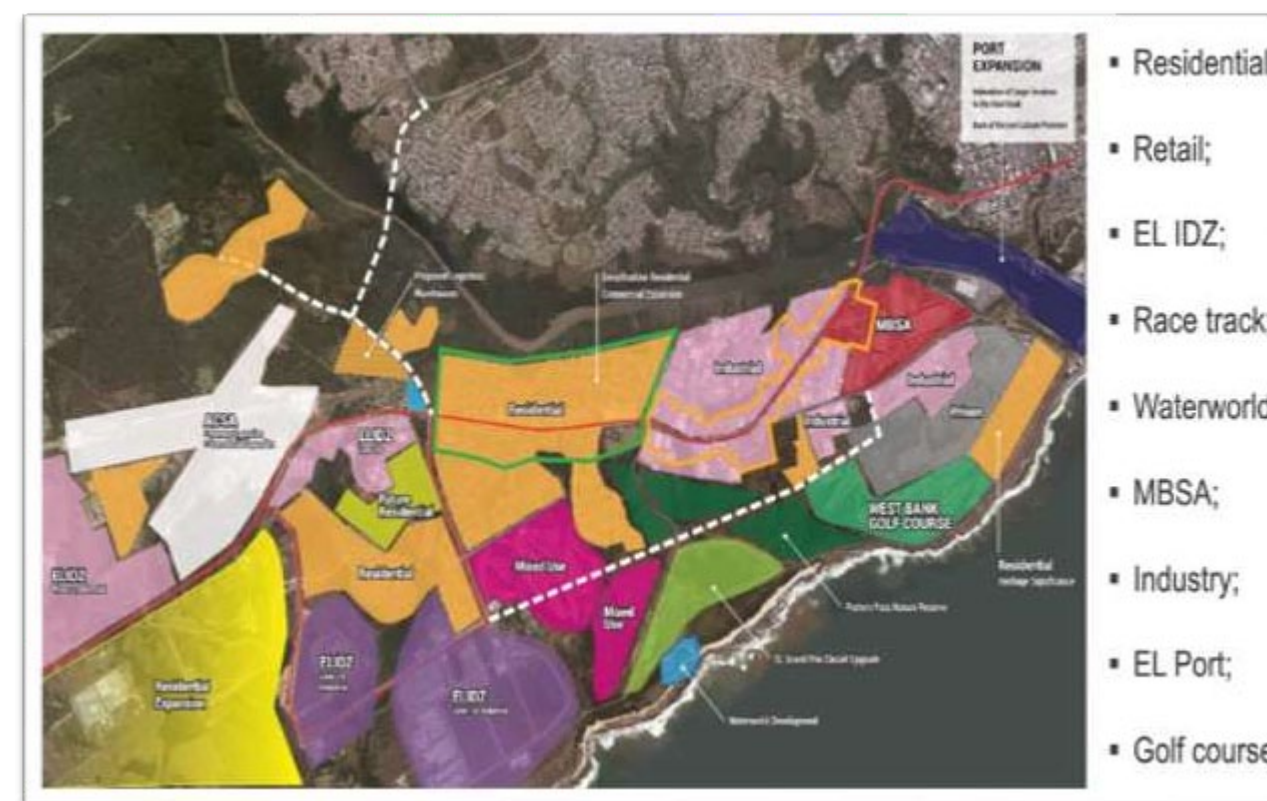


Figure: West Bank Economic Corridor

- b. Repurposing existing industrial areas and establishing new industrial areas that are fit for purpose:
 - i. Re-purposing Dimbaza's industrial area for agri-processing industries based on the potential of logistical linkages to Bulembu airport;
 - ii. Re-purposing industrial areas in Wilsonia, Mdantsane and Fort Jackson as logistics centres linked to the West Bank Logistics Hub;
 - c. Following a strategic **land release** programme to facilitate development in a transparent manner that complies with legislative requirements.
 - d. Broadening the policy of introducing **mixed** use residential and commercial/retail land uses in existing commercial/retail areas and incentivizing mixed land use developments in appropriate localities throughout the City.
 - e. Focusing on the improvement or creation of road links between industrial areas and the West Bank Logistics Hub as well as improved linkages within Greater East London, with key priorities including:
 - i. Development of a new N2/R72 Bridge over the Buffalo River linking the West Bank to the central East London area and hinterlands served by the N2;
 - ii. Strengthening the Mdantsane-East London (MELD) Corridor by infill development and enhancing the transportation modes available;
 - iii. Developing the North-West Freeway Corridor; and

2. PROMOTING NEW MASS HOUSING DEVELOPMENTS TO SUPPORT ECONOMIC DEVELOPMENT AND SPATIAL TRANSFORMATION

- a. New well-located mass housing developments, adjacent to areas of economic opportunities, and/or along identified development corridors, that access economic focal areas:
 - i. West Bank Economic Corridor;
 - ii. KWT/Bhisho Corridor;
 - iii. Ginsberg;
 - iv. Quenera;
 - v. Amalinda Junction;
 - vi. Arnoldton/Reeston North.
- b. Incremental Upgrade Programme of Informal Settlements

in terms of the National Upgrading Support Programme (NUSP):

- i. Informal settlements upgraded and redeveloped in line with assessments and prioritization;
- c. All new housing areas to be developed based on principles underpinning integrated and sustainable communities:
 - i. Densities to be increased at strategic localities wherever feasible and environmentally acceptable;
 - ii. Developments to be programmed to coincide with the provision of infrastructure and required social facilities;
 - iii. Innovative residential development projects will be favoured, including the application of cross-subsidizing financial models to develop a range of housing types to cater for varying market requirements and enable inclusionary housing at strategic localities.

Service Delivery Priorities

- a) Implementation of SPLUMA and the SPLUM By-Law
- b) Upgrading of Informal Settlements
- c) Formulation of Local Spatial Development Frameworks

SPATIAL DEVELOPMENT PLANNING OUTPUTS

The following Development Planning projects were executed during the 2020/2021 Financial Year:

FORWARD/SPATIAL PLANNING

Buffalo City Metropolitan Municipal Spatial Development

Framework Review: The SDF Review was approved by Council in December 2020.

Settlers Way Local Spatial Development Framework:

The Settlers Way LSDF Review was approved by Council in December 2020.

Amalinda Cambridge Local Spatial Development

Framework: The Amalinda Cambridge LSDF was initiated and is set to be completed in the 2021/2022 financial year.

SETTLEMENT PLANNING

Settlement planning projects are undertaken as a response to a need for decent housing provision and to confer land tenure rights to the beneficiaries. The following Settlement planning projects for the establishment of townships were undertaken during the 2020/2021 financial year.

Township Establishment (Subdivision and Rezoning)

BCMM's Council resolved to support a number of applications for township establishment and subsequently submitted them to the MEC of CoGTA. Approvals were issued by the MEC for CoGTA for the following listed the informal settlements and BCMM issued the letters of approval accordingly:

- Z Soga (3) 2 (Mdantsane Infill Areas) (Ward 21) - to create 84 Residential Zone 1 Erven approved by CoGTA on 09 October 2020.
- KwaTshatshu (Ward 44) - to create 246 Residential Zone 1 Erven, approved by CoGTA on 12 September 2020.

Resolutions to support the following informal settlements were taken by the BCMM Council and are awaiting CoGTA to issue approvals thereof:

- Slovo Park (Mdantsane Infill Areas) (Ward 42) - to create 127 Residential Zone 1 Erven
- Ekuphumleni (Mdantsane Infill Areas) (Ward 42) - to create 62 Residential Zone 1 Erven.
- Xhwithinja (Ward 36) - to create 383 Residential Zone 1 Erven.

CoGTA is still waiting for the finalisation of the land ownership issue for a Portion of the Remainder of the Farm No. 1538 King William's Town to issue the approval of this application.

The following township establishments are currently being conducted:

- Gwentshe (Mdantsane Infill Areas) (Ward 17 & 14)

A report is to be compiled and submitted to the Municipal Planning Tribunal for Gwentshe to create 52 Residential Zone 1 Erven.

- Smiling Valley (Ward 12)

A service provider was appointed in December 2019 to conduct the Township Establishment and prepare the Layout Plan and has commenced with the preparation of the Layout Plan. Thereafter the application will be presented to the Municipal Planning Tribunal for approval.

- Ekumpumleni (Mdantsane Infill Areas) Ward 11 - to create 54 Residential Zone 1 Erven.
- Slovo Park (Mdantsane Infill Areas) Ward 20 - to create 149 Residential Zone 1 Erven.

BCMM has in the 2020/2021 financial year planned and created (330) new residential erven. The City is currently undertaking the upgrading of Smiling Valley Settlement located in the Newlands area. The new Township to be created covers an area approximately 300 hectares and should be completed in the next financial year.



Example of a Layout Plan: Eastbank Restitution

FEASIBILITY STUDIES

Prior to any planning of settlements feasibility studies are undertaken to determine the suitability and developability of land for development/ human habitation.

The following feasibility studies were undertaken and completed during the 2020/2021 financial year:

- Sonwabiso (Ward 17)
- Sweetwaters (Ward 44)
- Tyutyu (Ward 35)

The following feasibility studies were undertaken during the 2020/2021 financial year and have not yet been approved.

- Amalinda Forest (Ward 10)
- Msobomvu (Ward 26)
- Cuba & Eluxolweni (Ward 17)
- Mtsofso/ Silvertown (Ward 11 & 13)
- Quenera (Ward 28)
- Nompumelelo Beacon Bay Overflow (Ward 15)

The draft feasibility studies were circulated to all internal and external government departments for comment as part of the consultation process.



Example of a Feasibility Study Area. Nompumelelo Overflow

T 3.10.1

LAND USE PLANNING APPLICATIONS

The BCMM has a By-law and a Zoning Scheme as required by the Spatial Planning and Land Use Management Act No.16 of 2013, which sets out the purpose for which land, being a specific property, may be used and the land use restrictions applicable in respect of the said category as determined by the relevant Zoning Scheme regulations.

When a property owner wants to change his/her land use or alter the applicable land use restriction on the said property, the property owner must submit a land use application to the

City Planning Division in terms of the provisions of the SPLUMA By-law and the Buffalo City Zoning Scheme. These land use applications entail the following Rezoning, Subdivision, Special Consent, Consolidation and Departures (which may either be permanent or temporary).

The applications so submitted are processed in the prescribed manner as per the provisions of the SPLUMA By-law and the Buffalo City Zoning Scheme. It must be noted that the Spatial Planning and Land Use Management Act 16 of 2013 is now the only planning legislation in place to approve planning applications. All other planning legislations and regulations were repealed by the Provincial Government.

A total number of 603 planning applications were received by the BCMM during the 2020/21 financial year as follows:

Land Use Application Types	Total Number of Applications Received
Subdivision	43
Rezoning	57
Removal of Restrictions	111
Consent Use	11
Permanent Departure (Building Lines)	270
Temporary Departure	111

LAND USE MANAGEMENT (LUM)

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021
Planning application received	7	10	48	56	1,313	2,299
Determination made in year of receipt	11	2	9	16	1,029	1,652
Determination made in following year	0	0	0	0	284	647
Applications withdrawn	0	0	0	1	0	0
Applications outstanding at year end	5	8	39	39	284	647
T 3.10.2						

Planning Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2019/2020		2020/2021			2021/2022	2023/2024	
		Target	Actual	Target	Actual	Target	Target	Target	Target
Service Indicators		*Previous Year		*Previous Year	*Current Year	*Previous Year		*Previous Year	*Current Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(iii)	(iv)	(v)	(vi)
Service Objective xxx									
Determine planning application within a reasonable timescale	Approval or rejection of all built environment applications within a x weeks	N/A	N/A	N/A	N/A		N/A	N/A	N/A
	Reduction in planning decisions overturned	0 planning decisions overturned	1 planning decisions overturned	0 planning decisions overturned	0 planning decisions overturned	0 planning decisions overturned	0 planning decisions overturned	0 planning decisions overturned	0 planning decisions overturned
	Average number of days taken to process building plan	28 Days	28 Days	28 Days	25 Days	*0	28 Days	28 Days	N/A
	applications for approval (plans below 500 square metres)								
	Average number of days taken to process building plan applications for approval (plans above 500 square metres)	58 days	31 days	58 days	55 days	*0	58 days	58 Days	N/A
*There were delays in the processing of Building Plan applications due to the Covid-19 pandemic and National Lockdown regulations and disruptions.									T 3.10.3

Employees: Planning Services					
Job Level	Year 2019/2020	Year 2020/2021			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	11	14	10	4	28.57%
4 - 6	38	36	26	10	27.78%
7 - 9	13	21	20	1	4.76%
10 - 12	56	60	51	9	15%
13 - 15	12	18	16	2	11.11%
16 - 18	2	2	1	1	50%
19 - 20	2	3	3	0	0%
Total	134	154	127	27	17.53%
T 3.10.4					

Financial Performance 2020/2021: Planning Services R'000					
Details	2019/2020	2020/2021			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	12 076	20 214	20 214	13 820	-46%
Expenditure:					
Employees	51 173	55 254	55 216	55 216	0%
Repairs and Maintenance	115	414	107	107	-286%
Other	65 668	9 517	38 380	37 247	74%
Total Operational Expenditure	116 956	65 185	93 703	92 571	30%
Net Operational Expenditure	104 880	44 971	73 489	78 751	43%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.10.5					

Capital Expenditure 2020/2021: Planning Services R' 000					
Capital Projects	2020/2021				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	6 700	6 293	2 139	-213%	
OFFICE FURN & EQUIPMENT (DIRECTORATE)	500	500	195	-157%	1 500
UPGRADING OF KWT PAYMENTS HALL	5 000	3 000	–	0%	3 000
SCM INVENTORY WAREHOUSING AND FENCING	1 200	1 200	913	-31%	1 200
UPGRADING OF LIFTS FOR BCMM BUILDINGS c/o		783	698	100%	783
UPGRADING OF KWT PAYMENTS HALL c/o		310	–	0%	310
PROCUREMENT OF PLOTTER c/o		200	99	100%	200
SOFTWARE FOR SURVEY EQUIPMENT		300	235	100%	300
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T3.10.6					

COMMENT ON PERFORMANCE OF PHYSICAL PLANNING OVERALL ARCHITECTURAL SERVICES

The Architectural Services Division does not have its own capital projects in the institutional IDP but implements building projects on behalf of other Directorates within the municipality. These Directorates have set the IDP targets and, accordingly, report on progress. Notwithstanding, capital projects undertaken by the Architectural Division in 2020/21 financial year include the following:

- 1) Replacement of Lifts: Munifin Centre
 - a) The total approved construction value was R 2,002,002 VAT Included
 - b) The project was completed in April 2021 (Works completion).
 - c) The final project cost was R 1,647,500 VAT Included (Final Account).
- 2) Completion of Works: SCM Depot Warehouse
 - a) The total approved construction value was R 896,095 VAT Included
 - b) The project was completed in July 2021 (Practical completion).
 - c) The final project cost was R 666,082 VAT Included (Final Account).

Designs, specifications and procurement processes were also undertaken in the 2020/21 financial year in preparation for implementation in the outer financial years. These projects include the following:

- Mdantsane Customer Care Centre (Budget R30,000,000)
- Mdantsane Arts Centre (Budget R9,000,000)
- Berlin Fire Station (Budget R11 00 000)
- KWT Payments Hall (Budget R 5,000,000)
- Nahoon Caravan Park Offices (Budget R 2,500,000)
- Mdantsane Learners Centre: Public Ablution Facilities (Budget R 700,000)

GEOMATICS (LAND SURVEYING)

The following Geomatics projects were undertaken during the 2020/2021 financial year.

1) Cadastral Survey to obtain a General Plan from an approved layout for Kwatshatshu Area

- a) Proposed subdivision of Remainder of Farm No.1924 (Jan Tzatzoes Location North) King William's Town in order to fulfil the requirements for Township Establishment in Kwatshatshu settlement area.
- b) The earmarked land falls in the area of jurisdiction mandated to CoGTA for issuance of the relevant Township Establishment approval
- c) BCMM Council recommended in October 2018 for the approval in that regard.
- d) CoGTA issued the approval in terms of the Land Use Regulations Act 15 of 1987 in December 2020.
- e) A second approval was issued by BCMM in October 2020 in respect of all applicable conditions in favour of Council.
- f) This project will create a General Plan of 249 residential erven in total.
- g) Survey is still on hold pending the resolution community related matters.

h) Once approved, the General Plan will form the basis from which installation of infrastructural service and erection top structure (houses) will made possible.

2) Cadastral Survey to obtain a General Plan from an approved layout for Ilitha Park Area

- a) Proposed subdivision of Erf 943 Ilitha Extension No. 1 in order to fulfil the requirements of Township Establishment for Ilitha Park settlement area.
- b) The earmarked land falls in the area of jurisdiction mandated to CoGTA for issuance of the relevant Township Establishment approval.
- c) BCMM Council supported the application for approval by the aforesaid department.
- d) Subsequently, CoGTA issued the approval in terms of Township Proclamation R293/1962 in November 2019.
- e) A second approval was issued by BCMM in October 2020 in respect of all applicable conditions in favour of Council.
- f) The General Plan consisting of 51 residential erven was approved by the Surveyor-General in November 2020.
- g) the General Plan will form the basis from which installation of infrastructural service and erection top structure (houses) will made possible.

3) Cadastral Survey to obtain a General Plan from an approved layout for (Z Soga 3 P2)

- a) Proposed subdivision of Erf 3806 Mdantsane Unit 6 in order to fulfil the requirements for Township Establishment in Z Soga 3 (P2) settlement area.
- b) The earmarked land falls in the area of jurisdiction mandated to CoGTA for issuance of the relevant Township Establishment approval
- c) BCMM Council supported the application in May 2019 for approval by the aforesaid department.
- d) Subsequently, CoGTA issued the approval in terms of the Land Use Regulations Act 15 of 1987, in October 2020.
- e) The General Plan consisting of 84 residential erven was approved by the Surveyor-General in November 2020.
- f) the General Plan will form the basis from which installation of infrastructural service and erection top structure (houses) will be made possible.

T3.10.7.

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

TOURISM IN BUFFALO CITY

The emergence of Covid-19 in many countries and the declaration of the state of natural disaster by the President of the Republic of South Africa on 26 March 2020 marked the beginning of a devastating period for the economy of the country. The lockdown regulations that were introduced to curb the spread of the virus left a daunting mark more especially in the tourism sector throughout the globe. In South Africa, the tourism sector was totally shut

down as from the 26th of March up until mid-August where the country moved to alert level three which resulted into the easing of the travel regulations. Even at this point, only domestic travelling was allowed as the borders of the country remained closed to foreign

countries. In the 2020/2021 financial year, tourism struggled to bounceback as from time to time the restrictions were tightened to curb the spread of the virus. Even though the restrictions were eased in August 2020, by December the restrictions were tightened again due to the third wave that was ravaging the country.

The festive season which often sees Buffalo City with 100% occupancy rates in their accommodation establishments, restaurants, car hire and increased flights was all quiet. Local artists, events organizers, hospitality and entertainment industry also suffered huge losses as events were restricted as super spreaders. Very few events took place and those were downscaled to a bare minimum and others went digital, leaving no real impact on the ground in terms of job creation, SMME opportunities, etc... except to keep the brands alive and uphold hope. These included the Berlin November charity event, Buyel'ekhaya Pan Africa Festival, Ungavumi Soyiswe, etc...

In the 2020/2021 financial year the budget allocated to tourism by the municipality was significantly reduced. Due to budget constraints, the municipality could not provide the immediate relief in the form of grants to struggling businesses. However, the municipality worked with both national and provincial governments to ensure that some of the local businesses benefit from the relief that was issued by both spheres of government. Below are some of the relief support that was provided for tourism businesses:

Tourism Relief Package

- The National Department of Tourism allocated an amount of R200 million toward the Tourism Relief Fund.
- This was a R50,000 grant fund to be paid to individual tourism business who have met the criteria.
- Individual tourism products were invited to apply for the fund.
- A total of 7,284 applications were received.
- Out of the 7,284 applications that were received only 4,000 individual establishments were approved and benefitted from the fund throughout the country.
- In the Eastern Cape, a total of 457 businesses received the tourism relief grant.
- Out of the 457 businesses that received the grant, 102 were from Buffalo City. This is equivalent to 10% of the total tourism businesses in Buffalo City. This means that 90% of the businesses had not received the grant fund.

Unemployed Insurance Fund (UIF)

The UIF is a fund administered by the Department of Labour. The fund is intended for contributing companies to claim back a certain portion to cover employee related costs. Individual businesses were to apply to access the UIF fund.

Payment holiday

Banks offered to provide payment holidays to businesses that will be struggling to make payments to service their debts. This was done to assist businesses who were experiencing challenges with their cash flows to defer some of their loan payments.

TOURISM EQUITY FUND

- On 26 January 2021, the President of the Republic of South Africa officially launched a Tourism Equity Fund (TEF).
- An amount of R1.2 billion was made available to aid growth and recovery of the tourism sector in South Africa.
- The fund was allocated to the National Department of Tourism who in turn appointed SEFA to manage the disbursement of the fund on their behalf.

- The TEF is a fund that is allocated to fund commercially viable and sustainable majority black owned enterprises including enterprises in the rural and townships areas.
- This was done to facilitate the participation of targeted groups such as women and youth in the priority tourism sectors as defined by the BBBEE sector codes.
- The funding targeted all tourism related businesses including accommodation, hospitality, travel services etc...
- Businesses that were to be funded are those that are legally registered in terms of the Companies Act of 1975, companies predominantly owned by Black people (51%) and must be compliant with SARS.
- The minimum amount that businesses can apply for is R10 million and maximum is R20 million.
- The fund is made up of grant as well as loan facility.
- The loan facility is repayable over a 10-year period.

Performance of the tourism sector in Buffalo City

- The tourism sector first opened its doors on 01 August 2020 during advanced level three lockdown.
- Between end March and 30 July tourism businesses were only limited to establishments that were operating as quarantine sites.
- This meant that full on tourism activities started to occur during the month of September 2020 (Tourism Month).
- The occupancy rate for the month of September was reported to be less than 10%.
- The occupancy rate for the month of October was at 46% which is approximately 36%, increased from September which had less than 10% occupancy rate reported.
- During the month of November an occupancy rate of 48% was reported which was only a 2% increase from November.
- December saw a decline in the occupancy rate following the announcement by President to close all beaches, parks and open spaces. The tourism businesses in the City experienced massive cancellations from clients who had already booked their holiday.
- December and January both had a low occupancy rate of 20%.

- Between January to June the occupancy rate was flatulating between 20% and 30%.
- This meant that most business were severely impacted and some faced closure.

Tourism Recovery Plan

In line with the national imperative of developing and economic recovery plan, the Directorate facilitated the process of developing an economic recovery plan for Buffalo City Metro. The economic recovery plan identified eight priority sectors that the City should focus on as part of its economic recovery. Tourism was one of the sectors that the City prioritised to develop and grow as part of its recovery plan. As part of the tourism recovery plan, the municipality implemented the following programmes which were aligned to its tourism sector growth strategy adopted by Council in 2018.

- Product development
- Marketing
- Business support and skills development

Under product development the Directorate implemented the following projects:

- Homestay programme in collaboration with National Department of Tourism

The City partnered with the National Department of Tourism in developing and supporting the growth of the homestay accommodation as an alternative accommodation for the visitors. A home stay provides a visitor with an opportunity to stay with a local family for a fee. During their visit, they gain first-hand experiences on how people live on daily basis in that particular culture. Viustors are allocated their own rooms, but join the family for meals and take part in their normal daily routine, however they have an option also of having their own take away meals or self-catering. The challenge though with homestays is that they were not regulated and accredited. In order to change this, a need was identified to develop a programme called Basic Quality Verification (BQV) programme that will assist in providing accreditation for the homestay sub-sector. The BQV is a new programme that has been piloted in the Eastern Cape. This is due the fact that the Eastern Cape has over two hundred homestays located in three regions i.e. Makhandha, Buffalo City and Mthatha.

In Buffalo City alone there is an excess of 20 homestays located in Mdantsane, Berlin and Nxarhuni. These homestays are owned by previously disadvantaged individuals. The Directorate of Economic Development and Agencies facilitated the establishment of the homestays in Buffalo City to diversify and add to the number of beds in the city which improves capacity to host bigger events and showcase cultural facets of a destination. As part of the process to establish homestays, the Directorate provided owners with basic but key items such as linen, air conditioners, training on customer care, how to prepare and handle food, housekeeping etc... This was to ensure that these entrepreneurs run successful businesses. Furthermore, the directorate encouraged them to establish a structure that will officially meet to discuss progress of these homestays.

The Homestay Programme was officially launched by the Deputy Minister of Tourism on the 24 March 2021 at Hemingway's Hotel. The launch event was attended by two Deputy Ministers i.e. Deputy Minister of Tourism, Honourable Fish Mahlalela and Deputy Minister of Small Business Development, Honourable Z. Capa and other dignitaries. Five homestays were awarded their plaque which recognises them as one of the homestays.

- Routes Development

In partnership with the BKCoB the Directorate conceptualized and packaged different tourism routes namely:

- Friendly N6 Buffalo Route
- R72 Buffalo Kidds Escape
- Wild Coast Jikeleza
- Buffalo City Ikasi Township Route
- Buffalo City Cultural Route
- Buffalo City Coastal Route
- Buffalo City Liberation Heritage Route

- The Directorate worked with the National Department of Tourism towards developing the Mdantsane Tourism Precinct Plan

The Directorate also completed the construction of Kiwane Restaurant and Conference centre. The facility was officially launched on 30 October 2020.

Kiwane Conference Centre and Restaurant



Tourism Marketing

The Directorate continued with its efforts of marketing and promoting Buffalo City as a tourist destination of choice. Due to budget constraints there were limited initiatives that were implemented. The focus was on using online platforms as they were easily accessible to the consumers. Below are some of the platforms that were used:

Participation in the Online Trade and Consumer Shows

During the 2020/2021 financial year, Buffalo City Tourism participated in an online trade and consumer show called Eastern Cape Virtual Tourism Expo which took place on 23 - 24 July 2020. The purpose of participating in this show was to achieve the following:

- a) To showcase what Buffalo City offers as a tourist destination during this pandemic period.
- b) To market and profile Buffalo City as a preferred tourist destination.
- c) To disseminate information about the tourism offerings of the area.
- d) To meet with the trade partners and consumers in order to understand their needs when visiting a destination.
- e) To engage online / digital activities with the members of trade to encourage them to include Buffalo City in their packages that they develop for the Eastern Cape, South Africa.

Advertising (print, online and digital)

Buffalo City continues to advertise in various publications in both digital, and print. In the last financial year, the following magazines were used to place adverts that were placed in the following magazines:

- a) Sky ways - This is an exclusive monthly online in-flight magazine exclusive to Airlink and an official guest magazine for Bidvest Premier Lounge, the exclusive international and domestic lounges located at airport terminals across the country. The Directorate advertised two times in this popular magazine in the 2020/ 2021 financial year.
- b) Sky news - A digital and print inflight magazine. It has a guaranteed readership of 160,000 and is published six times a year. It is also distributed to travel agencies, selected publicity associations, tourist information bureaus, hotels and private lodges.

- c) In-Flight - In-Flight is the official on-board magazine for FlySafair. Before the pandemic, the magazine total reach was over 400,000 monthly passengers and close to 15,000 unique digital subscribers monthly. As such the magazine serves as an ongoing source of reference for potential visitors in a destination.

- d) Your Home magazine - a digital magazine which is "distributed" to a minimum of 30,000 contacts, either through email or sms's and to a small degree WhatsApp. It has a huge amount of advertising of the magazine through different social media platforms, Facebook, Instagram, linked, YouTube and Pinterest to ensure maximum exposure. The Directorate advertised three times in this popular magazine in the 2020/ 2021 financial year.

Furthermore, the directorate has used various newspapers to promote the City to maximize the awareness about the tourism attractions of the city. The following news papers and radio have been used:

- a) Daily Dispatch
- b) Go Express
- c) Mail & Guardian
- d) Keith Ngesi Radio

Virtual Tours

The following platforms were used:

- a) Virtual tours – This campaign is aimed at promoting Buffalo City experiences and attractions and packaging options in an affordable and attractive manner. These virtual tours comprised of (1) History of Buffalo City, (2) Township tours, (3) King William's Town and surroundings, (4) Cultural Tours and (5) Adventure Tours. All these tours served as a comprehensive and vibrant visitor's guide into Buffalo City, making use of operating Tourist Guides, professionals and practitioners as narrators of the various tour offerings and experiences. These virtual tours showcase the City's tourism offerings the way it has not been shown before and they are available on all Buffalo City Tourism social media platforms. These tours encourage people to be able to view and be able to see what the city has to offer.

- b) Digital screens around the city - the screens afforded an opportunity to both the City and tourism products in marketing their businesses.

Social Media

The Directorate uses different social media platforms such as Facebook, Twitter and Instagram to maximize its efforts to market and promote the city. Tourism Facebook has been very instrumental in promoting the City during the pandemic. The postings on the page are very informative and receives a lot of engagement. The page currently has over 17,000 followers.

Arts, Culture and Heritage

During the 2020/21 financial year, the Directorate implemented the following programmes:

- a) Artist support programmes
- b) Commemoration of national days programme Artist Support programme

The Directorate has a responsibility to provide support to the local artists. Part of the support that is provided include providing opportunities for artists to showcase their work in order to access the market as well as provide training and capacity building. Due to limited budget available in the Directorate, the focus was on utilizing the Ann Bryant Art Gallery which is

owned by the municipality as a place for local artists to showcase their talent and afford performing artists an opportunity to attend the Makhandia Livestream festival in Makhandia. The art gallery hosted a number of activities such as, Eastern Cape Design Focus 2021 exhibition, Hidden Treasure of Buffalo City Exhibition, East London Fine Art Society Exhibition and Makhandia Festival support programme for visual artists. The fifth programme that was implemented was Makhandia Festival support programme for performing artists wherein two local bands were supported to participate in the virtual festival with the livestream recording taking place in Makhandia Municipality. Some of these programmes were hosted in a hybrid format in the sense that they were online and at the same time people could walk through the gallery and view the exhibition. All events were well attended.

Brief overview of each event

- a) Eastern Cape Design Focus 2021 hosted at the main gallery

Fashion Engagement EC collaborated with Art Versatile and the Eastern Cape Film Hub to produce Eastern Cape Design Focus 2021. The programme aimed to enable and provide emerging creatives within the province the possibility to create collaborations amongst themselves, increase market access and to build and strengthen their profiles locally and nationally.

- b) Hidden Treasures of Buffalo City hosted at the Coach House

The Friends of the Ann Bryant Art Gallery hosted an exhibition titled "Hidden Treasures of Buffalo City". The exhibition was open to all artists residing in Buffalo City. The Friends of the Art Gallery accepted entries from other Provinces as well to exhibit their work, this is done because of the relationships with other art galleries outside the city. A maximum of four artworks were entered per artist. All artworks were also displayed online for sale, as well as walk-ins to view the art works were allowed.

The artworks from this exhibition that were sold totalled R 17,650.00 resulting in exhibitors making a profit. This was a way of making an income for the creative industry especially during this time.

- c) The East London Fine Art Society Exhibition "*Anything But Painting*"

This exhibition was opened on Friday 4 June 2021 at 17h00 - 20h00 and was attended by approximately 100 people. On annual basis, the East London Fine Art Society hosts this exhibition and the dates are communicated in their calendar of events. The East London Fine Art Society invited artists to submit their artwork on the theme "Anything but Painting" which could be woodwork, beadwork, leatherwork, sculpture, needlework, or simply anything where painting was not the dominant media.

A maximum of six entries per artist were allowed. The exhibition has attracted over 20 artists showcasing over 100 art works.

- d) Department of Recreation, Sport, Arts and Culture selection for the Makhandia National Arts Festival

Since the 24 May 2021 the Department of Sport, Recreation, Arts and Culture in partnership with BCMM has been on a drive to gather crafters and artists to enter the Makhandia National Arts Festival 2021. The main gallery was been used as a venue to display products that can turn be converted into an online exhibition.

The exhibition was mounted at the Ann Bryant Art Gallery as from Monday the 28th June 2021. The 360 degrees Virtual Reality was captured on the 1st and 2nd July 2021. The exhibiting artists were required to be part of the video capturing as they were required to talk about their artworks. The footage was later edited and streamlined on the 2021 Makhanda

National Arts Festival Virtual Platform.

e) Makhanda National Arts Festival 2021

The Makhanda National Arts Festival 2021 took the form of a virtual festival with all performances being livestreamed. Local artists were called and given opportunity to submit proposals, showing interest in attending the festival. Of the few proposals submitted, two jazz groups were selected. The first group was the Imonti Jazz Band, with nine members, who performed in Makhanda, via live recording, at the Settlers National Monument on the 20th of July 2021. The second group was Nelisa and her band, with a total of eleven members, who also performed in Makhanda via live recording, at the Settlers National Monument on the 24th of July 2021. Both groups were provided with transportation to and from Makhanda, meals as well as accommodation for the duration of their stay. A total of twenty artists were supported in this regard as part of the artist support programme.

b) Commemoration of National Days Programme

c) The Directorate of Economic Development and Agencies is responsible for hosting events to commemorate the national days. During 2020/2021 financial year the Directorate hosted three events to commemorate the national days namely; the Human Rights Month launch, leadership in economic development seminar and memorial lecture. The leadership in economic development seminar was hosted to commemorate Freedom Day whilst a memorial lecture was hosted to commemorate Africa Day. Below is the overview of each event.

(a) Human Rights Month

Buffalo City Metro was chosen to be the host of national human rights month activities. Two major activities took place i.e. the launch of the human rights month event and ministerial outreach programme as a build-up activity. The activities started off with the official launch of the human rights month which was hosted on the 5th of March 2021. This was followed by the ministerial outreach programme which was led by the Deputy Minister of Sports, Arts Culture which was held on 15th - 19th of March 2021 which culminated into the actual

Human Rights Day event held on the 21st of March 2021 under the theme “The year of Charlotte Maxeke: promoting and protecting human rights in the age of Covid -19”.

- Leadership in Economic Development Seminar
- The leadership in Economic Development Seminar was held on the 27th of April 2021 at the Zwelitsha Hotel conference facility. The event was hosted in partnership with Econo- Development Consulting. Issues around fragmentation in leadership, leadership for social change, economic transformation and economic ownership were heavily discussed in the seminar.

5.2.2 CLEMENTS KADALIE MEMORIAL LECTURE

The Directorate of Economic Development and Agencies in Partnership with Ilanga Institute hosted memorial lecture in honour of Clements Kadalie as an event to commemorate Africa Day. The event was held on the 25th of May 2021 at the East London ICC, to celebrate and commemorate the life and times of Clements Kadalie as a trade unionist. In December 1919, Kadalie, as a trade unionist, led his first work stoppage, a dock workers’ strike. The strike involved over 2,000 workers and lasted 14 days, stopping the export of all goods through Cape Town Harbour facilities. This catapulted Kadalie to national prominence in South Africa.

The program started at Cambridge Cemetery to with a wreath laying session and proceeded to East London International Convention Centre where the lecture was to take place. The event was attended by 100 people from the communities in and around the Buffalo City Jurisdiction inclusive of Kadalie family. The Eastern Cape government honoured the invite as well. Amongst the dignitaries were the Members of the Executive Council (MEC), MEC for Finance, Economic Development Environmental Affairs and Tourism: Mr Mlungisi Gerald Mvoko, MEC for Cooperative Governance & Traditional Affairs: Mr Xolile Nqatha and Labour Movements and officials from Eastern Provincial Department of Sport, Recreation, Arts and Culture.

Some of the Keynote speakers included the Mr Shadrack Dwaba who was tasked with the responsibility of giving a talk on “Period of the birth of ICU”, the Speaker of Council (Cllr Maxhegwana) who spoke on “ the Rebirth of Black Trade Unionism as marked by the formation of SACTU, Mr Mkhawuleli Maleki who spoke on “Black Trade Unionism as cooking

pot for current democracy and lastly the Executive Mayor who covered the topic on “Labour Movement as the tool for conscientization. The event was a success and there was no incident reported on the day. The Kadalie family was appreciative of the initiative.

Buffalo City Fresh Produce Market

The Municipal Fresh Produce Market receives 5% of sales as commission from farmers. Other income is generated through rentals for office space, cold storages and other general storage. South Africa has eighteen National Fresh Produce Markets that were founded with an objective of ensuring food security for communities and the East London Market is the fifth largest in terms of turnover. The Buffalo City Fresh Produce Market distributed about 79,000 tons of fresh produce which is a decline of 5.03% when compared to 83,000 in 2019/20. The turnover was R477 million which is an increase of 4.37% when compared to R457 million of the previous financial year.

The Buffalo City Fresh Produce Market conducts business with farmers and businesses of all sizes, gender and race. The Market aims to increase its networks through partnerships with industry related bodies to ensure growth and sustainability. Opportunities still exist for extended product offering and transformation as highlighted in the Feasibility Study section of the Masterplan. The Market participates in the Annual Agricultural Shows around the country with the aim to attract more investment. These platforms are crucial to share information with smallholder farmers to assist them to align production with industry demand.

The Market accommodates four Market Agencies and two wholesalers. These stakeholders operating at the Market provide employment opportunities to nearby communities. In 2020/21 financial year these stakeholders provided employment opportunities to 176 males and 37 females.

Indirect employment at the Market

No. of people employed at the Market by our tenants:

TENANT	MALES	FEMALES	TOTAL
Martin & Scheepers	32	4	36
Subtropico	14	2	16
A A	24	3	27
Border Farmers	19	3	22
Fruit Lover's Market	6	1	7
Fruitorama	40	24	64
Market Porters	41	-	41
Total	176	37	213

The 2020/21 annual sales are reported in quarterly performances as below:

Quarter 1 (July 2020 to September 2020)

Total turnover during quarter 1 for this period was R120,413,386.18 as compared to R103,863,372.37 (Quarter 1 of the previous period) sales increased by 16% and income of R16.5 million

Quarter 2 (October 2020 to December 2020)

Total turnover during Quarter 2 for the period under review was R129,098,293.57 as compared to R126,026,622.18 (Quarter 2 of the previous period) sales increased by 2% and income of R3 million.

Quarter 3 (January 2021 to March 2021)

Total turnover during Quarter 3 for the period was R112,764,319.01 and compared to R117,209,318.59 (Quarter 3 of the previous period) sales decreased by 4% and deficit of R4.4 million.

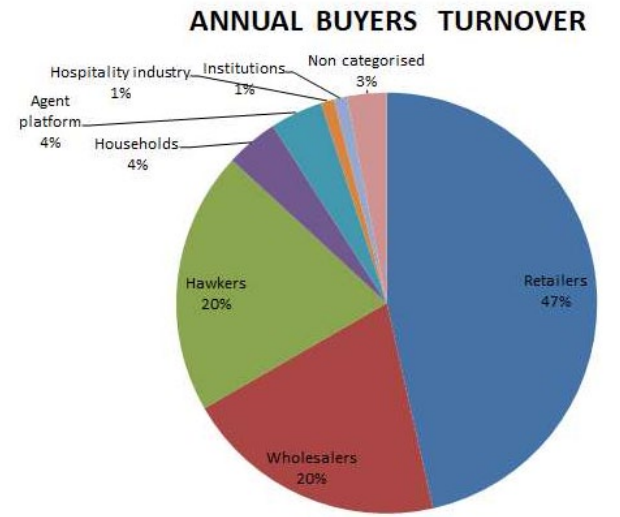
Quarter 4 (April 2021 to June 2021)

Total turnover during Quarter 4 for the period under review was R115,042,361.43 and when compared to R110,249,413.09 (Quarter 4 of the previous period) sales increased by 4% and income of R4.7 million

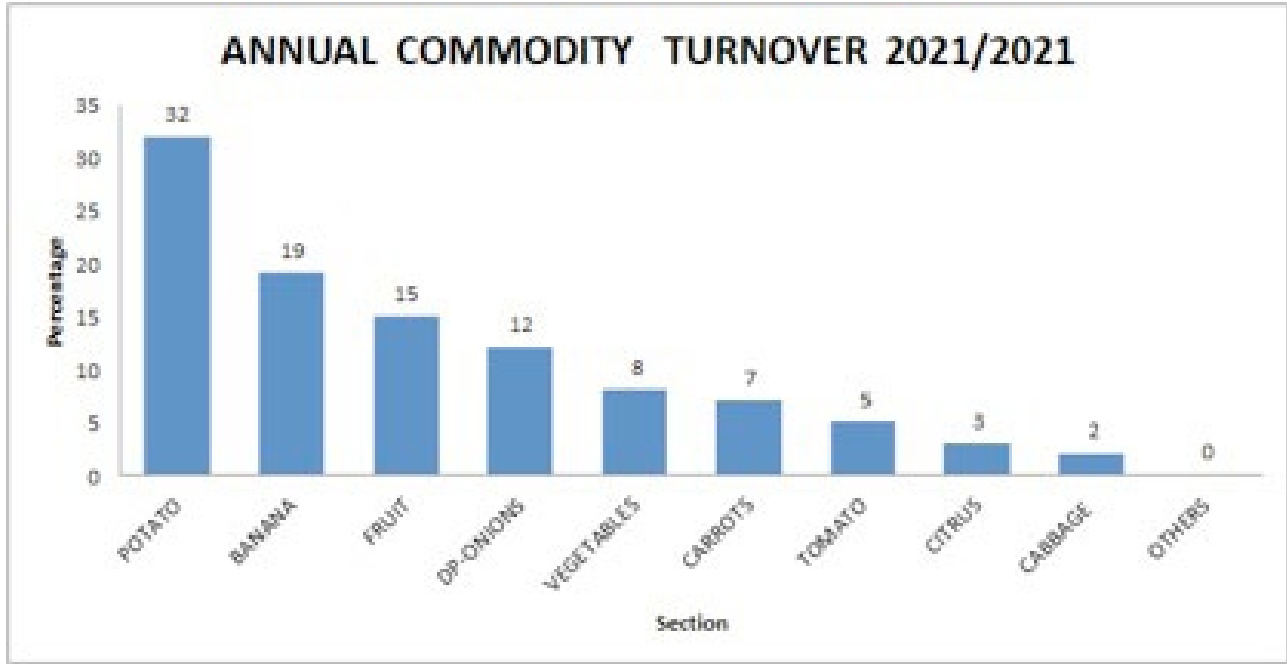
Total turnover for annual sales period 2020/2021 is R477,318,360.19

BUYERS PROFILE

Buyers statistics report for 2020/2021 Annual sales period



Annual commodity turnover performance for 2020/2021 sales period



In 2020/21 the Fresh Produce Market implemented the following projects:

NAME OF PROJECT (20/21)	PROGRESS/STATUS	ALLOCATED BUDGET 20/21	ACTUAL EXPENDITURE	REMAINING BUDGET
UPGRADING OF MARKET HALL	Ongoing project for the renewal and upgrading of the Market. Upgrades are prioritised and implemented in phases.	R 5,000,000.00	R4,650,471.62	R349,528.38
PLANT AND EQUIPMENT	Project was for acquisition of a cherry picker and this contract is due to be awarded by BAC	R421,064.00	R153,945.39	R267,118.61
PAVING & PALLISADE FENCING - PALLET ZONE	Paving of pallet storage area is complete	R837,538.00	R826,045.00	R11,493.00
INSTALLATION OF FIRE HYDRANTS	Installation and connection of fire hydrants and fire hoses is complete	R664,395.00	R575,000.00	R89,395.00
COLD ROOMS	Ongoing project for renewal and upgrading of cold storage facilities	R163,701.00	R125,836.12	R37,864.88
EXPANSION OF GUARD HOUSE AND GATE	Project is upgrading of guard house and gates to improve security and access control. Clear Vu fencing and gates have been installed. Remaining budget will be used to	R4,335,493.00	R3,382,264.78	R953,228.22
	upgrading guard house			
CONSTRUCTION OF WASTE AREA	Waste area has been constructed at the back of Market Hall, project to be completed in September 2021	R461,465.00	R217,633.50	R243,831.50

MASTERPLAN (Buffalo City Fresh Produce Market Feasibility Report)

The main purpose of this document is to investigate the following: “How to stimulate volume growth (and revenue growth) utilising the Buffalo City Fresh Produce Market’s (BCFPM) infrastructure, product and tenant mix.” Traditionally fresh produce markets in South Africa focussed on a niche portion of the food value chain, that of fresh produce commission sales. Due to the structural nature of the South African fresh produce sector (large scale production, concentrated demand in cities and available infrastructure), this has been a viable strategy for many years. The accompanying commission-based business model also allowed the owner (municipality) to generate substantial revenue from these facilities and activities, far above that of a pure / typical rental income model.

COMPLEMENTARY GOODS AND SERVICES

The market as a sales point offers the ideal destination for consumer demand products. The potential to host onsite manufacturing/repacking and processing facilities is an area that BCFPM management is considering. Other markets have shown that these complementary businesses have a direct impact on the buyer's purchasing behaviour.

An example is onsite wholesalers that service regional buyers by procuring exclusively from the floor (market rules typically prevent wholesalers from bypassing the market's trading floor and thus concentrate demand on the floor).

EXTENDED CONSUMER BASKET

The typical nutritional consumer food basket in South Africa consists out of the eight universal food groups: bread, milk, rice, eggs, cheese, meat, fruits, and vegetables. The Balanced Food Basket (BFAP) includes twenty nine food items grouped under the following major categories:

- Starch-rich staple foods: Maize meal, brown bread, white bread, rice, potatoes and wheat flour
- Animal protein foods: Beef mince, chicken pieces, canned pilchards, eggs, polony and beef sausage
- Vegetables: Tomatoes, onions, carrots, cabbage and pumpkin
- Fruit: Apples, bananas and oranges
- Dairy: Full cream milk, sour milk/maas and cheddar cheese
- Fats & oils: Sunflower oil, margarine and peanut butter
- Sugary foods: White sugar
- Legumes: Dried beans and baked beans in tomato sauce

Using the BFAP list as a base case, the table below indicates the product mix that would be required to fulfil the basic needs of consumers. Also, other non-food items (sweets, cold drinks, liquor, etc.) are available on some other major fresh produce markets.

DEPARTMENT OF TRADE, INDUSTRY AND SECTOR DEVELOPMENT

SMME business owners have experienced greater uncertainty around the sustainability of their businesses due to the pandemic. A sizeable number of businesses within the City as well as countrywide have been closed down leaving many people without jobs. The impact of the pandemic and subsequent lockdown on business performance have been significant with 63% of SMMEs performing not well.

Most business owners have stated that it will take more than a year for their business to recover whilst nearly three in every ten (28%) state that they do not know how long the recovery period will be as things are still too uncertain.

Challenges faced by SMMEs

Looking at all the challenges faced by SMMEs, SMMEs are pursuing new strategies to support their businesses during this time:

- Leverage technology to reach new customers or provide a distinctive value proposition – digital and new technologies create an opportunity for SMMEs to enhance their reach and efficiency at lower costs, overcoming the scale disadvantage they relative to larger players
- SMMEs to focus on key areas of competitiveness in their value chain, product and operations and identify the best technology to enhance competitiveness

GROWING AND SUPPORTING TOWNSHIP BUSINESSES

BUSINESS OPPORTUNITIES FOR TOWNSHIPS IN BCM			
ECONOMIC SECTOR	POTENTIAL		TYPES OF BUSINESSES
	High	Medium	
Priority sector			
Agriculture and Agro-processing			Micro chicken batteries.
Capital Goods (Automotive)			Tyre fitment and wheel alignment; Panel beating; Auto body repairs and spray painting; Auto spares; general motor mechanic; Car wash; Window repairs; Welding.
Petrochemicals and chemicals			Manufacturing of detergents, soaps, cleaning materials; traditional medicine.
Renewable energy			Recycling (i.e. plastic, glass).
Textiles			Dress making; Sewing.
Tourism			Home-stay accommodation; Cycle tours; Traditional crafts (e.g. bead work, painting).
Non-priority sector			
Wholesale and retail trade			Shebeens; Street Traders; Street braais; Fast food and take-aways; Shoe repairs.
Social services			Crèches; Aftercare facilities; Hair dressers.
Construction			General building construction; Painting; Material suppliers (e.g. wood); Shack building.

The Unit has implemented the following programmes to support businesses within the City as part of the recovery plan:

Infrastructure for informal trade sector - Hawker stalls

The informal economy, comprising activities that has market value and would add tax revenue and GDP and globally widespread phenomenon. According to the International Labour Organisation, about 2 billion workers or 60% of the world's employed population age 15 and older, spend at least part of their time in the informal sector. Unemployment remains a nation-wide challenge that requires viable solutions. In response to this challenge, people take it upon themselves to embark on entrepreneurial ventures that would yield incomes to sustain themselves and their families. For many years, a vast number of South Africans have been and still reliant on the informal sector to survive. When one ponders on the informal economy, retail trading within the sector is immediately given attention.

It is based on the above that the City embarked on a programme to provide shelters and storage facilities in the form of hawker stalls to address some of the challenges that are a major challenge for the sector. Container malls and car wash stalls have been built and refurbished in the following area:

- Ginsberg Township - The department constructed a car wash which is suitable for taxis and private cars. The car wash provides quality service to its clients.
- Scenery Park - A container mall built from shipping containers to accommodate informal traders who are trading on the street. This is done to create a conducive trading environment. Burglary and fencing is done for security reasons. Our aim is to promote township informal development, sixteen units from different sectors like cooked food, hair saloon, internet café, shoe repairs, arts and craft and printing services were accommodated. Ward 5 and surrounding areas benefitted from the project.
- Mdantsane Township - Support for a conducive environment occurred at Mdantsane at NU 13 which is Ward 21. Ten units of container malls were constructed and beneficiaries from different sectors like cooked food, hair salon clothing, car spares, baby food shop and perfumes; as well as car washes which benefit young entrepreneurs in Ward 21. All beneficiaries will be monitored and given continuous support such as training as to how to expand their businesses.

Capacity Building Programme

An ongoing capacity building programme in the form of trainings and workshops, procurement of equipment/ machinery was implemented to support business growth for SMMEs and individuals who want to start their businesses. The following areas were supported:

Equipment / machinery for businesses: Intervention 1

- Lwakum Trading - The business started in 2015, specialising in fruit juice manufacturing. The business is based in Eqonce and currently they have more than 200 stores that are their potential customers. Increased demand for this juice resulted in a request to the municipality for machinery to produce more juice, thus enabling more shops to be accommodated and more employment opportunities. The business has fifteen staff currently.
- Funeral equipment - Ebenezer Funeral Service is a funeral service operating in Dimbaza Township and employed five people. The business was supported with funeral equipment such as lowering device, high stands, drapes, grass mats, adult fiber glass trolley and an executive trolley.

Workshops and Trainings: Intervention 2

- NHBRC workshop focused on the construction sector and the training was requested by Duncan Village Business Forum. Fifty SMME's from wards 1, 7, 8, 6, 16 and 46 in Duncan Village and surrounding areas benefitted from the training. The aim of the workshop was to assist SMME's with the process of registration with NHBRC in order to comply with the requirements to access tendering opportunities in the construction sector. The workshop covered the following topics:
 - Emerging home builders
 - Setting out
 - Excavate
 - Cast concrete strip foundation
 - Build foundation walling
- Enterprise Development in partnership with PricewaterhouseCoopers (PwC) offered business plan training to women in rural areas as part of developing SMME's. The programme was intended to develop knowledge and skills amongst participants to enable SMME's to manage and grow their respective businesses. This took place between the 24 - 28 May 2021 at the King Club Restaurant and Convention Centre in King Williams Town. Participants came from a diverse range of sectors, i.e. manufacturing, catering and agriculture. Fifteen participants benefited from the training.

Market access: Intervention 3

- Four SMMEs operating from various areas (East London, Mdantsane, Dimbaza Industrial Zone) were exposed to a marketing platform by advertising their products and services on Your Home Magazine. These business are:
 - Jezile Gamazine and Glamour Coating
 - Minazana Creation ü Lavee Davee Saloon ü AEG Africa Project

PARTNERSHIPS

Coca-cola Beverages South Africa (CCBSA):

The Enterprise Development Unit has been supporting SMMEs in the City working with stakeholders that have similar programmes with the aim of realising maximum impact and growth of the SMME sector.

For the Unit to achieve and make a dent in job creation and capacity building for SMMEs it is critical to establish partnerships with the private sector. It is one of the principles that underpins local economic development, it is stated that LED cannot be achieved alone and therefore establishment of partnerships with stakeholders at both National and Provincial is key.

The Coca-Cola programme Bizniz in a Box aims to create an ecosystem of viable micro - businesses offering complementary products and services in a community, using a spaza shop as the anchor. Each business operates out of a custom designed container. These businesses cover various needs of the local community such as business centre / internet café, car wash, fast food or a mini baker.

The City had about 197 youth applicants for this programme, of which 165 selected for numerical and sales assessments, eighty were selected for baseline assessments, sixty nine for baseline assessments and site visits completed to date. Sixty were invited to the boot camp and out of that five youth withdrew. Fifty five youth managed to pass all stages, thirty two females and twenty three males.

The number of beneficiaries are split according to the areas as follows:

- 11 Gompo
- 15 Zwelitsha
- 29 Mdantsane

The Unit in partnership with Coca Cola verified twenty one entrepreneurs currently operating in the Bizniz in a box

programme to procure R65,000 stock as per their spaza shop needs. Coca Cola delivered four containers to these beneficiaries.

VODACOM PARTNERSHIP PROGRAMME

Vodacom's main purpose is to connect for a better future using mobile devices which opens opportunities to transform digital society that connects people, communities and things to the internet which must be accessible to all.

In line to the above statement Vodacom Eastern Region is focusing on activities that bring opportunities and dignity to communities. Vodacom managed to reduce cost of data by introducing Just 4 Your Town bundles which are designed based on the town spend and also introduced wi-fi hotspots. Through these programmes Vodacom supported businesses operating within the BCMM region:

- Buzwe Bethu textiles - Zwelitsha
- AJ Bakes - Phakamisa
- Free wi-fi hotspots - Rhino Mdantsane
- Kulani supermarket - Zwelitsha
- SPAR NU 13 and Zone 4 Zwelitsha are planned

IMAGES OF THE MACHINERY SUPPORT GIVEN TO SMME'S AND INFORMAL TRADERS



TRADE & INVESTMENT PROMOTIONS UNIT

The Exporter Development Programme is developed by the Buffalo City Export Helpdesk under the Buffalo City Metropolitan Municipality banner with the purpose of providing potential, emerging and seasoned exporters with the basics of how to prepare and research potential export markets.

The programme is implemented in partnership with the Eastern Cape Development Corporation and its aims to develop and generate export ready small enterprises in the long run that are globally competitive and are able to grow markets both locally and internationally.

EXPORT HELPDESK MISSIONS

Inward Selling Missions

Name of Mission: South Africa-Zambia Mission

Date 9-10 July 2020

Name of Company	Contact Person	Sector/ Opportunity
Isuzu	C. Ndlovu	Manufacturing
Stacks Africa S	S. Walker	Beverage
Nkosazania Media	NY. Nkqwitha	Landscaping
Leon Gayler	Freiten	Services
Y Solutions Media	M. Manjezi	Automotive
Black Star Africa	Grant Weber	Manufacturing
Tiesamond	N. Maqungo	Services

Name of Seminar: South Africa-Ghana Trade and Investment Date: 18-19 August 2020

Name of Company	Contact Person	Sector/Opportunity
AET	S. Qayi	Renewable Energy
Liquid Gold Africa	X. Vonya	Manufacturing
Creative Industry Dynamics	M. Manjezi	Services
Hlubi Dikela Trading (PTY) Ltd	H. Xegwana	Lubricants
Agrinit(PTY) Ltd	P. Ncede	Agri Business
Kolimonty	S. Banks	Construction

Outward missions

Name of mission: Ghana-South Africa outward mission Date: 08 October 2020

Name of Company	Contact Person	Sector/ Opportunity
AET	S.Qayi	Renewable Energy
Lugaju	B.Zuma	Water and Sanitation
Electro Green Power	Y.Njokweni	Renewable energy
Elimna Tech	L. Matho	ICT

Name of Mission: Rwanda-South Africa outward selling mission

Date: 18-19 November 2020

Name of Company	Contact Person	Sector/Opportunity
Rined Rvold	Bridgette	Leather and Shoes
Stardom Designs	B. Mkosana	Leather and Shoes
Seventyfour	A Van Rooyen	Leather and Shoes

Name of Mission: Cameroon –South Africa Hybrid Outward Selling Mission Date:03 May 2021

Name of Company	Contact Person	Sector/Opportunity
FibreGlass Moulding	A. Viljoen	Electrical
Kolimonty (PTY) Ltd	S.Banks	Roads infrastructure

Under Exporter Development Programme - a series of training programmes have been hosted to support companies in various aspects in order to explore market opportunities in export markets. The following are the trainings that have been hosted:

3rd phase Global Exporter Passport training was held on the 2-3 February 2021. The training addresses the market entry issues targeting specific markets on the export marketing plan developed in Phase 2. It assists enterprises with the implementation of their marketing plan. Twelve companies attended the Global Exporter Training program.

The 3rd Annual Eastern Cape Export Symposium and Exhibition 2021 was hosted under the theme “Reset Eastern Cape Exports and Improve Economic Resilience”. It was a hybrid event which allowed both physical and online participation and took place between the 24 - 25 March 2021. The aim of the Symposium was to assist Eastern Cape companies to rebuild export capacity post the pandemic and highlighted the opportunity to tighten regional integration in ways that better leverage local resources to make the province globally competitive.

The Symposium had the following objectives:

- Create an enabling environment for international competitiveness for international competitiveness for Eastern Cape Exporters.
- Diversify exports into more value added and manufactured goods and services.
- An enhanced understanding of new markets (market diversification) with an emphasis on Africa and emerging markets.
- Grow the exporter base (supplier diversification) to include super exporters, SMMEs, HDI enterprises, secondary coops, export villages as well as black industrialists.

Thirteen companies participated in the exhibition.

Six SMMEs were amongst the nineteen Eastern Cape SMMEs that graduated from the Exporter Development Programme on the 30 April 2021. The programme is designed to address barriers faced by companies before entering the export markets, particularly focused on companies with the potential for exporting but lack support to expand their market footprint, enter and explore new markets internationally. The six companies that went through the training are AET, Lucob Cleaning Services, Lugaju Innovations, Kwamhlanga, Afriwaste and Ginger Love.

REVITALISATION OF INDUSTRIAL AREAS (DIMBAZA)

Dimbaza is one of the Industrial Parks identified to benefit from the Revitalisation of Industrial Parks by Department of Trade and Industry and Competition (DTIC). The purpose is to revitalise dilapidated industrial areas in order to accelerate economic development by attracting investment to the area and

providing opportunities and growth in the townships, rural and distressed areas. This R2,000,000 project is implemented in partnership through a partnership with ECDC.

The project is at a stage of upgrading and widening of the R63 intersection of the Provincial Route 63 and the construction of a new 670 metre long internal road as well as the construction and rehabilitation of existing and new civil bulk services. An upgrade and refurbishment of the 22/11kV HV networks and high mast lighting structures as well as upgrade of waste water treatment works.

The project is divided into three packages:

- **Package 1** - Construction of Access Road on R63, Rehabilitation of Internal Roads & Bulk Services Upgrade
- **Package 2** - Electrical infrastructure upgrade and Installation of High Mast Lighting
- **Package 3** - Waste Water Treatment Works Upgrade

A professional team was appointed by the ECDC in 2018 which comprised of service providers that included Civil and Electrical Engineers. The services of a Geotechnical Engineer, Surveyor, Health and Safety Agent and a Social Facilitator were procured through the Consulting Engineers. At this stage of the project, concept and feasibility has been achieved. Design reports, preliminary design drawings were submitted and approved by ECDC. Design drawings for the Electrical infrastructure upgrade and Installation of High Mast Lighting were approved by BCMM. Tender for the construction of Access Road, Rehabilitation of Internal Roads & Bulk Services Upgrade was issued on the 28th August 2020. The contractor has been appointed and is currently on site as from 5th March 2021.

INVEST BUFFALO CITY (IBC) INITIATIVE

Invest Buffalo City (IBC) aims to build an economic growth coalition to look after existing and new businesses also to retain the existing ones in the City. Invest Buffalo City considers four main aspects: Invest, Live, Work and Play. It aims to provide a coordinated and holistic investment promotion approach / one-stop-shop for the City. Invest Buffalo City also provides project management support for key initiatives identified under the MGDS that would contribute to an improved business environment. Buffalo City through Invest Buffalo City (IBC) has been consulting with potential investors who are interested in bringing investment to the City, but due to the global Covid-19 pandemic some projects were unable to be completed.

Invest Buffalo City (IBC) Projects June 2021:

1. CALL-2-ACTION

As previously mentioned, Polycy, the Polyolefin Responsibility Organisation invested in new waste infrastructure in Buffalo City (through investing in SMMEs). Polycy also funded the construction of three mini-buy back centres (BBCs) in Settlers Way, Quigney, Oxford Street and Southernwood. The sites were handed over to a contractor in February 2021 with construction commencing immediately. Unfortunately, the various adjusted Covid-19 lockdown levels as well as a severe steel shortage in the country hampered the construction of the BBCs. Nevertheless, two sites are now complete (Southernwood – first three images; and the CBD and last image, below), with implementation of the BBCs receiving recyclables from community members at the beginning of August, with an official launch later with specific dates to be shared with key stakeholders.

The Call-2-Action programme received further funding from Mercedes-Benz South Africa to provide grass cutting and litter picking services in Settlers Way and the North-East Expressway. We trust that this newly invigorated approach, as well as the BBCs will attract further donations from both the private sector as well as Buffalo City Metro. There are on-going discussions with Solid Waste to extend the current MoU allowing the Call-2-Action to continue the work it is doing.

2. ADDITIONAL PROJECTS

Additional projects have been identified to promote investment and enterprise development in Buffalo City. These are:

Business Process Enabling South Africa (BPESA) Eastern Cape

Invest Buffalo City was actively involved in developing this association and currently sits on the board of the newly established Business Process Enabling South Africa Eastern Cape (BPESA EC) as the deputy chairperson.

Through BPESA EC, an Eastern Cape BPO (Business Process Outsourcing) company is set to run a 100-seat call centre to deal with Covid-19 related health queries for the National Department of Health.

Another contact centre has been established in East London with 40 seats to service a client in the USA. These 40 seats are set to expand to 100 should the first 40 be successful.

Intellectual Property (IP) Commercialisation

It has become imperative to promote new innovative businesses to grow the local economy. As such, the IBC Project Manager is part of the Walter Sisulu University and Technology Innovation Agency Seed Fund Steering Committee which provides grants for students to progress their research into viable businesses. The role of IBC is to link students with private

companies when the technology or intellectual property is at requisite maturity such as previously mentioned.

IBC is working with both Walter Sisulu University and Rhodes University to package their projects for investment.

FUTURE PROJECTS

2.3 BUSINESS INTELLIGENCE HUB

There is a need to develop a more comprehensive data analysis in the City specifically focusing on businesses (what businesses are in BCMM, how are those businesses operating) was identified. KPMG in partnership with IBC developed a concept note and are now in the process of gathering data from a number of sources like Buffalo City itself. All that information will go through one data hub and be made available to businesses and stakeholders for informed business decisions. The data will be computed monthly and shared monthly to assist government to see which companies are struggling and support companies a lot quicker as opposed to assisting when companies are in a dire state. The data will include the businesses that have closed down in the city. IBC will share the information as soon as it is available.

Funding was made available by the Hannover Chamber of Commerce for this project. A service provider was appointed to develop the framework for how the desk will operate as well as the data streams that will emerge.

AGRICULTURE AND RURAL DEVELOPMENT UNIT

The role of the Agriculture and Rural Development Unit is to promote agriculture and rural development through farmer support and development programmes that will increase the agricultural output and increase the sector's contribution to the GDP.

The agricultural unit implemented improved food security programme in the form of hydroponic tunnels and production inputs.

Hydroponics Tunnels

As a way of supporting production of vegetables under controlled conditions, BCMM supported farmers with hydroponic tunnels and shade nets. The Directorate of Economic Development and Agencies identified food security projects owned and run by youth for support with hydroponic tunnels and shade nets. Youth from Duncan Village, Zwelitsha and Nkqonkqweni, near Ntabozuko were identified.



Duncan Village Tunnels



Zwelitsha Tunnels



Nkqonqweni Shade net

PRODUCTION INPUTS

BCMM supported various distressed emerging farmers and communities with production inputs to help them to produce their food during the Covid-19 pandemic. Production inputs ranged from vegetable seedlings, fertilizers, pesticides, to chicken and pig feed.

The following table outline the shows the beneficiaries of production inputs received

NAME	WARD	LOCATION
Dunje Sikitshana	33	Hili
Notalili Sam	34	Dimbaza
Makaziwe Sikolakhe	30	Cuba
Mzwandile Nozewu	19	Buffalo Flats
Xolile Niveni	36	Pirrie Missionm
Buyiswa Ngqondelana	40	Reaston
Thembekile Nomala	44	Tshatshu
Vuyokazi Ngoyo	49	Ndevana
Thembani Sam	38	Tyusha
Nokhanyo Sindesi	50	Gwaba
Phathiswa Rungqu	32	Phosi
Noxolo Qinela	26	St Marry
Nothini Bamla	46	Santa Location
Phumla Seyisi	35	Quzini
Sithembiso Sonjica	50	Jongilanga
Masibulele Primary School	33	Pumlani
Mzimkhulu Niveni	20	NU 7 Mdantsane
Sithembele Ntozini	15	Nompumelelo
Nosipho Dangazele	45	Mabaleni



Beneficiaries of production inputs



Poultry farmer received poultry feed

DIP TANKS

Zimbaba location was incorporated into the Buffalo City Metro from Ngqushwa Local Municipality. Zimbaba livestock farmers submitted an application for renovations of their dipping tank. Their application succeeded and they were supported by the municipality.



POULTRY STRUCTURE

A new poultry structure was constructed at Phози location, Tsholomnqa in Ward 32, the project is owned by women with eight members. It produces eggs that are sold in local markets. The cooperative created about ten jobs for community members.



Poultry structures at Phози village

T3.11.1.

Economic Activity by Sector

R '000			
Sector	2018/2019	2019/2020	2020/2021
Agric, forestry and fishing	2	1,5	1,5
Mining and quarrying	6	5	2
Manufacturing	56	58	63
Wholesale and retail trade	45	51	52
Finance, property, etc.	51	48	52
Govt, community and social services	23	25	25
Infrastructure services	34	38	41
Total	217	226,5	236,5
T 3.11.2			

Economic Employment by Sector

Jobs			
Sector	2018 No.	2019 No.	2020
Agric, forestry and fishing	18,900	18,700	18,000
Mining and quarrying	138	182	313
Manufacturing	20,700	19,900	16,200
Wholesale and retail trade	58,300	54,600	50,100
Finance, property, etc.	30,400	27,800	26,800
Govt, community and social services	62,700	60,900	60,800
Infrastructure services	22,760	23,060	19,219
Households	20,700	21,500	20,200
Transport	10,300	10,400	9,890
Total	244, 898	237,000	221,552
T 3.11.3			

COMMENT ON LOCAL JOB OPPORTUNITIES

BCMM employs a total number of 222,000 people. The metropolitan municipality that employs the highest number of people relative to the other regions within the Eastern Cape Province is the Nelson Mandela Bay Metropolitan Municipality with a total number of 419,000 employees. The municipality that employs the lowest number of people relative to the other regions within the Eastern Cape Province is Joe Gqabi municipality with 69,300 employees.

In Buffalo City Metro, the economic sectors that recorded the largest number of employments in 2020 where the community services sector with a total of 60,800 employed people or 27.5% of total employment in the City. The trade sector with a total of 50,100 (22.6%) employs the second highest number of people relative to the other sectors. The mining sector with 313 (0.1%) is the sector that employs the least number of people in metro, followed by the electricity sector with 719 (0.3%) people employed.

The number of formally employed people in Buffalo City counted close to 173,000 in 2020, which is about 78.23% of total employment. The informal economy, which is excluded in the above table was about 48,200 or 21.77% in Buffalo City.

Formal employment is much more stable than informal employment. Informal employment is much harder to measure and manage, simply because it cannot be tracked through the formal business side of the economy.

In 2020, there were a total number of 172,000 people unemployed in Buffalo City. Which is an increase of 91,800 from 80,400 in 2010. The total number of unemployed people within Buffalo City constitutes 17.48% of the total number of unemployed people in the Eastern Cape Province. The Buffalo City Metropolitan Municipality experienced an average annual increase of 7.91% in the number of unemployed people, which is worse than that of the Eastern Cape which had an average annual increase in unemployment of 7.20%. In the 2020, the unemployment rate in Buffalo City Metropolitan Municipality (based on the official definition of unemployment) was 42.54%, which is an increase of 16.4 percentage points.

T 3.11.4

JOB'S CREATED DURING 2020/2021 BY LED INITIATIVES (EXCLUDING EPWP PROJECTS)

Jobs Created during Year 2020/2021 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 5 initiatives	Jobs created	Jobs lost/ displaced by other initiatives	Net total jobs created in year	Method of validating jobs created/lost
	No.	No.	No.	
Total (all initiatives)				
2018/2019	2,000			
2019/2020	1,253			
2020/2021	354			time sheets
Initiative A Hosting/ Supporting of events				
	1,131			Time sheets
Kiwane Campsite	42			Time sheets
Hydroponics	33			Time sheets
K.W.T. Incubation Hub				
	13			Time sheets
SMME Support	25			Time sheets
Initiative C (Year 0)				
T 3.11.5				

Job creation through EPWP* projects		
	EPWP Projects	Jobs created through EPWP projects
Details	No.	No.
2018/19	52	3,100
2019/20	41	6,164
2020/2021	43	5,660
T 3.11.6		

Local Economic Development Policy Objectives Taken From IDP											
Service Objectives		Outline Service Targets		2019/2020		2020/2021		2021/2022		2023/2024	
Service Indicators		Target	Actual	Target		Actual		Target		*Previous Year	*Current Year
				*Previous Year	*Current Year	*Previous Year	*Current Year	*Previous Year	*Current Year		
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(iii)	(iv)	(iv)	(v)	(vi)	(vi)
Service Objective xxx											
Maintain Inclusive and sustainable economic Growth	Number of interventions supported to retain existing investors and promote attraction of new investment into Buffalo City	3	2	3	3	3	3	3	3	3	3
		10	7	7	9	7	9	9	9	9	9
		2	2	2	2	1	2	2	2	2	2
		5	3	3	5	3	5	5	5	5	5
	Number of job opportunities created through Municipal Projects and partnerships	500	1,166	400	800	354	800	800	800	800	800
	Number of initiatives (programmes) implemented to market and promote Buffalo City as a tourist destination of choice	8	6	5	15	5	15	15	15	15	15
	Number of arts, culture and heritage projects implemented	6	2	3	12	1	12	12	12	12	12
	Number of interventions implemented on export development and promotion for emerging exporters on a quarterly basis (New KPI)	9	6	12	12	12	12	12	12	12	12
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year - 1 Budget/IDP round; *Current Year' refers to the targets set in the Year 0 Budget/IDP round. *Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.											
											T3.11.7.

Employees: Local Economic Development Services					
Job Level	Year 2019/2020	Year 2020/2021			
	Employees	Posts	Employees	Vacancies	Vacancies (as a %
	No.	No.	No.	(fulltime equivalents) No.	of total posts) %
0 - 3	16	17	17	0	0%
4 - 6	18	20	17	3	15
7 - 9	19	19	18	1	5.2
10 - 12	14	17	16	1	5.8
13 - 15	3	4	4	0	0%
16 - 18	7	7	7	0	0%
19 - 20	1	2	2	0	0%
Total	78	86	81	5	5.8
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and numbers are as at 30 June.</i></p> <p><i>*Posts must be established and funded in the approved budget or a budget. Full-time equivalents are calculated by taking the total number of working days lost (exc weekends and public holidays) while a post remains vacant and adding together all such days within the same set (e.g. 'senior management') then dividing that total by 250 to give the number equivalent to the accumulated days.</i></p>					
T3.11.8					

Financial Performance 2020/2021: Local Economic Development Services					
R'000					
Details	2019/2020	2020/2021			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	25 594	180 434	200 464	163 313	-10%
Expenditure:					
Employees	37 031	71 438	71 535	47 848	-49%
Repairs and Maintenance	1 224	30 830	91 104	31 981	4%
Other	82 297	164 848	109 518	35 352	-366%
Total Operational Expenditure	120 552	267 116	272 157	115 181	-132%
Net Operational Expenditure	94 958	86 682	71 693	(48 131)	280%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.11.9

Capital Expenditure 2019/2020: Economic Development Services R' 000					
Capital Projects	2020/2021				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	84 485	169 657	130 930	35%	
BUILDING OF MEMORIAL STONES	1 000	1 000	8	- 12583%	5 000
EXTENSION OF MDANTSANE ART CENTRE	3 000	3 000	41	-7149%	7 500
HYDROPONICS AND PACKHOUSE - WARD 22	3 475	3 475	3 001	-16%	22 145
IMPROVE ACCESS ROAD AND ROAD SIGNAGE	3 000	-	-	0%	-
IMPROVE ACCESS ROAD AND ROAD SIGNAGE		5 000	250	100%	5 000
INFORMAL TRADE (HAWKER STALLS)	3 500	3 500	2 983	-17%	19 433
INFORMAL TRADE (HAWKER STALLS) c/o		1 130	1 130	100%	1 130
INSTALLATION OF KIDDIES PLAY AREA	1 000	-	-	0%	-
INSTALLATION OF RECREATIONAL FACILITIES	1 000	500	159	-531%	3 000
KWT ART CENTRE	4 000	4 000	876	-356%	7 000
OFFICE FURN & EQUIPMENT - SMME INCUBATOR	300	-	-	0%	-
OFFICE FURN & EQUIPMENT -		300	188	100%	300
SMME INCUBATOR					
OFFICE FURN & EQUIPMENT (DIRECTORATE)	200	200	174	-15%	1 000
RESTORATION OF CATTLE KILLING HERITAGE IN KWT	500	-	-	0%	-
REVITALISATION OF INDUSTRIAL AREA	2 000	-	-	0%	-
REVITALISATION OF INDUSTRIAL AREA	-	2 000	1 739	100%	2 000
TOURISM HUB	2 000	2 000	1 476	-36%	9 000
UPGRADING OF BUILDINGS	2 000	2 000	1 679	-19%	4 000
UPGRADING OF MARKET HALL	5 000	5 000	4 650	-8%	36 581

PLANT AND EQUIPMENT c/o	–	421	154	100%	421
UPGRADING OF BUILDINGS c/o	–	456	456	100%	456
PAVING & PALLISADE FENCING - PALLET ZONE c/o	–	838	826	100%	838
INSTALLATION OF FIRE HYDRANTS c/o	–	664	575	100%	664
COLD ROOMS c/o	–	164	126	100%	164
EXPANSION OF GUARD HOUSE AND GATE c/o	–	4 335	3 200	100%	4 335
CONSTRUCTION OF WASTE AREA c/o	–	461	218	100%	461
HYDROPONICS AND PACKHOUSE C/O	–	1 615	1 615	100%	1 615
HYDROPONICS AND PACKHOUSE - WARD 43		5 811	5 811	100%	5 811
HYDROPONICS AND PACKHOUSE - WARD 39		5 040	5 040	100%	5 040
INFORMAL TRADE (HAWKER STALLS) WARD 41 c/o	–	85	85	100%	85
INFORMAL TRADE (HAWKER STALLS) WARD 25 c/o	–	330	330	100%	330
OFFICE FURN & EQUIPMENT - SMME INCUBATOR c/o	–	158	105	100%	158
FENCING OF WORLD WAR 1 C/O	–	350	152	100%	350
RESTORATION OF CATTLE	–	1 000	–	0%	1 000
KILLING HERITAGE IN KWT c/o					
EXTENSION OF MDANTSANE ART CENTRE c/o		1 997	–	0%	1 997
RESTORAT WORK - SETTLERS WAY C/O	–	1 025	–	0%	1 025
RESTORAT WORK DESMOND TUTU MONUMENT C/O	–	600	–	0%	600
KWT ART CENTRE c/o	–	1 920	–	0%	1 920

TOURISM HUB c/o	–	2 397	1 247	100%	2 397
OFFICE FURN & EQUIPMENT (DIRECTORATE) c/o	–	47	–	0%	47
ECONOMIC INFRASTRUCTURE DUNCAN VILLAGE C/O	–	5 931	5 931	100%	5 931
ECONOMIC INFRASTRUCTURE DIMBAZA C/O	–	4 391	4 391	100%	4 391
ECONOMIC INFRASTRUCTURE SCENERY PARK C/O	–	600	600	100%	600
EAST LONDON BEACHFRONT AND WATERWORLD (BCMDA)	50 000	–	–	0%	–
EAST LONDON BEACHFRONT AND WATERWORLD (BCMDA)	–	50 000	49 350	100%	150 000
EAST LONDON BEACHFRONT AND WATERWORLD (BCMDA) c/o		43 935	31 148	100%	43 935
COMPUTER SOFTWARE	1 014	825	198	-412%	825
OFFICE FURN & EQUIPMENT (DIRECTORATE)	1 265	400	373	-239%	3 022
COMPUTERS	231	753	645	64%	4 023
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T3.11.10

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL

The Directorate of Economic Development and Agencies performed well given the huge challenges in economic infrastructure backlog and limited resources to achieve this and a relatively small staff complement.

The Covid-19 pandemic also affected the performance of the last quarter of 2020/2021 financial year. Programmes that were earmarked for March to June which included the commemoration of national days of importance such as the Human Rights Day, several Trade Shows such as the Tourism Indaba, Outward Selling Missions were either cancelled, downscaled and activated on digital platforms. Other sponsored events could not take place at all due to the lockdown.

Services were rendered to both urban and rural areas of Buffalo City. These included the following which could be highlighted:

- Commencement of Hydroponics in Duncan Village, Zwelitsha and Mngqesha Hydroponics. These, however, could not be completed due to lockdown.
- Business and Technical Skills to young entrepreneurs
- Hawker Stalls rollout in Zwelitsha and Phakamisa
- Finalization of the second phase of the Kiwane Resort which entailed a Conference Facility with a capacity to host 100 people, Restaurant and Wooden Deck
- Support with basic infrastructure to emerging farmers focusing mainly on livestock improvement, horticulture and food security programmes.
- Upgrading of the Fresh Produce Market and tightening of security measures
- Accelerated support to Buffalo City Exporters
- Commencement of the development of the Buffalo City Investment and Incentives Strategy

T 3.11.11

COMPONENT D:

COMMUNITY & SOCIAL SERVICES INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

3.12 LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

INTRODUCTION TO LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES

LIBRARY SERVICES

Libraries provide a service to all BCMM communities, especially to improve the lives of information-deprived communities who currently lack adequate access to information and books. The Libraries stock fiction and non-fiction such as reference, study, autobiographies, travel, recipe books, etc. and serve the adult, children and teen population. This includes pre-primary, primary and high school students who are from the surrounding areas of the libraries as well as tertiary students, working adults, unemployed adults and youth, and the aged.

The City's libraries are used mostly by the unemployed and jobseekers. They are assisted by subscriptions to certain newspapers which carry employment advertisements. Many users are illiterate or semi-literate; as such part of the service rendered is to give assistance to those completing necessary documentation.

Libraries promote and provide Early Childhood Development programmes as well as the Joyful Reading initiative where children from a very young age are encouraged in their love of books and reading. Programmes are held for caregivers on the importance of play in children's lives.

Outreach events are held on a regular basis. Events such as National Library Week, National Book Week & World Play Day are celebrated and seek to promote and encourage the usage and love of libraries, and the importance of libraries to all members of all communities.

Libraries in Buffalo City must serve many diverse functions and needs, and not only to simply be a venue for reading and lending of books, but also to focus on grass-roots education, empowerment and economic development, creating hubs for life-changing, community-based activities and programs. They should also focus on both the local practice and the grass- roots experience of making a community library a viable place to attain positive transformation and of expanding the scope of what the library offers to meet the changing

needs and priorities of its community. Hence, the inclusion of educational projects that are focusing on youth upliftment in the Library function such as Harambee & Bumb'INGOMSO.

1. Libraries are currently a provincial competency and run on an agency basis by Buffalo City Metropolitan Municipality. The library is dependent on an annual subsidy from Department Sports, Recreation, Arts & Culture. The arrangement as is, places the libraries under severe budgetary constraints. An amendment to this legislation would give the mandate for BCMM to run its own libraries.
2. The provision of a complete and full-time library service to all communities. Certain libraries currently offer a part-time library facility in that they are open to the public for a limited number of hours per week.
3. The provision of Mobile Libraries to render a service to those who are not able to visit libraries.
4. The building of libraries so that all communities have access to a library, especially in disadvantaged areas.
5. The allocation of a sufficient and adequate budget for libraries to render a comprehensive and realistic service.
6. The implementation and establishment of e-books facility for members of the community to access through the Buffalo City Metropolitan Municipal website.

INTRODUCTION TO LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES

LIBRARY SERVICES

BCMM's Council manages eighteen libraries, two mobile libraries, three prison depots and three old age home depots, with 94,517 subscribers on behalf of the Provincial Government. The latter only subsidised Council's Libraries operating budget of R40,083,525.00 by R15,870.00 in the 2020/2021 financial year.

There is a need to extend the library service to rural communities where the service is in high demand. Upgrading the existing libraries by means of electronic media such as the Overdrive Press Reader (e-books), will make the services accessible to all community members without the patrons having to commute to a library, as well as mobile services.

Highlights

- 1. The purchase of library material for all libraries in Buffalo City - **1,328** new books were purchased covering most genres from non-fiction, fiction, African literature, political books, etc.
- 2. The Provincial Department of Sport, Recreation, Arts & Culture made uncapped Wi-fi available to all BCMM Libraries over a period of three years. This will make a difference to the public i.e. job seekers, students and those doing research for work purposes and information.
- 3. The South African Library for the Blind in conjunction with the Provincial Department of Sport, Recreation, Arts & Culture donated a Mini-Library for the Blind to service the Visually impaired community of Buffalo City.
- 4. Book donations were received to the approximate value of R75,000.00.
- 5. A re-furbished shipping container is being converted in a library in Greenfields. The library has been operating from rented premises which has been unsuitable for the purpose of a library. The Container Library will be situated at the Robbie De Lange Hall.

Challenges have been recorded in respect of the following:

- a) An insufficient / **underfunded** library subsidy is received from the Provincial Department towards the running costs of all libraries in Buffalo City Metro, as well as the extension of library services into much needed areas such as rural areas.
- b) Lack of mobile libraries to deliver library service to rural areas where no library service exists.
- c) Security remains a concern at libraries which have minimal security measures implemented.
- d) The Library Service has been continually disrupted due to measures implemented to curb the spread of the Covid-19 virus. Libraries have shut down completely for periods, and the remainder of the time the hours have been limited, with staff working on a rotational basis.

Solutions/Remedial Action

- a) Engage with the Department of Sports, Recreation, Arts & Culture on the possibility of additional funds being allocated from their budget, as well as to provide DSRAC with statistics from libraries to prove where services are being extended.
- b) Mobile Libraries to be provided to Coastal, Midlands and Inland libraries.
- c) To provide a considered and adequate security at all libraries, and the building of facilities attached to libraries which can house security personnel who would monitor the security situation.
- d) The continuation of measures to curb the spread of the Covid-19 virus.

COMMUNITY HALLS

Buffalo City Council manages **37** tariff-levying halls.

A general survey of halls was undertaken within the Directorate of Municipal Services which commenced in December 2004 and was reported to Council in October 2005. During that survey, more than 90 facilities were visited and technically assessed. The facilities listed were either inherited from the erstwhile East London and King William's Town Transitional Local Councils or from the Amathole District Municipality. The Buffalo City Metropolitan Municipality Land Administration Division is currently facilitating the transfer of ownership of the various ex-Amathole District Municipality Halls to Buffalo City.

These facilities fall into two categories, namely:

- a) Tariff levying halls which are managed by Buffalo City Metropolitan Municipality of which there are **37** which were inherited from the erstwhile East London and King William's Town Transitional Local Councils. These halls have an operating budget and staff.
- b) Non-tariff levying halls of which there are 53 and which were primarily constructed by the Amathole District Municipality. Council levies no tariff for these halls (despite previous requests) as they have no operating budget, and no staff. It is also considered onerous for rural communities to book the facilities as there are only 3 booking points.

Many community halls are in need of refurbishment, estimated to exceed R90 million in value.

Lack of security guard's increases Council's risk. Council's insurers may decline claims on the basis that Council took no reasonable steps to secure its properties. Insufficient funding has been allocated in the budget.

Service Delivery Priorities

- 1. To construct new community halls to meet the needs off the communities within Buffalo City Metropolitan Municipality as requested through the IDP and availability of funding.
- 2. To maintain existing community halls within BCMM to provide a basic level of functionality and service to the communities.
- 3. To upgrade and refurbish existing community halls as required and as set out in the IDP within Buffalo City Metropolitan Municipality.

	NUMBER OF HALLS	NUMBER OF BOOKINGS 2020/2021	NUMBER OF FREE USAGES 2020/2021 (includes Council use)
	37	940	429
TOTAL	37	940	429

T3.12.1

SERVICE STATISTICS FOR LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS ETC)

Service Statistics for Libraries for 2020/2021

- 1. Number of BCMM Libraries – 18
- 2. Total Number of Library Visits – 41,466
- 3. Average Number of Library Visits per Library – 2,303.6
- 4. Number of New Members – 1,243
- 5. Number of Books Issued – 109,909

T3.12.2

Libraries; Archives; Museums; Galleries; Community Facilities; Other Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2019/2020		2020/2021			2021/2022	2023/2024	2019/2020
		Target	Actual	Target	Actual	Target			
Service Indicators		*Previous Year		*Previous Year	*Current Year	*Previous Year		*Previous Year	*Current Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(iii)	(iv)	(v)	(vi)
To provide adequate amenities to serve all BCMM communities	Development of Community Halls and Facilities – Construction of Nompumelelo Hall	0.5	0.5	0.5	1	1	1	-	-
	Development of Community Halls and Facilities – the Development and Construction of NU3 Hall	0	0.05	0.05	0.05	0.05	0.05	0.5	1
	Development of Community Halls and Facilities – the Development and Construction of NU3 Hall	0	0.05	0.05	0.05	0.05	0.05	0.5	1
	The Upgrade and Refurbishment of Community Halls	1	1	1	1	1	1	5	5
<p>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</p>									
T 3.12.3									

Employees: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Job Level	Year 2019/2020	Year 2020/2021			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	103	107	99	8	7.48%
4 - 6	20	20	19	1	5%
7 - 9	73	78	67	11	14.10%
10 - 12	29	29	29	0	0%
13 - 15	3	4	3	1	25%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
Total	229	239	21	21	8.79%
T 3.12.4					

Financial Performance 2020/2021: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
R'000					
Details	2019/2020	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	17 160	18 944	18 944	16 097	-18%
Expenditure:					
Employees	73 299	79 145	73 979	73 979	-7%
Repairs and Maintenance	3 769	3 945	3 872	3 872	-2%
Other	94 698	10 150	127 874	75 678	87%
Total Operational Expenditure	171 766	93 239	205 725	153 529	39%
Net Operational Expenditure	154 606	74 295	186 781	137 432	46%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T3.12.5

Capital Expenditure 2020/2021: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
R' 000					
Capital Projects	2020/2021				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	6 600	11 609	11 307	42%	
DEVELOPMENT OF C/HALLS & FACILITIES	1 000	2 300	2 217	55%	2 300
HALLS-TOOLS AND EQUIPMENT	100	100	43	-134%	100
UPGR & REFURB EXIST C/HALLS & FACILITIES	1 000	1 000	998	0%	1 000
CONSTRUCTION OF GESINI HALL	1 500	200	200	-651%	200
CONSTRUCTION OF NU 3 HALL WARD 14	1 500	1 500	1 499	0%	1 500
FINALISATION OF NOMPUMELE LO HALL	1 000	1 000	938	-7%	1 000
CONSTRUCTION OF CARETAKERS	500	500	498	0%	500
COTTAGE NU10 UPGR & REFURB EXIST C/HALLS & FACILITIES c/o	–	779	774	100%	779
DEVELOPMENT OF CITY HALLS AND FACILITIES	–	2 2 270	2 2 248	100%	2 2 270
3 X CONTAINER LIBRARIES	–	457	456	100%	457
NOMPUMELE LO HALL c/o	–	1 503	1 436	100%	1 503
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.12.6

COMMENT ON THE PERFORMANCE OF LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC) OVERALL:

COMMUNITY HALLS

Community halls and facilities provide a wide range of community-based education, cultural, recreational, health, social and leisure activity opportunities in conjunction with limited commercial opportunities in venues which make a positive contribution to local environment. the Community halls and facilities are used by a variety of community groups, organizations, commercial hirers and individuals. Additionally, the landscape areas around Community Halls and Facilities compliment the built environment and contribute to their usability and worth to the community.

Priority of the four largest capital projects and variations from budget for net operating and capital expenditure:

Targets are set based on the approved budget; hence, targets set out in the IDP and are envisaged to be achieved within the approved budget for the relative financial year. Should there be any variance, budget adjustments are done through the midyear budget adjustment process.

The target for the 2020/2021 financial year was as follows:

1. Completion of the construction of Nompumelelo Community Hall - this project was completed end of June 2021 and handed over to the community on the 20 August 2021.
2. Completion of the Rehabilitation/Refurbishment of NU10 Community Hall - this project was completed at the end of June 2021.
3. The Start the Development of Gesini Community Hall - the land was identified and secured with palisade fencing and gates as at the end of June 2021.
4. The Start the Development of NU3 Community Hall - the land was identified and secured with palisade fencing and gates as at the end of June 2021.

Year 5 targets set out in IDP schedule which can be attained within approved budget provision and if not, then how the matter can be rectified:

COMMUNITY HALLS

Targets are set based on the approved budget, hence targets set out in the IDP are envisaged to be achieved within the approved budget for the relative financial year. Should there be any variance, budget adjustments are done through the midyear budget adjustment process.

1. The Development of Gesini Community Hall - the land has been identified and secured with palisade fencing and gates as at the end of June

2021. This project is in the Planning and Design Stage. The construction of the hall is envisaged to start in 2022/2023.

2. The Development of NU3 Community Hall - the land was identified and secured with palisade fencing and gates as at the end of June

2021. This project is in the Planning and Design Stage. The construction of the hall is envisaged to start in 2022/2023.

3. The continuation of Upgrading and Refurbishment of Community halls and Facilities - the annual target is to complete 5 projects each financial year, pending the availability of budget as set out in the IDP.

LIBRARIES

For libraries capital funding was received for the purchase and refurbishment of the Library Container (shipping container converted into a library). Anticipated further projects within the Libraries are:

1. Computer lab at Beacon Bay Library
2. Upgrading of Reference Library material
3. Continuation of outreach programs to promote Libraries and the services offered
4. Purchase of new Mobile Library
5. Fencing at Gompo Library
6. Rehabilitation of Parkside Library

Targets are set based on the approved budget, hence targets set on the IDP are going to be achieved within the approved budget. Should there be any variance, budget adjustment is done through the mid-year budget adjustment process.

T 3.12.7

3.13 CEMETERIES & CREMATORIUM

INTRODUCTION TO CEMETERIES & CREMATORIUM

The Cemeteries and Crematoria Section is responsible for the provision of Burial and Cremation services. Currently there are thirty one Operational Cemeteries which are spread across the three regions of BCMM and one Crematorium which is based in Cambridge, East London. The top three service delivery priorities are upgrading and development, maintenance of existing and provision of additional burial space.

T3.13.1

SERVICE STATISTICS FOR CEMETERIES AND CREMATORIUM

Statistics for 2020/21 is as follows:

Burials	4,002
Pauper Burials	934
Cremations	1,397
Pauper Cremations	112
Rural Burials	4,374

T 3.13.2

Cemeteries and Crematoriums Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2019/2020		2020/2021		2021/2022	2023/2024		
		Target	Actual	Target		Actual	Target		
Service Indicators		Previous Year		Previous Year	Current Year	Previous Year		Previous Year	Current Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(iii)	(iv)	(v)	(vi)
Service Objective xxx									
Upgrading of cemeteries	Number of Cemeteries upgraded	5	5	5	5	3	5	5	5
									T 3.13.3

Employees: Cemeteries and Crematoriums

Job Level	Year 2019/2020	Year 2020/2021			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies a % of tota posts) %
0 - 3	1	2	2	0	0%
4 - 6	127	129	123	6	4.65
7 - 9	8	9	8	1	11.11
10 - 12	2	2	1	1	50%
13 - 15	3	3	2	1	33.33
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
Total	142	146	137	9	6.16

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together a such days lost by all posts within the same set (e.g. 'senior management') then dividing that total 250 to give the number of posts equivalent to the accumulated days.

T3.13.4

Details	R'000				
	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	7 453	13 001	13 001	10 761	-21%
Expenditure:					
Employees	41 293	42 913	42 678	42 678	-1%
Repairs and Maintenance	1 264	1 503	4 121	4 121	64%
Other	14 899	29 104	67 770	47 283	38%
Total Operational Expenditure	57 456	73 520	114 570	94 083	22%
Net Operational Expenditure	50 003	60 519	101 569	83 322	27%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.13.5

Capital Expenditure 2020/2021: Cemeteries and Crematoriums

Capital Projects	R' 000				
	2020/21				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	2 900	4 100	3 986	27%	
PLANT AND EQUIPMENT (CEMETRIES)	–	200	169	100%	200
COAST CEMETRIE (CAMBRIDGE CREMATORIUM) 2	100	100	95	-5%	100
COAST CEMETRIES (CAMBRIDGE CREMATORIUM)	100	100	92	-9%	100
DEVELOPMENT OF CEMETERIES-COASTAL	700	1 700	1 697	59%	1 700
DEVELOPMENT OF CEMETERIES-INLAND	700	700	667	-5%	700
DEVELOPMENT OF CEMETERIES-MIDLAND	700	812	812	14%	812
INLAND CEMETRIES (PHAKAMISA)	200	200	184	-9%	200
INLAND CEMETRIES (ZWELITSHA)	200	200	183	-9%	200
MIDLANDS CEMETRIES (FORT JACKSON)	200	88	88	-128%	88
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					T 3.13.6

COMMENT ON THE PERFORMANCE OF CEMETERIES & CREMATORIUM OVERALL

In the 2020/2021 financial year, an amount of R41 00 000 million was budgeted for the upgrading and development of cemeteries across the three regions as per list below and expenditure was 97%.

The following cemeteries were upgraded:

- 1) Haven Hills
- 2) Cambridge Crematorium
- 3) Cambridge
- 4) Macleantown
- 5) Fort Jackson
- 6) Zwelitsha
- 7) Phakamisa
- 8) Breidbach
- 9) Ilitha
- 10) East Cemetery

The City has been assisting residents with the burials of paupers and unclaimed bodies from the following Government Forensic Facility, namely Woodbrook, Mdantsane and Bhisho forensic facilities.

Since the start of Covid-19 the City has also been assisting rural villages with the digging of graves.

T3.13.7

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

Child Care, Aged Care and Social Programmes are the mandate of National and Provincial Department of Social Development. The metro as the sphere of government closest to communities acknowledges that metro planning and budgeting processes should be inclusive of all citizens including children and the aged. The BCMM IDP acknowledges these groups as being vulnerable. To this end, the metro has an Annual Grant- In-Aid programme which affords non-governmental organizations within the metro who render programmes within the realm of Child Care, Aged Care and Social Programmes an opportunity to apply for funding as per T3.14.2 and T3.14.3.

T 3.14.1

SERVICE STATISTICS FOR CHILD CARE

In terms of Section 67 of the Municipal Finance Management Act 56 of 2003, Buffalo City Metropolitan Municipality financially assists non-political and non-profit maximizing organisations by granting Grants-In-Aid. The following are categories of organisations that are considered for Grants-In-Aid:

- 1. Educational (Early Childhood Centres)
- 2. Welfare Organisations
- 3. Substance Abuse Rehabilitation
- 4. Art and Culture
- 5. HIV/ AIDS Support Groups and Home-Based Care Centres

193 Organisations from different categories benefitted

Total Budget for 2020/2021 = R2,559,284.00 (Two million Five Hundred and Fifty-Nine Thousand and Two Hundred and Eighty-Four Rand)

The total amount was spent.

T 3.14.2

Child Care; Aged Care; Social Programmes Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1 FY 17/18		2018/2019 FY 18/19		Year 3 FY 20/21			
Service Indicators (i)	(ii)	Target	Actual	Target	Actual	Target	Actual	*Current Year (ix)	*Following Year (x)
		*Previous Year (iii)	(iv)	*Previous Year (v)	(vi)	(vii)	(viii)		
Well Governed City									
BCMM financial assistance targeting child care, aged and social programmes	Vulnerable groups benefiting from metro financial assistance to non-profit communities	Hand over Grant in Aid allocations FY 17/18	149 benefiting organizations	Hand over Grant in Aid allocations FY 17/18	Hand over Grant in Aid allocations FY 18/19	Hand over Grant in Aid allocations FY 19/20	192 benefiting organizations	Hand over Grant in Aid allocations FY 19/20	Hand over Grant in Aid allocations FY 20/21
	nity development initiatives								
T 3.14.3									

Employees: Child Care; Aged Care; Social Programmes					
Job Level	Year 2019/2020	Year 2020/2021			
	Employees				
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	2	2	2	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	2	2	2	0	0%
<p>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together a such days lost by all posts within the same set (e.g. 'senior management') then dividing that total 250 to give the number of posts equivalent to the accumulated days.</p>					
T3.13.4					

There was no financial performance for the unit during the year under review

T 3.14.5

There was no capital expenditure for the unit during the year under review

T 3.14.6

COMMENT ON THE PERFORMANCE OF CHILD CARE; AGED CARE; SOCIAL PROGRAMMES OVERALL

Notwithstanding that the National and Provincial Department of Social Development are mandated with childcare, aged care and social programmes, the metro is the sphere of government which communities reside in and to this end the metro strives to ensure the inclusion of vulnerable groups including children and the aged within its public participation, planning and budgeting processes.

In terms of Section 67 of the Municipal Finance Management Act 56 of 2003, Buffalo City Metropolitan Municipality assists financially non – political and non – profit maximizing organisations by granting Grants- In- Aid. The following are categories of organisations that are considered for Grants - In -Aid:

1. Educational (Early Childhood Centres)
 2. Welfare Organisations
 3. Substance Abuse Rehabilitation
 4. Art and Culture
 5. HIV/ AIDS Support Groups and Home-Based Care Centres
- 193 Organisations from different categories benefitted
Total Budget for 2020/2021 = R2 559,284.00 (Two million Five Hundred and Fifty-Nine Thousand and Two Hundred and Eighty-Four Rand)

The total amount was spent.

T 3.14.7.

COMPONENT E ENVIRONMENTAL PROTECTION

INTRODUCTION TO ENVIRONMENTAL PROTECTION

In terms of the Constitution of Republic of South Africa of 1996 and the National Environmental Management: Air Quality Act 39 of 2004, the Municipality is required to manage air quality in

its area of jurisdiction. To fulfil the Municipality's statutory obligations, the Municipal Health Services Department monitors ambient air quality, identifies and assesses sources of emissions, performs the air emission licensing function and enforces the National Environmental Management Act (NEMA) as well as the Environmental Health By-laws with respect to air pollution.

An Air Quality Management Plan describes the current state of air quality in an area, how it is changing over time and what can be done to ensure clean air is achieved and maintained. An Air Quality Management Plan provides objectives and sets a course of action to attain air quality management goals. It identifies and addresses significant sources of impact using appropriate solutions to ensure that health effects and environmental impacts are minimised

T 3.15

3.15 POLLUTION CONTROL INTRODUCTION TO POLLUTION CONTROL

The main purpose of pollution control is to improve air quality management decision-making for development planning and to provide integrated and holistic environmental management to improve the quality of life of the City's communities.

Implementation of the Air Quality Management Plan

During the reporting financial year of 2020/21, the Department of Municipal Health Service Air Quality Unit received a capital budget of R500,000 for air quality monitoring stations and contract 366 was utilised to purchase an Ozone analyser for Zwelitsha air quality monitoring station; two informal tenders were developed and advertised - to supply & deliver of SV307 Noise Monitoring Instrument and two Indoor Air Quality Meter model 7545.

In terms of Air Quality Management Plan: Atmospheric Emission Licence (AELs), National Atmospheric Emission Information System (NAEIS) and ambient air monitoring station are continuously implemented functions.

During the reporting financial year 2020/21 the Air Quality unit undertook following activities:

- Quarterly and annual calibration of three air quality monitoring stations.
- Performed zero-span check concentration at three station and weekly routine inspection.
- Attended four virtual trainings such, Maintain view (Asset management module) training etc.
- Attending Provincial Air Quality forums on quarterly basis.

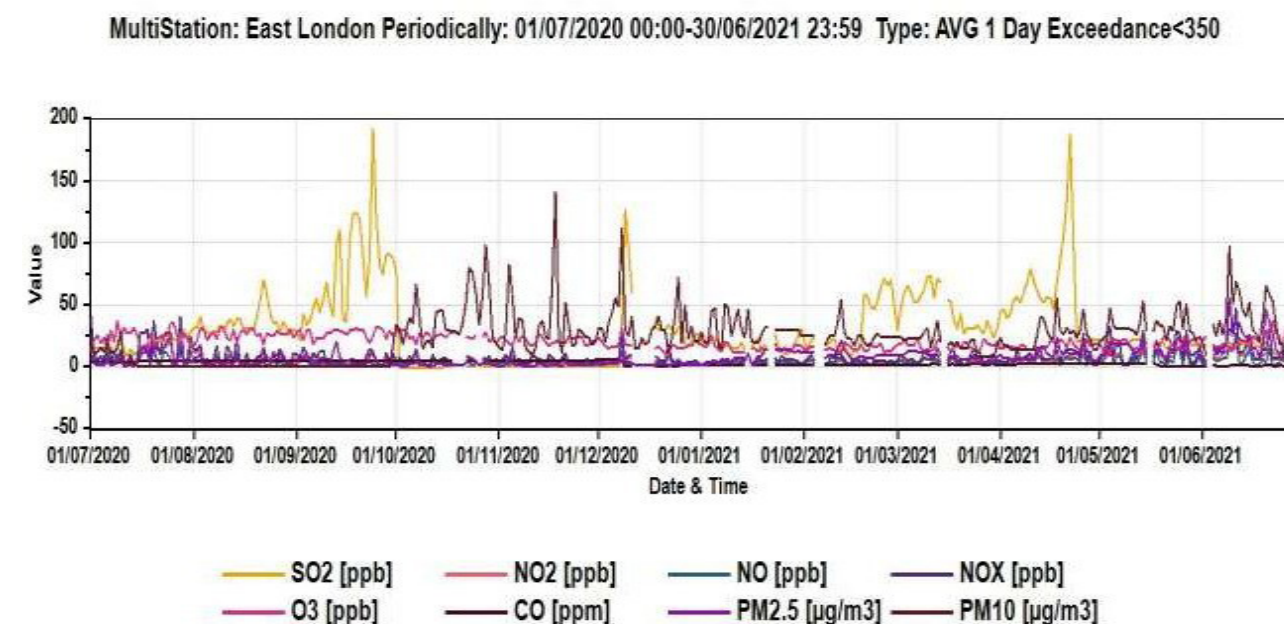
Ambient Air Quality Monitoring network

During the reporting financial year 2020/21 air monitoring stations, all three air monitoring stations were operational and reporting to South African Air Quality Information System (SAAQIS). The data recovered for the overall stations' annual performance for 2020/21 financial year was 73.24%, data average for the 1st quarter = 54.3%, data average for the 2nd quarter = 71%, data average for the 3rd quarter = 80% and the data average for the 4th quarter = 79.2%.

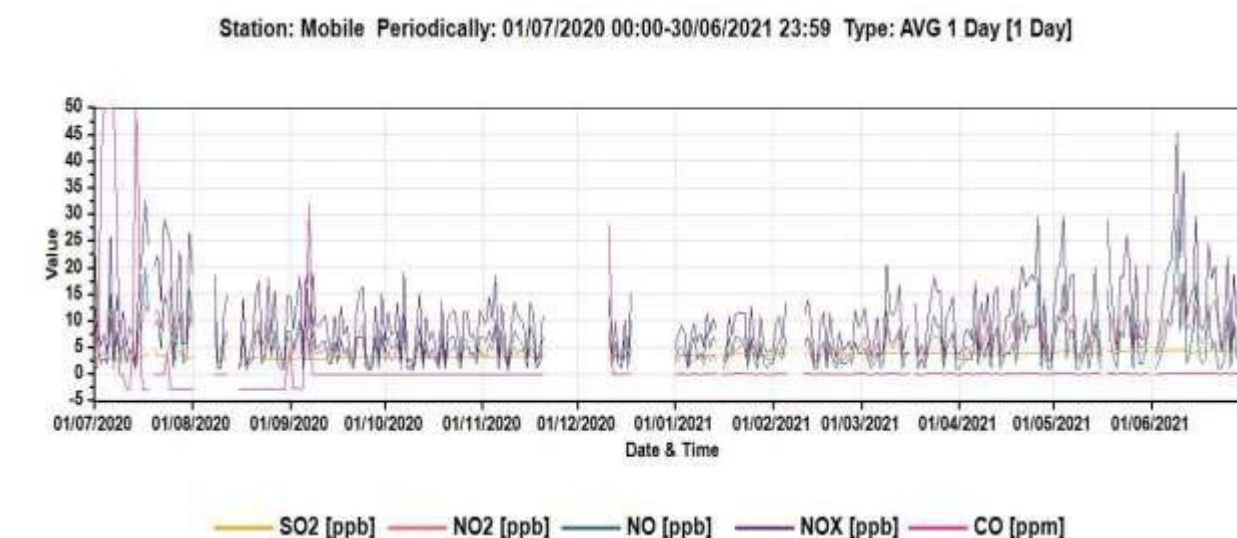
The table below illustrates an annual data coverage for each ambient air monitoring station within Buffalo City Metropolitan Municipality

Stations Name	Station status	Average Data recovery for 2020 /21 financial year	SAAQIS status
East London station	Operational	95.34%	Reporting
Gompo Clinic station	Operational	86.03%	Reporting
Zwelitsha station	Operational	38.31%	Reporting

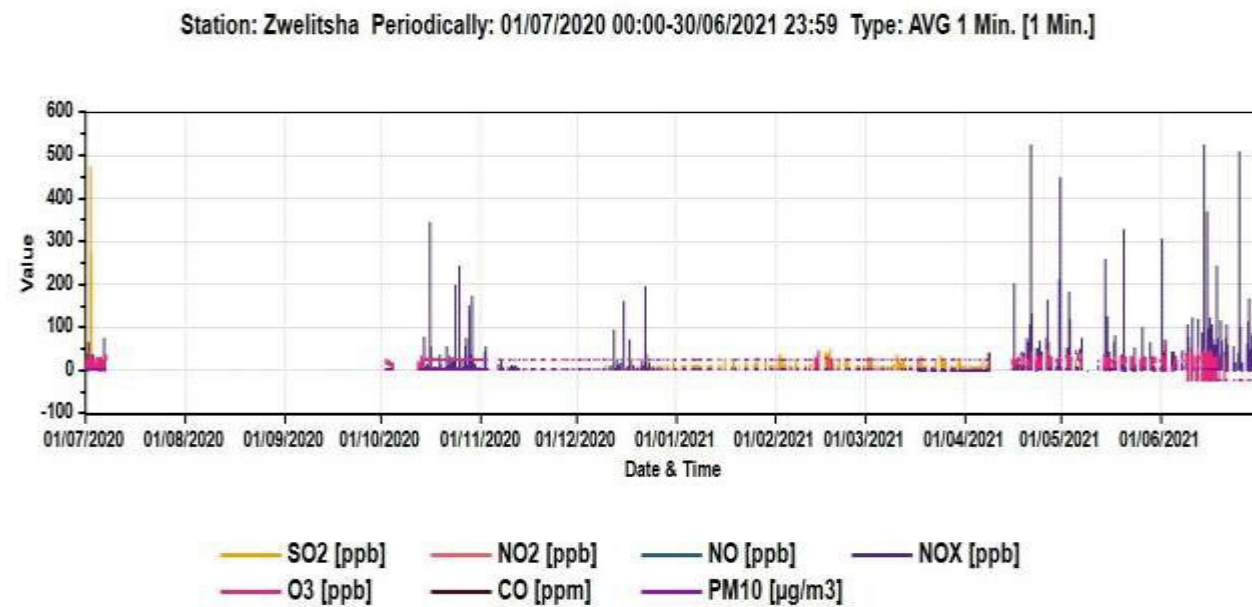
Functionality of the Air Quality Monitoring Stations for the reporting financial year of 2020/21



The graph shows that EL station was fully functional during the financial year of 2020/21



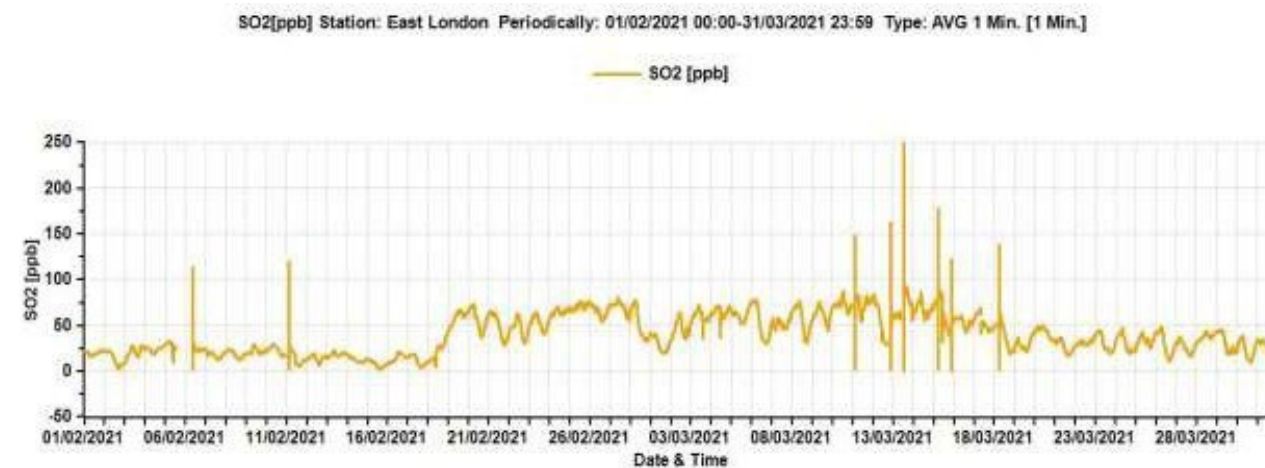
The graph shows that Gompo station was fully functional during the financial year of 2020/21 but there was data missing which indicates that the station was not operational.



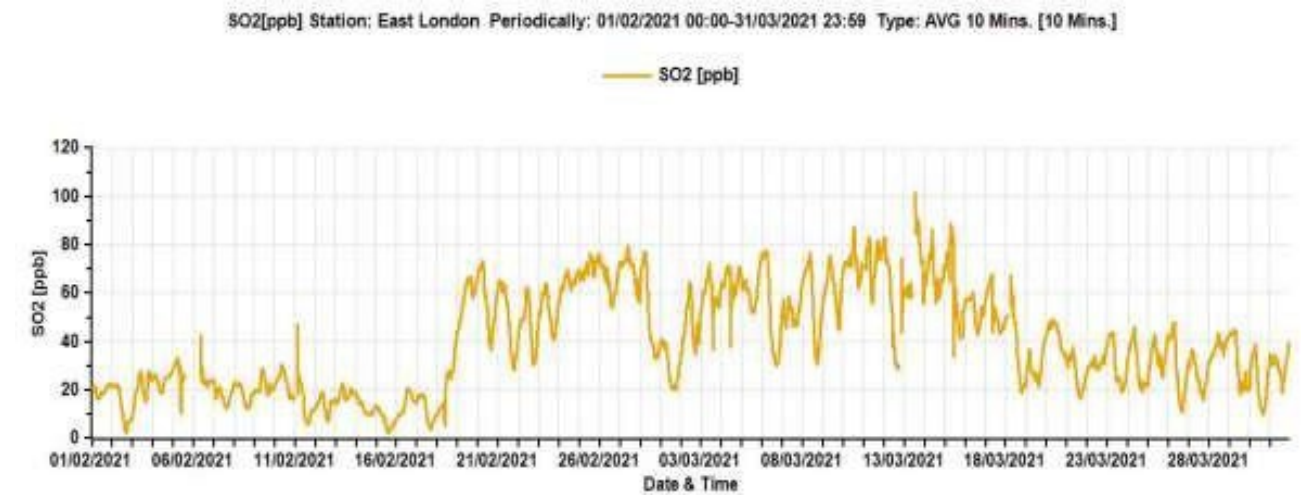
The graph shows that Zwelitsha station was fully not functional during the financial year of 2020/21, but missing data due to network problems.

Exceedances

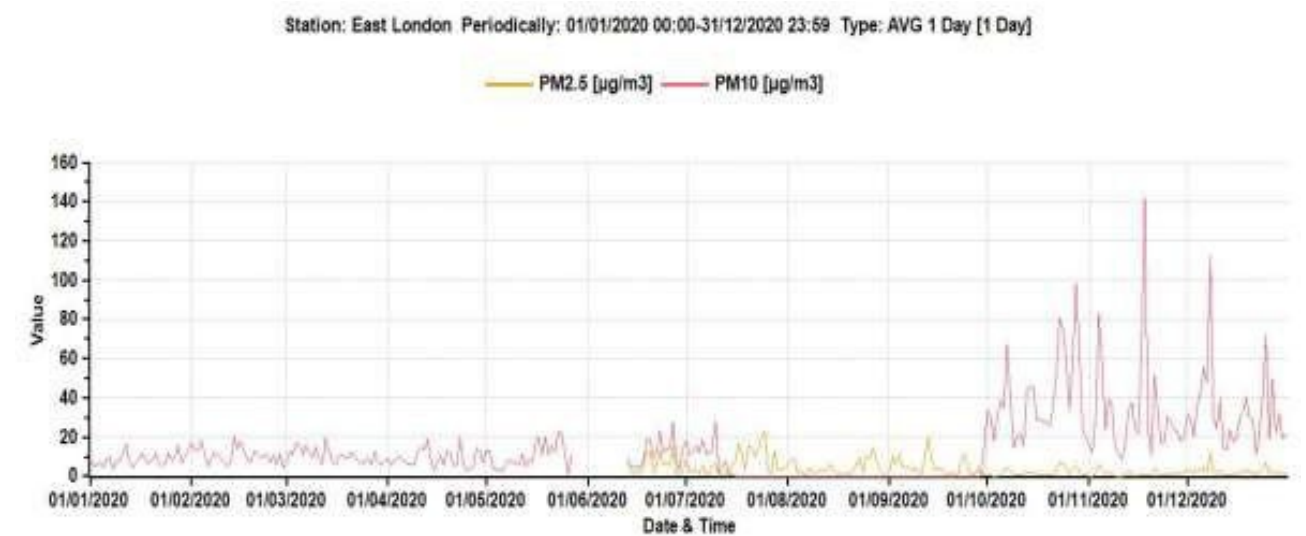
During the month of February and March Sulphur dioxide (SO2) & Particulate Matter (PM10) exceeded the National Ambient Air Quality Standards of NEMA: Air Quality Act, 2004 (Act No. 39 Of 2004) from the East London Air monitoring station.



The graph below illustrates the results of SO2 exceedances for the period of two months' periods with different average time.



The graph below illustrates the results of PM2.5 & PM10 exceedances between the month of November and December period with different average time.



National Atmospheric Emission Information System (NAEIS)

In terms of NAEIS, the purpose is to regulate reporting of data and information from an identified point, non-point and mobile sources of atmospheric emissions, within Buffalo City Metro, to an internet-based National Atmospheric Emission Information System towards the compilation of atmospheric emission inventories.

During the reporting financial year of 2020/21, twenty-nine facilities from Buffalo City were populated to the master list for 2020/21 Annual Emission reporting to National Atmospheric Emission Information System (NAEIS). During the period of the third and the fourth quarter, Air Quality Officers conducted audit to facilities that submitted the annual emission report. Twenty facilities completed the audit, there were audit findings on nine facilities.

Atmospheric Emission Licence (AELs)

In terms of Atmospheric Licencing, certain industries have been documented as carrying out listed activities, in which case they need to apply for an Atmospheric Emission licence such as metallurgical industry, mineral processing, storage and handling, organics chemicals and inorganic chemicals, etc. Buffalo City Metropolitan Municipality issuing these licences may require more information in conjunction with air quality impact assessment, emission or stack monitoring, dispersion modelling and air quality management plan.

During the reporting financial year of 2020/21 eight AEL applications were received, four renewal applications and three new applications.

AEL tariffs generated during the financial year of 2020/21 was R40,250 renewal and new emission licences.

Table below showing the number of AEL applications received and status of the licences issued: 2020/21 financial year.

No.	Applications Received	Type of Application	Progress	Status of a Licenses Issued
1	KAP Automotive	New Application	Work activities – submittal type determination and the application were sent back for amendments.	AEL Not Issued
2	Pyro Waste	New application	Work activities - final signature and the AEL was uploaded to the system (SAAELIP)	AEL Issued
3	Engen Petroleum LTD EL depot	Renewal application	Work activities – final signature and the AEL was uploaded to the system (SAAELIP)	AEL Issued
4	First National Battery (PTY) LTD – Settlers way Plant	Renewal application	Work activities – final signature and the AEL was uploaded to the system (SAAELIP)	AEL Issued
5	Bushveld	New application	Work activities – final signature and the AEL was uploaded to the system (SAAELIP)	AEL Issued
6	Total East London Ltd (PTY)	Renewal application	Work activities – final signature and the AEL was uploaded to the system (SAAELIP)	AEL Issued
7	East London Asphalt Plant	Renewal application	Work activities – final signature and the AEL was uploaded to the system (SAAELIP)	AEL Issued
8	Safe Drum	Section 22A	Work activities – final signature and the application were sent back for amendments	Not Issued

T3.15.1.

SERVICE STATISTICS FOR POLLUTION CONTROL

During the reporting financial year of 2020/21, capital budget of R500,000 for air quality monitoring stations - contract 366 was utilised to purchaser an Ozone analyser for Zwelitsha air quality monitoring station and the analyser was installed.

Two informal tenders were developed and advertised: to supply & deliver of SV307 Noise Monitoring Instrument and two Indoor Air Quality Meter model 7545, the capital budget was rolled to 2021/22 financial year.

Two Indoor Air Quality Meter model 7,545 were supplied and delivered to Municipal Health Services.

Atmospheric Emission Licence (AELs) achieved 100% target of issuing emission licences during 2020/21 financial year.

Ambient air quality monitoring achieved 73.2% and did not meet the annual target of 75% functionality during 2020/21 financial year.

80% of repair and maintenance operational budget were utilized during 2020/21 financial year.

T3.15.2.

Pollution Control Policy Objectives Taken From IDP								
Service Objectives	Outline Service Targets	2019/2020		2020/2021		2021/2022	2022/23	
		Target	Actual	Target Actual		Target	Target	Target
Service Indicators		*Previous Year				2021/2022	2022/2023	2023/2024
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(viii)	(ix)	(x)
Service Objective xxx								
To promote and environme ntally friendly city	Percentage of atmospheric emission licences (AELS) processed within guideline timeframes	3	3	4	4	3	2	3
	Number of days where PM2.5 levels exceeded guideline levels	80%	81%	75%	79%	75%	75%	75%
								T3.15.3

Employees: Pollution Control					
Job Level	Year 2019/2020	Year 2020/2021			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0%
4 – 6	0	0	0	0	0%
7 – 9	0	0	0	0	0%
10 - 12	2	3	3	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	1	1	0	0%
19 - 20	0	0	0	0	0%
Total	2	4	4	0	0%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					

T3.15.4

Financial Performance 2020/2021: Pollution Control R'000					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	304	32	32	73	56%
Expenditure:					
Employees	40 350	40 090	39 958	39 958	0%
Repairs and Maintenance	298	572	465	465	-23%
Other	2 437	5 979	8 681	4 156	-44%
Total Operational Expenditure	43 084	46 641	49 104	44 579	-5%
Net Operational Expenditure	42 780	46 609	49 072	44 506	-5%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					

T3.15.5

Capital Expenditure 2020/2021: Pollution Control R' 000					
Capital Projects	2020/21				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	500	608	380	-32%	
AIR MONITORING STATION	500	500	302	-66%	500
AIR MONITORING STATION c/o	–	108	78	100%	108
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					

T3.15.6

COMMENT ON PERFORMANCE OF POLLUTION CONTROL OVERALL

Ambient Air Quality Monitoring network

During the reporting financial year 2020/21 air monitoring stations, all three air monitoring stations were operational and reporting to South African Air Quality Information System (SAAQIS). The data recovered for the overall stations' annual performance for 2020/21 financial year was 73.24%, data average for the 1st quarter = 54.3%, data average for the 2nd quarter = 71%, data average for the 3rd quarter = 80% and the data average for the 4th quarter = 79.2%.

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In terms of National Atmospheric Emission Information System (NAEIS), the purpose is to regulate reporting of data and information from an identified point, non-point and mobile sources of atmospheric emissions, within Buffalo City Metropolitan Municipality, to an internet-based National Atmospheric Emission Information System towards the compilation of atmospheric emission inventories.

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Atmospheric Emission Licence (AELs)

In terms of Atmospheric Licensing, certain industries have been documented as carrying out listed activities, in which case they need to apply for an Atmospheric Emission licence such as metallurgical industry, mineral processing, storage and handling, organics chemicals and inorganic chemicals, etc. Buffalo City Metropolitan Municipality issuing these licences may require more information in conjunction with air quality impact assessment, emission or stack monitoring, dispersion modelling and air quality management plan.

During the reporting financial year of 2020/21 eight AEL applications were received, four renewal applications and three new applications.

AEL tariffs generated during the financial year of 2020/21 was R40,250 renewal and new emission licences.

T3.15.7

3.16 BIO-DIVERSITY, LANDSCAPE (INCL. OPEN SPACES), AND OTHER (EG. COASTAL PROTECTION)

INTRODUCTION BIO-DIVERSITY AND LANDSCAPE

The City is a very diverse region in terms of fauna and flora together with all its ecological linkages. Biodiversity is understood to be the sum of all living organisms found on earth with three (3) main types of biodiversity namely, genetic biodiversity, species biodiversity and ecosystem biodiversity. The city possesses all these mentioned diversities and therefore it is essential that they be conserved and declared under the National Environmental Management: Protected Areas Act 57 of 2003. The two coastal nature reserves, Nahoon Point and Nahoon Estuary Nature Reserves, provide access into formalized nature reserves and allow for education and interaction of the natural heritage of Buffalo City. Both reserves are free of admission to public.

Biodiversity Assessment for priority areas within the City

The Integrated Environmental Management Planning Unit, together with the Eastern Cape Parks and Tourism Agency (ECPTA), Department of Economic Development, Environmental Affairs and Tourism (DEDEAT), South African National Biodiversity Institute (SANBI) and the East London Museum formed a collaborative effort in conducting a Biodiversity Assessment in nine nature reserves within the city. This exercise forms part of the East London Coast Protected Expansion Areas which falls under the ECPTA stewardship programme. The purpose of this assignment was to assess the condition, status of each site and identify the necessity to be declared as a protected area. The Biodiversity Assessment initiated in the 3rd quarter of the 2019/2020 and finalised in 2020/2021 financial year. Nine sites were successfully assessed i.e.: Briddle Drift Dam, Nahoon Estuary, Quenera, Potters Pass, Kidds Beach, Gulu, King Williams Town, Nahoon Point and Gonubie Nature Reserves.

The findings of the biodiversity assessment for the Nahoon Point Nature Reserve were submitted to a review panel for interpretation and recommendations. The outcomes of the review panel supported the proclamation of a provincial nature reserve for the Nahoon Protected Area to be called the Nahoon Point Nature Reserve. The Provincial proclamation of this reserve will link in with other provincial reserves adjacent to the proposed new boundaries, namely the Blue Bend. The City is currently in the process of land survey and consolidation of the Nahoon point nature reserve.

Wetland Management

The city embarked on the project called the Development of Wetland database within the metro which was completed during 2019/2020 financial year. The Integrated Environmental Management Planning unit, as mandated to drive environmental management and climate actions in the city, undertook the pilot project on wetlands database in 2018. The wetland database was concluded in the Inland, Midland and Coastal region.

During the 2020/2021 financial year, Integrated Environmental Management Planning and Sustainable Development Unit conducted Phase 2 Wetlands rehabilitation - clearing of alien invasive plants at John Dube Wetland in Scenery Park ward 5. The clearing commenced in December 2020 and was finalized in February 2021.

The unit also conducted clearance of alien invasive plants at NU1, ward 12 in April to May 2021.

The City developed the Alien Invasive Species, Control and Monitoring Plan in 2019 and in 2020/2021 financial year, clearance of alien invasive plants was conducted within the three regions in the following areas: Amalinda Ward 16, Mdantsane Ward 42, Gonubie Ward 27, Dimbaza Ward 34, King Williams Town Ward 41, Braelyn Ward 9, Ziphunzana Ward 1, Greenfields Ward 46 and Breidbach Ward 39.

Environmental Monitoring and Compliance

Since development is an ever-growing process, its impact on the environment is ever increasing, leading to rapid deterioration in environmental conditions. The Environmental Assessment provides a rational approach to sustainable development. The following projects were conducted during 2020/2021 financial year;

- Basic Assessment Reports (BAR) for township establishment programme within the metro were conducted during this financial year period.
- The Cambridge Cemetery which has reached its burial capacity was granted Environmental Authorization for expansion. Subsequently, Environmental Control Officer services was appointed to render the overall environmental compliance as stipulated in the conditions of the environmental authorization.
- The Leachate Management and Development of Rehabilitation and Invasive Alien Management Plans were conducted for the Haven Hills cemetery. These plans were conducted to assist the metro to comply with the environmental authorisation issued by the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT).

Implementation of Climate Change programmes

The Municipality developed an in-house Climate Risk & Vulnerability Assessment (CRVA) applying the best practice from the City of Johannesburg as well as National Climate Risk & Vulnerability Assessment framework developed by the Department of Environment Fisheries and Forestry. This was aimed at assessing the vulnerability of Buffalo City Metropolitan Municipality communities to climate change, prioritise and mainstream climate change adaptation into the development processes. The climate risk and vulnerability assessment was finalised and adopted by council in January 2021.

In addition, the City has a climate reporting template which seeks to recognise all programmes that may have a climate benefit within the City. These programmes and projects are outlined as per directorates performance e.g. water conservation techniques such as pipe replacement programme, water meter replacement programme, new water meter installation on flat rated areas and underground water investigations as well as investigation for rain water harvesting at households.

Tree planting was done in three areas (Scenery Park Ward 5, Amalinda Ward 16 and Ward

12. The trees that were planted in these areas are indigenous (Acacia xanthophylon), they play a significant role in climate change mitigation. The city donated five trees (Fruit and Indigenous) which were planted in two schools within the three regions. Participating schools were sourced from the previously disadvantaged areas.

Environmental Education

BCMM has signed a Memorandum of Understanding (MoU) with the Department of Environment, Fisheries and Forestry (DEFF) in 2019. The MoU seeks to address the active participation of communities in environmental management, awareness about conservation and sustainable use of the environment, improved waste management, patriotism, active participation of youth in environmental management, socio-economic opportunities for youth.

Environmental awareness essentially serves as an educational tool that aids communities to understand the economic, aesthetic and biological importance of preserving resources and reducing or eliminating the harmful impacts of man-made alterations to the environment. In an effort to educate and promote awareness on increasing climate change effects and global environmental issues including biodiversity, the metro in collaboration with Department of Environmental, Forestry and Fisheries (DEFF), through the Youth Community

Outreach Programme (YCOP)s, conducted an environmental education and awareness campaign through door to door and community workshops.

The Review of the Environmental Education and Public Training Strategy for the Metro

BCMM is consistently committed to environmental advocacy as reflected in its overall vision of the City as provided in the IDP i.e. the "Buffalo City: Well-governed, connected, green and innovative city". The City is in the process of reviewing an Environmental Education and Public Training Strategy in house and it will be finalised by the fourth quarter of the 2021/2022 financial year. This strategy is compiled to provide an improved guidance to concepts that inform the development of current environmental education and awareness projects within the metro, its associated units and external stakeholders. Environmental Education and Public Awareness was conducted with the assistance of the Department of Forestry, Fisheries & Environment's youth coordinator program (YCOP). The YCOP aims to enhance the environmental functions and environmental education efforts at local government level.

Partnerships

BCMM resolved (BCMC 497/17) to participate in the Building Inclusive Green Municipalities Programme (BIGM). The programme is a partnership between Fredericton (Canada), Buffalo City Metropolitan Municipality and Port St. Johns Local Municipality. The component 2000 of the BIGM project talks to Asset Management and Climate Change with a focus on vulnerable populations. The ultimate outcome of the project is the reduction of poverty and improvement of climate change mitigation and adaptation with targeted municipalities in the Eastern Cape Province of South Africa. Through this program the metro finalised the development of the Climate Risk and Vulnerability assessment in January 2021.

Coastal Protection

The BCMM Municipal Coastal Committee (BCMCC) was established and is chaired by the Manager responsible for Integrated Environmental Management Planning unit. The BCMCC was established in terms of Section 42 of the Integrated Coastal Management Act (ICM Act), which states that each municipality that has jurisdiction over any part of the coastal zone may establish a municipal coastal committee for the municipality. The main purpose of the committee is to enforce compliance with the Integrated Coastal Management Act.

Additionally, to this, to oversee and give guidance on matters concerning environment and coastal response options and actions, including disaster risk reductions for the BCM. The BCMCC sits on a quarterly basis and the last sitting for the committee was on the 20th of July 2021.

Parks

The Parks Department is responsible for landscaping and beautification of main entrances to the City, among other services it provides in order to present an aesthetically beautiful and enhanced attractiveness of the City. The development of Horticultural Features and Cityscapes is a major priority of the department.

T 3.16.1

SERVICE STATISTICS FOR BIO-DIVERSITY AND LANDSCAPE

- Three programmes on Commemoration of Environmental Theme were conducted, namely, Wetlands day, Arbour week and National clean-up campaigns
- The Nahoon Point Nature Reserve completed two capital projects during the year.
- Two Environmental Education Guides were conducted at Nahoon Point and Nahoon Estuary Nature Reserves

Bi-annual floral displays were done at the following areas:

- 1) Settlers Way
- 2) King Williams Town Alexander Main Road
- 3) Anne Bryant Gallery
- 4) Queens Park
- 5) City Hall
- 6) EL Esplanade
- 7) Cambridge Crematorium
- 8) KWT Civic Centre

A total number of 160 trees were planted at various community parks across the three regions.

T 3.16.2

NB. There was no budget allocation for the year under review for landscaping. As a result of that there were no policy objectives taken from the IDP for 2020/2021.

T3.16.3

Employees: Bio-Diversity; Landscape and Other					
Job Level	Year 2019/2020	Year 2020/2021			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 – 3	254	253	232	21	8.30%
4 – 6	171	187	174	13	6.95%
7 – 9	35	44	40	4	9.09%
10 - 12	14	17	15	2	11.76%
13 - 15	3	3	1	2	66.67%
16 - 18	3	6	5	1	16.67%
19 - 20	1	3	1	2	66.67%
Total	481	513	468	45	8.77%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					
T 3.16.4					

Financial Performance Year 2020/2021: Bio-Diversity; Landscape and Other					R'000
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	923	4 490	4 490	295	-1420%
Expenditure:					
Employees	154 120	165 452	162 216	162 216	-2%
Repairs and Maintenance	7 113	7 018	6 219	6 251	-12%
Other	17 888	25 767	31 004	19 059	-35%
Total Operational Expenditure	179 121	198 237	199 439	187 526	-6%
Net Operational Expenditure	178 198	193 747	194 948	187 231	-3%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.16.5					

Capital Expenditure 2020/2021: Bio-Diversity; Landscape and Other R' 000					
Capital Projects	2020/21				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	3 500	4 921	2 159	-62%	
UPGRADING OF ZOO	1 000	1 000	501	100%	1 000
UPGRADING OF ZOO c/o	–	619	356	100%	619
REFURBISHMENT OF AQUARIUM	200	200	195	-2%	200
REFURBISHMENT OF AQUARIUM c/o	–	186	183	100%	186
REFURBISHMENT OF NATURE RESERVE (BOARDWALKS)	200	200	199	0%	200
NURSERY JAMES PEARS PARKS	100	100	86	-17%	100
NU 6 MDANTSANE DEPOT	100	400	113	12%	400
GRASS CUTTING EQUIPMENT	400	400	305	-31%	400
GRASS CUTTING EQUIPMENT c/o	–	116	–	0%	116
UPGRADING AND DEVELOPMENT OF COMMUNITY PARKS - COASTAL	500	500	–	0%	500
UPGRADING AND DEVELOPMENT OF COMMUNITY PARKS - MIDLAND	500	500	–	0%	500
UPGRADING AND DEVELOPMENT OF COMMUNITY PARKS - INLAND	500	500	141	254%	500
UPGRADE AND DEVEL OF COMM PARKS -	–	100	79	0%	100
KWT 2 c/o					
UPGRADE AND DEVEL OF COMM PARKS -	–	100	–	0%	100
KWT 3 c/o					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					<i>T3.16.6</i>

COMMENT ON THE PERFORMANCE OF BIO-DIVERSITY; LANDSCAPE AND OTHER OVERALL

Biodiversity Assessment for priority areas within the Metro

The Integrated Environmental Management Planning Unit, together with the Eastern Cape Parks and Tourism Agency (ECPTA), Department of Economic Development, Environmental Affairs and Tourism (DEDEAT), South African National Biodiversity Institute (SANBI) and the East London Museum formed a collaborative effort in conducting a Biodiversity Assessment in Nine (9) nature reserves within the city. The Biodiversity Assessment initiated in the 3rd quarter of the 2019/2020 and finalised in 2020/2021 financial year. Nine sites were successfully assessed and they are as follows: Briddle Drift Dam, Nahoon Estuary, Quenera, Potters Pass, Kidds Beach, Gulu, King Williams Town, Nahoon Point and Gonubie Nature Reserves.

The findings of the biodiversity assessment for the Nahoon Point Nature Reserve were submitted to a review panel for interpretation and recommendations. The outcomes of the

review panel supported the proclamation of a provincial nature reserve for the Nahoon Protected Area to be called the Nahoon Point Nature Reserve. The Provincial proclamation of this reserve will link in with other provincial reserves adjacent to the proposed new boundaries, namely the Blue Bend. The city is currently in the process of land survey and consolidation of the Nahoon point nature reserve.

Wetland Management

During the 2020/2021 financial year, Integrated Environmental Management Planning and Sustainable Development Unit conducted Phase 2 Wetlands rehabilitation - clearing of alien invasive plants at John Dube Wetland in Scenery Park Ward 5. The clearing commenced in December 2020 and was finalized in February 2021.

The unit also conducted clearance of alien invasive plants at NU1, ward 12 in April to May 2021.

The City developed the Alien Invasive Species, Control and Monitoring Plan in 2019 and in 2020/2021 financial year, clearance of alien invasive plants was conducted within the three regions in the following areas: Amalinda Ward 16, Mdantsane Ward 42, Gonubie Ward 27, Dimbaza Ward 34, King Williams Town Ward 41, Braelyn Ward 9, Ziphunzana Ward 1, Greenfields Ward 46 and Breidbach Ward 39.

Environmental Monitoring and Compliance

Since development is an ever-growing process, its impact on the environment is ever increasing, leading to rapid deterioration in environmental conditions. The Environmental Assessment provides a rational approach to sustainable development. The following projects were conducted during 2020/2021 financial year;

- Basic Assessment Reports (BAR) for township establishment programme within the metro were conducted during this financial year period.

- The Cambridge Cemetery which has reached its burial capacity was granted Environmental Authorization for expansion. Subsequently, Environmental Control Officer services has been appointed to render the overall environmental compliance as stipulated in the conditions of the environmental authorization.

- The Leachate Management and Development of Rehabilitation and Invasive Alien Management Plans were conducted for the Haven Hills cemetery. These plans were conducted to assist the metro to comply with the environmental authorisation issued by the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT).

Implementation of Climate Change programmes

The Municipality developed an in-house Climate Risk & Vulnerability Assessment (CRVA) applying the best practice from the City of Johannesburg as well as National Climate Risk & Vulnerability Assessment framework developed by the Department of Environment Fisheries and Forestry. This was aimed at assessing the vulnerability of Buffalo City Metropolitan Municipality communities to climate change, prioritise and mainstream climate change adaptation into the development processes. The climate risk and vulnerability assessment was finalised and adopted by council in January 2021.

Tree planting was done in three areas (Scenery Park Ward 5, Amalinda Ward 16 and Ward 12. The trees that were planted in these areas are indigenous (Acacia xanthophylon), they play a significant role in climate change mitigation. The city donated 5 trees (Fruit and Indigenous) which were planted in two schools within the three regions. Participating schools were sourced from the previously disadvantaged areas.

Environmental Education

The BCMM has signed a Memorandum of Understanding (MOU) with the Department of Environment, Fisheries and Forestry (DEFF) in 2019. The MOU seek to address an active participation of communities in environmental management, awareness about conservation and sustainable use of the environment, improved waste management, patriotism, active participation of youth in environmental management, socio-economic opportunities for youth.

The Review of the Environmental Education and Public Training Strategy for the Metro

The city is in the process of reviewing an Environmental Education and Public Training Strategy in house and it will be finalised by the fourth quarter of the 2021/2022 financial year. Environmental Education and Public Awareness was conducted with the assistance of the Department of Forestry, Fisheries & Environment’s youth coordinator program (YCOP). The YCOP aims to enhance the environmental functions and environmental education efforts at local government level.

Partnerships

The Buffalo City Metropolitan Municipality resolved (BCMC 497/17) to participate in the Building Inclusive Green Municipalities Programme (BIGM). The programme is a partnership between Fredericton (Canada), Buffalo City Metropolitan Municipality and Port St. Johns Local Municipality. Through this program the metro has finalised the development of the Climate Risk and Vulnerability assessment in January 2021.

T3.16.7

3.16 WATER QUALITY MONITORING

INTRODUCTION TO WATER QUALITY

The responsibilities of Municipal Health Services are outlined in the National Health Act 61 of 2003, which defines Municipal Health Services (MHS) that cover amongst other functions, “water quality monitoring”. This function is allocated to District and Metropolitan Municipalities as per Constitution of 1996, Schedule 4 and Section 32 of the National Health Act and as stipulated in Section 84(1)(b); (d) and (i) of the Municipal Structures Act 117 of 1998.

In addition to this function, the Scope of Profession of Environmental Health, as published under Regulation 698 of 2009 (26 June 2009), promulgated under the Health Professions Act 56 of 1974, determines the role of Environmental Health in Water Quality Monitoring, that include:

- Monitoring water quality and availability, including mapping of water sources and enforcing laws and regulations relating to water quality management.
- Ensuring water safety and accessibility in respect of quality (microbiological, physical and chemical) and access to an adequate quantity for domestic use as well as in respect of the quality of water for recreational, industrial, food production and any other human and animal use.
- Promoting access to water for all communities, by providing inputs towards the planning, design and management of water supply system and ensuring healthy community water supplies through surveillance.
- Ensuring monitoring of and effective wastewater treatment and water pollution control, including the collection, treatment and safe disposal of sewage and other water borne waste and surveillance of the quality of surface water (including the sea) and ground water.
- Advocacy on proper and safe water usage and wastewater disposal.
- Water sampling and testing in the field and examination and analysis in a laboratory.

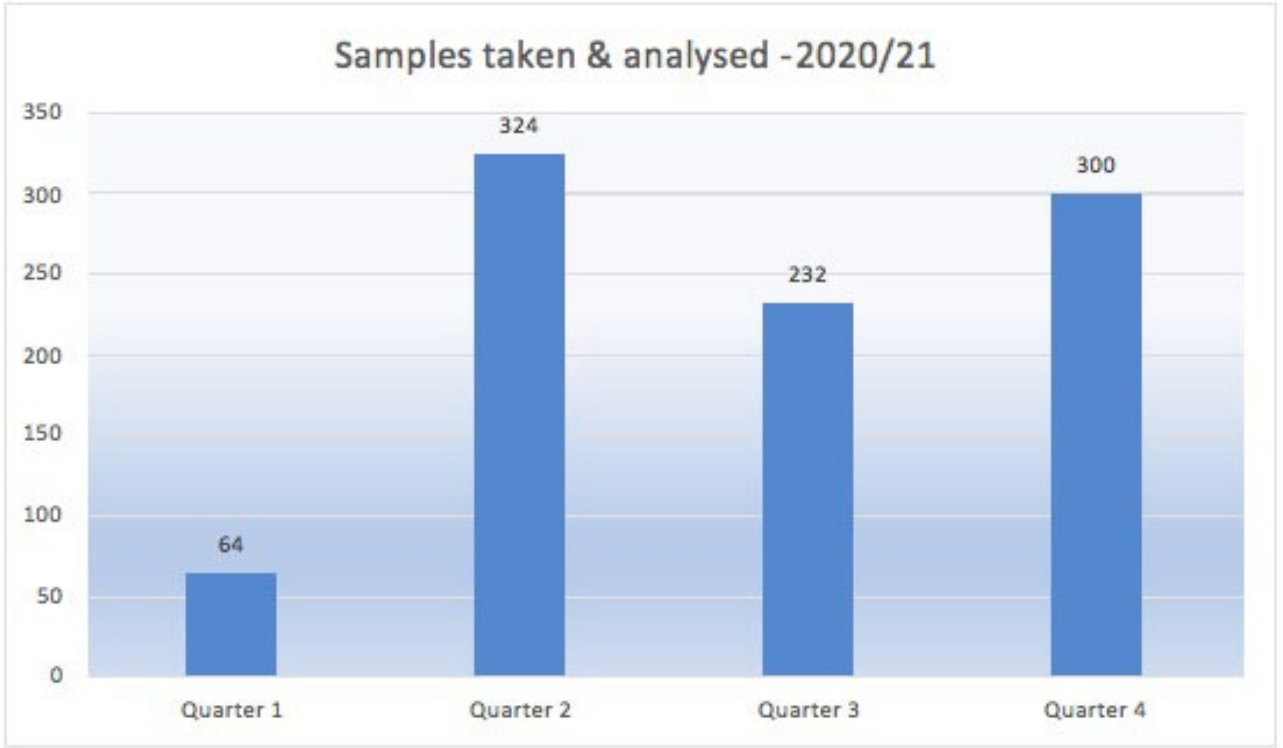
The Municipal Health Services undertakes water sampling at Public Health Care facilities and Non-Primary Health Care facilities such as Government Institutions, Accommodation Centers, Schools, Child Care Centers, Food premises etc. This program seeks to monitor the quality of water rendered by the Water Service Authority (WSA) and to advise on

remedial actions where applicable. Moreover, to ensure the prevention of water borne diseases within Buffalo City Metropolitan Municipality’s area of jurisdiction as required by legislation.

SERVICE STATISTICS FOR DRINKING WATER QUALITY MONITORING

During the reporting year (2020/21 financial year), 64, 324, 232 and 300 water samples were taken during Quarters 1, 2, 3 & 4 respectively, from the Public Health Care Facilities and Non-Primary Health Care facilities within the City’s area of jurisdiction, for microbiological analysis at the National Health Laboratory Services (NHLS) situated at Frere Hospital in East London and BCMM Scientific Services Laboratory.

First Quarter (July – September 2020)	64
Second Quarter (October – December 2020)	324
Third Quarter (January – March 2021)	232
Fourth Quarter (April – June 2021)	300
Total	920



A very small percentage of failures was observed mainly from Public Health Care facilities that depends on rainwater harvesting through Jojo tanks. Contamination from these centers is sometimes as a result of combining carted water and a direct municipal supply into the same storage tanks. The Department of Health, Buffalo City Health District was informed accordingly of the failures. No failures were however, recorded from the centers that are wholly dependent on the municipal supply scheme.

Due to the Covid-19 pandemic Municipal Health Services was unable to meet the water sampling target set for the Department. This was because of the shift in Municipal Health Services functions in order to redirect all resources in the fight to combat the spread of Coronavirus in Buffalo City. A detailed Covid-19 report is tabled at the end.

COMPONENT F:
HEALTH

Disclaimer: Tables 3.17.1 T0 Table 3.18.7 are not applicable to BCMM.

3.17.CLINICS

Disclaimer: Tables 3.17.1 T0 Table 3.18.7 are not applicable to BCMM.

3.18.AMBULANCES

Disclaimer: Tables 3.17.1 T0 Table 3.18.7 are not applicable to BCMM.

3.19 HEALTH INSPECTION;
FOOD AND ABBATTOIR
LICENSING AND
INSPECTION FOOD
CONTROL

INTRODUCTION TO FOOD CONTROL

Food Control within the Local Government context includes the following aspects that forms part of Municipal Health Services functions:

Ensuring food safety in respect of acceptable microbiological and chemical standards, quality of all food for human consumption and optimal hygiene control throughout the food supply chain from the point of origin, all primary raw material or raw products production, up to the point of consumption.

Inspecting food production, distribution and consumption areas. Monitoring informal food trading.

Inspecting food premises and any nuisances emanating therefrom. Enforcing food legislation and the Codex Alimentarius.

Applying food quality monitoring programmes and principles through various techniques, e.g. Hazard Analysis and Critical Control Points System (HACCP System) audits.

Promoting the safe transportation, handling, storage and preparation of foodstuffs used in the Primary School Nutrition Programme (PSNP), prisons, health establishments, at airports, etc.

Promoting the safe handling of meat and meat products through, amongst others, meat inspections and examination of abattoirs.

Promoting the safe handling of milk and milk products.

The Municipal Health Services Department is continuously updating and adding new food premises on the Food Premises Database to cover all food premises within the City's area of jurisdiction. Environmental Health Practitioners conduct inspections at these premises on a quarterly basis to ensure compliance with all appropriate Legislation and National Norms & Standards where possible. Where there are defects or non-compliance, a Compliance Notice is therefore issued to the Owner/ Manager of such Food Premises. At the end of each quarter, the Environmental Health Practitioner's monthly reports are compiled into a quarterly report.

T3.19.1.

SERVICE STATISTICS FOR FOOD CONTROL INSPECTION/
SERVEILLANCE OF FOOD PREMISES

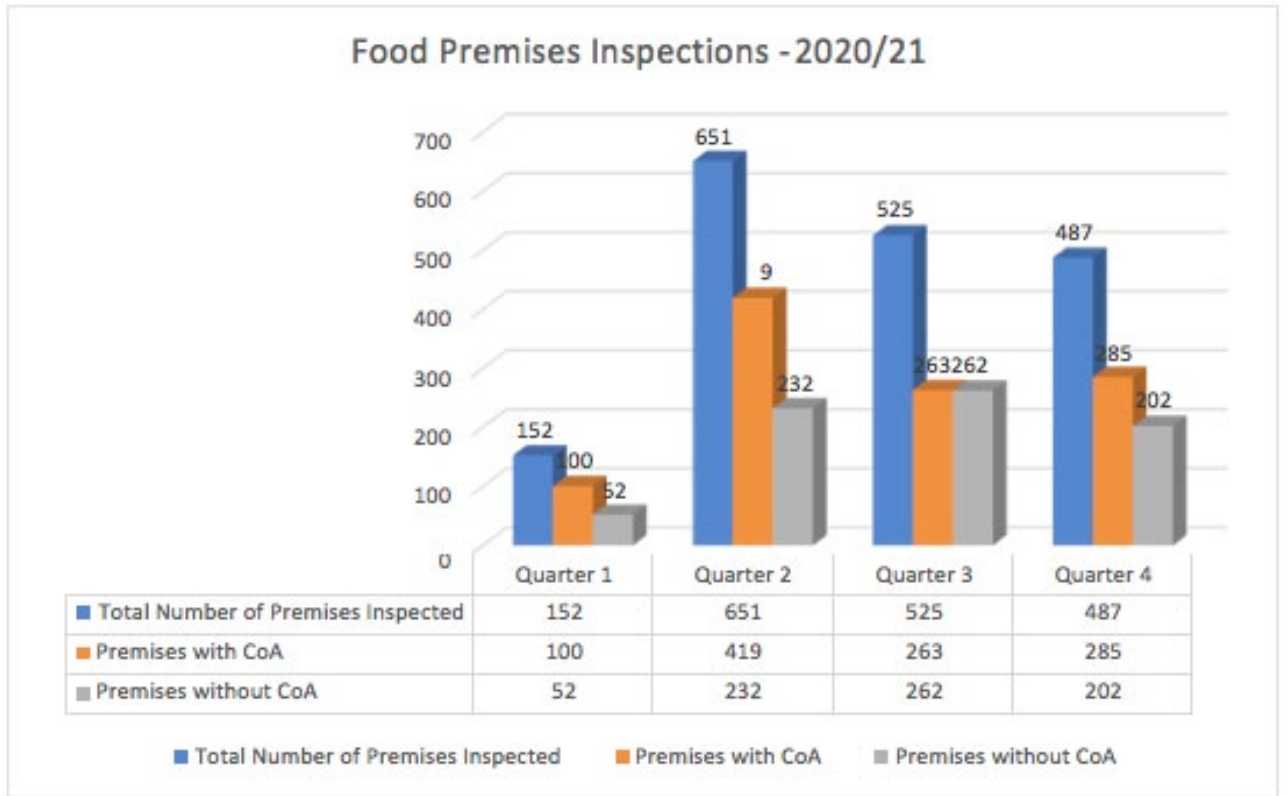
There is an average total of 2,680 Food Handling Premises in the Buffalo City Metropolitan Municipality's MHS database. The number is taken from the 2020/21 last quarter report (statistics) of Food Premises.

During the year of reporting; 152, 651, 525 and 487 food premises were inspected during Quarters 1, 2, 3 & 4 respectively. Of these, 100, 419, 263 & 285 in all four Quarters respectively, have Certificates of Acceptability issued and in force in terms of Government Notice No. 638 (Regulations Governing General Hygiene Requirements for Food Premises, the Transport of Food and Related Matters). 52, 232, 262 & 202 in all four

Quarters respectively, were not in possession of Certificates of Acceptability for Food Premises due to non-compliance.

Table showing breakdown of food premises inspected per quarter: 2020/21 financial year

Period	Total Number of inspections	Premises inspected with a CoA	Premises inspected without a CoA
First Quarter (July – September 2020)	152	100	52
Second Quarter (October – December 2020)	651	419	232
Third Quarter (January – March 2021)	525	263	262
Fourth Quarter (April – June 2021)	487	285	202

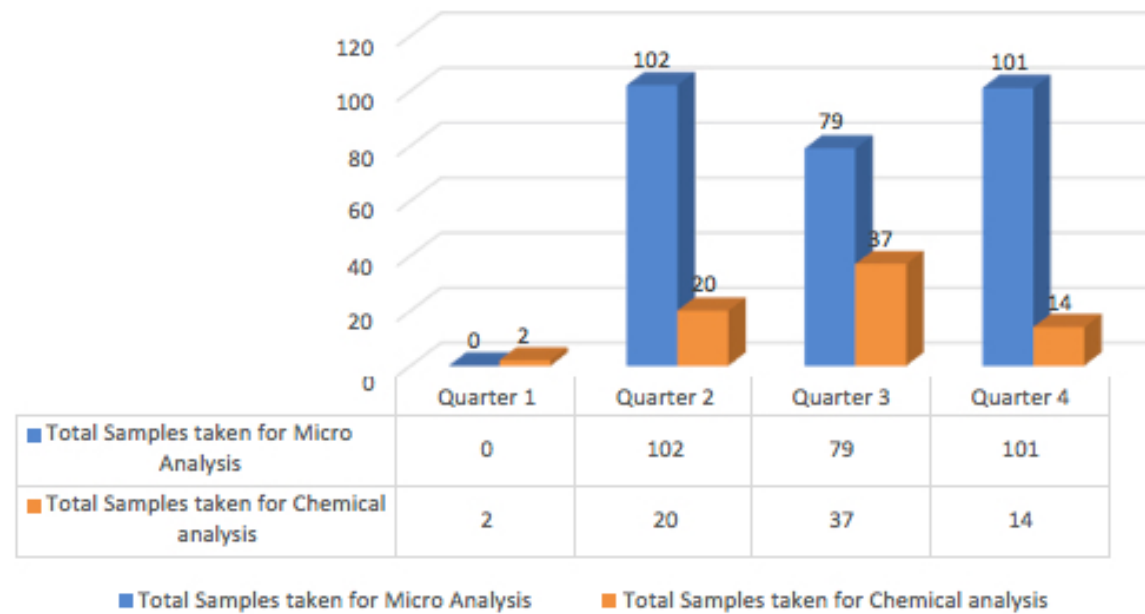


SAMPLING OF FOOD PRODUCTS

A total of two hundred and eighty-two samples (comprising of raw milk, dairy products and ice cream/ soft serve) were taken for bacteriological analysis to the BCMM Municipal Scientific Services laboratory, the National Health Laboratory Services (NHLS) and Dairy Standards Agency (DSA). A further seventy-two samples (comprising of salts, energy drinks, sweets, dairy drinks, cheese, sauces & peanut butter) were taken for chemical analysis at the Forensic Chemical laboratory in Cape Town. The combined/ total number of samples taken and submitted for microbiological and chemical analysis is three hundred and fifty- four during the year of reporting, 2020/21.

The Municipal Health Services was again unable to achieve a set target of 1,000 samples during the reporting year, 2020/21, due to the Covid-19 Pandemic. This was because of the shift in Municipal Health Services functions in order to redirect all resources in the fight to combat the spread of Coronavirus in the City. A detailed Covid-19 report is tabled at the end.

Food Samples taken & analysed - 2020/21



T3.19.2.

Health Inspection and Etc Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2019/2020		2020/2021		2021/2022	2023/2024		
		Target	Actual	Target	Actual	Target			
Service Indicators		*Previous Year		*Previous Year	*Current Year	*Current Year	*Current Year	*Following Year	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Provision of integrated Municipal Health Service	Health & Hygiene Programme.	6	6	6	6	6	8	8	8
	Food sampling and analysis	1,000	491	1,000	1,000	354	400	400	400
	Water sampling and analysis	1,500	1,008	2,000	2,000	920	1,000	1,000	1,000
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *Current Year' refers to the targets set in the Year 0 Budget/IDP round. *Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 Chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									

T 3.19.3

3.20. HEALTH AND HYGIENE

INTRODUCTION TO HEALTH & HYGIENE

The promotion of Health and Hygiene programmes was achieved by holding a number events at different venues aimed at raising awareness and improving the general health hygiene throughout the City. Residents were collectively engaged in health and hygiene education in community halls. Individual and small group engagements on health and hygiene awareness at taxi ranks, areas of business (formal and informal), schools, heal facilities, etc. are also an ongoing effort with the majority focusing on messages to prev the spread of the coronavirus.

SERVICE STATISTICS FOR HEALTH AND HYGIENE CAMPAIGNS

During the reporting year, 2020/21, the Municipal Health Services Department undertoo following health and hygiene education and awareness raising campaigns (organized v events):

Name of Event/ Calendar Event	Place/ Area	Region/ Ward	Date	Target group
1. Global Handwash Day (Calendar Event)	1. Qhuru Clinic/ Ward 33	Coastal, Ward 33	27/10/2021	Out Clinic pat Staff & nearb community m (+35)
	2. Endlovini Informal Settlement (Zwelitsha)	Inland, Ward 41	28/10/2021	Community (+60)
	3. Thembaletu Clinic, Newlands	Midlands, Ward 17	29/10/2021	Out Clinic pat Staff & nearb community m (+54)
2. Health & Hygiene Awareness – ECD Centres	1. Loyiso ECD Centre	Midlands, NU9, Ward 30	20/11/2021	Early Childho Development
	2. Ebenezer ECD Centre	Inland, KWT, Ward 37	23/11/2021	Early Childho Development
3. World Toilet Day (Calendar Event)	1. Macleantown	Midlands, Ward 26	27/11/2021	Community members
4. National Water Week (Calendar Event)	1. Feziwe Primary School	Coastal, Ward 33	23/03/2021	School learners (+100)
	2. Macleantown Sports field	Midlands, Ward 26	24/03/2021	Community members (+85)
	3. Rhayi Primary School	Inland, Ward 39	29/03/2021	School learners (+120)
	4. Luzuko Primary School	Inland, Ward 44	30/03/2021	School learners (+100)
	5. Mabaleni Primary School	Inland, Ward 40	31/03/2021	School leaners (+100)
5. Training session for Funeral Undertaker's personnel	1. Klemens Cadalie Hall	All Coastal & Midlands Wards	23/03/2021	35 Funeral Undertaker's personnel (staff & management)
	2. War Memorial Hall	All Inland Wards	24/03/2021	24 Funeral Undertaker's personnel (staff & management)

HEALTH & HYGIENE EVENTS IN PICTURES



Above: Global Handwash Day – Commemoration Events, October 2020



Above: ECD Centres Health & Hygiene Awareness Campaigns – Loyiso ECD Centre, NU9



Above: Schools Water Week Commemoration Awareness Events, March 2021



Above: Training Sessions for Funeral Undertaker's personnel (staff & managers) – Klemens Cadalie & War Memorial Hall, March 2021

MUNICIPAL HEALTH SERVICES: THE COVID-19 REPORT INTRODUCTION

In South Africa, the first Covid-19 case was reported on the 5th March 2020 from a group of travelers returning from Italy. Since then, local transmission has been established in all nine Provinces of the country. On the 15th March 2020, the President of South Africa declared the Covid-19 outbreak a National Disaster in terms of Section 23 of the Disaster Management Act No. 57 of 2002, announcing extraordinary interventions including travel restrictions, social distancing and ramping up tracing and testing. On the 20th March 2020, the interventions were elevated with an early National Lockdown. Given the increase in the number of new cases in the community, on the 30th March 2020, the President proclaimed the need for intensive Community Screening, Testing and Education to curb the spread of the virus.

Community Awareness, Education and Communication became critical in the management and prevention of the spread of Covid-19. Awareness activities were carried out at all major risky areas, such as where people come together in numbers, e.g. schools, churches, funerals, events, etc. Information, Education and Communication about hand hygiene was then communicated as one of the key preventive measures against Covid-19.

Key messages were widely distributed to the general public, through various means i.e. food handling premises (formal and informal); traditional gatherings; bus and taxi ranks; public gathering places such as churches and shopping malls, etc.

In response to the Covid-19 pandemic, the National Department of Health and various National Departments developed various Regulations, Guidelines and Directives under the Disaster Management Act (57/2002): Measures to address, prevent and combat the spread of Covid-19.

The National Department of Health under the Covid-19 Environmental Health Guidelines listed the following roles for Municipal Health Services Departments, amongst others:

- Participation in Outbreak Response Teams (ORT) activated at Provincial and District levels.
- Investigation of suspected cases and contact tracing.
- Monitoring of the management of the human remains and disposal of the dead.
- Ensure decontamination and disinfection of affected homes.
- Monitoring the management of health care risk waste.
- Conduct health education, awareness raising and health promotion.

SERVICE STATISTICS FOR MHS COVID-19 PREVENTION 2020/21 (JULY 2020 – JUNE 2021)

The Municipal Health Services Department undertook the following Covid-19 operational functions during the reporting year:

JULY 2020 – JUNE 2021 STATISTICS

Decontamination of Premises & Facilities (Municipal buildings, Depts, WWTW, Offices, Taxi/ Bus Ranks, Sports Fields, Community Hall, Cemeteries, Swimming Pools, Landfill Sites etc.)

Decontamination of affected homes (homes with Covid-19 deaths)

Decontamination of informal settlements (ablutions & water collection points)

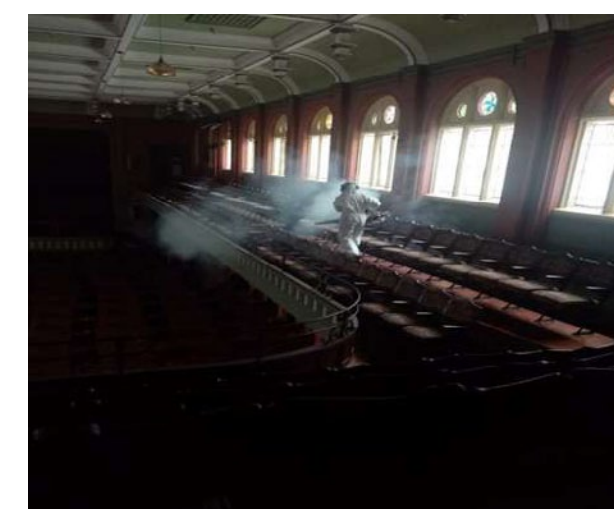
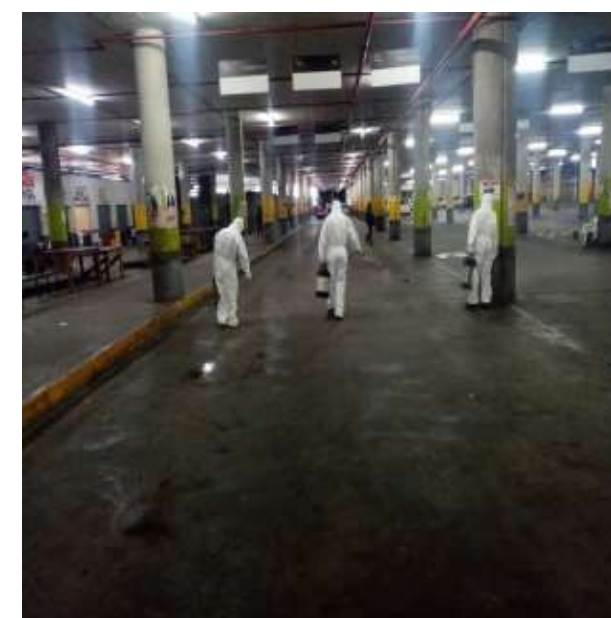
1,072 premises/ facilities decontaminated in all BCMM Wards

492 homes decontaminated in all BCMM Wards

548 sites (2,736 blocks) in peri-urban Wards

Covid-19 Burials & Cremations Monitored by EHP's
587 burials & cremations monitored in all BCMM Wards

MHS COVID-19 ACTIVITIES IN PICTURES – DECONTAMINATION OF PREMISES



Above: Decontamination of various premises – Covid-19 spread prevention, 2020/21

Cost Drivers	July 2020 to June 2021
Number of pauper burials	1,002
Number of Environmental Health Monitoring instances	4,622
Number of environmental health complaints	357
Number of food facilities monitored	2,239
Number of food samples	354
Number of food labels checked	2,484
Number of infectious disease investigations	136
Number of intimations	745
Number of environmental Health promotion activities	1,028
Number of land assessments	2,229
Number of residential premises monitored	245
Number of areas monitored for infestation	2,670
Number of rodent sewer & public space points baited	2,663
Number of rodent points baited & charged in premises	24
Number of s/pools treated for mosquito's & charged	-
Number of swamps cleared for mosquito breeding	-
Number of public spaces treated for mosquito & flies	2,657
Number of sewers treated for cockroaches	408
Number of rooms treated for insect pests & charged	19
Number of public spaces treated for ticks, etc.	-
Number of yards treated for ticks, etc. & charged	-
Number of bee swarms eradicated in public spaces	1
Number of bee swarms eradicated & charged	1
Number of pollution control instances monitored	87
Number of pollution control intimations	12
Number of pollution control complaints investigated	27
Number of Educare instances monitored	487
Number of Educare related intimations	20
Number of formal training sessions conducted	2

COMPONENT G

SECURITY AND SAFETY

3.21 TRAFFIC SERVICES

INTRODUCTION TO TRAFFIC SERVICES

One of South Africa's greatest challenges is to reduce the carnage on our roads significantly. The fact that more than 90% of all road accidents are preceded by a road traffic offence makes the improvement of road-user perceptions, attitudes, and behavior a matter of urgency. Traffic Services plays a crucial role within the Law Enforcement fraternity, Traffic Services monitors and regulates traffic law infringements to ensure that motorists comply by these laws failing which will result in notices being issued.

The challenge of a high rate of non-compliance with traffic regulations, coupled with a continuous downward trend in the finalization of offences and a judicial system that is unable to effectively deal with traffic infringements, must be dealt with absolute priority. Two of the most important catalysts in effecting an improvement in driver behavior and law compliance are well planned, efficient, and effective law enforcement coupled with and supported by an equally effective and just road traffic adjudication system.

These initiatives are to ensure that we build a partnership between Traffic Services, Law Enforcement, SAPS, the community and other external agencies.

These partnerships are important because they keep the community, drivers, cyclists, and pedestrians safe as they address the key focal indicator of traffic enforcement which is the safety of all road users alike follow and that they follow a strict and precise set of rules.

In the past, all traffic contraventions in terms of the provisions of the National Road Traffic Act Act No 93 of 1996 (NRTA) and its Regulations were administered in terms of the Criminal Procedure Act No 51 of 1977.

The Administrative Adjudication of Road Traffic Offences Act 46 of 1998 (AARTO), which was approved by Parliament in 1998, was, amongst others, created with the view to forge a closer and more effective and efficient link between enforcement and the expeditious adjudication process, yet which is still objective, transparent, and fair.

AARTO brings with it a parity of fines which will encourage the road using public to take traffic offences and resulting fines much more seriously. It also brings with it improved fine collection procedures and a revenue stream that will be used for improving road safety; as well as more convenient ways of paying fines and more penalties for not paying within the prescribed time, eventually leading to the authorization of enforcement orders that will block the form transacting on NaTIS until such time the infringement notice is settled.

Implementation of AARTO will ultimately lead to the suspension and cancelation of the driving license and such road user to being declared unfit to operate a motor vehicle.

However, the Amendment Act will also introduce a Rehabilitation Programme where habitual infringers will be made to attend the Programme once their documentation has been either suspended or cancelled. Upon completion of the Programme, a certain number of demerit points will be reduced from the driver's record and also assisting in the lifting of such suspensions. It is envisaged that AARTO ACT will be implemented on the 1st of October 2021 in BCMM.

It is BCMM mission to create a safe and healthy environment and place the *"Batho Pele Principals"* at the centre of service delivery. Safety of our communities is a common vision envisaged in the National Development Plan Vision 2030 we seek to achieve.

Introduction into Traffic Services Administration

Traffic Services comprises of two regional offices, each region comprising of traffic enforcement and auxiliary departments located in King Williams Town & East London with satellite offices in Gonubie & Mdantsane which converges to one central Department located in Braelyn, the Office of the Commanders centralises and co-ordinates the daily operations, monitoring the departments expenditure, finalises capital projects, IDP targets, responding to complaints/conflicts either from staff or public is addressed and resolved professionally, efficiently and effectively, finalising monthly and quarterly reports as well as incessantly ensuring procedures, policies, regulations are complied with, deadlines are being adhered to, adapting to the ever changing processes, at times developing a better way of concluding matters, introducing technological advancements and moving with the times to improve the relationship between the department and the public.

Traffic Services and its KPI on the IDP scorecard:

During the year under review the two key performance indicators for Traffic Services on the IDP scorecard was achieved.

- Collection of outstanding traffic fines an amount of R12,504,168.92 was collected meeting the target of R12,000,000.00.
- KPI indicator number two was the total percentage (%) reduction of fatalities was 3.02% reduction in fatalities with various stages of the easement of lockdown levels.

Projects identified under TRAFFIC SERVICES for the year under review:

Although projects under Traffic Services in the year under review was initiated some of the projects could not be finalised due to various challenges. The easement of certain levels still meant that certain sectors of economy was still under lockdown.

Employees: Health Inspection and Etc.					
Job Level	Year 2019/2020	Year 2020/2021			
	Employees	Posts	Employees	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
	No.	No.	No.		
0 - 3	12	16	16	0	0%
4 - 6	2	2	2	0	0%
7 - 9	11	11	9	2	18.18%
10 - 12	23	25	24	1	4%
13 - 15	6	6	5	1	16.67%
16 - 18	1	1	1	0	0%
19 - 20	1	1	0	1	100%
Total	56	62	57	5	8.06%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					

T 3.19.4

Financial Performance Year 2020/21: Health Inspection and Etc R'000					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operation al Revenue	304	32	32	73	56%
Expenditur e:					
Employee s	40 350	40 090	39 958	39 958	0%
Repairs and Mainte- nan ce	298	572	465	465	-23%
Other	2 437	5 979	8 681	4 156	-44%
Total Operation al Expenditu re	43 084	46 641	49 104	44 579	-5%
Net Operation al Expenditu re	42 780	46 609	49 072	44 506	-5%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					

T3.19.5

Capital Expenditure 2020/2021: Health Inspection and Etc R' 000					
Capital Projects	2020/21				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	500	500	302	-66%	
AIR MONITORING STA- TION	500	500	302	-66%	500
AIR MONITORING STA- TION c/o	-	108	78	100%	108
Total project value represents the estimated cost of the project on approval by council (including past and future expenditureas appropriate.					

T 3.19.6

Description	Budget	Comments on project
Traffic & Law Enforcement Equipment c/o	R118,544.00	Procurement of computers for staff due to being redundant, past its life span. The project was concluded
Ablutions for The Mdantsane Traffic Centre	R700,000.00	Construction of Public Ablution facilities as provision was not made with the initial construction for the learners testing centre. Due to challenges in finalising the appointment of the Service Provider. The project was carried over to 21/22 with the awarding of the project in July 2021 construction is estimated to begin in October 2021.
Procurement of a Cattle Truck	R1,000,000.00	Procurement of a cattle truck for the collection of stray animals. The project was concluded
Backup power: Traffic Services	R1,000,000.00	Due to the adhoc power outages caused by load shedding the department prepared and submitted, challenges experienced meant that the project would be carried over to 21/22.
Office Furniture Traffic Services	R50,000.00	Current assets needed to be urgently replaced due to being broken or required urgent replacement. The project was concluded
Traffic & Law Enforcement Equip	R1,000,000.00	Storage space at the traffic & law enforcement have become problematic and the procurement of storage containers could alleviate those problems. A Service provider was appointed however, Covid-19 caused many delays as the Service provider was unable to source the containers as they became a scarce commodities and pricing on them increased, the project was carried over to the 21/22, the storage containers are expected to be delivered October 2021. Total cost of which was R190,000.00 The remaining funding would be needed to procure Body Cameras for Traffic & Law Enforcement officers during and Internal Audit it was identified that an emerging fraud risk assessments within our Directorate and in order to mitigate these risks the department was required to ensure that anti-fraud control measures and internal control processes were put in place to avoid possible exposure to fraud
		and corruption as well as safeguard our officers who are out in the field daily. A Daily Dispatch article dated 26 Jan 2021, in it the Transport Minister Mr. F Mbalula said a new 100% sober law would be signed in later the year, the article further stated that officers in the field would be required to wear body cams to eradicate corruption and provide protection.

The stray animals within BCMM have presented a huge felonious aspect for the department, funding was identified for the procurement of a cattle truck to impound the stray animals, project totalling R1,000,000.00, due to lockdown levels 5-3 of the 19/20 financial year the project was only concluded in the 20/21 financial year, when all sectors of trade could operate.

Figure 1 cattle Truck



Several challenges experienced during the year under review the remaining projects for Traffic Services had to be carried over as Covid-19 hampered conclusion of these projects, closing of offices for decontamination due to positive cases, rotation of staff, staff working from home due to comorbidities.

Introduction to Traffic Services- Auxiliary Services

Traffic Services Auxiliary Services comprises of 6 departments namely:

Traffic Auxiliary Services comprises of 144 staff that ensures that services to the public are carried out professionally, efficiently, and effectively within BCMM.

1. Technical Services: Responsible for road markings and erecting of traffic signs
2. Registration & Licencing: responsible for the renewal and registration & licencing of vehicles
3. Driving Licence: responsible for the renewal, application, and testing of drivers
4. Learners License: responsible for the application and testing of potential road users
5. Process Section: responsible for the processing of traffic infringements
6. Vehicles Testing Stations: responsible for ensuring vehicle fitness and roadworthiness of vehicles

In the year under review the following activities were undertaken:

GENERAL ACTIVITIES	Total for the period of Jul 2020 to June 2021
ROADWORTHY EXAMINATIONS -TESTED	232
LEARNERS LICENCES - TESTED	9,516
LEARNERS LICENCES - PASSES	7,130
LEARNERS LICENCES - FAILED	2,386
DRIVING LICENCES - TESTED	2,882
DRIVING LICENCES - PASSES	1,620
DRIVING LICENCES - FAILED	1,262
PUBLIC DRIVING PERMITS	5,014
SECTION 56 NOTICES	18,387
SECTION 341 NOTICES	8,648
CREDIT CARD ISSUES	18,074
VEHICLE LICENCES	90,105
VEHICLE REGISTRATIONS	32,243

INTRODUCTION INTO TRAFFIC SERVICES- OPERATIONS

Traffic operations comprises of 118 officers that enforce Traffic laws and ensure adherence to traffic regulations and By-Law transgressions that is a continued occurrence despite initiatives aimed at ensuring safety of our communities as law enforcement agencies.

In the year under review a total number of 146 fatalities can be attributed to one or more drivers not following the rules. The “yo-yo” effect on the easement of the alcohol ban has had a significant impact on the number of accidents and fatalities. The traffic rules are simple and easy to follow; keep a safe following distance, right of way, buckling up, no driving under the influence, driving whilst on the cell phone, ensure roadworthiness of vehicle, vehicle being operated by a licenced driver, following the speed limit, road signs, following safe distancing’s, driving in inclement weather. These laws are enforced by a dedicated staff comprising of Traffic Officers, Traffic Wardens, Assistant Superintendents, Superintendents, Senior Superintendents, Regional Commanders and Commander.

For this reason, Council has taken a resolution to implement the Traffic Safety Plan to guide and prioritize hazloc areas to achieve the objective in reducing fatality rate in terms of the IDP & SDBIP.

During the year under review traffic services statistical information for the period of 2020/2021, moving offences and other transgressions:

Total Number of Roadblocks in BCMM	313
Total roadblocks cancelled- this can be attributed to inclement weather, protests, the varying lockdown levels whereby traffic officers were dispatched to compliance operations	226
Total number of hits recorded	60,634
Total number of notices finalized	7,120
% hits	12.0%
Camera images uploaded	364,088
Camera images rejected	174,281

OPERATIONAL ACTIVITIES

OPERATIONAL ACTIVITIES	Total for the period of July 2020 to June 2021
CAMERA MAILER PROSECUTIONS	147,868
WARRANTS OF ARREST EXECUTED	286
WARRANTS OF ARREST ON HAND	142,926
ARRESTS: DIC	24
Other Arrests	8
SECTION 54 SUMMONSES ISSUED	1,203
VEH. SUSPENDED FROM USE SEC. 44 regulations.	791
CAMERA MAILER PROSECUTIONS	147,868
WARRANTS OF ARREST	286

In an effort to eradicate the unlawful and unroadworthy vehicles which is one of many key elements that contribute to road accidents and fatalities on our roads the Road Traffic Management Corporation (RTMC) donated on the 28th January 2021 two fully equipped Mobile Vehicle Testing Stations to the value of R10,035,998.52.



Figure 2- Donated Mobile Vehicle Testing Units (MVTs)

These units comprise of (a) Truck Tractor and (b) Trailer. The Truck Tractor’s Original Equipment Manufacturer is HINO SA, owned by Toyota SA. The units comprise of on- board computers, printers, the MVTs will be utilized for testing vehicle fitness on the public roads. This will enhance vehicle fitness as these trucks are mobile and can be used in areas of BCMM where these vehicles can be immediately discontinued for un- roadworthiness.

In an attempt to enhance service delivery, promote an understanding between the motorists and officers, to curb corruption, to sustain safety for officers the implementation of body cameras will be rolled out. The wearing of body cameras may result in better transparency and accountability and thus may improve law enforcement legitimacy. In many communities, there is a lack of trust and confidence in law enforcement. This lack of confidence is exacerbated by questions about encounters between officers and community members that often involve the use of deadly or less-lethal force. Video footage captured during these officer-community interactions might provide better documentation to help confirm the nature of events and support accounts articulated by officers and community residents. It may also result in higher rates of citizen compliance to officer commands during encounters and fewer complaints lodged against law enforcement. Citizens often change their behaviour toward officers when they are informed that the encounter is being recorded. This “civilizing effect” may prevent certain situations from escalating to levels requiring the use of force and also improve interactions between officers and citizens, the introduction of these cameras will be fazed in.

Cognizance should also be taken that although the above measures are taken, road accidents and fatalities continue to plague our streets with varying contributing factors playing a role in the carnage we see on our roads. Poor road infrastructure, road furniture as well as the increase of vehicular traffic, pedestrians and uncontrollable stray animals and limited



resources, consumption of alcohol, etc... It is only with joint efforts between all fraternities and the community that we can curb this plague.

Figure 3 Installation of permanent cameras

The installation of permanent cameras has become a deterrent for many road users as they are aware that there are cameras and tend to slow down, although the cameras in the year under review the cameras were vandalized and stolen. They were replaced with new advanced tamper proof cameras, that allow the units to send a message/signal to the department that the unit is being tampered, the unit emits an alarm to notify the alarm company and dispatch officers to the unit. Additional units will be installed during forth coming year.

Enforcement's operations



Figure 4 Joint Operations with SAPS

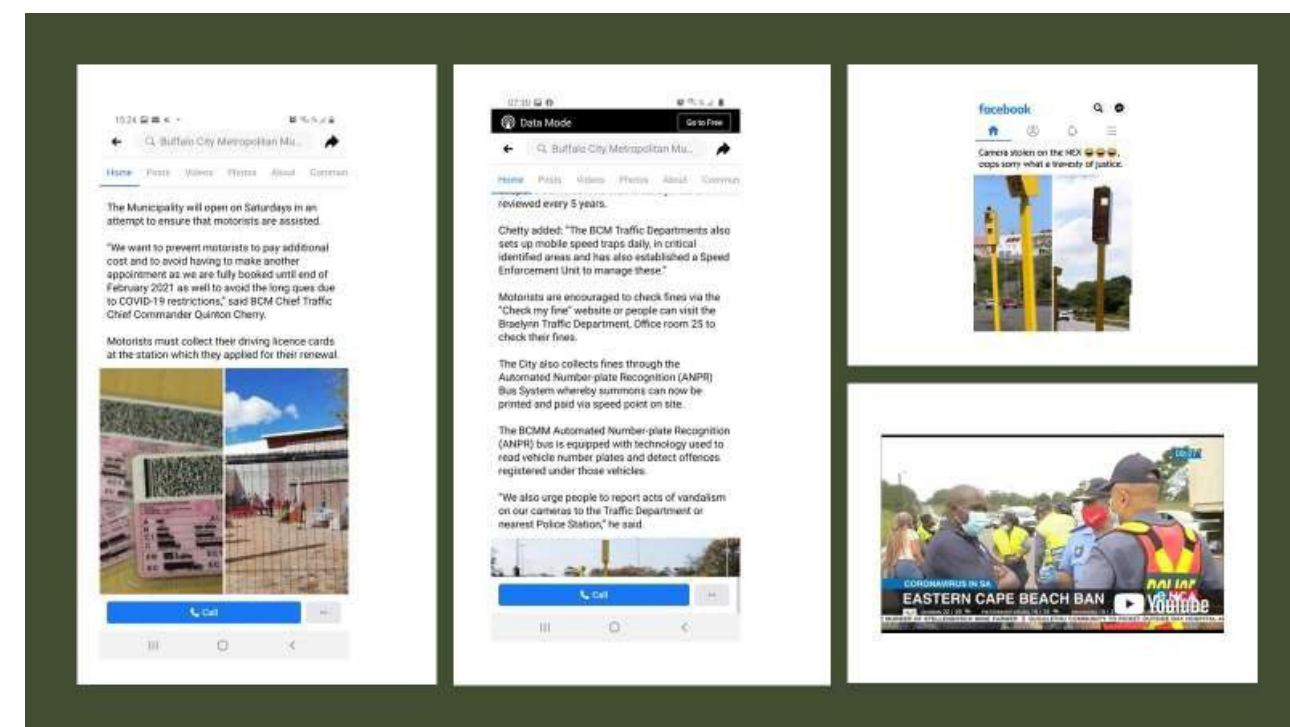


Figure 5 – The use of Social Media platforms to engage the public on new processes and campaigns



Figure 6 Festive season Campaign

Traffic Services and the impact of Covid-19 on the daily operations:

- Covid-19 still brings notably daily challenges to Traffic Services and the staff who are not immune to the pandemic, with staff testing positive for Covid-19, some staff needing to go into isolation, staff suffering from comorbidities and the loss of staff to Covid-19, the closing of offices these have had a negative implication for Traffic Services.
- The commitment and dedication from the staff to ensure that services remain focused on the public have taken a toll on the moral of staff in the face of angry public who expect services to be running at full capacity with disregard for the Covid-19 regulations but have served their communities regardless. The added strain in the year under review that at any given time the departments would need to close due to positive cases for decontamination to take place, the inconvenience placed on the public has caused a negative impact/feedback towards Traffic Services.
- To ensure that the public and staff are following the Disaster Management Covid-19 Regulations Act the practice of decontamination on a two-week basis for the safety of staff and public have become the norm.
- The continued efforts of staff to ensure that public would be safe when services resumed by ensuring that only limited members of the public who have booked appointments allow for much safer services to be rendered.
- The continued measures such as sanitation stands demarcating of social distancing, information posters to educate the public as well as staff of Covid-19, the compulsory wearing of face masks, security guards to aid at temperature check points are still in place has changed the everyday work dynamic and have had a profound effect on how the department would be moving forward.

Remember: “You can control your own actions, but you cannot control or predict how other drivers behave, always be vigilant, observe the rules and comply”.

3.22 POLICE

3.22.1. INTRODUCTION TO POLICE

BCMM cannot report on metro police as the function has not yet been established.

PROGRESS TOWARDS THE ESTABLISHMENT OF METRO POLICE

On the 9 January 2017, a draft application was submitted to the Community Police Relations, Safety and Liaison, Province of the Eastern Cape where after the final application was submitted to the M.E.C on the 23rd March 2017. The office of the HOD: H&PS&ES received a letter from the Director Community Police Relations Safety & Liaison Province of the Eastern Cape on the 18th July 2018. The letter in brief provided progress on the application of BCMM, the application was assessed in compliance SAPS Act and found BCMM to be compliant. The letter further indicated that a task team be established from the relevant departments to assess this application in relation to viability and feasibility, this process was to be completed by the end of August 2017.

In the year under review the Local Labour Forum met on the 14th July 2017 to consider the report for the *Establishment of a Metro Police*, and the application was agreed to in principal. On the 5th October 2017 a consultative stakeholder with National and Provincial Senior Management of SAPS regarding the legal aspect relating to Establishment of the Metro Police for consideration. A letter was submitted to the MEC office on the 17th April 2018 requesting an update. On the 27th June 2018 the Technical Task Team comprising of senior officials of CoGTA, Safety and Liaison, Transport, Provincial Treasury and SAPS convened to

make a final assessment, the HoD: H&PS&ES, Chief Financial officer as well as the GM:PS&PS represented BCMM in the meeting. The application was once again assessed by the Provincial Task Team and found to be compliant in terms of section 64 of the SAPS Act 68 of 1995.

It was envisaged during deliberations that the process with be completed at the end of August 2018.

The process of establishment of metro police is completed and currently waiting for determination of the MEC of Safety & Liaison.

Since Metro Police has not yet been established, BCMM will still be reporting as Traffic Services and Law Enforcement Services separately.

INTRODUCTION TO LAW ENFORCEMENT SERVICES - OPERATIONS

Law Enforcement Services operations comprises of 89 Law Enforcement Officers who enforce maintenance of Law and order By-laws, Crime Prevention and adherence of By-laws ensuring the safety of our communities.

The initiatives - to ensure that we build partnership between Law Enforcement Services, Traffic Services, South African Police Service and other internal and external stakeholders.

It is BCMM mission to create a safe and healthy environment and place the “Batho Pele Principles”

Law Enforcement Services comprises of three regional offices, each region comprising of Law Enforcement located in East London, Mdantsane satellite office and King Williams Town.

There are currently 29 vacant funded posts as follows: 1 x Senior Superintendent

7 x Law Enforcement officer 21 x Security Officers
BCMM Law Enforcement Dept operates from its main centre situated at Tudor Rose Road in the Braelyn residential suburb. The primary function of Law Enforcement Services is the enforcement of municipal by laws and crime prevention. However, their daily duties include:

- Traffic law enforcement
- Enforcement in respect of all offences
- Attending to complaints from the public
- Processing of applications in respect of the Gatherings Act
- Law enforcement operations in conjunction with the SAPS
- Visible patrols and crowd control at special events
- Safety of municipal installations and plant as and when required
- Monitoring of informal trading
- Assisting the Electricity Department with illegal electricity connections
- Land Invasion

The two main service delivery priorities set for the department during the year under review were:

- The Number of Closed Circuit TV Surveillance systems installed throughout KWT
- The Establishment of Community Safety Forums

Funding was provided for in the Capital Budget for the installation of CCTV in KWT and were placed at various strategic positions throughout KWT.

FIGURE 1

Enforcement's joint operation parade

On Friday 02 October 2020 BCMM Law Enforcement officers, BCMM Traffic officers and South African Police Service conducted a joint operation in East London CBD, Quigney and Southernwood .

Thirty business premises were visited - six fines in terms of the Business Act were issued,

forty five persons searched and Two Community awareness campaigns conducted.

FIGURE 2

Sect 56 notice being issuedBCMM Law Enforcement Services with Municipal Health officials during by-law enforcement in KWT CBD

On 11th September 2020 BCMM Law Enforcement Services with BCMM Municipal Health Services officials conducted operations in the King Williams Town central business district area.

During the operation one hundred and twenty-eight hawkers goods were confiscated and three fines in terms of the Business Act were issued.



BCMM CLAMPS DOWN ON ILLEGAL STREET MECHANICAL BUSINESS

On Friday 4th September 2020 Buffalo City Metro Law Enforcement Services responded to illegal street mechanical business complaints in the Quiney. Law Enforcement officers have warned three illegal street mechanic business owners in the area and forced them to close down.



VARIOUS LAND INVASION OPERATIONS

A joint land invasion operation by BCMM Law Enforcement officers, Human Settlement officials and South African Police Service was conducted in the area with twenty one incomplete shacks demolished and building material was loaded and taken to Supply Chain Management for safe keeping.

The officers were met with attorneys for the community who demanded the officers a produce court order and it was given to them, the operation then continued with minimal interruption.



Law Enforcement officers conducted land invasion operation Vincent and Beacon Bay areas

1. Law Enforcement officers conducted a land invasion operation in Vincent and Beacon Bay on 15th August 2020 and during the operation eleven structures
2. Dangerous weapons found were handed to Cambridge South African Police Service station.



BCMM ADDRESSING INVASION AT EAST LONDON QUEENS PARK ZOO



BCMM Law Enforcement Services during Festive Season 2020/2021 joint operations in a block on R72 to Port Alfred operation with BCMM Traffic Services and South African Police Service and BCMM



On 7 September 2021 Law Enforcement officers attended Land invasion in Zone 13 Mdantsane, two incomplete structures were dismantled as there was imminent threat that if the two structures were not dismantled there would be mushrooming of shacks in the area



INSPECTIONS AND VISIT BY LAW ENFORCEMENT OFFICERS AT BERLIN LANDFILL SITE

Law Enforcement officers accompanied by Acting Security Supervisors visited the area on Friday 08 January 2021 after Law Enforcement Services received complaint about crime escalating from the area from South African Police Buffalo City District office.

Officers found about forty five structures inside and outside the perimeters of the land fill site. The group of people found on site were all addressed, warned and informed about the crime in the area, that Law Enforcement officers previously dismantled the structures in the area and there should be no one staying in the landfill.

The group were warned and instructed to vacate the area and return to the areas where they came from and that BCMM would dismantle the illegal structures again in this area.

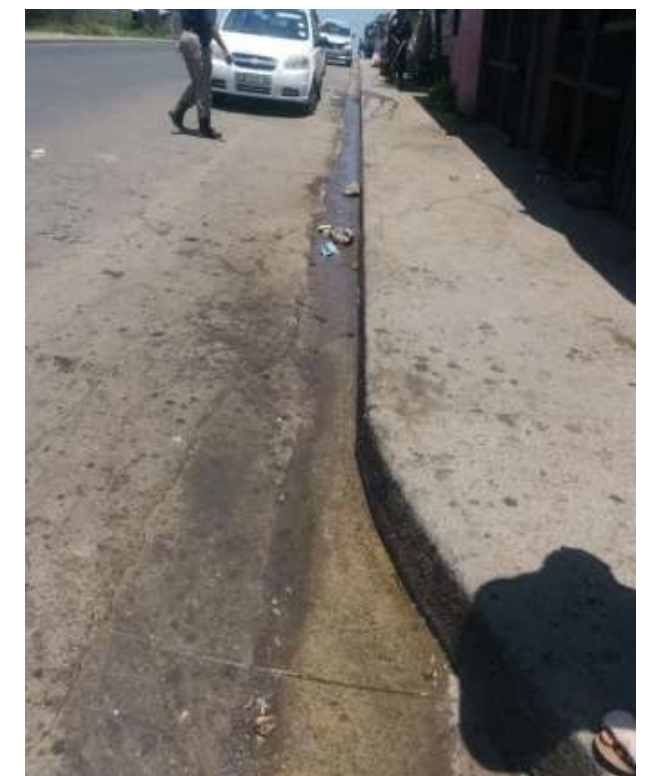


CAR WASHER POSING DANGER TO THE VEHICLES IN DUNCAN VILLAGE

Law Enforcement officers attended a complaint of a car washer operating on the road in Douglas Smith Highway from the office of the Executive Mayor officers found three young

middle age men operating a car wash on the road and illegally connected a hose pipe to a community water tap.

The officers forced the three young men to cease operating car washer in this area and removed the pipes connected to the water tap.



SERVICE DELIVERY PROTESTS AND DISRUPTION OF PROJECTS MONITORED

Law Enforcement officers monitored the so called SMME'S who blocked the project in the area of Settlersway early on 08 August 2021



BCMM Law Enforcement Services key function is to ensure the that the City and its citizens are protected, safe and secure, free from anti-social behaviour such as public drunkenness and drinking, excessive noise and disturbances, by-law transgressions, illegal electricity connections, theft and other offences that have a negative impact on the quality of life of BCMM residents and visitors.

T3.20.1.

SERVICE STATISTICS FOR LAW ENFORCEMENT SERVICES

ARRESTS

Armed Robbery	0
Arson	0
Assault GBH	28
Assault of police officer	0
Attempted Murder	0
Attempted Rape	0
Attempted Theft	0
Common Assault	0
Common Robbery	0
Corruption	0
D.I.C	28
Dagga Confiscated	672
Dealing in Narcotics	0
Domestic Violence	16
Drinking in Public	2,331
Drunk & Disorderly	0
Electricity Tampering	48
Failure to Comply	4,083
False Driving Licence	0
False Licence Disk	0
Firearm Confiscated	0
Fraud	0
Gambling	0
Hijacking	0
House Breaking	0
House Breaking & Theft	0
Illegal Immigrants	0
Interfering with P/O Duties	0
Intimidation	0
M.I.T.P.	0
Murder	0
Open Dockets without Detention	0
Pointing of firearm	0
Poss. Of Narcotics	5,344
Poss. Of Stolen Prop.	0
Possession of dangerous weapon	2,280
Possession of fake money	0
Possession of narcotics	0
Possession of unlicensed firearm	0
Public Indecency	0
Public Violence	30
Rape	0
Reck/Negligent Drive	0
Recovery of stolen property	93
Resisting Arrest	0
Shoplifting	0
Stocktheft	0
Stopping on a red line	0
Stray Animals Impounded	0
Theft	0
Theft of M/V	0

Theft out of M/V	0
Urinating in Public	0
Vagrants	0
Vehicles recovered	0
TOTAL	14,953

MUNICIPAL BY - LAWS

Beggars	0
Bush Destruction	460
Car Washers Prosecuted (341)	388
Dogs on Beaches	216
Fires Extinguished	198
Gambling	292
Goods Confiscated from Hawkers	540
Hawkers licences checked	220
Hawkers prosecuted (56)	48
Illegal Dumping	764
Noise Disturbance	1,311
TOTAL	4,437

OTHER

Cattle Impounded	332
CD's & DVD's Recovered	304
Dealing in Liquor	168
Driving without License	0
Events	168
Fireworks	21,940
Gonubie Vagrants	2,696
Goods Confiscated from car washers	24,028
Hawker Warrants	19,308
Hitchhiking	4,632
Illegal Elec. Cutoff Actions	15,660
Liquor Destroyed	1,933
Pamphlets	1,122

Picketing	20
Protest Marches	0
Mass action Unrest/riot	9
Railway Crossings	444
Sect. 341 Notices (traffic offences)	68
Sect. 44 Notices (discontinuation)	412
Sect. 56 Bylaws/bus lic, etc	86
Sect. 56 Notices (traffic offences)	1,262
Squatter Actions	1,440
Suspension of Vehicles	656
Tavern/Shebeen Actions (licences checked)	30,376
Theft of Municipal Property	34,904
Traffic Warrants	30,164
Vehicles Impounded	151,156
Vagrants	127,061
TOTAL	470,349
Grand Total	489,739

T3.20.2.

Concerning T3.20.2.

Metropolitan Police has not yet been established in BCMM – BCMM submitted the application to the MEC Safety & Liaison and a 3rd reminder was sent on the 3 August 2020. The department has reported on the two departments individually, ie Traffic Services & Law Enforcement.

T3.20.2.1

Traffic Services Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2019/2020		2020/2021		Actual	2021/2022		2022/2023
		Target	Actual	Target	Actual		Target	Actual	
		*Previous Year		*Previous Year	*Current Year		2021/2022	2022/2023	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Promote sound financial and administrative capabilities	% reduction in road traffic fatalities on BCMM roads	5% reduction	2,64%	5%	5%	3%	5% reduction	5% reduction	5% reduction
Promote sound financial and administrative capabilities	Total increase in the amount of revenue collected for traffic fines	R10, 500, 000	R11 763 626,68	R10 500 000,00	R12 000 000,00	R12 520 066,19	R5 500 000,00	N/A	N/A
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *Current Year' refers to the targets set in the Year 0 Budget/IDP round. **Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									T 3.20.3

Law Enforcement Policy Objectives Taken From IDP

Law Enforcement Policy Objectives Taken From IDP									
Service	Outline Service	2019/2020		2020/2021		Actual	2021/2022		2022/2023
		Target	Actual	Target	Actual		Target	Actual	
		*Previous Year		*Previous Year	*Current Year		2021/2022	2022/2023	2023/2024
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
To ensure safety of BCMM Communities	Number of areas covered by surveillance cameras	2	2	2	1	1	2	N/A	N/A
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *Current Year' refers to the targets set in the Year 0 Budget/IDP round. **Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									T 3.20.3

Employees: Police Officers					
Job Level	Year 2019/2020	Year 2020/2021			
Police	Employees	Posts	Employees	Vacancies (fulltime equivalents)	V (t
Administrators	No.	No.	No.	No.	
Chief Police Officer & Deputy Other Police Officers					
0 – 3	26	27	26	1	3
4 - 6	483	507	483	24	4
7 - 9	152	162	152	10	6
10 - 12	53	57	53	4	7
13 - 15	8	8	8	0	0
16 - 18	1	1	1	0	0
19 - 20	2	2	2	0	0
Total	725	764	725	39	5
Totals should equate to those included in the Chapter 4 total employee schedule. Emp Posts numbers are as at 30 June. *Posts must be established and funded in the appro or adjustments budget. Full-time equivalents are calculated by taking the total number days lost (excluding weekends and public holidays) while a post remains vacant and a together all such days lost by all posts within the same set (e.g. 'senior management') that total by 250 to give the number of posts equivalent to the accumulated days.					
T 3.20.4					

Financial Performance 2020/2021: Police R'000					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total					
Operational Revenue	68 792	73 002	73 002	54 064	-35%
Expenditure:					
Police Officers					
Other employees	264 139	280 154	282 381	282 381	1%
Repairs and Maintenance	3 165	3 907	2 116	2 118	-84%
Other	22 006	32 529	43 926	30 661	-6%
Total Operational Expenditure	289 309	316 589	328 423	315 160	0%
Net Operational Expenditure	220 518	243 587	255 421	261 096	7%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.20.5					

Capital Expenditure 2020/2021: Police R' 000					
Capital Projects	2020/21				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	4 500	7 632	3 871	-16%	
CLOSED CIRCUIT TELEVISION NETWORK -CCTV	2 000	2 000	1 043	-92%	2 000
CLOSED CIRCUIT TELEVISION NETWORK - CCTV C/O	–	1 023	966	100%	1 023
BACK-UP GENERATORS	1 000	1 000	–	0%	1 000
OFFICE FURN & EQUIPMENT (DIRECTORATE)	500	720	536	0%	720
OFFICE FURN & EQUIPMENT (DIRECTORATE) c/o	–	29	8	100%	29
OFFICE FURN & EQUIPMENT (DIRECTORATE) c/o	–	42	19	100%	42
TRAFFIC AND LAW ENFORCEMENT EQUIPMENT	1 000	1 000	194	- 417%	1 000
TRAFFIC AND LAW ENFORCEMENT EQUIPMENT c/o	–	119	106	100%	119
ABLUTION FACILITIES FOR MDANTSANE TRAFFIC CENTRE c/o	–	700	–	0%	700
CATTLE/ANIMAL TRUCK c/o	–	1 000	1 000	100%	1 000
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					
T3.20.6					

COMMENT ON PERFORMANCE OF POLICE OVERALL



BCMM Law Enforcement have conducted many liquor outlet inspections during the year. Various inspections conducted in East London, Mdantsane and King Williams Town. Section 56 notices have been issued to the taverns/liquor outlets that do not comply with the Liquor By-law Trading Times. A first-time offence is a R1,000 Fine and a second time offence R2,000 fine. The operations are ongoing. On a monthly basis at least five taverns are closed because they are operating until early hours of the morning despite there being a curfew imposed.



Law enforcement officers are continuously monitoring all areas in Buffalo City and removing any illegal hawkers. The unemployment rate has seen a direct correlation to new hawkers that are now trading

OPERATIONS CONDUCTED BY LAW ENFORCEMENT SERVICES

A number of Land Invasion operations were conducted throughout the year where we demolished half-built structures which were built on BCMM land with the presence of the following stakeholders:

1. BCMM Law Enforcement
2. BCMM Legal Services
3. BCMM Land Administration
4. BCMM Surveyors
5. BCMM Workshops
6. BCMM Human Settlements
7. SAPS POPS
8. SAPS Crime Intelligence



Law enforcement officers escorted the BCMM Electricians to remove illegal electrical connections. On a daily basis Law Enforcement officers are escorting BCMM Electricians to disconnect illegal electricity connections in different areas in BCMM.

LAW ENFORCEMENT SERVICES - CCTV SYNOPSIS

There are currently sixteen constables posted at the CCTV section grouped into four shifts of 4 each. At the end of February 2021 a sergeant was appointed to the CCTV section to supervise staff and ensure that the CCTV operations ran smoothly.

The Leaches Bay camera sites remain a concern for us as criminals still target our sites unabated. Currently we have three sites operational with two remaining sites that have been continually targeted by criminals. We have started the process to once again get the two vulnerable sites operational.

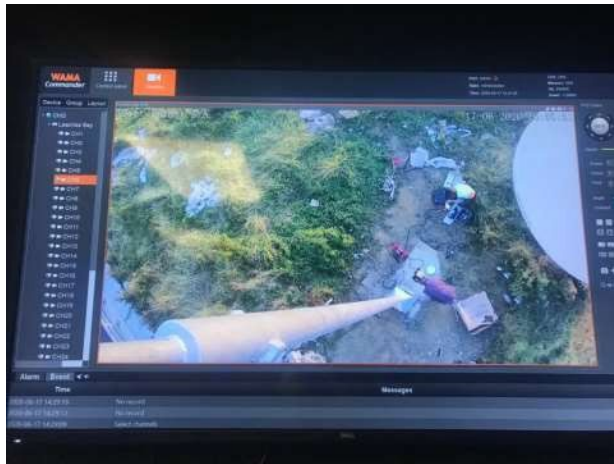


Pole bases targeted by criminals where batteries and inverters were stolen

1. Cnr Strand and Wetzler (WB2) – NO SERVICES
2. Waterworld (WW1) – NO SERVICES
3. Prince George Circuit (WB3) – NO SERVICES
4. Leaches Bay Kiosk (Kiosk 1) – NO LINE OF SITE FOR WIRELESS LINK
5. Breezydale Rd (Airport 1) – NO LINE OF SITE FOR WIRELESS LINK
6. Cnr Airport Bypass and Settlersway (Squat 1) – NO LINE OF SITE FOR WIRELESS LINK
7. Cnr Clovelly Rd and Settlersway (PnP) – OPERATIONAL
8. Cnr Cotton Rd and Settlersway (Daimler) – VANDALIZED
9. Cnr Pontoon Rd and Settlersway (Buffalo River Bridge) – VANDALIZED
10. Cnr Hood and Bank Str (WB1) – OPERATIONAL
11. Cnr Pontoon and Fleet Str (Fleet 1) – OPERATIONAL



New security measures on pole bases



Contractors carrying out repair work at a site

The anti-theft device was not effective as the main items that criminals were looking for were the batteries and inverters which are valuable when coupled with load shedding. These items are kept in the base of the pole with strong security measures, but obviously criminals still find a way to break into the bases. We have noted a spike in vandalism when rolling load shedding takes place throughout the country.

The CCTV section is struggling to remain operational as there is no operating budget and as such, there is no insurance on the camera sites by the preferred insurer. This meant that we were left vulnerable. If a site gets targeted by criminals it invariably remains offline as all CCTV funds are for capital projects and cannot be used to replace equipment or for running expenses such as insurance.

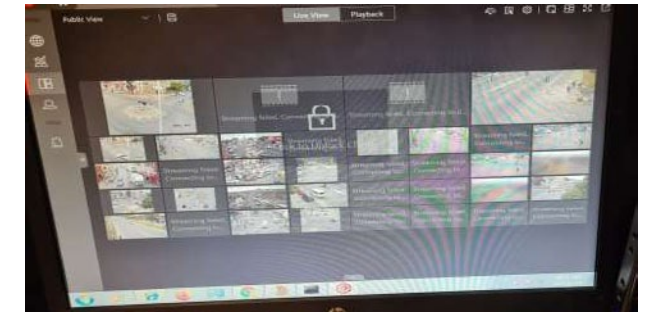
The King Williams Town network was completed and is fully operational except for the Traffic circle on the N2 which was targeted by criminals as it was a remote site. Planning has been implemented to move the site closer to the BP Garage which has been deemed to be less vulnerable. There is a remote viewing station at the new Traffic Dept. We cannot view this network at the control centre in East London as there is no fibre between King Williams Town and East London.



Various camera sites in KWT illustrating the network hub



A few camera sites in KWT



KWT Remote viewing site

The CCTV section still is required to assist the Operations Division with Electrical Cut offs, land invasion and attending of complaints. During these times following was enforced:

1. Stop and searches done
2. Vagrants were removed
3. Car washers were removed
4. Buckets confiscated
5. Liquor destroyed
6. Seized dangerous weapons (knives, screwdrivers etc which were booked in at SAPS)
7. Fires extinguished

Planning has been started for the Bhisho and the New Traffic Dept networks.

Council has determined that all CCTV networks are to be centralised at the CCTV section. This process while slow is taking place. The City's SCM cameras have already been migrated to the CCTV section. The Gomo (supplemented), Beacon Bay (supplemented), Gonubie, NU6, KWT Civic Centre and Zwelithsha Pay Offices have been brought across to the CCTV section and can be monitored on the video wall. The departments that are still to hand over

their CCTV networks to the CCTV section are in the process of establishing the specifications needed to hand over and the funding required to do this. It should be noted that Public Safety is allocated a relatively small amount for capital projects and the migration of the cameras to the CCTV section is an operational issue and not a capital project.



The Esplanade cameras went off line due to the construction that started in front of the Osner Hotel. During this time the sites were also vandalised and equipment stolen. We noticed this whilst doing our regular patrols in the area. It is not known when this network will be brought back online as the construction continues in the area and new power sources must be established.

Footage is regularly requested by SAPS for various crimes. The Organised Crime Unit has also requested video footage for their investigations. CCTV members picked up a number of offences on the cameras and responded to them by alerting SAPS, this has led to the arrest for armed robbery and assault, staff have reacted to crime and anti-social behaviour, items used in the commission of a crime has been seized and handed over to SAPS or taken to the Braelynne Office. In most cases staff arrived at the scene of the crime in time to disturb criminals in their attempt to break into business premises or to vandalize and deface buildings.

The CCTV equipment is being targeted by criminals for, in most part, the inverters and the batteries which are very valuable. Cases were opened with SAPS for these crimes of Vandalism and Theft. Investigations have been unable to establish who the criminals are.

The CCTV section needs to be allocated an operating budget to ensure that all sites are covered by insurance and if targeted it will be easier to replace stolen equipment and return that site to operation.



Pole base vandalized and equipment stolen out of it in KWT

PERFORMANCE OF LAW ENFORCEMENT SERVICES OVERALL:

The increase in service delivery protests, illegal connections of electricity, armed robberies, house breaking and theft in business premises and illegal occupation of land belonging to BCMM has become an epidemic. Although the core function of policing this type of crime remains with SAPS, the CCTV Surveillance Cameras in the City area and in Municipal Buildings has marked its place in the fight against crime and has been felt in some measure by the residents of our City to deter many types of criminal behaviour during the 2020/21 financial year. CCTV Surveillance is still seen as the foremost deterrent measure to crime and it is this deterrent effect that is thought to contribute to the increase in the sense of community safety

T3.20.7.

3.23 FIRE

INTRODUCTION TO FIRE & RESCUE SERVICES

Buffalo City Fire and Rescue Services operates a twenty-four-hour fire and rescue service, providing the following:

- Suppression of fires
- Fire Safety
- Fire Training
- Water Rescue, and
- Hazardous materials incidents

In order to achieve its goals, the Fire and Rescue Services operates out of seven fire stations, situated at Fleet Street East London, Greenfields, Buffalo Flats, Vincent, Mdantsane, King William's Town and Dimbaza. All operational duties are controlled from a single control room which is situated at the Fleet Street Fire Station, East London.

T 3.21.1

SERVICE STATISTICS: FIRE & RESCUE SERVICES:

The activities of the Fire and Rescue Services for the 2020/2021 financial year were: Suppression of fires and emergencies:

Residential fires	314
Vegetation/grass fires	1,641
Commercial fires	41
Transport fires	77
Informal dwelling fires	883
Refuse/illegal fires	143
Water rescue	5
Motor vehicle accidents	3,168
TOTAL	64

The ongoing drought ravaging all areas of BCMM has been a direct contributor to the upsurge in the number of residential, informal dwellings and vegetation/grass fires from the 2019/2020 year. The ensuing Lockdown Level 5 in March 2020 as imposed by the President of South Africa in response to the Covid-19 pandemic, resulted in households being restricted to their homes 24/7 and this further contributed to the increase in residential fires.

The number of fire related deaths that occurred in BCMM in the last financial year – 2020/2021 are as follows:

MONTH	INFORMAL DWELLINGS	COMMERCIAL	DWELLINGS
JULY 2020	2	0	3
AUGUST 2020	1	0	1
SEPTEMBER 2020	1	6	1
OCTOBER 2020	0	0	1
NOVEMBER 2020	7	0	0
DECEMBER 2020	4	0	1
JANUARY 2021	1	0	2
FEBRUARY 2021	2	0	0
MARCH 2021	0	0	0
APRIL 2021	2	0	0
MAY 2021	4	0	1
JUNE 2021	3	0	0

Fire Safety:

Activities relating to Fire Safety were:

Building plans inspected	208
Trade licence applications	602
Fire Safety/Compliance inspections	1,947
Lectures/demonstrations to the public (schools, industries)	2
TOTAL	2,759

With the onset of Covid-19 and the Lockdown Levels that followed, many of the City's residents either lost their formal employment or were placed on short time, severely impacting their financial abilities to provide for their families.

Many resorted to starting up “own businesses” - SMME’s - as a means of income, which saw a marked increase in the number of trade licence applications from 2019/2020 (128) to that applied for in 2020/2021 (602).

The Fire and Rescue Services also performed remarkably well in undertaking a total of 1,947 Fire Safety/Compliance inspections in 2020/2021 as opposed to 942 carried out in 2019/2020. The provision of acting staff in the Fire Safety division could also be seen as a contributing factor to this marked improvement.

The reduction in the number of lectures/demonstrations to the public, as well as the number of internal and external training conducted was as a result of compliance to the imposed Covid-19 safety regulations and lockdown restrictions.

TRAINING:

Various fire related courses were conducted:

Internal (fire personnel)	18 persons
External (public, businesses)	<u>21 persons</u>
TOTAL	39 persons

Metropolitan Fire Service Data					
	Details	2019/2020	2020/2021		2021/2022
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires attended in the year	2758	2700	3107	2900
2	Total of other incidents attended in the year	64	100	90	80
3	Average turnout time - urban areas	13	12	13	14
4	Average turnout time - rural areas	31	30	23	14
5	Fire fighters in post at year end	134	160	136	160
6	Total fire appliances at year end	29	34	35	37
7	Average number of appliance off the road during the year	6	6	7	6
T 3.21.2					

CONCERNING T3.21.2

Average turnout times are determined by the difference in time between the time of arrival at an incident and the time that the call was received by the Control Centre.

T3.21.2.1.

Fire Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2019/2020		2020/2021			2021/2022	2022/2023	
		Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year (2020/21)	(2020/21)	*Current Year (2021/22)	*Current Year (2022/23)	*Following Year (2022/23)
Service Indicators									
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Safety	Percentage compliance with the required attendance time for structural firefighting incidents	75%	31.8%	75%	75%	33,00%	75%	75%	75%
	Number of Fire Stations Refurbished	1	1 fire station refurbished	1	2	2	1	1	1
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are ‘universal municipal indicators’. * ‘Previous Year’ refers to the targets that were set in the Year -1 Budget/IDP round; **‘Current Year’ refers to the targets set in the Year 0 Budget/IDP round. *‘Following Year’ refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the									T 3.21.3

The percentage compliance with the required attendance time for structural firefighting incidents remained a challenge in the 2020/2021 year. However, the commencement of a 3- year Capital Project, namely the Supply and Installation of a Tactical Radio Network for BCMM, which commenced the later part of 2020/2021, will contribute to Fire and Rescue Services attempts to improve on their turnaround times.

Fire and Rescue Services performed well and met the target as per the indicator: Number of Fire Stations Refurbished, refer to the comments on the overall performance of Fire Services reflected later on in this report.

Fire and Rescue Services continue to operate under-staffed in terms of operational capacity. Headway has been made in a request to incrementally increase operational staff capacity over a period of five years. This will allow full compliments of cabin crew to attend to each fire and ensure efficient and effective rendering of services and impact on the department’s attempts to reduce staff overtime costs.

Employees: Fire Services					
Job Level	Year 2019/2020	Year 2020/2021			
Fire Fighters	Employees	Posts	Employees	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
Administrators	No.	No.	No.	No.	%
Chief Fire Officer & Deputy					
Other Fire Officers					
0 - 3	6	5	5	0	0%
4 - 6	9	13	13	0	0%
7 - 9	132	110	107	3	2.73%
10 - 12	8	34	29	5	1471
13-15	4	5	4	1	20%
16 - 18	1	2	1	1	50%
19 - 20	1	0	0	0	0%
Total	161	169	159	10	5.92%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					
T 3.21.4					

Financial Performance Year 2020/21: Fire Services R'000									
Details	2019/20		2020/21						
	Actual		Original Budget		Adjustment Budget		Actual		Varian ce to Budget
Total Operation al Revenue	325	101	901	117	089	76	715	76	-54%
Expenditur e:									
Fire fighters									
Other employees	928	88	756	75	277	96	277	96	21%
Repairs and Maintenanc e	308	1	915	1	134	1	034	1	-85%
Other	356	48	268	42	215	59	781	55	24%
Total Operation al Expenditu re	592	138	938	119	626	156	091	153	22%
Net Operation al Expenditu re	267	37	037	2	537	80	376	76	97%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.									T 3.21.5

Capital Expenditure 2020/2021: Fire Services R' 000					
	2020/21				
	Budg et	Adjustm ent Budget	Actual Expendit ure	Varian ce from origin al budge t	Total Proje ct Value
Capital Projects					
Total All	12 680	25 289	13 309	5%	
FIRE ENGINES PROCURED	7 000	7 380	642	-991%	7 380
FIRE ENGINES PROCURED c/o	–	8 820	8 820	100%	8 820
REFURBISH & REHAB - FIRE INFRASTRUCTURE	1 600	1 600	1 157	-38%	1 600
REFURBISH & REHAB - FIRE INFRASTRUCTURE C/O	–	848	752	100%	848
FIRE EQUIPMENT	500	500	174	-188%	500
FIRE EQUIPMENT c/o	–	450	338	100%	450
NEW FIRE STATION - BERLIN WARD 45	3 500	–	–	0%	–
NEW FIRE STATION - BERLIN WARD 45 c/o	–	300	8	100%	300
NEW FIRE STATION - BERLIN WARD 46	–	3 500	–	0%	3 500
REFURBISHMENT OF FIRE STATIONS	80	80	76	-6%	80
REFURBISHMENT OF FIRE STATIONS c/o	–	631	616	100%	631
DOUBLE CAB 4X4 AND JETSKI FOR FIRE AND RESCUE DIVE UNIT	–	1 180	728	100%	1 180
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					
T 3.21.6					

COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL:

The top five priority projects of the Fire & Rescue Services are addressed in the 2020/2021Capital Project allocations and progress status is as follows:

1. NEW FIRE STATION BERLIN WARD 45:

During the 2013/2014 Integrated Development Planning process, a need was identified to develop and build a new fire station in one of the peri-urban/outlying areas in BCMM. After much consultation and planning, Berlin was identified as the most suitable as the land is owned by BCMM.

The project was initiated in the 2018/2019 financial year, with Council resolving on 12 December 2018, to subdivide portion of Erf 1, Berlin and portion of Erf 2361, Berlin and consolidate the two subdivisions into a new Erf for the development of a Fire Station in Berlin (Resolution BCMC 800/18).

With the discovery of a culvert on the erf, it was decided to embark on a Stormwater Assessment which was duly carried out by a Professional Consultancy Service. The report received indicated that such was not problematic and the project proceeded then to the formal bid process.

RMA Consortium were duly awarded the contract on 18 December 2020 for the Provision of Professional Consultancy Services.

Architectural Department held various online meetings with RMA Consortium during the remainder of the 2020/2021 financial year to discuss final design, scope of services and bulk service availability in terms of electricity, water and sewerage.

2. PROCUREMENT OF FIRE INFRASTRUCTURE (FIRE ENGINES):

Fire & Rescue Services embarked on the procurement of a Water/Foam Tanker in the 2020/2021 financial year through the utilization of Transversal Government Tender RT57-03-



08-04 and the tender was awarded in June 2021. Delivery is anticipated within the first or second quarter of the 2021/2022 financial year.

Nine bush tender fire fighting vehicles were procured in the 2019/2020 financial year for an amount of R8,348,517; however delays as a result of the Covid-19 pandemic resulted in the delivery of the vehicles taking place in October of the 2020/2021 financial year. The procurement of these nine bush tenders will assist in improving the performance of the Fire and Rescue Services when attending to fires in challenging terrain/confined spaces.

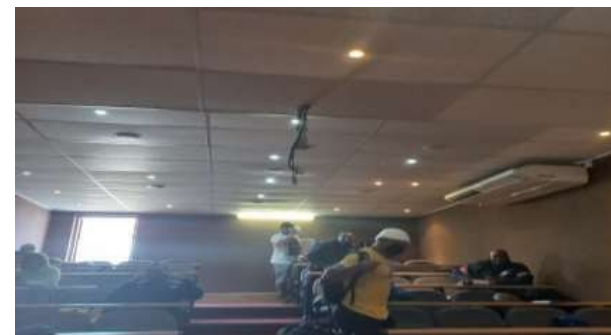
A replacement 4x4 LDV vehicle for the water rescue and dive unit was purchased in the 2019/20 financial year for an amount of R632,652, however delays as a result of Covid 19 resulted in the delivery of the vehicle taking place in October of the 2020/21 financial year.

3. REFURBISHMENT OF FIRE STATIONS

Fire & Rescue Services performed extremely well under this project in the 2020/2021 financial year, realizing the following work carried out via Informal Tenders and Annual Contracts as facilitated by the Building Maintenance section of BCMM.

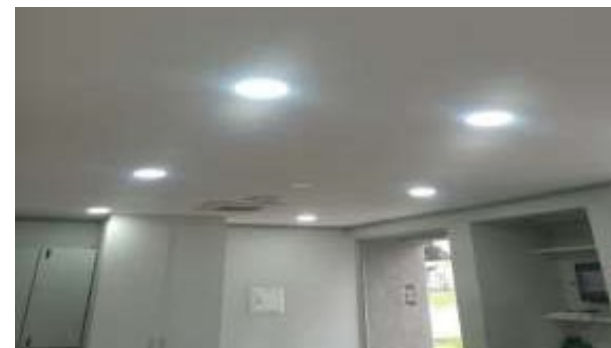
FLEET STREET FIRE STATION:

- Auditorium ceiling repairs
- Upgrading electrical installations on front engine bay doors



KING WILLIAM'S TOWN FIRE STATION:

- Replace light fittings



GREENFIELDS FIRE STATION:

- Repairs to roof
- Replace six garage doors
- Painting



In addition to the above, five new geysers were fitted at prioritized fire stations.

4. REFURBISHMENT AND REHABILITATION OF FIRE INFRASTRUCTURE (FIRE ENGINES)

The age and condition of the specialized firefighting engines, was once again taken into consideration and annual maintenance and necessary repairs of a major nature were carried out accordingly, so as to maintain a maximum number of fleet available for service delivery.

The non-availability of parts, either as a result of imports or the further challenge of Covid-19 affecting the timeous shipment/airfreight and receipt of stock to service providers during 2020, did result in extended delays in completion of repairs.



REPLACE SIX INJECTORS ON FIRE ENGINE 3016 – REGISTRATION NO. DYS 620 EC



REPAIRS TO GEARBOX PINION SEAL & FLANGE SEAL & TORQUE CONVERTER OF FIRE ENGINE 3041 – REGISTRATION NO. CDF 764 EC



REMOVE OLD & REFIT NEW ENGINE; OVERHAUL GEARBOX & TORQUE CONVERTER TO AERIAL APPLIANCE 3006 – REGISTRATION NO. CGX 975 EC



REFURBISH SUPERSTRUCTURE OF WATER TANK & REPLACEMENT OF CENTRIFUGAL PUMP TO FIRE ENGINE 3046 – REGISTRATION FRS 835 EC



REPLACE COMPENSATED PUMP TO AERIAL APPLIANCE 3011 – REGISTRATION NO. FVS 516 EC



REPAIRS TO ENGINE CONTROL UNIT, PROGRAMMING TO FIRE ENGINE 3017 – REGISTRATION DYS 619 EC



SUPPLY AND FIT NEW TURBO GASKET TO FIRE ENGINE 3013 – REGISTRATION DCN 776 EC



REPAIR DIFF, SIDE SHAFT, TRANSFER BOX, PIPES, SILENCER, SUPPLY BATTERIES & ELECTRICAL WIRING TO WATER TANKER 3048 – REGISTRATION NO. FTR 812 EC



REMOVE & REFIT HIGH PRESSURE PUMP TO FIRE ENGINE 3040 – REGISTRATION HPV 068 EC

5. FIRE EQUIPMENT

Fire and Rescue Services undertook numerous Informal Tender procurements during 2020/2021, namely the Supply & Delivery of Firefighting Hoses complete with Couplings and the Supply & Delivery of Air Compressor Cylinders, both which were successfully tendered and received. Cutters and blades were also procured during 2020/21.



Fire Hoses complete with Couplings



Air Compressor Cylinders



Cutters and Blades

The procurement for the Supply and Delivery of Fire Fighting Equipment and for the Supply and Delivery of a Decontamination Shower was unsuccessful due to no responsive bidders and the Department will continue to pursue this procurement within the 2020/2021 financial year.

Once again, the financial constraints experienced by businesses as a result of Covid-19 directly impacted on service providers' ability to firstly remain operational and secondly hold adequate stock and this had a negative effect on BCMM's procurement process as a whole.

MEASURES TAKEN TO IMPROVE PERFORMANCE OF THE FIRE & RESCUE SERVICES

One of the challenges in the Fire and Rescue Services is the lack of reliable radio communications between the Control Room and Fire Engines and fire fighters, including vehicle to vehicle radio contact. However, Fire and Rescue Services are included in the Tactical Radio Network Project facilitated by Disaster Management and once implemented, will enhance the services of the Fire and Rescue Services.

Extensive Fleet repairs and maintenance have been undertaken as well as the procurement of Firefighting vehicles within the 2020/21 financial year (Water/Foam Tanker), in order to ensure optimum availability of vehicles to attend to firefighting incidents within the BCMM areas.

Upgrades to various Fire Stations within the BCMM area were also carried out and contribute to the performance and effectiveness of the firefighting services rendered.

T3.21.7.

3.24 INTRODUCTION TO DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

INTRODUCTION TO DISASTER MANAGEMENT

INTRODUCTORY COMMENTS

The National Policy Framework for Disaster Risk Management Policy Framework makes provision for four key performance areas with three enablers:

1. Integrated Institutional Capacity
2. Disaster Risk Assessment
3. Disaster Risk Reduction
4. Response and Recovery,

ENABLERS:

1. Information Management and Communication
2. Education, Training, Public Awareness and Research
3. Funding Arrangements for Disaster Management

The BCMM Disaster Management Centre, which is situated at the Fleet Street Fire Station precinct, attends to the disaster risk management needs throughout the City's area of jurisdiction.

Measures taken to improve performance and the major efficiencies achieved by Disaster Management services for 2020/21 are as follows:

The Community Based Risk Reduction pilot project by disaster management staff and trained community members in Wards 1 and 2 could not be completed due to the Covid-19 lockdown.

Due to the Covid-19 regulations meetings and seminars were conducted on Virtual Platforms. Disaster Management officials participated in the following Virtual Meetings:

- 4 Virtual Meetings with German International Partners 6 Provincial Disaster Management Virtual Meetings
- 10 Portfolio and Integrated Development Planning Virtual Meetings 5 Climate Change and Early Warning System Virtual Meetings
- 3 International Disaster Risk Reduction Day Webinar 4 Risk and Governance Virtual Meetings
- 20 Education, Training and Awareness Virtual Meetings 93 Covid-19 Virtual Meetings
- 3 National Treasury Circular 88 Virtual Meetings

4 INSTITUTIONAL RISK VIRTUAL MEETINGS

38 Information Technology Disaster Recovery Planning Virtual Meetings 6 Tactical Radio Network Contract

COVID-19 PANDEMIC ACTIVITIES

Disaster Management participated in the virtual Covid-19 multi stakeholder and Command Council meetings.

Disaster Management participated as part of a multi-agency team comprised of Disaster Management, BCMM Municipal Health, Law Enforcement, Fire & Rescue Service, South African Police Services and Department of Labour that conducted inspections and provided information on the Covid-19 regulations issued under the Disaster Management Act from July 2020 to June 2021. This included *inter alia*;

- Inspection and awareness at supermarkets, malls and shops relating to Covid-19 compliance;
- Inspections and guidance at Covid-19 funerals;
- Monitoring distribution of vouchers and grants;
- Education and awareness at the Department of Home Affairs, South African Social Assistance Agency and Post Offices.
- Disaster Management also guided and assisted other departments including the public with numerous queries relating to the Covid-19 regulations.

STATE OF DROUGHT

Disaster Management monitored the state of farm and storage dams as well as vegetation and livestock conditions and provided regular reports to the Provincial Disaster Management Drought Forum.

Employees: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
Job Level	Year 2019/2020	Year 2020/2021			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0%
4 - 6	2	2	2	0	0%
7 - 9	1	1	1	0	0%
10 - 12	1	1	1	0	0%
13 - 15	1	1	1	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
Total	6	6	6	0	0%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 3.22.4

Financial Performance 2020/2021: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
R'000					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	–	–	0%
Expenditure:					
Employees	3 702	3 811	4 142	4 142	8%
Repairs and Maintenance	9	57	12	12	-366%
Other	1 407	1 829	1 036	1 036	-77%
Total Operational Expenditu re	5 117	5 698	5 190	5 190	-10%
Net Operation al Expenditu re	5 117	5 698	5 190	5 190	-10%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.22.5

Capital Expenditure 2020/2021: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
R' 000					
Capital Projects	2020/21				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	3 293	6 943	5 372	39%	
DISASTER MANAGEMENT : EVENT SAFETY EQUIPMENT	100	200	140	0%	200
TACTICAL RADIO NETWORK	2 193	2 193	711	-209%	2 193
TACTICAL RADIO NETWORK c/o	–	4 250	4 250		4 250
REFURBISHME NT OF DISASTER	1 000	300	271		300
MANAGEMENT CENTRE					
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					T 3.22.6

COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL OF PUBLIC NUISANCES, ETC OVERALL:

PERFORMANCE OF DISASTER MANAGEMENT OVERALL:

EMERGENCY RELIEF PACKAGES:

A total of 1,940 emergency relief packages were distributed to fire and flooding victims for theperiod under review.

Capital Projects for the 2020/2021 financial year: Disaster Management Event Safety Equipment:

A drone with infrared capacity has been procured to improve monitoring at events.

TACTICAL RADIO NETWORK:

This project entails the replacement of an analogue mobile radio network with a digital radio network. The contract was awarded in April 2021 and the equipment for phase 1 has been procured and installation will continue in 2021/22.

REFURBISHMENT OF DISASTER MANAGEMENT CENTRE

Minor internal alterations were performed to create additional office capacity. This has reduced overcrowding but resulted in the forfeiture of the training venue.

T3.22.7.

COMPONENT H

SPORT AND RECREATION

INTRODUCTION TO SPORT AND RECREATION

The City's Sports Facilities has a total of 94 sporting facilities. These facilities include formal and informal facilities. The formal facilities are those that are tariff levying which includes complexes and stadia and have change rooms and ablutions. The informal facilities are non- tariff levying.

These facilities cater for sporting codes like cricket, soccer, rugby, tennis, hockey, athletics, netball, table tennis and soft ball. They are used by local, provincial and national associations as well as schools. They also cater for events like music concerts/rallies. When a facility is upgraded or when a major event is hosted, prople are provided with income generating opportunities such as selling products or providing local labour. Sisa Dukashe Stadium is a flagship hosting Premier Soccer League and provincial Rugby games and is managed BCMM.

There are five public swimming beaches and four swimming pools that are serviced by lifeguards throughout the year.

The beaches are Nahoon Beach; Gonubie beach, Bonza Bay beach, Eastern beach and Orient pay beach. These beaches with the exception of Orient Beach and Fullers Bay (Waterworld Fun Park and Tidal pool) are all in a very natural state with very little manmade structures. Thus, the natural beauty of the beaches is largely preserved. Other beaches are serviced during the festive season and have lifeguards for this period depending on availability of funds and lifeguards. Some of these beaches have boardwalks and picnic areas close to the surf area. These boardwalks and picnic areas are popular with locals and tourists outside Buffalo City. The beaches are also amongst the most popular surfing spots in the country.

Zwelitsha, King Williams Town, Ruth Belonsky and Joan Harrison Pools cater for the communities recreational needs and sports users. Ruth Belonsky and Zwelitsha Pools are 25meter pools, whilst King Williams Town and Joan Harrison Pools are 50 meter pools. JoanHarrison Pool has an Olympic standard pool, diving pool, water polo pools and a kiddie's splash pool. The pools have hosted major aquatic competitions at a national level, and are also popular during the summer vacations with the local users. NU2 Swimming Pool projectwas under construction in

the 2020/21 FY and was progressing well, with an expected completion date of the 09 November 2021.

Top 3 service delivery priorities and the impact on these priorities during the year

1. Premier Soccer League (PSL) standards: The PSL standards were maintained for the Sisa Dukashe Stadium thereby ensuring that the stadium was in a position to host PSL matches.
2. Redevelopment of the NU2 Mdanstane Pool Phase 1: The service provider (main contractor) was appointed for the redevelopment of the pool and the project made good progress as of the 30 June 2021, and was 50 % complete at this stage.
3. Upgrading of Sports Facilities: The Jan Smuts Stadium and the Selborne Park Tennis Complex were upgraded.

Measures taken to improve performance and the major efficiencies achieved in the service during the year

Standard operating procedures (SOP) for various services were drafted to improve the efficiency of the operations. Example, SOPs for the swimming pools daily operations.

Support given to those communities that are living in poverty

School groups that are from previously disadvantaged communities were granted a discounted tariff or free access to various sport and recreation facilities in some instances where applicable.

T3.23

SERVICE STATISTICS FOR SPORT AND RECREATION

Number of visitors for the period July 2020 to June 2021

Sports Facilities =	539	Visitors
Beaches =	2,288	Visitors
Pools =	4,289	Visitors

From 27th March 2020 until end of June 2021 the facilities were closed due to Covid-19 pandemic that led to the National Lockdown.

T 3.23.1

Sport and Recreation Policy Objectives Taken From IDP									
Service Objectives	Outlin e Servic e Target s (ii)	2019/2020		2020/2021			2021/2022	2023/2024	
		Target	Actual	Target		Actual	Target		
		*Previous s Year		*Previous Year	*Current Year	*Previous Year		*Previous Year	*Current Year
Service Indicators		(iii)	(iv)	(v)	(vi)	(iii)	(iv)	(v)	(vi)
(i)									
Service Objective xxx									
Number of swimming pools facilities		1	1	1	2	Still in progress	1	1	
Number of beaches facilities		2	2	2	1	Still in progress	1	1	
Number of sports facilities		2	2	2	2	Still in progress	1	1	
<p>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are ‘universal municipal indicators’. * ‘Previous Year’ refers to the targets that were set in the Year -1 Budget/IDP round; *‘Current Year’ refers to the targets set in the Year 0 Budget/IDP round. **‘Following Year’ refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</p>									
T 3.23.2									

Employees: Sport and Recreation					
	Year 2019/2020	Year 2020/2021			
Job Level	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vap
	No.	No.	No.	No.	%
0 - 3	194	204	186	18	8
4 - 6	126	135	126	9	6
7 - 9	34	35	32	3	8
10 - 12	14	16	15	1	6
13 - 15	4	4	4	0	
16 - 18	1	1	1	0	
19 - 20	0	0	0	0	
Total	373	395	364	31	7
Totals should equate to those included in the Chapter 4 total employee schedule. Emp Posts numbers are as at 30 June. *Posts must be established and funded in the appro adjustments budget. Full-time equivalents are calculated by taking the total numberof lost (excluding weekends and public holidays) while a post remains vacant and addng such days lost by all posts within the same set (e.g. 'senior management') then dividin 250 to give the number of posts equivalent to the accumulated days.					
T 3.23.					

Financial Performance 2020/21: Sport and Recreation					
Details	2019/2020	2020/2021			
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	4 279	5 598	5 598	1 048	
Expenditure:					
Employees	87 586	96 066	92 176	92 176	
Repairs and Maintenance	4 926	5 122	5 720	5 720	
Other	11,655	14,526	13,890	9,616	-51%
Total Operational Expenditure	104,166	115,714	111,786	107,513	-8%
Net Operational Expenditure	99,887	110,116	106,189	106,465	-3%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.23.4					

Capital Expenditure 2020/2021: Sport and Recreation R' 000								
Capital Projects	2020/21							
	Budget		Adjustment Budget		Actual Expenditure		Varian ce from origina l budget	Total Project Value
Total All	650	13	730	30	153	15	10%	
PURCHASE OFFURNITURE FOR CHALETs	100		100		–		0%	100
PURCHASE OF OFFICE FURNITURE AND EQUIPMENT	100		100		55		-81%	100
REVAMPING OF JUMPING CASTLE AT RESORTS	50		50		49		-2%	50
REFUBISHMEN T OF ABLUTION BLOCKS AT RESORTS	–		100		97		0%	100
CONSTRUCTIO N OF SWIMMING POOL AT GONUBIE RESORTS	–		500		150		100%	500
CONSTRUCTIO N OF OFFICE AND GUARD HOUSE NAHOON CARAVANPARK c/o	–		475		6		0%	475
DEMOLISHING AND CONSTRUCTIO N OF OFFICE AND GUARD HOUSE AT NAHOON CARAVANPARK c/o	–		1949		357		0%	1949
PURCHASE OF FURNITURE FOR CHALETSc/o	–		38		–		0%	38
PURCHASE OF OFFICE FURNITURE AND EQUIPMENTc/o	–		115		15		100%	115
PURCHASE OF OFFICE FURNITURE AND EQUIPMENTc/o	–		163		62		100%	163
BUILDING OF SWIMMING POOLS AT	–		437		191		100%	437
GONUBIE RESORTS c/o								
DEMOLISHING AND CONSTRUCTIO N OF DINNING HALL AT GONUBIE RESORTS c/o	–		141		–		0%	141
CONSTRUCTIO N OF BRAAI STANDS AT NAHOON CARAVANPARK c/o	–		518		204		100%	518
SECURITY SYSTEMS c/o	–		680		624		100%	680
REDEVELOPM ENT OF MDANTSANE SPORT PRECINT - NU2 SWIMMING POOL	000	10	198	5	–		0%	000 10
REDV. OF MDANTS SPORT PRECINT - NU2 SWIMNG POOLc/o	–		717		128	10	0%	717 16
DEVELOPMEN T, UPGRADE AND REFURBISHME NT OF SPORTS FIELDS AND STADIUMS	000	3	000	3	966	2	-1%	000 3
PLANT - SPORTS	–		50		49		100%	50
BEACHES	200		200		198		-1%	200
SWIMMING POOLS	200		200		–		0%	200
Total project value represents the estimated cost of the project on approvalby council (including past and future expenditure as appropriate.								
T 3.23.5								

COMMENT ON THE SPORT AND RECREATION OVERALL

Sports Facilities have managed to upgrade the following facilities:

- Jan Smuts Stadium and Selborne Tennis Court were upgraded, and equipment was procured.
- Redevelopment of the non-functional NU 2 swimming pool, to be completed 09 November 2021.

The following facilities has been refurbished: The Nahoon Main Beach Ablutions, Eastern Beach Lifesavers Tower, Gonubie boardwalk, Bonza bay Lifesavers Tower, Gonubie Beach Tidal Pool,Joan Harrison Swimming Pool, Parkside Pool, Zwelitsha Swimming Pool and the King Williamstown Swimming Pool.

Four largest priority capital projects were as follows, and there were no variations from budget for net operating and capital budget:

1. Jan Smuts Stadium upgraded
2. Selborne Tennis Complex upgraded
3. Redevelopment of the non-functional NU 2 Swimming Pool upgrading is still a work inprogress, to be completed 09 November 2021.
4. Joan Harrison Swimming Pool refurbished

The IDP targets, for the next 5-year period, are achievable, but the low revenue collection rate may affect the allocated budget. Therefore, if there is a need an application for budget adjustments will be made if required, in order to achieve the targets up to and including year 5.

T 3.23.6

COMPONENT I
CORPORATE
POLICY OFFICES
AND OTHER
SERVICES

3.25 EXECUTIVE AND COUNCIL

INTRODUCTION TO EXECUTIVE AND COUNCIL

During the year under review, Council and Executive set out the following key service delivery priorities. It should however be noted that the Executive does not implement service delivery projects but rather Good Governance targets.

The following priorities were identified:

1. To promote the competitiveness of various industries and increase export potential
2. Number of programmes implemented in partnership with Civil Society
3. Number of trainings provided for Ward Committees

The above-mentioned priorities were set in line with the vision of a “Well Governed City”. Due to declining levels of employment the City prioritised the revitalisation of industries to expand the job market and promote investment within the Metro.

In terms of achievement:

- 1) Dimbaza Industrial Area has been supported within the year under review;
- 2) Community Dialogue was established to create a platform for community engage;
- 3) Ward Committees had two training sessions for effective community participation

T 3.24.1

SERVICE STATISTICS FOR THE
EXECUTIVE AND COUNCIL

The adoption of the Separation of Powers give effect to the establishment of Section 79 Committees, which are political structures envisaged in the Municipal Structures Act that The Committees seek to promote effective oversight and accountability through the allocation of powers and functions among the legislative and the executive authority in the municipality.

Council’s legislative functions are, therefore, exercised through the support of these committees, which are representative of all political parties in the Council. This system is supported through proper delegation of powers, thereby ensuring that the role players are able to execute their respective mandates without fear or favour. The Section 79 committees are constituted by the following seven Oversight Committees and eight Standing Committees:

OVERSIGHT COMMITTEES:

- a) Social Facilitation Committee
- b) Petitions Management Committee
- c) Rules Committees
- d) Ethics Committee
- e) Women’s Caucus Committee
- f) Municipal Public Accounts Committee
- g) Multi-Party Committee

SECTION 80 COMMITTEES

- a) Finance Services Committee
- b) Corporate Services Committee
- c) Human Settlements Committee
- d) Infrastructure Services Committee
- e) IDP and Organisational Management Committee
- f) Health, Public Safety and Emergency Committee
- g) Municipal Services
- h) Spatial Planning and Development
- i) Institutional Operations and Civil Relations
- j) Economic Development and Agencies
- k) Sport and Sponsorship Committee
- l) Remuneration Committee

The Section 79 portfolio committees perform an oversight role by monitoring the delivery and outputs of the Executive. These committees do not have any delegated decision-making powers.

Each Ward Councillor chairs a ward committee as part of the Ward Participatory System that encourages participation at community level. Ward Councillors, as representatives of wards, have a responsibility to make sure that the voices of the communities in their respective wards are heard in Council and its structures.

T 3.24.2

The Executive and Council Policy Objectives Taken From IDP									
Service Objecti ves	Outline Service Targets	2019/2020		2020/2021			2021/2022	2023/2024	
		Target	Act ual	Target		Actual	Target		
		*Previ ous Year		*Previ ous Year	*Curr ent Year	*Previ ous Year		*Previ ous Year	*Curre nt Year
Service Indicat ors									
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(iii)	(iv)	(v)	(vi)
Service Objective									
A Well Govern City	Number of Training Session Provided for ward committe es	0	0	0	2	2	2	4	4
AGreen City	Number of Waste Cells Construc ted	1	1	1	1	1	1	1	1
An Innovati ve and Product ive City	Number of Arts, Culture and Heritage Project Impleme nted	13	13	13	13	13	14	15	15
AConnec ted City	KM of Gravel Roads Rehabilit ated	80km	80Km	80Km	80KM	80.2Km	20Km	20km	20km
ASpatially Integrat ed City	Number of Commu nity Halls Upgrade d	0	0	0	5	5	6	6	6
T 3.24.3									

T 3.24.3

Employees: The Executive and Council					
Job Level	Year 2019/2020	Year 2020/2021			
	EmployeesNo.	PostsNo.	EmployeesNo.	Vacancies (fulltime equivalents)17/18No.	Vacancies (as a % of total posts)17/18%
0 – 3	20	19	18	1	5.26%
4 – 6	83	78	73	5	6.41%
7 – 9	32	37	34	3	8.11%
10 – 12	25	24	24	0	0%
13 – 15	12	12	12	0	0%
16 – 18	10	11	10	1	9.09%
19 – 20	3	3	3	0	0
Total	185	184	174	10	5.43%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					
T 3.24.3					

Financial Performance 2020/2021: The Executive and Council R'000					
Details	2019/20	2020/2021			
	.	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	35 151	31 978	36 663	31 842	0%
Expenditure:					
Employees	183 439	195 335	214 591	214 303	9%
Repairs and Maintenance	1 572	3 160	2 380	2 383	-33%
Other	225 374	197 586	188 133	165 665	-19%
Total Operational Expenditure	410 385	396 081	405 103	382 351	-4%
Net Operational Expenditure	375 234	364 103	368 441	350 510	-4%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T3.24.5					

Capital Expenditure 2020/2021: The Executive and CouncilR' 000

Capital Projects	2020/2021				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	4 000	3 061	480	-734%	
KWTCOUNCIL CHAMBER CHAIRS	200	200	5	-3747%	200
BHISHO COUNCIL CHAMBER CHAIRS	100	100	–	0	100
KWT MAYOR'S PARLOUR OFFICE FURNITURE	200	200	–	0	200
CITY HALL AUDITORIUM RECORDING SYSTEM	1500	–	–	0	–
COUNCILLOR S AND TRADITIONAL LEADER'S FURNITURE AND EQUIPMENT FOR A NEW TERM OF COUNCILLOR S	2000	500	76	-2534%	500
OFFICE FURN AND EQUIPMENT (DIRECTORATE) C/O	–	561	–	0	561
REPLACEMENT OF COUNCIL CHAMBER HORSESHOE LEATHER CHAIRS AND TABLES	–	1500	399	100%	1500
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.24.6

COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL:

In pursuit of promoting public accountability and broadening public participation, Council demonstrated a strong commitment to community-centred participatory approaches in the management of the municipality. Extensive involvement of communities in municipal planning through established institutional arrangements demonstrated the City's commitment to the promotion of public accountability. In this regard, significant strides were made in engaging communities through the utilisation of various governance structures at both the Executive and Legislative components of Council.

This ensured active participation of communities in the development of their areas and ensured that the municipality is accountable to the public. Amongst others, the following included the initiatives undertaken to demonstrate the municipality's commitment to providing the community with information concerning issues of municipal governance, management and development. Consistent monthly Council meetings were held to discuss Council business and all Oversight Committees convened meetings regularly in accordance with the scheduled calendar.

The Mayoral Committee convened its meetings regularly attempting to follow the calendar to process items for Council consideration and take necessary decisions in line with the dictates of the systems of delegations.

T 3.24.7

3.26 FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES

REVENUE MANAGEMENT

The key functions of the Revenue Management Department include the following:

- Meter Reading
- Billing of Property Rates and Service Charges
- Indigent Registration and monthly subsidy allocation
- Enquiries and Customer Services
- Call Centre Services
- Property Valuations and Appeals
- Revenue Collection
- Debt Management, including disconnections, blocking and legal collection action
- Bad Debt Write Offs
- Electricity Prepayment Vending and Third-Party Collections

BILLING

During the financial year, despite the various challenges encountered, municipal bills were produced every month and sent to customers. Punitive tariffs were implemented for the entire financial year due to the drought. The implementation of water punitive tariffs resulted in a substantial increase in the monthly billing to respective households resulting in an increase in the number of water queries as registered with the Query Resolution Centre. The Department is keenly aware of the challenges related to meter reading and continued with the installation of smart electricity meters. This has resulted in the monthly electricity billing being consistent and accurate. The Municipality also installed smart water meters to ensure consistent monthly billing of consumption.

DEBT COLLECTION

The priority of the Department was to increase the collection of debt and to reduce the debt book. Unfortunately, BCMM was not able to meet the collection rate target of 85% related to rates and service charges. Further to this, the increase in water billing due to the punitive tariffs that were implemented due to the drought situation also negatively impacted the collection rate. During the 2020/21 financial year the City also did not fully implement the credit control action due to the Covid-19 pandemic.

Measures taken to improve performance

Continued Implementation of the Revenue Enhancement Strategy, specifically to enforce the debt collection action.

Continued Implementation of the Outbound Call Centre Function with the function of incoming calls added.

Disconnection of electricity meters and blocking of prepayment meters. Installation of smart meters for electricity related to business customers

Analysis of returned mail resulting in rectification of postal addresses and a reduction in returned mail.

Updating of consumer data, to ensure that credit control action in the form of telephone calls, SMS notification and letters are successful.

Continued implementation of the smart meter installation programme.

T 3.25.1

Debt Recovery							
R' 000							
Details of the types of account raised and recovered	Year -1 (2019/20)		Year 0 (2020/2021)			Year 1 (2021/2022)	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	1,378,813	77%	1,066,801	1,066,801	83%	1,077,469	Not Available
Electricity - B	137,978	87%	139,593	139,593	83%	140,989	Not Available
Electricity - C	1,344,577	87%	1,411,445	1,411,445	83%	1,425,559	Not Available
Water - B	56,588	54%	79,616	79,616	47%	80,412	Not Available
Water - C	751,823	54%	1,057,763	1,057,763	47%	1,068,341	Not Available
Sanitation	420,058	76%	489,361	489,361	67%	494,255	Not Available
Other	113,137	55%	68,843	68,843	68%	69,531	Not Available
B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.							T 3.25.2

CONCERNING T 3.25.2

In order to calculate the % collected per service, the amount collected is divided by the amounts billed for the 2020/2021 financial period.

T3.25.2.1

Financial Service Policy Objectives Taken From IDP											
Service Objectives		2019/2020		2020/2021		2021/2022		2023/2024		Target	
		Target	Actual	Target	Actual	Target	Actual	Target	Actual		
Service Indicators		*Previous Year		*Previous Year	*Current Year	*Previous Year	*Current Year	*Previous Year	*Current Year	*Previous Year	*Current Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	(xi)	(xii)
Service Objective xxx											
Percentage of the municipality's operating budget spent on free basic services to indigent households.	Free Basic Services to Indigent households.	8.00%	7.77%	8.00%	8.00%	6.05%	5.00%	6.00%	6.00%		
	% of a municipality's capital budget spent on capital projects identified in the IDP	12.00%	12.41%	12.00%	12.00%	11.28%	10.00%	10.00%	10.00%		
% revenue Collection Rate as measured in accordance with the MSA performance regulations	% revenue Collection Rate as measured in accordance with the MSA performance regulations	85.00%	81.63%	85.00%	85.00%	70.20%	85.50%	86.00%	86.50%		
Number of Smart Meters installed	Number of Smart Meters installed Electricity	45,000	8,325	6,000	5,774	6,000	6,000	5,000	5,000		
Number of Smart Meters installed	Number of Smart Meters installed Water	-	7,780	-	80,000	85,535	35,000	20,000	-		
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round. * 'Current Year' refers to the targets set in the 2017/2018 Budget/IDP round. * 'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management by municipalities in which IDPs play a key role.											
T3.25.3.											

Employees: Financial Services					
Job Level	Year 2019/2020	Year 2020/2021			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 – 3	35	36	34	2	
4 - 6	376	391	352	39	
7 - 9	81	100	94	6	
10 - 12	52	47	46	1	
13 - 15	19	23	22	1	
16 - 18	8	8	8	0	
19 - 20	3	4	3	1	
Total	574	609	559	50	
Totals should equate to those included in the Chapter 4 total employee schedule. Emp Posts numbers are as at 30 June. *Posts must be established and funded in the appro or adjustments budget. Full-time equivalents are calculated by taking the total number days lost (excluding weekends and public holidays) while a post remains vacant and a together all such days lost by all posts within the same set (e.g. ‘senior management’) that total by 250 to give the number of posts equivalent to the accumulated days.					
T 3.25.4					

Financial Performance 2020/2021: Financial Services R’000					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	2 610 630	2 855 470	3 003 042	2 911 022	2%
Expenditure:					
Employees	240 000	291 933	381 681	381 681	24%
Repairs and Maintenance	1 340	2 701	2 066	2 016	-34%
Other	191 987	333 257	297 913	295 518	-13%
Total Operational Expenditure	433 326	627 891	681 660	679 215	8%
Net Operational Expenditure	(2 177 303)	(2 227 579)	(2 321 382)	(2 231 808)	0%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.25.5					

Capital Expenditure 2020/2021: Financial Services R’ 000					
Capital Projects	2020/21				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	83094	145 680	112 064	26%	
OFFICE FURN & EQUIPMENT(DIRECTORATE)	500	500	443	-13%	
COST REFLECTIVE TARIFF SOLUTION	3 500	3 500	–	0%	
REPLACEMENT DEVICE - METER READING SYSTEM	–	33	–	0%	
SMART METERING SOLUTIONS	51394	51 394	48 032	-7%	
SMART METERING SOLUTIONS c/o	–	21 333	20 956	100%	
SMART METERING WATER SOLUTIONS	15000	15 000	14 251	-5%	
ACQUIRE ERP SYSTEM (ASSET MANAGEMENT SYSTEM, PROCUREMENT SYSTEM, etc)	2 000	2 000	–	0%	
ACQUIRE ERP SYSTEM (ASSET MANAGEMENT SYSTEM, PROCUREMENT SYSTEM, etc) c/o	–	22 098	13 372	100%	
INDIGENT MANAGEMENT SYSTEMc/o	–	2 500	–	0%	
MUNIFIN PAYMENT HALL UPGRADING c/o	–	578	447	100%	
SECURITY SYSTEM & CCTV CAMERAS FOR SCM	–	81	72	100%	
ASSET REPLACEMENTS - INSURANCE	5 000	5 000	2 538	-97%	
ASSET REPLACEMENTS - INSURANCE c/o		5 681	5 538	100%	
BACK-UP GENERATORS	5 000	5 000	–	0%	
REHABILITATION OF CASH OFFICES	–	7 350	6 138	100%	
CONSTRUCTION OF OFFICE ACCOMODATION	700	700	272	-157%	
CONSTRUCTION OF OFFICE ACCOMODATION c/o	–	2 932	3	0%	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					
T 3.25.6					

COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL:

Financial Services budgeted to receive revenue of R3.003 billion, of the budgeted amount 97% was received, which amounted to R2.911 billion. The budgeted expenditure for the directorate amounted to R0.681 billion of which 99% (R0.679 billion) was spent. The budgeted net operational expenditure amounted to R2.321 billion and the actual being R2.232 billion.

The capital projects are in line with the Metro’s MGDS strategic outcome of a well governed city. The total Capital budget allocated for the Directorate of Finance was R145 million and 77% (R112 million) of the budget was spent. The Directorate will work to improve on the use of capital funds and better invest on capital expenditure.

It is confirmed that the five-year targets as set out in the IDP schedule can be attained within the approved budget provision.

T 3.25.7

3.27 HUMAN RESOURCE SERVICES INTRODUCTION TO HUMAN RESOURCE SERVICES

During the 2020/21 financial year, the vacant funded positions were at 353. A total of 246 new appointments were made of which 92 amounted to internal promotions.

The appointment of the Head of Directorate - Solid Waste and Environmental Management and Head of Directorate: Sport, Recreation and Community Development was approved by

Council and the incumbent to the post of Head of Directorate - Solid Waste and Environmental Management was permanently appointed with effect from 1 March 2021.

Council approved the re-advertising of The Head of Directorate: Sport, Recreation and Community Development.

The development and submission of job descriptions and the implementation of the Job Evaluation Project has progressed very well, with a project completion rate of 86%. A job evaluation Project Specialist was appointed on a contract basis to provide specialist support with implementing the Project, and the City Manager has approved the establishment of a Job Evaluation Audit Committee to support the implementation of the Project.

T 3.26.1

SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

The table below reflect the human resources movement during the 2019/2020 financial year:-

Movement	No
Staff Compliment	5,552
Councillors	101
Traditional leaders	19
Interns	46
Terminations	275
Appointments	281

T 3.26.2

Human Resource Services Policy Objectives Taken From IDP									
Service Objectives/Service Indicators(i)	(ii)	Year 2018/2019		Year 2019/2020		2020/2021		2020/2021	
		Target	Actual	Target	Actual	*Current	Target	*Current	Target
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
To ensure BCMM is well structured and capacitated t	% of the municipality's budget actually spent on implementing its workplace skills plan training and development opportunities to BCMM staff	1.7% of staff of budget	1.7% of staff of budget	1.7% of staff of budget	100%	92,0%	92%	80%	82%
To ensure BCMM is well structured and capacitated to deliver on its mandate	Number of people from employment equity target groups (females) employed in the 3 highest levels of management in compliance with municipality's approved employment equity plan	4	3	3	3	5	3	2	3
Improved performance and capacity of the institution	Staff vacancy rate	N/A	N/A	N/A	4,30%	5,86%	5%	6%	6%
Expenditure of all grants/capital infrastructure for service delivery in the applicable financial year	Number of active suspensions longer than three months	N/A	N/A	N/A	3	5	3	20 (number of suspension longer than 3 months not to exceed 5)	20 (number of suspension longer than 3 months not to exceed 5)
Improved performance and capacity of the institution	Development of BCMM Employment Equity Plan effective 01 July 2021 to 30 June 2023	N/A	N/A	N/A	N/A	N/A	N/A	Development of Employment Equity Plan effective 01 July 2019 - 30 June 2021	N/A
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; * 'Current Year' refers to the targets set in the Year 0 Budget/IDP round. * 'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									
T 3.25.3									

Employees: Human Resource Services					
Job Level	Year 2019/2020	Year 2020/2021			
	EmployeesNo.	PostsNo.	EmployeesNo.	Vacancies (fulltime equivalents)No.	Vacancies (as a % of total posts)%
0 – 3	12	12	11	1	8.33%
4-6	39	38	36	2	5.26%
7 - 9	61	68	62	6	8.82%
10 - 12	42	43	41	2	4.65%
13 – 15	10	10	10	0	0%
16 - 18	8	8	8	0	0%
19 - 20	2	4	4	0	0%
Total	172	183	172	11	6.01%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					
T3.26.4					

Financial Performance 2020/2021: Human Resource Services R'000					
Details	2019/20	2020/2021			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue Expenditure:	10 847	11 365	10 659	11 128	-2%
Employees	107 386	94 572	137052	133025	29%
Repairs and Maintenance	1167	2013	1791	1791	-12%
Other	40795	56235	35662	34287	-64%
Total Operational Expenditure	149348	152821	174504	169103	10%
Net Operational Expenditure	138501	141456	163846	157975	10%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.26.5					

Capital Expenditure 2020/2021: Human Resource Services R' 000					
Capital Projects	2020/2021				
	Bud get	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	500	3 904	1 630	69%	
OFFICE FURN AND EQUIPMENT (DIRECTORATE)	500	352	162	-209%	352
EMPLOYEE PERFORMANCE MANAGEMENT SYSTEM c/o	–	1 600	–	0%	1 600
OFFICE FURN AND EQUIPMENT (DIRECTORATE) c/o	–	352	237	0%	352
SCANNERS c/o (NEW)	–	1 600	1 231	100%	1 600
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					T 3.26.6

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL

Council Overtime is being monitored monthly on an ongoing basis. Planned overtime only 40 hours are paid to the BCMM employees the balance transferred to leave. HoD Corporate Services authorizes Emergency Overtime, and Emergency Overtime is limited to critical essential functions. Council also resolved that a study be undertaken to investigate the root causes of overtime worked within BCMM and to develop alternative work methods and/ or processes to contain overtime expenditure.

The payment of the Scarce Skills Allowance is being investigated with ongoing deliberations with relevant stakeholders with the aim of decreasing expenditure.

With the implementation of the Job Evaluation Results the Additional Responsibility Allowance has been removed from employees whose jobs have been evaluated. Job Evaluation is an ongoing process which will result in a decrease in expenditure.

As at June 2021 the total of the number of jobs evaluated, audited and implemented is 1,230, and the number of employees affected by this implementation amounts to 4,642 and this equates to a job completion rate of 86% for the project.

Recruitment processes has been fully functional during the various lockdown stages during the financial year. Adverts are placed regularly and turnaround times were minimised.

There were ten suspensions with the salary bill of R 4,317,535.46 for the period of 01 April 2021 to 30 June 2021 for the fourth quarter. The City Manager is considering a proposal to lift certain suspensions that are beyond three months in compliance with clause 16.4 of the DPCA.

Human Resources had no capital projects for this period.

The proposed draft Macro structure was workshopped with Councillors as part of the consultation process. The consultation process is still ongoing and once approved by Council, the Micro structure will be reviewed and aligned.

T 3.26.7

3.28 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Information and Communications Technology (ICT) Governance is the integral part of ICT in managing its goals and objectives with its investments, it is imperative that the success of the implementation for ICT governance is regarded as high priority. This process is highly depended on functioning governance structures that are stipulated below. The successful implementation of ICT governance will ensure improvement of services to the citizens, transparency of processes internally which enables ease on decision making, compliance and an unqualified audit opinion.

1. STREAMLINE THE DEPLOYMENT OF PRODUCTS AND TECHNOLOGIES

- Migration of Applications to a Cloud Platform High Productivity Enhanced scalabilityIncreased availability.
- Faster disaster recovery Effective backup storage Advanced data security Reduced storagecosts
- Progress on Migration of Applications to a Cloud Platform Solar Financial System has beenmigrated to the cloud Performance testing was successful (printers and functionality) Expenditure module and Investment module to be migrated to Azure
- Covid-19 / Cyber Crimes Ensuring a functional and secure virtual environment Enable Virtual Environment to improve working relations and productivity Teams roll out and trainingis Ongoing Firewall Enhancements of Forti Gate.

T 3.27.1

SERVICE STATISTICS FOR ICT SERVICES

1. SHAREPOINT

A. INTRANET

The development of the intranet is finished and the BCMM staff is already using it. The software applications access point is centralised on the intranet and the document library, departmental portals are integrated with the Intranet.

Future integrations

Project	Completeness
Business forms	25%
Dynamics 365 CRM (HR)	45%
Document Management System	90%

B. WEBSITE

The new website is 100% completed and is currently being utilized.

C. DOCUMENTUM TO SHAREPOINT MIGRATION

ICT is working on migrating on documents from Documentum to SharePoint. This project is 90% towards completion.

2. DATA INTEGRATION

a. **Data integration** is in progress on planning and design stage through Master Data Management and Data ware house. This project will help the City on datacleansing, data reporting to Senior management in taking decisions as well asdata governance on potential data of the city. This project will play a vital role in the city, it will also assist on any systems that might be implemented in the city to conform on the best practices and standards that would be set under data governance.

b. System Integration Phase One

i. MSCOA system seamless integration phase one was implemented successfully, which included systems that have impact on general ledger transactions for reporting to national treasury. System were included are as follows:

1. Solar – Financial system
2. Payday – Payroll System
3. Caseware – Financial Reporting
4. ClickView – Financial Accounting/Budget tool
5. Asset Management System
6. Freshmark – Fresh Produce Market Trading System
7. Online Receipting – Counter Services Receipting system
8. Utilities world – Prepaid vending system
9. BCMDA/Pastel – Buffalo city Municipality Entity Agent System
- 10.E-procurement – Supply Chain Management System
- 11.We were deemed complaint by national treasury for successfully implemented phase one as identified by national treasury on minimum requirements for general ledger transactional systems.

c. System Integration Phase Two

- i. Phase two is currently in progress which includes all the systems that affect billing module on core financial system. This talks to all the other systems that the city is using to name the few
- ii. Meter reading system is 100% completed.
- iii. Traffic contravention system is 100% completed for Cash Receipting for Billing Module. Traffic Fines on Concessions is in progress.
- iv. Smart Metering System in progress
- v. Value Matrix in testing phase, 90% completed.
- vi. Post Level Creator (Vote Creator) is 80% completed.
- vii.Treasury Utility (TRU) is 80% completed.
- viii. Budget Management Module is 70% completed.

3. BUSINESS AUTOMATION

a. Business processes automated:

- i. **Fresh Produce Market Website**
- ii. **Rural Indigent System**
- iii. **Cemetery Management System**
- iv. **ICT Service Desk System**
- v. **Business License System**

1. The system is used for businesses to apply and renew their business licenses online.

4. CONNECT BCMM BUILDING WITH FIBRE NETWORK

a. FIBRE PROJECT BETWEEN EL AND KWT

- i. **East London to KWT** is 100% completed.
1. **Mdantsane** 66KV line. Berlin to Scenery Park is 100% Completed.
 2. **Scenery Park to Chislehurst** 132KV line is 100%.

5. WI-FI NETWORK INSTALLATION

a. Install Wi-Fi in BCMM Halls

- i. **Mdantsane Zone 3B**
- ii. **Gompo Hall**
- iii. **Greenfields Hall**
- iv. **KWT Hall**
- v. **Duncan Village Hall**

6. BACKUP POWER FOR HIGH SITES

- a. Installation of Backup Power on all High sites is completed:
 - i. **Bisho**
 - ii. **Ginsburg**
 - iii. **Phakamisa**
 - iv. **Lone-tree**
 - v. **Cecilia Makhiwane Hospital**
 - vi. **Greenfields**
 - vii. **Engineering**
 - viii. **Zwelitsha**
 - IX.x. **Gonubie**
 - xii. **Buffalo Flats**
 - xiii. **Beacon Bay (Nompumelelo)**
 - xiv. **Fat Belly**

7. BUILDING AN ACTIVE TO ACTIVE DISASTER RECOVERY SITE

- a. A decision was taken to invest in a cloud-based infrastructure strategy. Applications that have been migrated to the cloud include:
 - i. Asset Management System
 - ii. BCMM Law
 - iii. Solar Financial System is 80% migrated.
 - iv. Meter Reading
 - v. Integrated Voice Recognition System (CRM)
 - vi. E-procurement Vendor Portal
 - vii. Budget Management System
 - viii. BCMM Website

T 3.27.2

ICT Services Policy Objectives Taken From IDP									
Service Objectives		2019/2020		2020/2021		2021/2022	2023/2024		
		Target	Actual	Target	Actual		Target		
Service Indicators(i)	Outline Service Targets(ii)	*Previous Year(iii)	(iv)	*Previous Year(v)	*Current Year(vi)	(vii)	*Current Year(viii)	*Current Year(ix)	*Following Year(x)
		Service Objective xxx							
Connected City: Implementation of ICT Master PlanWi-Fi for the City: Capacitate ICT infrastructure within BCMM Connected City: Implementation of ICT Master Plan	Number of Backup Power for High Sites	0	0	1	8	8	3	3	3
	Number of Wi-Fi hotspots established in BCMM halls	0	0	2	6	5	4	4	4
	Number of BCMM halls with Fibre Network installed	0	0	2	6	2	1	2	2
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round, *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a keyrole.									
T 3.27.3									

Employees: ICT Services					
Job Level	Year 2019/2020	Year 2020/2021			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	2	2	0	
4 - 6	1	1	1	0	
7 - 9	4	5	5	0	
10 - 12	24	23	22	1	
13 - 15	8	9	8	1	
16 - 18	1	1	1	0	
19 - 20	0	0	0	0	
Total	40	41	39	2	
Totals should equate to those included in the Chapter 4 total employee schedule. Em Posts numbers are as at 30 June. *Posts must be established and funded in the appr or adjustments budget. Full-time equivalents are calculated by taking the total numbe days lost (excluding weekends and public holidays) while a post remains vacant and together all such days lost by all posts within the same set (e.g. 'senior management' dividing that total by 250 to give the number of posts equivalent to the accumulated					
T3.27.4					

Financial Performance 2020/2021: ICT Services R'000					
Details	2019/20	2020/2021			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	652	652	–	0%
Expenditure:					
Employees	23 952	26 263	26 222	26 222	0%
Repairs and Maintenance	4 021	6 233	5 426	5 326	-17%
Other	47 261	58 656	46 106	45 209	-30%
Total Operational Expenditure	75 234	91 152	77 754	76 757	-19%
Net Operational Expenditure	75 234	90 500	77 102	76 757	-18%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.27.5					

Capital Expenditure 2020/2021: ICT Services R' 000					
Capital Projects	2020/2021				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	10 849	13 883	8 931	-21%	
FIBRE NETWORK	3 000	3 000	2 923	-3%	3 000
LTE INFRASTRUCTURE	2 849	2 849	2 138	-33%	2 849
DISASTER RECOVERY	1 000	1 000	63	- 1481%	1 000
ENHANCEMENT					
PROCUREMENT OF ICT EQUIPMENT	2 000	2 400	2 261		2 400
NETWORK EQUIPMENT REFRESH(KWT,MDA, BISHO)	2 000	2 000	1 246		2 000
INTELLIGENT OPERATING CENTRE		2 000	–	0%	2 000
HARDWARE & SOFTWARE (NEW)					
CALL BUDGETING SYSTEM SOFTWARE		244	–	0%	244
LTE INFRASTRUCTURE - CONSTRUCTION AND EXTENSION OF MICROWAVE COMMUNICATION MAST		195	105	100%	195
STRUCTURE- DIMBAZA- RFQ/ ICT/2019-20/281c/o					
LTE INFRASTRUCTURE - CONSTRUCTION AND EXTENSION OF MICROWAVE COMMUNICATION MAST		195	195	100%	195
STRUCTURE- GONUBIE- RFQ/ ICT/2019-20/261c/o					
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					
T 3.27.6					

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL

SHAREPOINT

Intranet

The development of the intranet is finished and the BCMM staff is already using it. The software applications access point is centralised on the intranet and the document library, departmental portals are integrated with the Intranet.

Website

The new website is 100% completed and is currently being utilized. Documentum to SharePoint Migration ICT is working on migrating on documents from Documentum to SharePoint. This project is 90% towards completion.

DATA INTEGRATION

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SYSTEM INTEGRATION PHASE ONE

MSCOA system seamless integration phase one was implemented successfully, which included systems that have impact on general ledger transactions for reporting to national treasury. System included are as follows:

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BUSINESS AUTOMATION

Business processes automated:

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- Rural Indigent System
- Cemetery Management System
- ICT Service Desk System

CONNECT BCMM BUILDING WITH FIBRE NETWORK FIBRE PROJECT BETWEEN EL AND KWT

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WI-FI NETWORK INSTALLATION

Install Wi-Fi in BCMM Halls, that are:

- Mdantsane Zone 3B
- Gompo Hall
- Greenfields Hall
- KWT Hall
- Duncan Village Hall

BACKUP POWER FOR HIGH SITES

Installation of Backup Power on all High sites is completed: Bisho, Ginsburg, Phakamisa, Lone-tree, Cecilia Makhiwane Hospital, Greenfields, Engineering, Zwelitsha, Gonubie, Buffalo Flats, Beacon Bay (Nompumelelo), Fat Belly

BUILDING AN ACTIVE-TO-ACTIVE DISASTER RECOVERY SITE

A decision was taken to invest in a cloud-based infrastructure strategy. Applications that have been migrated to the cloud include; Asset Management System, BCM Law, Solar Financial System is 80% migrated, Meter Reading, Integrated Voice Recognition System (CRM), E- procurement Vendor Portal, Budget Management System, BCMM Website.

T3.27.7

3.29 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

BCMM has a very large portfolio of Capital Assets, Land, Buildings and Facilities of different uses, from which it delivers services to the community.

The department is responsible for:

- Estate Management, Property Transfers and Transactions.
- Property Disposals, Acquisitions, Exchange and Expropriations.
- Building Maintenance, Refurbishment and Renewal.

PROPERTY MANAGEMENT

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The department is responsible for:

- Estate Management, Property Transfers and Transactions;
- Property Disposals, Acquisitions, Exchange and Expropriations;
- Building Maintenance, Refurbishment and Renewal

These services are delivered through the following Divisions:

The Estates Management Division consists of the following Branches: Property Management and Land Reform and Transactions.

Property Management manages the Municipal Property Portfolio and is responsible for acquiring and allocation of office space for Councillor's and Municipal Directorates, Inspections and Insurance.

Land Reform and Transactions is to support land restitution programs for people dispossessed by racially discriminatory legislation and price, in order to provide support for the vital process of reconciliation, reconstruction and development. Restitution is an integral part of the broader land reform programme and closely linked to the need for the redistribution of land and tenure reform

Land Re-Distribution is to provide historically disadvantaged individual and communities with access to land for residential and productive uses, in order to improve their income and quality of life.

Land Tenure Upgrading is to upgrade existing land rights i.e. site permits, residential permits, lodgers permits, certificates of occupation, permission to occupy more secure. This aspect of land reform finds expression in Section 25(6) of the Constitution of 1996.

Extended State Discount Benefit Scheme is specifically dealing with all the beneficiaries prior to 1994 that were allocated houses by the previous regime. All the land rights are now being upgraded to full title.

Property Disposal and Acquisitions Division

Property Disposals & Acquisitions is responsible for the disposal and the acquisition of land / property (building) to enhance service delivery in the metro's area of jurisdiction. The core responsibility is to dispose surplus property and land to the public for Residential, Business, Institutional, Industrial, Agricultural etc. finds expression in Clause 25 of the Constitution of the Republic of South Africa. The intention is to address the Land Redistribution Programme of Buffalo City Metropolitan Municipality.

Council approved that land parcels be acquired for Mixed Use Integration Zone, privately owned.

The following land parcels were acquired for the year under review.

LAND ACQUISITIONS

The Feasibility Study was conducted and approved by Council on 12 December 2018 (Resolution No: BCMC798/18). However, not all the identified land parcels were developable and could therefore not accommodate all the households. Consequently, Council approved the acquisition of land parcels for settlement of Nompumelelo Informal Settlement overflow. It should be noted, however, that land is relatively scarce and therefore alternative housing typologies should be considered. Moreover, the Spatial and Land Use Management principles of densification, to combat urban sprawl also promotes different housing typologies.

In this regard, the Directorate of Human Settlements was consulted to confirm housing typologies so as proceed with the Township Establishment and Layout processes. In terms of the Council Resolution, the Directorate of Human Settlements was also mandated to finalise the screening process to clarify how many Erven need to be planned for and how much land is to be acquired. This is required so that the Human Settlements Directorate can implement the Council Resolution, hence the request for Directorate to provide the Directorate of Spatial Planning and Development with the required information.

Due to shortage of suitable and developable land, further Feasibility Study was conducted at Quenera area to accommodate *inter alia*, both areas of Ward 15. The findings will be presented to Council on completion.

Since more land is still required, further consents to conduct feasibility studies were obtained from the private property owners.

An informal tender to conduct the feasibility study for additional land to accommodate the overflow was advertised on 14 June 2019 and will close on 24 June 2019.

Nompumelelo is mostly land locked and there are several vacant properties adjacent to the Western side of Nompumelelo- between the Christian Centre to the south, the garage to the north and N6/Dorchester Heights to the west. These properties are mostly steep and can only be suitable for high density that is two or three storey residential buildings. The land is also privately owned and consents to conduct the feasibility study were required and received from the private owners.

To facilitate the acquisition of land parcels, a meeting was held with residents of Ward 15 wherein the community was consulted and advised about the outcome of the feasibility study

conducted. The process of land acquisition was outlined to the community. The community was advised that a negotiation process to acquire the identified properties will be embarked upon. Subsequent to the meeting with the community of Ward 15 a meeting was held on 29 May 2019 between BCMM officials and with the current owner and the owners agreed to dispose the properties to BCMM. The Property owners requested that the valuation be conducted by the independent valuer. A request was submitted to the Directorate of Finance on the 13 June 2019 to appoint the independent valuer to conduct market valuation of the properties of the nine land parcels for Nompumelelo as well as the ten land parcels in respect of Ducats.

- Feasibility studies have been completed for Quenera: 21/807, 22/807, 23/807, 24/807, 25/807, 38/807, 39/807, 41/807, 42/807, 7/808, and remainder of 808. Two are to be acquired from private owners, 7 private company, 2 form a private trust and 1 from a parastatal.
- Feasibility studies have been completed for Smiling Valley Settlement; Erven Remainder of portion 2 of farm 304EL, portion 12 of farm 304 EL, remainder of portion 8 of farm 304 EL, remainder of portion 1 of farm 304 EL, remainder of erf 419 new lands and remainder of portion 7 of 304 EL. 2 are to be acquired from government, 1 from a private owner, and 1 from a Sanral.
- Portion 12 of Farm 304 East London has been registered into the name of the Municipality from Border Plant Hire.
- Portion of Portion 13 of farm 1234 was acquired for the Quenera Link Road,
- Sonwabiso Informal Settlement forms part of the Mdantsane infill areas. According to the 2011 informal settlement study, the settlement has been in existence for about 22 years since 1995 and was established on vacant piece of land belonging to private owners, hence the ten (10) erven were acquired. Conveyancers have been appointed for transfer of the properties from Private owners at unit 3 for Sonwabiso informal settlement Erf 9848, 9959, 9965, 9968, 9986, 9994, 9996 unit 3 Mdantsane amounting to R5,944,000; to alleviate transfer problem.
- Erven 9965, 9996, 9968 and 9848 Mdantsane Unit 3 have been duly registered at the Deeds Registry Office, King William's Town in favour of the Buffalo City Metropolitan Municipality.

- Feasibility studies have been completed for Nompumelelo; Erven 5217, 5219, 5220, 5221, 5236, 5239, 5240, 5241 and 44537 East London. Four are to be acquired from private company, one from a private trust, two private owners, and one from a CC.
- BCMM has facilitated the negotiation process with SKG in respect of Erven 5217, 5220, 5236 and 5239 Beacon Bay. The land owner is willing to provide the land to BCMM for human settlement in exchange for other properties within BCMM jurisdiction and the land owner is to submit a written submission to the Municipality.
- ECDC (Erven 9959 and 9986 Mdantsane Unit 3) Deed of sales for two land parcels have been signed by BCMM, awaiting signature by ECDC whereafter the transfer process can be effected.

LAND INVASIONS

MANAGING AND CURBING LAND INVASION AND ILLEGAL OCCUPATIONS OF LAND WITHIN BUFFALO CITY METROPOLITAN MUNICIPAL AREA OF JURISDICTION

- Land Invasion refers, inter alia, to an illegal occupation of land by an individual or groups, whether to establish a settlement, business or both and any other land use which would be deemed illegal within municipal owned land or other privately-owned properties without the consent of the owner.
- There are large tracks of land which have been invaded and in some areas such an act impact on municipal plans. In response to such illegal activities, steps have been taken by the BCMM to deal with any kind of invasion either proactively or reactively, these included but not limited to application of Land Management Policy, Interdicts and Court Orders, and as such these are documented.

PIE ACT

Prevention of Illegal Eviction from and Unlawful Occupation of Land Act 19 of 1998 (PIE Act):

- Urgent amendment required if municipalities are to succeed in curbing land invasions.
- The City and other metros provided a comprehensive amendment bill to National Government on this matter.
- Places unnecessary burden on municipalities to provide alternative accommodation.

- Lack of a clear time period in which shacks can be demolished without a court order.

CATALYST OF UNLAWFUL LAND OCCUPATIONS (ULO)

- Service delivery protest
- Need for space
- Opportunistic entrepreneurship
- Proximity to alternative services
- Political maneuvering
- Economic impact of Covid-19 (Eviction from backyards)
- "Gaming the system" (Awaiting temporary basic services)

CURRENT HOTSPOTS

- Ward 46:- Farm 924 East London (Near Airport) – BCMM owned land parcel
- Erven 65831, 66847, 66051 East London are registered under West Bank Association but under the caretakership of BCMM as the Restitution matter.
- Ward 26:- Erf1 Macleantown commonage also a Restitution matter.
- Erf 351 Potsdam:- Kanana - BCMM owned land parcel.

BROAD CHALLENGES

- Judiciary systems and outcomes which favors land occupiers due to current PIE Act.
- Lack of intelligence at a local level that would assist in identifying perpetrators.
- Delays in obtaining eviction / court orders leads to uncontrolled land occupation.
- Difficulty in monitoring informal settlements which are not easily accessible.
- Mushrooming of shacks after hours or during weekends.
- Safety of staff when confronted by occupiers who are often very violent.
- Burden on City to provide alternative accommodation as per current legislation when evicting from both State and private land.
- Unlawful sale of Council land
- Lack of intergovernmental intervention between the city and other state landowners within the municipal jurisdiction.

SHORT TERM INTERVENTIONS TO CURB ILLEGAL LAND OCCUPATIONS

- Management is working on an appropriate procurement mechanism to appoint a private security working with National Treasury.
- The City considers leasing some if not all vacant portions of land to private developers at a market rate for a period not exceeding five years.
- The City should open criminal cases against perpetrators of this unlawful act and ensure that there is successful prosecution.
- A detailed investigation should be conducted using private investigators to check whether is this organised crime or a syndicate that seek to disrupt the functioning of the City.
- Identify serviced sites for those who are willing to buy and build their structure.
- Establishment of land occupation Joint Operation Committee (JOC) and inclusion of the land occupation matter to the already established war rooms at ward level to provide feedback on all land occupation attempts and feedback on planned operations attempts now occurring at night.

MEDIUM TO LONG TERM INTERVENTION IN CURBING ILLEGAL LAND OCCUPATION

- Incentives to be offered to the private owners and private developers to ensure that they come on board and support BCMM in its proactive vision by coming up with developmental proposals to various pieces of land inline with SDF.
- Establish land protection committees against land occupation in all wards and those committees be chaired by ward councillors.
- HoD Spatial planning and Development working together with ward councillors and traditional leaders should roll out awareness campaign to all BCMM wards against unlawful occupation of land.
- Fencing of all vacant pieces of land should be considered
- Proper and legible signage to warn occupiers must be constructed.
- Buffalo City escalated the matter to National Treasury and as such this has found space in the agenda of National Treasury under City Support Programme.

- Urgent amendment of PIE Act 19 of 1998 is required if municipalities are to succeed in curbing illegal land occupations.
- IGR Forum should be utilized as a platform to discuss unlawful land occupation interventions between the City and other state landowners within the municipal jurisdiction.
- It should be emphasized that education and awareness campaigns are a responsibility of all stakeholders including all political parties.

LAND AUDIT

Council identified a strategic imperative to conduct a land audit of all municipal owned properties (land and buildings) within the metro's area of jurisdiction. The primary aim and purpose of conducting land audit is for the BCMM to have an updated, accurate, reliable and verified information on buildings and land parcels. To address accurate land ownership information that will guide decisions on land management and verification through physical inspection of each property and indicate its use. e.g vacant land or improved or invaded.

The service provider to conduct land audit was appointed in February 2020 and the project continued in 5 phases which includes: - Phase 1 - Data Collection, Phase 2 – Integration of Property Asset Register, Valuation Integration, Zoning Integration, Lease Integration. Phase 3 – Cadastral verification, Ownership Verification and Building Footprint Capturing, Phase 4 – Field verification and Phase 5 – Integrated Spatial Database and Final Land Audit Report.

THE BUILDING MAINTENANCE DIVISION

The Division consists of the following Branches, Contracts and Planning Branch, Operations Branch and Administration Branch

The key objectives are:

- To ensure that building and assets are adequately maintained.
- To ensure that the risks to BCMM in this regard are effectively managed.
- To ensure that the health, safety and security objectives are met.
- To ensure that BCMM has the necessary information for monitoring the maintenance,

The Contracts and Planning Branch is responsible for the Building Maintenance Project Management programs for the work on CAPEX votes with some of it work under Operating and OPEX votes.

The work covers the following functional maintenance areas:

- Planned Maintenance
- Deferred Maintenance

The Contracts and Planning Branches, sections are as follows:

- Electrical and Air-conditioning Works Section
- Informal and Quotations Works Section
- Emergency Works Section
- Formal Tenders Works Section
- **Procurement:** The Section undertakes the procurement of Contractors and Consultants by implementing BCMM procurement processes according to SCM guidelines.
- **Construction Management:** The Section ensures that maintenance projects are implemented to a good standard and managed in compliance with the various Acts and Regulations governing the construction industry.
- **Contract Management:** The Section ensures that maintenance projects and consultants are managed in accordance with the Agreement and that contractual obligations are met by all parties.
- **Financial Management:** The Section ensures that maintenance projects are implemented within budget constraints and that over-expenditure does not occur. Reporting on expenditure.

The Building Maintenance Contracts Branch carried out the following CAPEX projects in BCMM Wards.

Ward 1

At the East London Mechanical Workshops and Traffic Offices complex, the Contracts and Planning Branch refurbished the staff changerooms toilets plumbing, flooring, and air-conditioners.





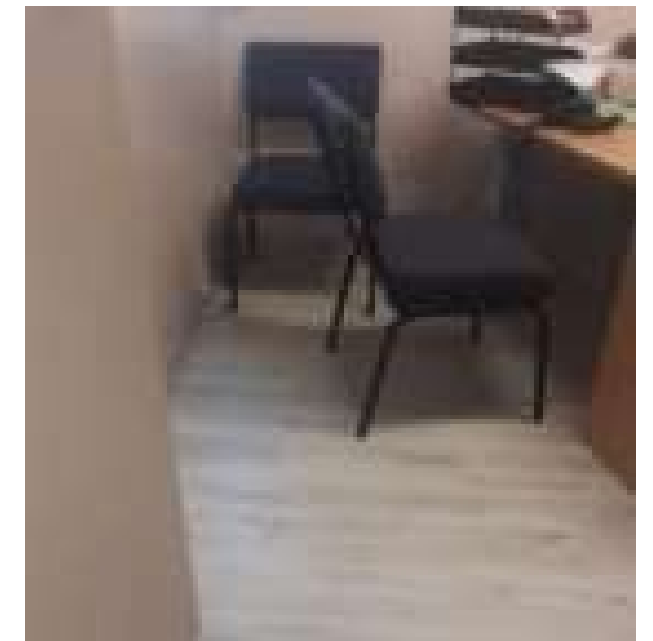
Ward 20

At the Mdantsane Zone 6 Main offices the Contracts and Planning Branch refurbished the plumbing and the toilets.



Ward 29

At the Gonubie Traffic Roadworthy Testing and Offices the Contracts and Planning Branch refurbished the plumbing, flooring and air conditioners.





Ward 43

At the Bisho and King William Town Civic Centres the Contracts and Planning Branch upgraded air-conditioning and electrical.



Ward 47

1. At the Buxton and Electricity Houses the Contracts and Planning Branch refurbished the plumbing, flooring and air-conditioners.



2. At the Fleet Street Fire station, the Contracts and Planning Branch upgraded two of the Fire Station main doors.



3. At the Fleet Street Fire station, the Contracts and Planning Branch upgraded the air- conditioners and Electrical.
4. At the Old Mutual Building the Contracts and Planning Branch upgraded the air- conditioners.

5. At the Beaconsfield Health Department, the Contract and Planning Branch upgraded plumbing and flooring.



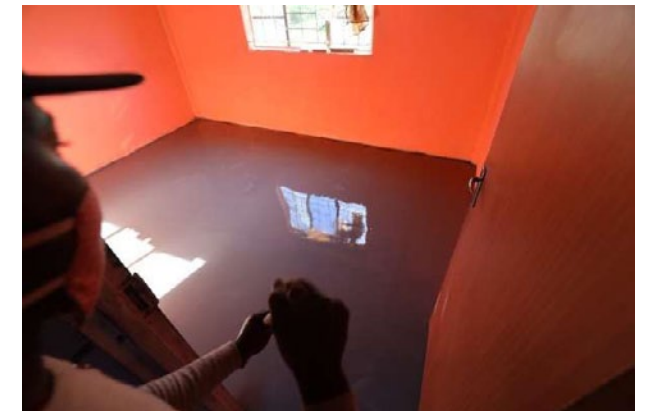
Operations Branch is responsible for all minor Building Maintenance works on the Operating and Capital cost centres. Emergency and minor maintenance works are carried out through either internal in-house workshop sections and make use of annual tenderers.

The workshop sections are as follows:

- Term Maintenance
- Emergency Maintenance
- Housing Maintenance
- Electrical and Air-conditioning Maintenance
- Inland Building Maintenance
- Coastal Building Maintenance



Plumbing and Flooring, refurbishment and upgrading was carried out at Ward 2 at B Hostel.



Interior painting, refurbishment and upgrading was carried out at Ward 36 at King Williams Town Civic Centre



Administration Branch is responsible for the Administration of the Division, which includes BMS data base, Works Orders, Data Capturing, Sub-Stores, and all BMS Finances.

Refurbishment, renewal and maintenance of buildings is a critical component to the proper management of the physical assets and overall Property Management, and to meet the statutory requirements.

Budgets for the Property Department for 2019/2020

- Capex building major maintenance and refurbishment R13,322,100
- Capex land acquisition R3,000,000
- Capex purchasing buildings R12,614,430
- Building and Facilities Maintenance R12,026,295
- Electrical Equipment R467,727
- Capex Building Major Maintenance and Refurbishment R11,682,100
- Capex Land Acquisition R13,534,071

Break down of Building Maintenance Operating Budgets for 3 years from 2018/2019 to 2020/2021

2018/2019 Building Maintenance Divisions	-	Operating votes
Building & Facilities Maintenance	-	R23,846,822.00
Electrical Equipment	-	R457,210.00
2019/2020 Building Maintenance Divisions	-	Operating votes
Building & Facilities Maintenance	-	R12,026,295.00
Electrical Equipment	-	R502,931
2020/2021 Building Maintenance Divisions	-	Operating votes
Building & Facilities Maintenance	-	R12,353,490
Electrical Equipment	-	R633,00

RENT HOT SPOTS AREAS

T3.28.1

SERVICE STATISTICS FOR PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

1. THE SERVICE STATISTICS FOR PROPERTY ARE TOTALED AS FOLLOWS:

Items	2018/2019	2019/2020	2020/2021
Disposals	11	113	3
Acquisitions	3	3	3
Registered properties under the state discount scheme	336	97	69
External Quotations and Emergency works	346	290	303
Internal minor and emergency works	2,002	1,900	2,133
Contracts and Planned works	29	11	56
Inspections of various kinds related the BMS	2,675	309	1,475
Jobs created by Building Maintenance	541	240	37
Annual Tenders CE 167 – CE 171 and CE 228	5	5	5
Business Plans	31	36	17

T3.28.2

Property; Legal; Risk Management; and Procurement Services Policy Objectives Taken From IDP									
Service Objectives	Outline	2019/2020		2020/2021			2021/2022	2023/2024	
		Target	Actual	Target	Actual			Target	
Service Indicators	Service Targets	*Previous Year		*Previous Year	*Current Year	*Previous Year		*Previous Year	*Current Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(iii)	(iv)	(v)	(vi)
Service Objective xxx									
Contract Management	Contract reviewed	10	17	10	10	18	17	10	10
Land Invasion	Obtained eviction Orders	4	6	4	4	6	4	4	6
Human Settlement	Reduce disputes regarding housing list	2	3	2	3	3	2	2	3
Planning & Zoning	Objections on rezoning	number of objections-6	10	6	6	10	6	6	6
Enforcement of specific performance	7	11	14	7	7	14	7	7	7
Municipal Court	Renovation of the Mdantsane Court	Renovations completed	Project complete	None	None	None	None	Employment of staff	Functional court
Land	Number of land parcels approved by Council for acquisition for Mixed Use Integration Zone, privately owned.	3	3	3	8	6	8	8	8
T 3.28.3									

Employees: Property; Legal; Risk Management; and Procurement Services					
Job Level	Year 2019/2020	Year 2020/2021			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	8	11	8	3	27.27%
4 - 6	54	61	50	11	18.03%
7 - 9	6	15	9	6	40%
10 - 12	10	14	8	6	42.86%
13 - 15	6	7	6	1	14.28%
16 - 18	7	9	7	2	22.22%
19 - 20	2	2	2	0	0%
Total	93	119	90	29	24.37%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					
T 3.28.4					

Financial Performance 2020/2021: Property; Legal; Risk Management and Procurement Services R'000					
Details	2019/20	2020/2021			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	22,652	8,822	8,822	21,776	59%
Expenditure:					
Employees	33,242	49,049	36,137	36,136	-36%
Repairs and Maintenance	12,948	14,029	13,990	13,940	-1%
Other	115,202	160,358	179,287	133,542	-20%
Total Operational Expenditure	161,393	223,435	229,414	183,618	-22%
Net Operational Expenditure	138,741	214,613	220,592	161,842	-33%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.28.5					

Capital Expenditure 2020/2021: Property; Legal; Risk Management and Procurement Services					
R' 000					
Capital Projects	2020/2021				
	Bud get	Adjustm ent Budget	Actual Expendi ture	Varia nce from origin al budge t	Total Proje ct Value
Total All	8,900	22,240	11,777	24%	
COASTAL MUNICIPAL COURT	1,000	1,000	–	0%	1,000
INLAND MUNICIPAL COURT	1,000	1,000	–	0%	1,000
				-	
				13953	
ERM SYSTEM	1,200	1,200	9	%	1,200
BUXTON AND ELECTRICITY HOUSE REFURBISHMENT	2,000	1,000	998	-100%	1,000
NEW A/CON PLANT - MUNIFIN (ONE PLANT)	1,700	182	182	-833%	182
ORIENT THEATRE REFURBISHMENT	2,000	2,000	671	-198%	2,000
ORIENT THEATRE REFURBISHMENTc/o	-	830	739	100%	830
MDANTSANE ZONE 6 REFURBISHMENTc/o	-	165	98	100%	165
REFURBISHMENT OF ACQUIRED BUILDING c/o	-	1,700	450	100%	1,700
FLEET STREET FIRE STATION REFURBISHMENT c/o	-	501	490	100%	501
EAST LONDON MECHANICAL WORKSHOPS REFURBISHMENT c/o	-	438	438	100%	438
FENCING OF ACQUIRED LAND	-	1,486	217	100%	1,486
FENCING OF ACQUIRED LAND	-	2,518	–	0%	2,518
ALTERATIONS TO NEWLY PURCHASED BUILDING c/o	-	2,000	1,906	100%	2,000
LAND ACQUISITION	-	724	724	100%	724
UPGRADING OF DUNCAN VILLAGE B HOSTEL	-	5,497	4,855	100%	5,497
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. T 3.28.6					

COMMENT ON PERFORMANCE OF PROPERTY SERVICES OVERALL

The Building Maintenance Contracts Branch carried out the following CAPEX projects in across BCMM Wards:

- At the East London Mechanical Workshops and Traffic Offices complex, the Contracts and Planning Branch refurbished the staff changerooms toilets plumbing, flooring, and air-conditioners.
- At the Mdantsane Zone 6 Main offices the Contracts and Planning Branch refurbished the plumbing and the toilets.
- At the Gonubie Traffic Roadworthy Testing and Offices the Contracts and Planning Branch refurbished the plumbing, flooring and air conditioners.
- At the Bisho and King William Town Civic Centres the Contracts and Planning Branch upgraded air-conditioning and electrical.
- At the Buxton and Electricity Houses the Contracts and Planning Branch refurbished the plumbing, flooring and air-conditioners.
- At the Fleet Street Fire station, the Contracts and Planning Branch upgraded two of the Fire Station main doors.
- At the Fleet Street Fire station, the Contracts and Planning Branch upgraded the air- conditioners and Electrical.
- At the Old Mutual Building the Contracts and Planning Branch upgraded the air- conditioners.
- At the Beaconsfield Health Department, the Contract and Planning Branch upgraded plumbing and flooring.

T3.28.7

COMPONENT J MISCELLANEOUS

INTRODUCTION TO MISCELLANEOUS

1. ENFORCEMENT OF CITY'S ZONING SCHEME REGULATIONS

Legal services has, in conjunction with the Directorate of Spatial Planning and Development, undertaken the task of instituting legal proceedings against individuals and entities which fail to comply with the City's zoning scheme regulations and Spatial Development Framework. Typically, these have included cases whereby business has been conducted in residential areas not zoned for business purposes. In those instances, legal services, upon receiving a brief from Spatial Planning have appointed lawyers to either obtain a court interdict prohibiting the conduct on the said premises or sought to obtain a declaratory order to ensure the enforcement of the zoning scheme regulations.

Fortunately, many of these cases are finalised on an unopposed basis and this has had a positive effect insofar as mitigating the costs of litigation and overall compliance. In the rare instances in which the conduct persists, lawyers are instructed to launch contempt of court proceedings to further ensure compliance with the court's directive.

2. IMPACT OF LANDMARK JUDGMENTS IN LAND MATTERS

ASLA MATTER

On Tuesday, 16 April 2019 at 10h00, the Constitutional Court handed down a judgment in an application for leave to appeal against the judgment and order of the Supreme Court of Appeal upholding an appeal against a decision of the High Court of South Africa, Eastern Cape Division, Grahamstown (High Court). In the High Court, we the applicant, instituted proceedings seeking an order reviewing and setting aside its decision to award a tender to the respondent, Asla Construction (Pty) Limited (Asla), on the basis of non-compliance with section 217 of the Constitution and the statutory provisions governing procurement.

In 2003, the Municipality recognised the need to address housing shortages in Duncan Village, and specifically in informal settlements in that area, including Reeston. Asla tendered for and was appointed as an implementing agent on a turnkey basis for a housing project to address the housing needs of Duncan Village. The Municipality accepted Asla's tender. On 30 May 2014, the Municipality and Asla concluded an agreement (the Turnkey Agreement). The Turnkey Agreement required Asla to provide 3,000 housing units for the Duncan Village Development. In October 2014, the parties concluded a subsequent agreement for the engineering services and construction of housing top structures within Reeston (the Reeston Agreement). Asla then commenced work under the Reeston Agreement.

A dispute arose between the parties surrounding the conclusion of the Reeston Agreement. When the Municipality failed to pay Asla for its work under the Reeston Agreement, Asla instituted provisional sentence proceedings against the Municipality. The Municipality brought a counter-application seeking to review and set aside its decision relating to the Reeston Agreement. The Municipality contended that there ought to have been a separate tender and procurement process before the Reeston Agreement was concluded.

In a majority judgment, the Constitutional Court granted leave to appeal and upheld the appeal. It held that the delay by the Municipality in launching its review proceedings was unexplained and thus unreasonable. The Municipality had conducted itself outrageously and flippantly throughout its litigation. Significantly, it refused to take the Court into its confidence regarding the irregularities surrounding the Reeston Agreement and attempted to make a settlement agreement about patently unlawful conduct an order of court. However, because of the manifestly unlawful nature of the Reeston Agreement, the Court was obliged to declare the contract unlawful. Asla's scope of work had been expanded significantly without any proper tender process. In these circumstances, justice and equity dictate that the Municipality should not benefit from its own undue delay and in allowing Asla to proceed to perform in terms of the contract.

The majority judgment therefore made an order declaring the Reeston Agreement invalid, but not setting it aside so as to preserve the rights that Asla might have been entitled to. It was noted that this award preserves rights which have already accrued but does not permit a party to obtain further rights under the invalid Reeston Agreement.

FYNBOS MATTER

BCMM is faced with a backlog in the provision of houses to qualifying residents and is chasing a moving target as people migrate and settle in the City looking for better opportunities. In complying with Constitutional provision of providing houses, BCMM identified land parcels for housing projects. Erf 2413 in Fynbos was identified as suitable land for housing projects which will provide houses for approved beneficiaries who are on the BCMM housing waiting list and qualifying. BCMM requested funding from Department of Human Settlements for this project.










Numerous qualifying individuals on the BCMM housing waiting list were approved by the Department of Human Settlements, after they were verified that they meet the criteria to be beneficiaries. The lawful process is that when the building of houses is completely built the lawful beneficiaries take occupation. In Fynbos this could not happen due to illegal occupation. The Fynbos houses were illegally occupied on or about 9 July 2018. The houses were in possession of BCMM before they were invaded and unlawful occupied. The occupiers have unlawfully dispossessed BCMM of these properties / houses thus BCMM is entitled to restoration of these houses under mandament van spolie which is a speedy remedy intended to return the possession of the property to the rightfully owner and to end lawlessness.

On or about 26 July 2018, BCMM lodged an urgent court interdict seeking relief that the illegal occupiers be evicted. Fynbos illegal occupiers were in court and requested the court to grant the opportunity to be legally represented which the court agreed. On the 27 July 2018, the court granted BCMM an interim order with return date on 4 September 2018 to allow Fynbos illegal housing occupiers attorneys to present their case. The court finalized this matter, judgement was issued 18 April 2019 granting BCMM to evict unlawful occupiers of houses in Fynbos. BCMM, SAPS and Sheriff executed the court order on the 26 June 2019. In all the above legal proceedings, the unlawful Fynbos Houses occupiers were individually advised to vacate the houses and were given reasonable notices to do so. Newspaper adverts as well as radio communication informing the public and illegal occupiers of the eviction court order was done and letters to the illegal occupiers were delivered. It is important that we uphold the law and abide by the constitution of the Republic as part of constitutional mandate.

T3.29.0

COMPONENT K

ORGANISATIONAL PERFORMANCE SCORECARD

BUFAIDO CITY METROPOLITAN MUNICIPALITY ANNUAL PERFORMANCE REPORT: 2020/2021 FINANCIAL YEAR												
NFA NO.	National Treasury Indicator	Project	Key Performance Indicator	Annual Target for 2019/2020	Actual Performance for 2019/2020	Annual Target for 2020/2021	Actual Performance for 2020/2021	Reason for deviation	Period of evidence	Corrective measures	Achievement levels	Responsible Directorate
STRATEGIC OUTCOME 1: INNOVATIVE AND PRODUCTIVE CITY												
NFA 11	FE 11	PE 11	Percentage compliance with the required standards for structural fire-fighting incidents	75% of calls responded to within stipulated time for attendance time for all categories of structural fire-fighting incidents	72.2% of calls responded to within stipulated time for attendance time for all categories of structural fire-fighting incidents	75% of calls responded to within stipulated time for attendance time for all categories of structural fire-fighting incidents	76% of calls responded to within stipulated time for attendance time for all categories of structural fire-fighting incidents	New fire-fighting equipment and communication between fire crew and control room due to inadequate radio network infrastructure.	Reports generated from the fire-fighting equipment system (ES5) Fire Call logging system	Contract Number CE381 Supply and delivery of Radio Equipment for a period of three years awarded 8 April. Project will roll out in 2021/22 financial year with first quarter addressing the delivery of equipment.		Directorate: Health, Public Safety and Emergency Services
NFA 5	IPC 22		Number of burials interred	50 Burials interred	50 Burials interred	50 Burials interred	50 Burials interred	N/A	Award letters	N/A		Directorate: Executive Support Services
NFA 8	IPC 21		Number of sport development prog armies supported	1 Coaching courses (Boccer) (8 April to 15 March and 15 February)	1 Coaching courses (Boccer) (8 April to 15 March and 15 February)	3 Coaching Sessions	3 Coaching Sessions	N/A	N/A	N/A		Directorate: Executive Support Services
NFA 2	IPC 28		Number of interventions supported to retain investment centre	Invest Buffalo City, Dimasaba (8 April to 15 March and 15 February)	Invest Buffalo City, Dimasaba (8 April to 15 March and 15 February)	3	3	N/A	Quarterly report	N/A		Directorate: Economic Development and Agribusiness
NFA 1	IPC 23		Number of interventions projects for informal traders implemented	2 Interventions (Pharmacia hawkers stalls)	2 Interventions (Pharmacia hawkers stalls)	3 Interventions (Shameame NU 13 hawkers stalls)	3 Interventions (Shameame NU 13 hawkers stalls)	The target could not be achieved due to a number of reasons. It was requested that the applicant submit a plan of action for the piece of land belongs to them. This land was awarded for Shameame-Hawker Stalls. Therefore, that delayed the service provider for a period of a month, until the matter was resolved.	Deviation Certificate	The service provider submitted their offer on 14th November 2020 and the project was completed and full completion will be done on the first quarter, July 2021		Directorate: Economic Development and Agribusiness
NFA 1	IPC 4		Number of interventions implemented and Cooperated with SMEs and Cooperated	3 Training equipment for SMEs (Branding and Marketing)	3 Training equipment for SMEs (Branding and Marketing)	2 Training and equipment for SMEs (Branding and Marketing)	2 Training and equipment for SMEs (Branding and Marketing)	N/A	Quarterly report	N/A		Directorate: Economic Development and Agribusiness
NFA 5	IPC 5		Number of job opportunities created through public-private partnerships	1168	500	400	354	Target not achieved due to environmental assessment for Kwa-Nxube Nature Reserve affecting implementation of the projects. There were also delays in the procurement process affecting implementation of major projects.	List with 4 Numbers	Department finalising approval and project to be implemented in the next financial year		Directorate: Economic Development and Agribusiness
NFA 6	IPC 11		Number of jobs Created through public-private partnerships (EPWP)	6146	6150	6139	6660	Employee contracts	N/A	N/A		City Manager's Office (PMPP)
NFA 7	IPC 26		Number of Arts, Culture and Heritage projects implemented	2 Arts Support and Capacity Building 22, Heritage Day, Artist Residency, Exhibition of Building & Artists (Community)	2 Arts Support and Capacity Building 22, Heritage Day, Artist Residency, Exhibition of Building & Artists (Community)	1	1	During the fourth quarter of the 2020/21 the Directorate was to implement the restoration of cattle killing heritage site in King William's Town. This could not be achieved due to delays in concluding the environmental assessment and the project was not implemented in the second quarter (July) of 2021/22 financial year.	Report	The tender to appoint a service will be advertised for the fourth time (4th) and request for a call cover will be submitted. It is anticipated that the project will be completed and implemented in the second quarter (July) of 2021/22 financial year.		Directorate: Economic Development and Agribusiness

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

KFA.4	IPC7	Number of initiatives (programmes) implemented in rural areas as a tourist destination of choice	Destination Marketing Programmes, Tourism Events Programmes, Tourism SME Support Programmes	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000	1001	1002	1003	1004	1005	1006	1007	1008	1009	1010	1011	1012	1013	1014	1015	1016	1017	1018	1019	1020	1021	1022	1023	1024	1025	1026	1027	1028	1029	1030	1031	1032	1033	1034	1035	1036	1037	1038	1039	1040	1041	1042	1043	1044	1045	1046	1047	1048	1049	1050	1051	1052	1053	1054	1055	1056	1057	1058	1059	1060	1061	1062	1063	1064	1065	1066	1067	1068	1069	1070	1071	1072	1073	1074	1075	1076	1077	1078	1079	1080	1081	1082	1083	1084	1085	1086	1087	1088	1089	1090	1091	1092	1093	1094	1095	1096	1097	1098	1099	1100	1101	1102	1103	1104	1105	1106	1107	1108	1109	1110	1111	1112	1113	1114	1115	1116	1117	1118	1119	1120	1121	1122	1123	1124	1125	1126	1127	1128	1129	1130	1131	1132	1133	1134	1135	1136	1137	1138	1139	1140	1141	1142	1143	1144	1145	1146	1147	1148	1149	1150	1151	1152	1153	1154	1155	1156	1157	1158	1159	1160	1161	1162	1163	1164	1165	1166	1167	1168	1169	1170	1171	1172	1173	1174	1175	1176	1177	1178	1179	1180	1181	1182	1183	1184	1185	1186	1187	1188	1189	1190	1191	1192	1193	1194	1195	1196	1197	1198	1199	1200	1201	1202	1203	1204	1205	1206	1207	1208	1209	1210	1211	1212	1213	1214	1215	1216	1217	1218	1219	1220	1221	1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COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

STRATEGIC OUTCOME 2: A GREATER CITY									
KPI	ENV 4.1	ENV 4.1	N/A	2.6%	2.6%	2.6%	2.6%	NATIONAL PRESCRIBED INDICATORS	Notes
KPA18	Percentage of biodiversity priority area within the metro	N/A						No. of Biodiversity Reserves GIS Spatial Maps report	N/A
KPA19	Percentage of integrated emission processing plant processed per quarter within gasholder infrastructure	Number of Atmospheric Emissions licence issued & processed per quarter within SCMM	100% (3 applications)	100% (3 applications)	100% (4 applications received & processed per annum)	100% (4 applications completed) & two AEL issued	PDEI Involvement from BCI-IMC process New acknowledgement letters to the landfillbank. AEL issued Engen Petroleum Ltd Environet Africa and Petro Waste in Port Elizabeth.		
KPA20	Proportion of Air Quality Monitoring Stations (AQMS) stations over a reporting year	Air Monitoring Stations (AQMS) stations over a reporting year	81.3% - Average AQMS station 99.91% (Switzsha, Mobile at Compo Clinic) (85.3% & Switzsha station 77.89%)	81.3% - Average AQMS station 99.91% (Switzsha, Mobile at Compo Clinic) (85.3% & Switzsha station 77.89%)	75% AQ Quality Monitoring Stations, Switzsha & Compo Clinic	78.47%	Data coverage print out from 3 AQMS stations including graphs		
KPA21	Percentage of known waste handling services	Integrated waste handling services	100%	100% (158 informal settlements)	100%	100%	List of informal settlements signed off by PWS		
KPA22	Percentage of Solid Waste priority areas protected	Upgrading of Coastal Marine Reserves	48.8%	48.8%	48.85%	48.85%	Nature Report and Nature Reserves GIS Spatial Maps report		
STRATEGIC OUTCOME 3: A CONNECTED CITY									
KPA23	Number of Transfer stations upgraded	Upgrading of Transfer station	1	New indicator	2 (Kopiers Beach & Kodes Beach)	2 (Kopiers Beach & Kodes Beach)	Picture audit completion certificate		
KPA24	Upgrading of Beacon Bay Transfer station	Upgrading of Beacon Bay Transfer station	New indicator	New indicator	Fencing, signage, Site clearance & Guard House	Not achieved	Upgrade of the site suspended by DEAT. High Court Order issued for the closure of the site		
KPA25	Number of Community Parks Upgraded	Upgrading and development of Community Parks	12	New indicator	6 (Warwick, 14, 12, 34, 44 & 45)	0	Delays in advertising of the formal tenders for the playground and outdoor gym equipment		Work will commence in the 2021/2022 financial year
STRATEGIC OUTCOME 4: A SUSTAINABLE CITY									
KPA26	Number of dwelling units provided with electricity supply by the municipality	Installation of formal and informal dwellings	1,060	1,060	1,010	1,010	Completion Certificate		
KPA27	Percentage of unplanned informal dwellings required to comply with standards	Operations	100%	100% of normal network returned to service	100% of normal network returned to service within 24 hrs (excludes sites caused by illegal connections)	100%	Lag sheets from core of centre with calculations		
KPA28	Percentage of Planned Maintenance	Operations	81.3%	Complete 70% or more of planned maintenance	Complete 70% of planned maintenance	35.2%	Maintenance schedule with calculations		There are several issues that affect planned maintenance such as prioritising fuel and inclement weather and prolonged duration of advertising of outages.
KPA29	Percentage of unsurfaced roads	Rural Roads	6.30% (R9.84m)	6.6% (7.9m)	6.70% (R8.84m)	4.6% (R6m)	Completion Certificate and Rating		Projects delayed due to the allocation of funding.
KPA30	Percentage of unsurfaced roads	Rural Roads	6.30% (R9.84m)	6.6% (7.9m)	6.70% (R8.84m)	4.6% (R6m)	Completion Certificate and Rating		Projects delayed due to the allocation of funding.

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

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COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD


RF4.46	GS 5.11	Number of water suspension longer than 3 months	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
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COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

[illegible]

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

[illegible]

An aerial photograph of Buffalo City, South Africa, showing a mix of urban, industrial, and coastal areas. A large, semi-transparent '2024' is overlaid on the right side of the image. The number '2' is white, while the '0', '2', and '4' are filled with the orange-tinted aerial image.

BUFFALO CITY METROPOLITAN MUNICIPALITY

ANNUAL REPORT

CHAPTER FOUR

ORGANISATIONAL DEVELOPMENT
PERFORMANCE

CHAPTER 4

ORGANISATIONAL DEVELOPMENT PERFORMANCE

(PERFORMANCE REPORT PART II)

INTRODUCTION

Organizational Development which is aimed at ensuring effective growth and longevity of an organization is practiced in BCMM implements human resources behavioural management processes as part of its Organizational Development Strategy which is poised at ensuring effective growth and longevity. These processes include the development of an Integrated Development Plan aligned organizational structure, an employee performance management system which promotes excellent service delivery, recruitment and placement of staff, job grading and compensation, staff capacitation, employee relations as well as employee wellness.

T.4.0.1

COMPONENT A

INTRODUCTION TO THE MUNICIPAL PERSONNEL

BCMM's employees and the skills they bring to the workplace are a critical input in the delivery of all services. Municipal services differ widely in terms of the skills needs and labour intensity. Some, by nature, require high-level skills, such as planning. Other skills are capital intensive, such as electricity and water distribution. Some are labour intensive, such as waste removal. However, in many instances, municipalities choose whether to use capital labour intensive technologies to perform activities or to deliver a particular service.

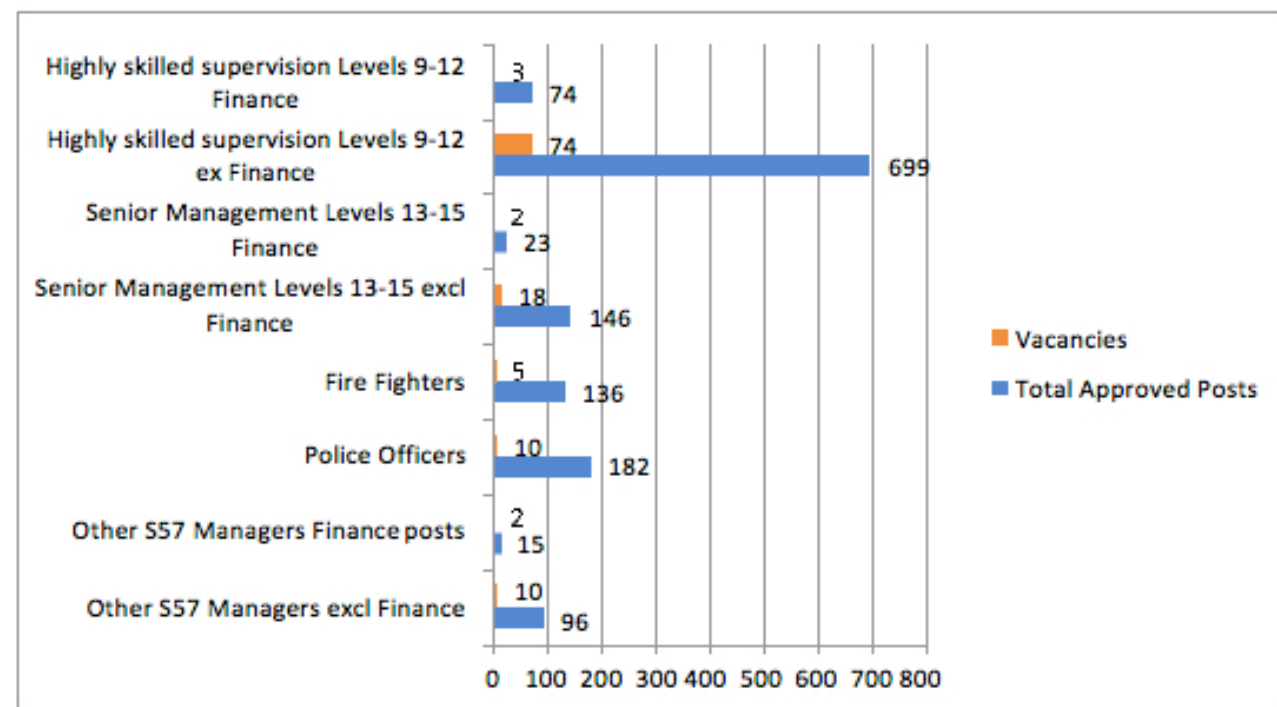
The City contributes directly to economic growth by providing a range of essential services to households and commercial enterprises, such as schools and hospitals. It has the potential to increase the contribution to economic growth by improving the reliability, quality and efficiency of the services that it provides to the community of BCMM. The City maintains the appropriate balance between core and support, with vacancies kept to a minimum.

This then calls for the effective management of municipal personnel. Managing municipal personnel ensures that people with the required skills are recruited, retained and appropriately deployed.

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	Year 2019/2020	Year 2020/2021			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	298	326	298	28	8.59%
Waste Water (Sanitation)	358	383	345	38	9.92%
Electricity	221	240	217	23	9.58%
Solid Waste Management excl 5035	722	757	723	34	3.17%
Waste Disposal 5035	43	44	41	3	6.81%
Housing COO	67	69	67	2	2.90%
Roads Services Eng Admin 4505	287	314	291	23	7.32%
Transport Serv (Bus depot Trans Plan Murp 2031- 2045	41	43	36	7	16.28%
Storm water	12	12	12	0	0%
Planning (City Plan Arch Survey Land Build)2005 - 2025	134	154	127	27	17.53%
Local Economic Development Market2505 - 2531	78	86	81	5	5.81%
Library Halls Arts & Culture Admin 5011 - 5014	229	239	218	21	8.79%
Cemeteries	142	146	137	9	6.16%
Child Care	2	2	2	0	0%
Pollution Control 3521	2	4	4	0	0%
Bid diversity & Other 526 5005 5021 – 5024 ex 5022 5023	481	513	468	45	8.77%
Health Inspection excl Child 3521 Poll cont 3521	56	62	57	5	8.06%
Police office & other (Traffic Law HOD admin law admin) 3505 3531 3532 3533 excl Animal	733	764	725	39	5.10%
Fire Services incl fire admin 3511 & 3513	161	169	159	10	5.92%
Disaster management & Animal Licence DTO/	6	6	6	0	0%
Sport & Recreation Amenities	373	395	364	31	7.85%
Executive & Council Excl 0526	185	184	174	10	5.43%
Financial services excl Asset & SCM 3031 3071	574	609	559	50	8.21%
Human Resources	174	183	172	11	6.01%
ICT	40	41	39	2	4.88%
Legal Services Risk Management SCM 1061 3031 3071	93	119	90	29	24.37%
Municipal Manager incl Know Man EPMO excl Legal Services 1061	68	78	62	16	20.51%
Mechanical Services 4542 4543	72	85	78	7	8.23%
Totals	5652	6027	5552	475	7.88%
T4.1.1.					

Vacancy Rate: Year 2020/2021			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0%
CFO	1	0	0%
Other S57 Managers (excl Finance Posts T16)	96	10	10.41%
Other S57 Managers (Finance posts T16 3005 -3071)	15	2	13.33 %
Police officers	182	10	5.49%
Fire fighters	136	5	3.68%
Senior management: Levels 13-15 (excluding Finance Posts) ex 3005-3071	146	18	1233%
Senior management: Levels 13-15 (Finance posts)	23	2	8.69%
Highly skilled supervision: levels 9-12 (excluding Finance posts)	699	74	10.59%
Highly skilled supervision: levels 9-12 (Finance posts)	74	3	4.05%
Total	1373	124	9.03%
			T 4.1.2



Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
2016/2017	5,159	237	5%
201720/18	5,048	223	4%
2018/2019			
2019/2020	5,663	201	3.34%
2020/2021	5,552	275	4.95%
* Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year			T 4.1.3

COMMENT ON VACANCIES AND TURNOVER:

The appointment of the Head of Directorate – Solid Waste and Environmental Management and Head of Directorate: Sport, Recreation and Community Development was approved by Council and the incumbent to the post of Head of Directorate – Solid Waste and Environmental Management was permanently appointed with effect from 1 March 2021.

Council approved the re-advertising of The Head of Directorate: Sport, Recreation and Community Development.

Other reasons for staff turnover are mentioned in the table below:-

REASON	JULY – SEPT 20	OCT – DEC 20	JAN – MAR 21	APR – JUN 21	TOTAL
Resignation	6	10	13	12	41
Retirement	31	21	28	15	95
Deceased	22	28	16	9	75
Medical Board	0	1	1	1	3
Dismissed	2	20	4	16	42
Contract Expiry	0	0	17	2	20
Total	61	80	79	55	275

T4.1.4.

COMPONENT B:

MANAGING THE MUNICIPAL WORKFORCE INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Appointing the right candidate with the required skills in the workplace is critical to the input for service delivery through the City. Services differ widely in terms of the skills and labour needs. A high level of skill is required in Management and Planning whereas other skills are capital and labour intensive. Labour intensive skills are utilised to deliver services.

The City contributes directly to economic growth by providing a range of essential services to households and commercial enterprises, schools and hospitals. It has the potential to increase the contribution to economic growth by improving the reliability, quality and efficiency of the services that it provides to the community of BCMM. The City maintains the appropriate

balance between core and support, with vacancies kept to a minimum. This then calls for the effective management of municipal personnel. Managing municipal personnel ensures that people with the required skills are recruited, retained and appropriately deployed.

T 4.2.0

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Affirmative Action	100%	0%	05 May 1997
2	Attraction and Retention	100%	50%	Adopted in 2006
3	Code of Conduct for employees	100%	0%	Main Collective Agreement of National South African Local Government Bargaining Council (SALGBC)
4	Delegations, Authorisation & Responsibility	0%	0%	
5	Disciplinary Code and Procedures	100%		Main Collective Agreement of National South African Local Government Bargaining Council (SALGBC)
6	Essential Services	0%	0%	Part of the Code of Conduct
7	Employee Assistance / Wellness	100%	100%	07 October 2005
8	Employment Equity	100%	100%	04 April 2019
9	Exit Management	100%	80%	Included in the Recruitment, Selection and Appointments (Staff Provisioning Policy)
10	Grievance Procedures	100%	0%	Main Collective Agreement of National South African Local Government Bargaining Council (SALGBC)
11	HIV/Aids (Employee Assistance / Wellness Policy)	100%	100%	07 October 2005
12	Human Resource and Development	100%	100%	25 January 2019
13	Information Technology	100%	0%	26 November 2015
14	Job Evaluation	100%	0%	South African Local Government Association (Salga) Policy applies.
15	Leave	100%	50%	Still being consulted with the relevant parties and once finalized will be submitted to Council for Approval
16	Occupational Health and Safety	100%	100%	01 May 2016
17	Official Housing	100%	0%	
18	Official Journeys	100%	100%	31 May 2016
19	Official transport to attend Funerals	100%	0%	05 May 2005
20	Official Working Hours and Overtime	100%	0%	19 June 2013
21	Organizational Rights	100%	0%	Main Collective Agreement of National South African Local Government Bargaining Council (SALGBC)
22	Payroll Deductions	100%	80%	Main Collective Agreement of National South African Local Government Bargaining Council (SALGBC)
23	Performance Management and Development	100%	100%	21 Jun 2013
24	Recruitment, Selection and Appointments (Staff Provisioning Policy)	100%	80%	01 February 2010
25	Remuneration Scales and Allowances	100%	100%	Main Collective Agreement of National South African Local Government Bargaining Council (SALGBC)
26	Resettlement	100%	80%	Included in the Recruitment, Selection and Appointments (Staff Provisioning Policy)
27	Sexual Harassment	100%	0%	Main Collective Agreement of National South African Local Government Bargaining Council (SALGBC)
28	Skills Development	100%	0%	Incorporated in the Human Resource and Development (HRD) Policy approved on 25 January 2019.
29	Smoking	100%	20%	November 2011
30	Scarce Skills	100%	60%	15 May 2010
31	Work Organisation	70%	0%	Policy in draft and in a process of being consulted with relevant parties.
32	Uniforms and Protective Clothing	100%	30%	01 September 2014
Use name of local policies if different from above and at any other HR policies not listed.				T 4.2.1

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

All staff related policies are drafted and tabled for approval by Council prior to implementation as well as their reviews done annually to ascertain their relevance and effectiveness. The draft policies or policy amendments are consulted with the representative unions in the Local Labour Forum, prior to tabling and approval by Council. The following policies are currently under

review namely, The Scarce Skill Remuneration Policy, Occupational Health and Safety Policy and Staff Provisioning Policy.

T 4.2.1.1

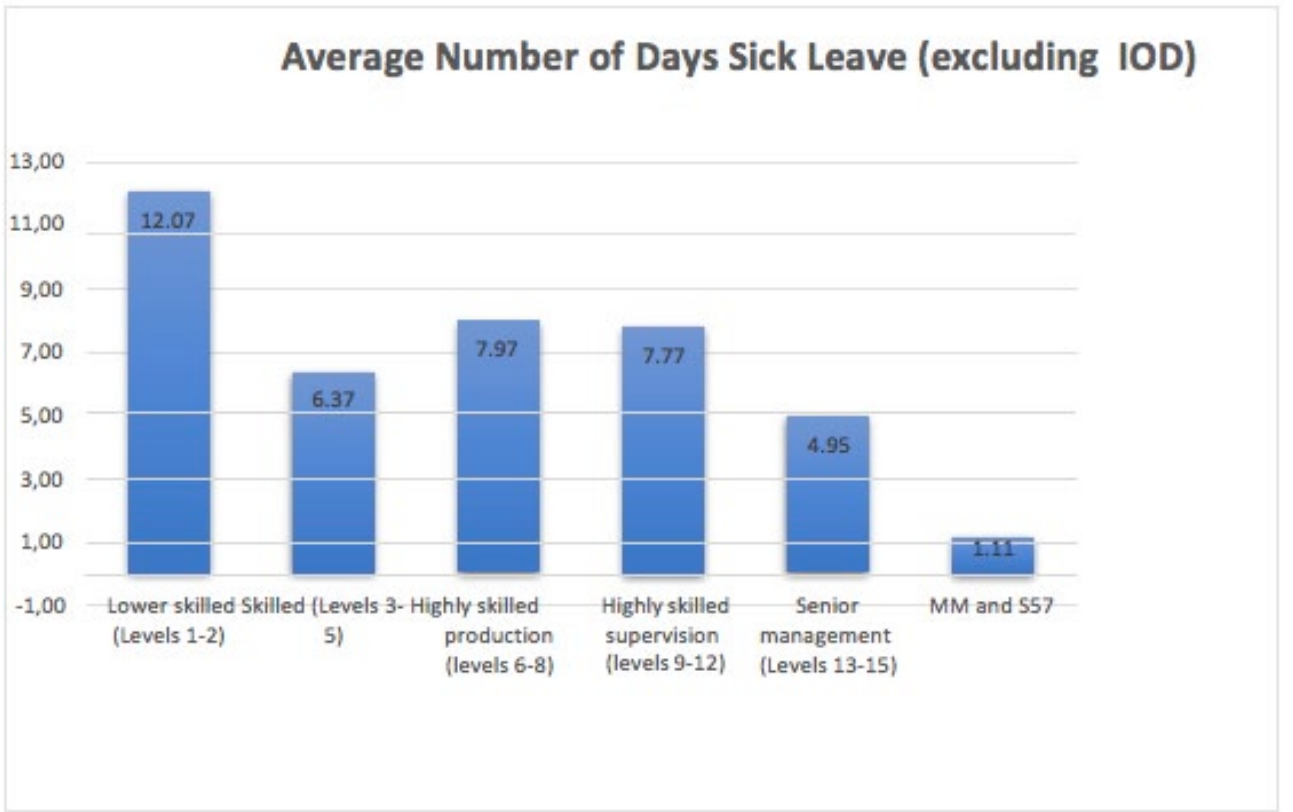
4.3 INJURIES, SICKNESS AND SUSPENSIONS

T 4.2.1					
Type of injury	Injury Leave Taken Days	Employees using injury leave No.	Proportion employees using sick leave %	Average Injury Leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only	0	33	100	0	R0
Temporary total disablement	1,728	186	100%	1.01	R1,871,760.90
Permanent disablement	0	0	0	0	R0
Fatal	0	n/a	n/a	n/a	0
Total	675	130	100%	0.97	R1,984,023.43

T 4.3.1

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave Days	Proportion of sick leave without medical certification %	Employees using sick leave No.	Total employees in post* No.	*Average sick leave per Employees Days	Estimated cost R' 000
Lower skilled (Levels 1-2)	507	21.71%	55	42	12.07	242
Skilled (Levels 3-5)	19,509	17.86%	1,795	3,062	6.37	10,513
Highly skilled production (levels 6-8)	11,168	24.08%	1,060	1,401	7.97	9,654
Highly skilled supervision (levels 9-12)	5,924	21.70%	609	762	7.77	8,477
Senior management (Levels 13-15)	1,366	25.70%	172	276	4.95	3,403
MM and S57	10	0%	1	9	1.11	44
Total	46,184	23%	3,692	5,552	8.31	32,333
* - Number of employees in post at the beginning of the year *Average is calculated by taking sick leave in column 2 divided by total employees in column 5						

T 4.3.2



T.4.3.3

COMMENT ON INJURY AND SICK LEAVE: COMMENT ON INJURY

BCMM highly values the wellness of its employees in order that they are able to perform at an optimum level. Through the Employee Wellness Centre operating within the Directorate of Corporate Services BCMM implements Occupational Health and Safety programs that are in compliance with the Occupational Health and Safety Act, Compensation for Occupational Injuries and Diseases Act, Disaster Management Act/Covid-19 Regulations, Primary Health- care and Employee Assistance Programs services.

With the outbreak of the Covid-19 pandemic engulfed South Africa and the whole world, the City was not spared from this disease which is still ravaging the human race. The Employee Wellness Centre with its well-trained staff was readily available to attend to Covid-19 cases from the municipal departments and Councillors as well as administering Covid-19 testing, primary health-care medication, administering vaccines, counselling service and awareness campaigns. Covid-19 activities undertaken during 2020/2021 are reflected below:

COVID-19 ACTIVITY	QUANTITY
Screening	2,346
Testing	1,179

The Employee Wellness Centre also conducted Coronavirus and vaccination awareness raising sessions throughout the municipality as well as circulating posters and pamphlets to educate employees and Councillors on the pandemic in order to calm down stress and anxiety brought about by the fear of the disease as well as stigmatisation

BCMM continues with its Safety Plan which has contributed immensely in the reduction of its Disabling Injury Frequency Rate (DIFR) to remain on 0.79 which is far below the DIFR level of 2.4% which is a national norm. A men's health campaign was also conducted within all three regions of BCMM with the aim of promoting open communication about men's health related issues as well as prostate cancer.

SICK LEAVE COMMENTS

Sick leave cost for the previous financial year 2019/2020 was R28,963 and for the current year 2020/2021 is R32,333. There is a slight increase as compared to the previous financial because of various reasons such as returning of staff from lock down period of level 4 to level 3.

Absenteeism rate at Buffalo City Metropolitan Municipality is high at the skill level 3-5 and skill level 6-8 and the City Manager has cautioned the Head of Directorates and General Managers to strictly monitor absenteeism as this has s negative impact on service delivery and budget of the institution.

T 4.3.4

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken, or Status of Case and Reasons why not Finalised	Date Finalised
Regional Commander	Sexual Harassment	03 May 19	Pending Investigation	Pending
Personnel Officer	Dishonesty accessed payroll and pay himself over time	22-Jul-19	Pending	Pending
Cashier	Illegal file or exchange of money whilst perfoming BCMM teller duites	28-Jul-19	Pending	Pending
ICT Manager	Fraud	09-Aug-19	Pending	Pending
Clerk	Dishonesty, Gross Insubordination, AWOL,Intimidation, leaving workplace without permission	19-Oct-19	Pending	Pending
Informal Tender Coordinator	Fraud involving tender documents	16-Nov-19	Pending	Pending
JEPractitioner	Gross Insubordination, Gross dereliction of duties, wrongful disclosure of privilege information, unbecoming conduct	28-Nov-19	Pending	Pending
Buyer	Assault	1-March-20	Pending	Pending
Senior Tender Officer	Gross violation of BCMM ICT policy, Unauthorized disclosure of information, Abuse of Email/Internet, Gross negligence and/or gross dereliction of duties, Gross Insubordination, Gross dishonesty, Unbecoming conduct.	08-Dec-20	Pending	Pending
Senior Buyer	Gross violation of BCMM ICT policy, Unauthorized disclosure of information, Abuse of Email/ Internet, Gross negligence and/or gross dereliction of duties, Gross Insubordination, Gross dishonesty, Unbecoming conduct.	08-Dec-20	Pending	Pending
Truck Helper	Negligent on the 17th December 2020/ you bump BT6 Reg No JHF 856 FLEET No3001, against the pillar while reversing caused damage to the left fender of the vehicle	24-Feb-21	Finalised	06-Aug-21
Supervisor	Negligent on the 17th December 2020/ you bump BT6 Reg No JHF 856 FLEET No	24-Feb-21	Finalised	06-Aug-21
	3001, against the pillar while reversing caused damage to the left fender of the vehicle			
	Negligent on the 17th December 2020/ you bump			

General Worker	BT6 Reg No JHF 856 FLEET No 3001, against the pillar while reversing caused damage to the left fender of the vehicle	24-Feb-21	Finalised	06-Aug-21
Security Guard	Assault, consumption of alcohol, Dereliction of duty	25-Marc-21	Finalised	10-Aug-21
Sergeant	Unauthorized use of municipal firearm	03-May-21	Finalised	07-Sept-21
T 4.3.5				

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
ICT Manager	Fraud	Suspended	Pending
T 4.3.6			

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

Comment on suspension of more than 4 months and on other matters as appropriate.

The number of suspensions reported in 2019/20 is higher than the number reported in 2018/19 and this is due to a collective misconduct by Meter Readers which warranted a suspension. The reasons for the delays in finalising suspensions in the current year ranges from internal to external circumstances. The cases of financial misconducts are handled by external legal firms and BCMM have no control over the proceedings except to provide information and instructions. Some of the suspension cases reported herein are presided and prosecuted by officials from other Municipalities in terms of clause 7.6.3 and 7.7.3 of the Disciplinary Procedure Collective Agreement (DPCA) therefore BCMM depends on their availability. The delays are also occasioned by parties to the hearing through application for postponements and submission of medical certificates. The national lockdown due to Covid-19 pandemic has also impacted on the delays in finalising the cases of suspensions. The suspension bill for 2019/20 has increased to ten million, one hundred and thirty-eight thousand, two hundred and ninety-seven rand twenty-two cents (R10,138,297.22). due to the high number of suspensions. The Department has devised a strategy to reduce the number of suspensions and to improve on the turnaround time to finalise suspensions. These strategies include the standard operating procedures on reporting misconducts, delegation of powers in terms of clause 7.3 of the DPCA, postponement procedures and lifting of suspension on cases where the investigation has been finalised and there is no longer real threat to tampering with evidence and utilisation of employees in another capacity pending finalisation of the case. The Department is also developing a very stringent matrix which will be used to measure whether indeed a reported misconduct warrants a suspension.

T 4.3.7

4.4 PERFORMANCE REWARDS

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 2018/19 R' 000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female	0	0	0	0
	Male	0	0	0	0
Skilled (Levels 3-5)	Female	0	0	0	0
	Male	0	0	0	0
Highly skilled production (levels 6-8)	Female	0	0	0	0
	Male	0	0	0	0
Highly skilled supervision (levels 9-12)	Female	0	0	0	0
	Male	0	0	0	0
Senior management (Levels 13-15)	Female	0	0	0	0
	Male	0	0	0	0
MM and S57	Female	0	0	0	0
	Male	0	0	0	0
Total					
Has the statutory municipal calculator been used as part of the evaluation process?					No
No performance rewards were paid during the 2020/21 financial year					T 4.4.1

COMMENT ON PERFORMANCE REWARDS:

The Employee Performance Management System introduced in BCMM to all non-section 56 employees was put on hold for the entire financial year whilst some more options were sought

after for a seamless implementation of an electronic performance management system which will operate in tandem with an Organisational Change Management Project.

Due to the halting of the implementation of Employee Performance Management System, performance rewards were not handed out for the year under review.

T 4.4.1.1

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The Workplace Skills Plan (WSP) 2020/2021 was developed, consulted with stakeholders within the municipality and submitted to the Local Government Seta by the cut-off date of 30 April 2020 in line with the Skills Development Act 97 of 1998. The Workplace Skills Plan encompasses the Employee Profile for the municipality, staff mobility during the financial year as well as organisational training strategy for the appropriate financial year. The Organisational Training Strategy within the WSP was informed by a skills audit done in the institution in tandem with competency framework piloted at Supply Chain Management Department as well as spontaneous requests from Line Management. Development interventions rolled out were inclusive of both the workforce as well as the unemployed young graduates. The youth development interventions were composed of apprenticeships, internships, learnerships and mentorship programmes. With financial assistance from National Treasury through the Infrastructural Skills Development Grant (ISDG) BCMM unleashed an internship program which capacitates local young and unemployed graduates towards professional registration with their respective statutory professional bodies. The ISDG internship program only caters for fields of study falling within the built environment and with professional bodies which are as follows: Engineering Council of South Africa (ECSA), South African Council for Planners (SACPLAN), South African Council for Property Valuers Profession, (SACPVP), South African Geomatics

Council (SAGC) as well as South African Council for Natural Scientist Profession (SACNASP). The duration of the program is three years for each participant although extensions are allowed in certain cases. A total of 48 participants have been engaged in the programme since its inception in 2013 with 27 participants successfully completing in record time and the remaining 21 trainees are due to complete the program by end December 2021. These remaining interns are mainly the second cohort of the program that started in 2016 and 2017 and their progress was also prohibited by delays brought about by the outbreak of the Covid-19 pandemic. BCMM has benefitted from the program in that it has employed 28 professionals who are the products of the program.

Internship Programs that are focussing in other operational areas of the municipality have also been rolled out with the financial support of the Local Government SETA and BCMM. A total of 53 interns have been engaged in the program since 2019 and are due to complete their program shortly. Recruitment has already started for new in-take of interns. BCMM also assists its employees with finances for registration with Further Education Training Colleges and Universities for studies in various fields of study that are relevant to its operations. A total of 708 employees were awarded bursaries to register for part time studies starting from the Matric Honours Degree level.

The municipality continues to develop officials who are affected by the MFMA Minimum Competency Levels; Regulations so that they acquire the competences as prescribed in the applicable Occupational Category Unit Standards

T 4.5.0

4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix													
		Number of skilled employees required and actual as at 30 June 2020											
Management level	Gender	Employees in post as at 30 June 2021	ISDG Interns, LGSETA Interns, Apprenticeship			Skills programmes & other short courses			Other forms of training – Bursaries			Total	
			Actual	End of Year 2018/19	End of Year 2019/20	Actual	End of Year 2018/19	End of Year 2019/20	Actual	End of Year 2018/19	End of Year 2019/20	Actual	End of Year 2019/20
		No.	Year 2020/21	Target 2020/21	Year 2020/21	Year 2020/21	Target 2020/21	Year 2020/21	Year 2020/21	Target 2020/21	Year 2020/21	Year 2020/21	Target 2020/21
MM and s57	Female	4	0	0	0	0	0	0	0	0	0	0	2
	Male	6	0	0	0	0	0	0	0	0	0	0	1
Councillors, senior officials and manager	Female	125	0	0	1	48	28	20	21	27	68	70	56
	Male	173	0	0	2	92	41	34	33	32	126	63	75
Technician associate professionals*	Female	289	47	28	23	36	53	8	30	21	91	111	62
	Male	145	2	30	32	68	17	17	11	7	87	58	58
Professionals	Female	151	6	25	13	34	13	30	6	3	70	44	35
	Male	440	76	65	56	128	78	43	39	45	247	182	156
Sub total	Female	619	53	53	38	162	96	73	69	57	288	218	173
	Male	1,059	129	118	94	290	174	116	108	102	535	400	329
T 4.5.1													

*Registered with ECSA, SAGC, SACQSP, SACPLAN

Financial Competency Development: Progress Report*

Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	1	2	2	2	2
Chief financial officer	1	1	2	2	2	1
Senior managers	8	1	9	9	9	7
Any other financial officials	34	0	34	34	0	26
Supply Chain Management Officials	0	0	0	0	0	1
Heads of supply chain management units						
Supply chain management senior managers	2	0	2	2	2	2
TOTAL	49	3	52	52	13	34
T4.5.2						

Skills Development Expenditure										
R'000										
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 2020/2021							
			Learner ships		Skills programmes & other short courses		Other forms of training (Bursaries) +Additional Budget		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	3	0	0	0	0	50	40	50	40
	Male	6	0	0	0	0	0	0	0	0
Legislators, senior officials and managers	Female	125	0	0	150	100	756	906	1006	850
	Male	173	0	0	150	101	756	750	906	890
Professionals	Female	145	3561	2200	400	378	800	797	4761	3375
	Male	151	3561	2200	400	420	800	790	4761	3410
Technicians and associate professionals	Female	166	2850	1900	500	385	1182	1200	4532	3485
	Male	289	2850	1910	500	444	1123	1130	4473	3484
Clerks	Female	546	1952	1394	350	299	856	800	3158	2493
	Male	163	1951	1304	350	268	855	850	3156	2442
Service and sales workers	Female	424	0	0	400	227	850	852	1250	1153
	Male	627	0	0	400	313	850	840	1250	1153
Plant and machine operators and assemblers	Female	76	0	0	200	187	813	815	1013	1002
	Male	392	0	0	200	208	847	891	1047	1099
Elementary occupations	Female	974	0	0	668	544	1275	1280	1943	1824
	Male	1280	0	0	667	643	1275	1289	1942	1932
Sub total	Female	2259	8363	5494	2668	2120	6582	6534	17613	14148
	Male	3081	8362	5414	2667	2397	6506	6540	17535	14351
Total		2240	16725	10908	5335	4517	13088	13074	36030	29437
Budget is inclusive of conditional grant of R9m received from National Treasury augmenting R24,6m from BCMM to make a total of R33,6m and below target of R37 951 969, which was 1.7% of the staff budget.									36300	34839
										T4.5.3

COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:

The Workplace Skills Plan for the 2020/2021 financial year was developed and implemented throughout the municipality including spontaneous training requests arising out of performance deficiencies identified during the year. A target of 95% and later reduced to 80% or R29,119,056.80 expenditure on allocated training budget amounting to R35,148,621.00 due to some constraints unleashed by the Covid-19 pandemic outbreak was set up and performance measured quarterly till the end of the financial year. By the end of the financial year 85% expenditure of the allocated training budget was achieved. The training budget used for the roll-out of developmental interventions is sourced from LGSETA grants, BCMM own funds as well as National Treasury Conditional Grant. Funding received from these sources has provedto be adequate for planned development interventions.

Briefings are held consistently with departments to plan for the development of staff so that their needs find expression in the WSP. Assistance has been given to all personnel affected by the MFMA Regulations on minimum competency levels to acquire the Unit Standards prescribed for certain occupational categories.

T 4.5.4

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

BCMM’s staff budget for 2020/2021 financial year R 2 570 046 740. Expenditure amounted to R 2 565 006 741.

The national salary increase for staff below S57 level is negotiated by the SALGBC and for the 2020/2021 financial year the increase was 3.5%.

Section 57 Senior Managers receive a salary increase as regulated by Government Gazette No 43122 dated 20 March 2020.

Employee expenditure is closely monitored and controlled each month by respective Line Managers. The Budget office submits monthly reports on any over/under expenditure and Line Managers are required to take the necessary corrective actions in order to be within the budgeted amount.

The Municipality seeks to obtain value for money from the work force expenditure through various control initiatives such as Absenteeism Reduction and fully implementing the Biometric Employee Attendance Control system. Line Managers are required to ensure that employees are productive and are performance driven.

BCMM are presently investigating the removal of the Scarce Skills allowance whereby decreasing the expenditure.

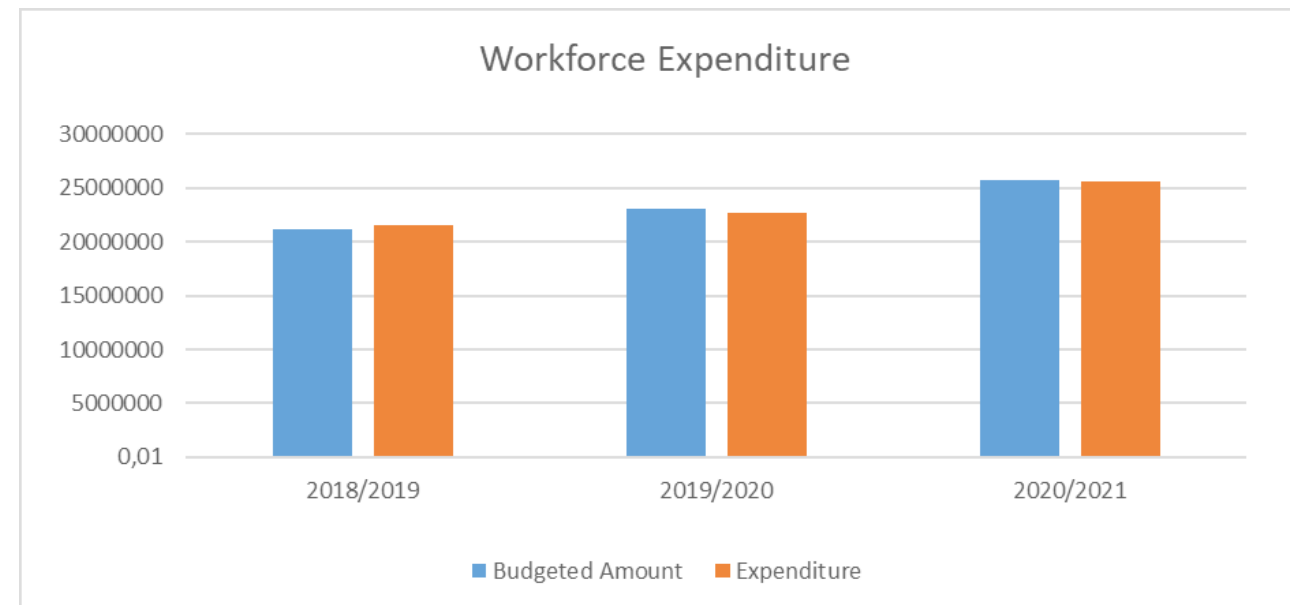
Overtime is being monitored monthly.

A comparison of workforce expenditure (including remuneration of Councillors) over the past 3 financial years is as follows:

Financial year	Budgeted amount	Expenditure	Exp Pattern
2018/2019	R 2 117 548 952	R 2 152 202 316	Exceeded budget
2019/2020	R 2 309 485 000	R 2 270 962 328	Within budget
2020/2021	R 2 570 046 740	R 2 565 006 741	Within budget

T 4.6.0

4.6. EMPLOYEE EXPENDITURE



T 4.6.1

COMMENT ON WORKFORCE EXPENDITURE:

The increase in expenditure for the 2020/2021 financial year can be attributed to the following reason:

1. General annual salary increase of 3.5% with effect from 1 July 2021.
2. Implementation of Job Evaluation and accompanying backpay paid to employees.
3. Overtime

T 4.6.1.1

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	9
	Male	0
Skilled (Levels 3-5)	Female	211
	Male	0
Highly skilled production (Levels 6-8)	Female	64
	Male	0
Highly skilled supervision (Levels 9-12)	Female	12
	Male	0
Senior management (Levels 13-16)	Female	2
	Male	-
MM and S 57	Female	-
	Male	-
Total		298
Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).		

T 4.6.2

Employees Whose Salary Levels Exceed the Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Administrative Officer: Land Redistribution	1	6	8X	Employees sitting on highest notch for the Task Grade
Senior Secretary: HOD office Executive Support Services	1	7	8X	Employees sitting on highest notch for the Task Grade
Booking Clerk: Executive Support Services	1	5	6X	Employees sitting on highest notch for the Task Grade
Administrative Officer: Sanitation	1	7	8X	Employees sitting on highest notch for the Task Grade
Senior Secretary: HOD Corporate Services	1	7	8X	Employees sitting on highest notch for the Task Grade
T 4.6.3				

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0

COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:

There were variances in relation to the previous job evaluation implementation process. Some employees remained with the salaries as they were already earning higher than the evaluated grade. In terms of the Wage Collective Agreement such employees were on Contractual to Holder principle, meaning that they retained their salaries.


T 4.6.5

DISCLOSURE OF FINANCIAL INTERESTS

The Office of the Speaker developed declaration of interest register in ensuring that 100% Councillors submit the Declaration of Interest forms. 85 Councillors have signed their financial disclosures during 2020/2021 financial year.

In addition to that, all Heads of Directorates including the City Manager signed their financial disclosures for 2020/2021 financial year. The information for Councillors, City Manager and Heads of Directorates who have signed disclosure of financial interests is reflected as Annexure J of this Annual Report.

T 4.6.6.

An aerial photograph of Buffalo City, South Africa, showing the city's layout, roads, and the Indian Ocean coastline. A large, semi-transparent white graphic of the number '05' is overlaid on the right side of the image. The text 'BUFFALO CITY METROPOLITAN MUNICIPALITY' is positioned above the '05' graphic.

BUFFALO CITY METROPOLITAN MUNICIPALITY

ANNUAL REPORT

CHAPTER FIVE

FINANCIAL PERFORMANCE

CHAPTER 5

FINANCIAL PERFORMANCE INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- **Component A: Statement of Financial Performance**
- **Component B: Spending Against Capital Budget**
- **Component C: Other Financial Matters**

The City has a credit rating of A1(za) (Short Term) and A(za) (Long Term) together with a low gearing ratio thus enabling the City to borrow capital to fund its revenue generating infrastructure. The City is in the process of acquiring loan funding for waterworks and sewerage projects as part of capital-intensive realisation that will promote economic growth for the City. This is part of a pro-active but cautionary measure in line with section 46 of the MFMA, to invest in revenue raising infrastructure assets that have a positive return on earnings in the long run.

The City has implemented Government Gazette No. 42514 issued on 7 June 2019 “Municipal Cost Containment Regulations” in order to contain costs. It was able to contain costs amongst discretionary expenditure items such as consultancy services, domestic and on foreign travel, catering and refreshments and conferences.

Buffalo City Metropolitan Municipality’s finances continue to be stable however there is pressure on the collection of outstanding debtors which is negatively impacting the growth trend of the City’s cash and cash equivalent balance.

T 5.0.1

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

The financial statements are prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (No. 56 of 2003). The statements are based upon appropriate accounting policies consistently applied and supported by reasonable, prudent judgments and estimates.

The financial statements are prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. The financial statements present the state of affairs of the City, its performance against its budget, its management of revenue, expenditure, assets and liabilities and its financial position as at the end of the financial year. The annual financial statements are prepared on the basis that the municipality is a going concern and that has neither the intention nor the need to liquidate or materially scale down its operations.

Table 5.1.1 below presents the statement of comparison of budget and actual amounts for the 2020/2021 financial year. The statement of financial performance is presented using MFMA classification which is revenue by source and expenditure by type.

A surplus that amount to R0.662 billion was achieved for the year under review. This reflects a favourable variance of R1.005 billion in comparison to the budgeted deficit of R0.343 billion.

The favourable revenue variance of R1.005 billion was due to the following factors:

- Property rates revenue: total revenue realised amounted to R1.589 billion which was R0.098 billion below the budgeted amount of R1.687 billion.
- Service charges: realised a total revenue of R3.937 billion which was R0.391 billion above the budgeted amount of R3.546 billion.
- Investment revenue: interest earned on investments was R0.041 billion which was R0.005 billion below the budgeted amount of R0.046 billion.

- Transfers recognised – operational: total revenue realised was R1.206 billion which was R0.309 billion below the budgeted amount of R1.515 billion.
- Other own revenue contributed R0.988 billion to the Metro’s revenue and this was R0.001 billion below the budgeted other revenue of R0.987 billion.
- Transfers recognised – capital: total capital revenue recognised amounted to R1.069 billion in comparison to a budget of R1.100 billion, thus resulting in an unfavourable variance of R0.031 billion.

The Metro’s total operating expenditure was lower than the anticipated budget and therefore experienced a favourable variance against the adjusted budget of R1.075 billion. The largest contributors to this variance are as follows:

- Depreciation and asset impairment: amounted to R1.402 billion which was R0.579 billion below the budgeted expenditure of R1.981 billion.
- Transfers and grants: amounted to R0.062 billion which was R0.063 billion below the budgeted expenditure of R0.001 billion.
- Materials and bulk purchases: amounted to R1.959 billion which was R0.084 billion below the budgeted expenditure of R2.043 billion.
- Other expenditure: it amounted to R1.212 billion which was R0.303 billion below the budgeted expenditure of R1.515 billion.

The statement of financial position for 2020/2021 reflects a favourable position as the Metro is having excess assets over liabilities resulting into the net worth of R23.165 billion. The value of the municipality’s total assets is R26.242 billion, which comprise of current assets to the value of R3.549 billion and non-current assets amounting to R22.692 billion. The value of the municipality’s total liabilities is R3.075 billion, which comprise of current liabilities to the value of R2.073 billion and non-current liabilities amounting to R1.002 billion.

The long-term loans comprise a total of R0.233 billion, which is a decrease of R0.054 billion on the balance at the beginning of the financial year. The Institution is in an enviable position of having access to additional long-term loan facilities in order to invest in the replacement of infrastructure assets.

The Metro has a strong cash and cash equivalent and can meet its immediate obligations, however, the stagnant revenue base is a threat to the Metro’s cash position and as a result, the Metro has adopted an aggressive Revenue Enhancement Strategy, which includes revenue generation, accuracy of meter reading, regular supplementary valuations, and ensuring all residents receive a correct bill that the Metro has rendered thereby contributing to the confidence of the consumers.

T 5.1.0

Financial Performance of Operational Services						
	R '000					
Description	2019/2020	2020/2021			2020/2021 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	654 320	695 248	1 295 297	1 208 253	42,46%	-7,20%
Waste Water (Sanitation)	377 346	444 158	457 057	410 269	-8,26%	-11,40%
Electricity	2 126 985	2 400 027	2 346 304	2 258 868	-6,25%	-3,87%
Waste Management	548 274	381 229	478 332	463 213	17,70%	-3,26%
Housing	45 567	133 967	198 203	44 176	-203,26%	-348,66%
Component A: sub-total	3 752 492	4 054 628	4 775 194	4 384 779	7,53%	-8,90%
Waste Water (Stormwater Drainage)	0	0	0	0	0,00%	0,00%
Roads	926 196	518 306	1 022 956	754 325	31,29%	-35,61%
PIU & Construction	51 561	39 832	48 117	48 115	17,22%	0,00%
Transport	378 135	36 749	166 603	122 795	70,07%	-35,68%
Component B: sub-total	1 355 892	594 887	1 237 676	925 235	35,70%	-33,77%
Planning	199 319	65 185	93 703	92 571	29,58%	-1,22%
Local Economic Development	120 552	237 453	272 157	115 161	-106,19%	-136,33%
Component B: sub-total	319 872	302 638	365 860	207 732	-45,69%	-76,12%
Libraries, Archives, Museums, Galaries, Community Facilities etc	171 766	93 239	205 725	153 529	39,27%	-34,00%
Cemeteries and Crematoriums	57 456	73 520	114 570	94 083	21,86%	-21,77%
Child Care, Aged Care, Social Programmes	0	0	0	0	0,00%	0,00%
Component C: sub-total	229 222	166 759	320 295	247 612	32,65%	-29,35%
Pollution Control	0	0	0	0	0,00%	0,00%
Bio-Diversity, Landscape and Other	179 121	198 237	199 439	187 526	-5,71%	-6,35%
Component E: Environmental Protection - sub-total	179 121	198 237	199 439	187 526	-5,71%	-6,35%
Clinics	0	0	0	0	0,00%	0,00%
Ambulance Service	0	0	0	0	0,00%	0,00%
Health Inspection, Food and Abattoir Licensing and Inspection	43 084	46 641	49 104	44 579	-4,63%	-10,15%
Component F: Health - sub-total	43 084	46 641	49 104	44 579	-4,63%	-10,15%
Traffic Services & Law Enforcement	289 309	316 589	328 423	315 060	-0,49%	-4,24%
Fire	138 592	119 938	156 626	153 091	21,66%	-2,31%
Other (Disaster Management, Animal Licencing and Control etc	5 117	5 698	5 190	5 190	-9,79%	-0,01%
Component G: Security and Safety - sub-total	433 019	442 225	490 239	473 341	6,57%	-3,57%
Sport and Recreation	104 166	115 714	111 786	107 513	-7,63%	-3,97%
Component H: Sport and Recreation - sub-total	104 166	115 714	111 786	107 513	-7,63%	-3,97%
Executive and Council	410 385	396 081	405 158	382 392	-3,58%	-5,95%
Financial Services	433 326	627 891	681 660	679 917	7,65%	-0,26%
Human Resources Services	149 348	152 821	174 504	169 103	9,63%	-3,19%
Information and Communication Technology	75 234	91 152	77 754	76 757	-18,75%	-1,30%
Property, Legal, Risk Management and Procurement Services	161 393	223 435	229 364	183 618	-21,68%	-24,91%
Component I: Policy Offices and Other sub-total	1 229 685	1 491 380	1 568 439	1 491 788	0,03%	-5,14%
Other	129 724	64 181	108 698	110 307	41,82%	1,46%
Component J: Other sub-total	129 724	64 181	108 698	110 307	41,82%	1,46%
Total Expenditure	7 776 276	7 477 290	9 226 730	8 180 411	8,60%	-12,79%
In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						
T 5.1.2						

FINANCIAL PERFORMANCE OF OPERATIONAL SERVICES COMMENT ON FINANCIAL PERFORMANCE:

COMMENTS ON MATERIAL VARIANCES (SIGNIFICANT VARIANCES GREATER THAN 10% VERSUS FINAL BUDGET):

REVENUE BY SOURCE

Service charges

The contributing factor to the variance is water service which is a result of the implementation of punitive tariffs for the full financial year 2020/2021. The consumption patterns on the punitive component reflected an increase over the estimated budget resulting in increased billing and revenue.

Investment Revenue

Interest rate on call investments is less due to decline in repo rate and thus interest earned on these investments. The decline in collection rate has also contributed on available cash for investment.

Transfers recognised – operational

The variance is caused by revenue of R71 million for Human Settlement Development Grant (HSDG) that is disclosed in terms of GRAP 109. These funds are budgeted in the statement of financial performance to ensure proper control and accountability, however, in terms of GRAP 109, this is only disclosed in the statement of financial position.

EXPENDITURE BY TYPE

Depreciation & asset impairment

The variance is as a result of the negative revaluation adjustment factor from 2020 due to the impact caused by lockdown level 5, this factor reduced asset base for 2021 hence the reduction in depreciation.

Transfers and grants

This variance is a result of budget allocation to the BCMDA Waste Buy Back Centre, to which only R2.6 million was transferred to BCMDA due to the Donor funder (National Treasury GBS allocation) withholding the transfers to BCMM on the basis of slow expenditure on the project.

Other Expenditure

The variance is caused by the following:

- i. Expenditure of R71 million for Human Settlement Development Grant (HSDG) that is disclosed in terms of GRAP 109. These funds are budgeted in the statement of financial performance to ensure proper control and accountability, however, in terms of GRAP 109, this is only disclosed in the statement of financial position.
- ii. BCMDA: Contractors invoices that were not received as anticipated; delay in the implementation of procurement in certain project related items. Covid-19 also had an impact as suppliers took longer to deliver items procured.

Share of surplus/ (deficit) of associate

The variance is a result of loss made by the associate (IDZ) during the financial year. BCMM owns 26 percent of IDZ and IDZ reported a huge loss in their 2020/21 audited financial statement.

Contributions recognised - capital and contributed assets

Road Traffic Management Corporation donated specialised and fully equipped traffic vehicles to the City to assist with Traffic Law Enforcement.

CAPITAL EXPENDITURE AND FUNDS SOURCES

Borrowing

The Metro had initially budgeted for the loan funding of the Reeston Tunnel project, however due to delays in finalizing the financing contractual arrangements, this in turn affected the finalization of the project tender process timeously.

Internally generated funds

Covid-19 lockdown restrictions have negatively affected performance on projects as it delayed and disrupted implementation of projects; however, most of the projects are already awarded and the funding of such projects is fully committed.

CASH FLOWS

Net cash from (used) operating

Covid-19 lockdown restrictions have negatively affected performance on projects as it delayed and disrupted implementation of projects; however, most of the projects are already awarded and the funding of such projects is fully committed. Projects that are funded by borrowings are still at procurement stage.

Net cash from (used) investing

BCMM did not make any draw downs on new loans acquired hence the capital portion of the outstanding loan continues to reduce over time. The City also continues to benefit from the reduced lending rate, wherein interest payment is reduced by the lending rate and decrease in Capital repayments.

Net cash from (used) financing

The variance on the cash and cash equivalent opening balance is because of R223 million of unspent Urban Settlement Development Grant (USDG) funding which the Parent municipality applied for a rollover to National Treasury. These funds were subsequently approved and spent in the current year.

Cash / cash equivalents at the year end

The variance on cash and cash equivalent closing balance emanates from the insufficient budget provision by the entity wherein the final budget accommodates for R1.5 million and actuals are sitting at R19 million.

T5.1.3

5.1 GRANTS

INTRODUCTION TO TOTAL OPERATING TRANSFERS AND GRANTS

The grant performance table below provides a summary of operating transfers and grants. The operating transfers and grants performance total to R1.206 billion which is 79% of the budget of R1.515 billion.

Operating Grant Performance R' 000						
Description	2019/2020		2020/2021		2020/2021 Variance	
	Actual	Budget	Actual	Adjustments Budget	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants National Government: Equitable share Infrastructure Skills Development Finance Management Expanded Public Works Programme Inc Urban Settlement Development Public Transport Network Grant Integrated City Development Grant Other transfers/grants [insert description]	959,620	1,006,257	1,179,968	1,188,922	15%	-1%
	847,431	911,042	1,053,614	1,053,614	14%	0%
	7,167	11,364	10,658	10,658	-58%	-49%
	942	1,000	1,000	1,000	0%	0%
	9,956	8,449	8,449	8,449	0%	0%
Provincial Government: Library Subsidy	91,357	68,122	108,134	108,134	37%	0%
	2,767	- 6,279	733	886	100%	-21%
	-	204,167	866	6,180	-625%	-613%
PG EC - Seta Grant	23,600	15,870	25,643	315,244	-696%	-1129%
Human Settlement Development Grant	-	-	15,870	15,870	0%	0%
District Municipality:	-	81,276	1,003	-	0%	0%
State Health-Environmental	-	-	-	153,088	0%	0%
Other grant providers:	-	-	-	-	-	-
SETA - Skills Development	3,785	20,555	638	11,100	-3124%	-1641%
Salaida/Gavle	3 680	-	-	-	0%	0%
Glasgow	74	-	442	822	100%	-86%
City of Oldenburg	-	-	-	-	0%	0%
Leiden	-	-	-	-	0%	0%
LG SETA Grant - BCMDA	32	10,278	42	-	0%	0%
NDPG GRANT	-	10,278	154	10,278	0%	0%
Total Operating Transfers and Grants	987,005	1,230,979	1,206,249	1,515,265	-2%	-26%

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.

T 5.2.1

INTRODUCTION TO TOTAL CAPITAL TRANSFERS AND GRANTS:

The grant performance table below provides a summary of capital transfers and grants. The capital transfers and grants performance total to R1.070 billion which is 97% of R1.098 billion.

Capital Grant Performance R' 000						
Description	2019/2020	2020/2021		2020/2021 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Capital Transfers and Grants National Government:	1,008,835	712,419	1,098,557	1,069,736	33%	-3%
Integrated	-	-	-	-	0%	0%
National Electrification	-	7,000	6,300	6,300	-11%	0%
ProgrammeElectricity	-	150	150	89	0%	0%
Demand Side	58	-	-	-	0%	0%
ManagementInfrastructure	843,121	685,232	1,002,042	973,861	30%	-3%
Skills Development Finance	153,328	-	77,485	77,485	100%	0%
ManagementUrban	10,382	2,038	2,038	2,020	-1%	-1%
Settlement Development	-	-	-	-	-	-
Public Transport Network	-	-	-	-	-	-
Grant Integrated	-	-	-	-	-	-
City Development	1,945	18,000	10,000	9,981	0%	0%
GrantNeighbourhood	-	-	-	-	-	-
Development Partnership	-	-	-	-	-	-
Grant	-	-	542	-	0%	0%
Buffalo City Metro	1,579	-	-	-	-	-
Transport (BCMETS)	- 1,579-	---	---	---	0%0%0%	0%0%0%
FundingOther	-	-	-	-	0%	0%
transfers/grants [insert description]	-	-	-	-	-	-
Provincial Government:	13,811	-	-	-	0%	0%
Local Govt & Traditional Affairs	-	-	-	-	-	-
Local Govt & Traditional Affairs Department	-	-	-	-	-	-
of PublicWorksOther	-	-	-	-	-	-
transfers/grants [insert description]	-	-	-	-	-	-
District Municipality:	- 13,811	--	--	--	0%0%	0%0%
Other grant providers:	-	-	-	-	-	-
Salaida/Gavle	-	-	-	-	-	-
BCMDA	-	-	-	-	-	-
Total Capital Transfers and Grants	1,024,224	712,419	1,098,557	1,069,736	33%	-3%

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.

T 5.2.1

COMMENT ON TRANSFERS AND GRANTS: PURPOSE OF GRANTS & TRANSFERS RECEIVED

Finance Management Grant

To promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA).

In the 2020/2021 financial year, the Metro had eight interns serving in the Municipal Finance Management Programme (MFMP). The allocated grant funding of R1 million was fully spent by appointing interns that served in the MFMP; furthermore, the funding was utilized to support the training of municipal officials and interns in financial management.

Infrastructure Skills Development Grant

To strengthen the capacity of local government to effectively and efficiently deliver quality infrastructure, by increasing the pool of skills available and to facilitate lifelong learning and the transfer of knowledge to municipalities. To sustain infrastructure related capacity in local government.

The Metro spent 67% (R7.26 million) of its 2020/2021 ISDG adjusted budget of R10.81 million in the year under review. The contributing factor towards the underspending of R3.55 million on ISDG is due to the following:

- i. Delays in the appointment of two new Land Survey interns and two mentors due to scarcity of suitable local unemployed graduates.
- ii. Implementation of the national lockdown in response to the outbreak of the Coronavirus pandemic resulted in low expenditure due to the halting of all developmental interventions for the interns.

Expanded Public Works Programme

To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in compliance with the EPWP guidelines. To improve the quality of life of poor people and increase social stability through engaging the unemployed in productive activities.

The grant funding of R8.45 million was fully spent to incentivise the following EPWP IG projects:

1. Buffalo City Call 2 Action for Good Green Deeds Support: Public Private Partnership Programme implemented with BKCoB targeting East London coastal areas and West Bank Industrial precinct.
2. Buffalo City Revitalization Programme: A social sector programme aimed at providing psycho-social support to school learners including out of school unemployed youth through a range of thematic programmes e.g. career guidance and development, sport coaching, drama, theatre and video and film production including performance.
3. Data capturers and administrator's support programme: Provide administrative and EPWP Data Management Services to all EPWP Projects implemented by BCMM.
4. Community based childcare support programme: The programme is an Early Childhood Development Support Programme targeting informal ECD Centres and practitioners with no formal training and prepare and equip them with required training and support to run ECDC effectively and efficiently.
5. Women and Youth in Agriculture Project: To create a socio-economic viable and sustainable youth and women empowerment.
6. Survey to Service: To create a socio-economic viable and sustainable youth.

Urban Settlement Development Grant

To supplement the capital revenue of metropolitan municipalities in order to implement infrastructure projects that promote equitable, integrated, productive, inclusive and sustainable urban development. To provide funding to facilitate a programmatic, inclusive and municipality-wide approach to upgrading informal settlements.

The Metro spent 97% (R1.082 billion) of its 2020/2021 USDG adjusted budget of R1.110 billion in the year under review.

Public Transport Network Grant

To provide funding for accelerated construction and improvement of public and non-motorised transport infrastructure that form part of a municipal integrated public transport network and to support the planning, regulation, control, management and operations of fiscally and financially sustainable municipal public transport network services.

The grant was funding the following projects in the 2020/2021 financial year:

1. The Review of BCMM Business Plan and Operation Plan
2. Upgrading of Qumza Highway
3. Upgrading of Mdantsane Access Road

The Metro spent 100% (R78.22 million) of its 2020/2021 rollover budget of R78.37 million in the year under review.

Integrated City Development Grant

To provide a financial incentive for metropolitan municipalities to achieve a more compact urban spatial form through integrating and focusing their use of available infrastructure investment and regulatory instruments. The grant allocated was R8.22 million and only 35% (R2.89 million) of the allocated grant was spent. The operational budget component of the ICDG experienced expenditure challenges in 2020/2021 due to the introduction of the new Cities Infrastructure Projects and Programme Preparation Facility (CIPPPF) by National Treasury.

Neighbourhood Development Partnership Grant

To plan, catalyse, and invest in targeted locations in order to attract and sustain third party capital investments aimed at spatial transformation, that will improve the quality of life, and access to opportunities for residents in South Africa's under-served neighbourhoods, generally townships.

The Metro spent 100% (R10 million) of its 2020/2021 NDPG budget of R10 million in the year under review.

Energy Efficiency Demand Side Management Grant

To provide subsidies to municipalities to implement Energy Efficiency and Demand Side Management (EEDSM) initiatives within municipal infrastructure in order to reduce electricity consumption and improve energy efficiency.

The Metro spent 100% (R 6.3 million) of its 2020/2021 EEDSMG budget of R6.3 million in the year under review.

T 5.2.2

Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant 2019/2020	Actual Grant 2020/2021	Year 2020/2021 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
Parastatals						
Department of Human Settlements	103,353	7, 283	0	N/A	0	The creation of sustainable and integrated human settlements that enable an improved quality of household life and access to basic services
Foreign Governments/Development Aid Agencies						
Salauda/ Gavle	74	442	0	N/A	0	An inter-governmental agreement aimed at poverty alleviation and sustained development.
Library Subsidy	15,870	15,870	0	N/A	0	To transform urban and rural community library infrastructure, facilities and services
Local Government Sector Education & Training Authority Fund (SETA)	3,680	2,929	0	N/A	0	The key focus must be to address scarce and critical skills through programmes that are designed to address needs which include such skills as work integrated learning.
Provide a comprehensive response to this schedule						T 5.2.3

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:

Housing - Human Settlement Development Grant

The grant is utilized for the construction of top structures (construction of the dwelling except for internal services infrastructure) for human settlement developments.

All projects in the approved business plan must be aligned with the integrated development plan (IDP) and the spatial development framework of municipalities as well as the built environment performance plan (BEPP) for metropolitan municipalities. The provincial business plans must reflect relevant allocations, targets and outputs as agreed and approved with the respective municipalities.

Salauda/ Gavle

The partnership between Sweden and Buffalo City Metropolitan Municipality was formed to strengthen local democracy, improve competence and capacity among the parties in their developmental role as service providers through mutual transfer of knowledge and to promote economic growth.

Local Government Sector Education & Training Authority Fund (SETA)

This grant is informed by the Skills Development Levies Act; the municipality is compelled to pay 1% of the workers’ pay to the skills development levy. The municipality gets back some of the money back from SETA as a refund if they train their workers. Funding is used to fund the education and training programmes as contained in Workplace Skills Plan (WSP) and Annual Training Report (ATR) of SETA.

Library Subsidy

The City has an agreement with the Department of Sports, Recreation, Arts & Culture (DSRAC) for the running of the libraries within the jurisdiction of Buffalo City Metropolitan Municipality, therefore the grant is transferred to the City to fund the operations of the libraries.

BCMM applied to National Treasury for the rollover of R116.71 million on the following 2020/2021 unspent grant:

- 1. Urban Settlement Development Grant – R28.18 million
- 2. COVID-19 Equitable Share Allocation – R88.53 million

T 5.2.4

5.2 ASSET MANAGEMENT INTRODUCTION TO ASSET MANAGEMENT

BCMM has two asset management divisions within Finance Directorate that are both responsible for the management of Assets, being;

- Asset Reporting and Insurance division, and
- Corporate Asset Management division.

Both divisions liaise with asset custodians (user Departments) to ensure accurate asset reporting, adequate insurance and full asset management of all assets that are owned by the Council.

Staff compliment for asset reporting section is twenty one staff members, and fifteen for Corporate Asset Management division delegated to the General Manager Corporate Asset Management under the direct supervision of the Chief Finance Officer. Corporate Asset Management division is a newly established section and has not yet been fully filled with staff personnel as yet because of the moratorium and all the posts have been submitted for Job evaluation processes to ensure that proper task grades are used.

All directorates within BCMM have each delegated two individuals per division to assist with assets related issues. These staff members have been trained on unbundling of assets and asset capitalisation.

All staff members in Asset Reporting and Insurance have been trained on basic asset management, and asset capitalisation and they all possess the necessary qualifications.

A full asset management training is planned for the 2020/21 financial year to ensure that staff is fully capacitated in the implementation of the new ERP system and SOP’s that are aligned to both GRAP and CIDMS. This will be achieved through out a collaboration between the service provider and assistance from GTAC.

BCMM is currently in use of the approved Movable Asset Management Policy and Immovable Asset Policy. Both policies are aligned to GRAP standards and are reviewed when necessary to ensure compliance with the changes in legislation and regulations. These approved policies amongst other things outline the following key elements but not limited to:

- Roles and responsibilities
- Classification of assets
- Accounting for property, plant and equipment
- Accounting policy applicable to each class of assets
- Annual updating of the asset registers
- Depreciation methods per each class of assets

BCMM is in the process of developing a fully integrated asset management system, to ensure that all council assets are accounted for in one system that is fully integrated with the main financial management systems and other sub-systems that are used by other Departments to manage the Municipal assets, this will further enhance the capacity of this Department and influence the amendment of the existing policies together with the organogram.

T 5.3.1

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2020/2021				
Asset 1				
Name	Property, Plant, Equipment			
Description	Roads Provision			
Asset Type	Roads			
Key Staff Involved				
Staff Responsibilities				
	2017/2018	2018/2019	2019/2020	2020/2021
	86,000,000	157,619,365	129,387,029	75,310 ,085
Asset Value				
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				
Asset 2				
Name	Property, Plant, Equipment			
Description	Bulk Electricity Provision			
Asset Type	Electricity			
Key Staff Involved				
Staff Responsibilities				
	2017/2018	2018/2019	2019/2020	2020/2021
	109,668,569	58,800,000	93,637,583	87,376,595
Asset Value				
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				
Asset 3				
Name	Property, Plant, Equipment			
Description	Qumza Highway Phase 7 - Phase 1 & 2			
Asset Type	Roads			
Key Staff Involved				
Staff Responsibilities				
	2017/2018	2018/2019	2019/2020	2020/2021
	45,000,000	89,415,000	188,000,000	43,164,797
Asset Value				
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				

COMMENT ON ASSET MANAGEMENT

The negative economic conditions put a lot pressure on the aging municipal infrastructure assets due to repairs and maintenance needs that are competing with other immediate needs of service delivery. This is posing a threat to the sustainability of the City’s infrastructure assets especially the underground assets.

Even though asset creation and management continues to be a key focus for the City, as it is the area from which services are delivered to the inhabitants of the Municipality and subsequently the primary area of revenue generation it becomes difficult for the City with the available and very limited financial resources.

User directorates within the City are responsible for the acquisition, management, control, safeguarding and disposal of all municipal assets under their control in line with the Asset Management and Disposal policies of the City. Corporate Asset Management Department is responsible for the coordination of the Asset Management function to assist the City in maintaining a complete asset register, in compliance with the requirements of the MFMA 56 of 2003.

In terms of the Asset Disposal Policy, municipal user directorates are required to identify assets that are no longer required for the delivery of minimum municipal services and recommend for disposal to the approved Disposal Committee.

A service provider has been appointed to assist with development of a fully integrated and GRAP compliant asset management system which includes the review and updating of the existing asset management policies and asset maintenance plans.

In deciding on the projects to implement, the relevant Buffalo City Metropolitan Municipality user directorates undertake needs analyses to establish the communities’ priorities based on the approved IDP and the approved available budget. This information is then fed into the SDBIP and used to implement the approved priorities including the creation of assets.

T 5.3.3

Repair and Maintenance Expenditure: 2020/2021				
R’ 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	394 483	385 433	385 869	2%
T 5.3.4				

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

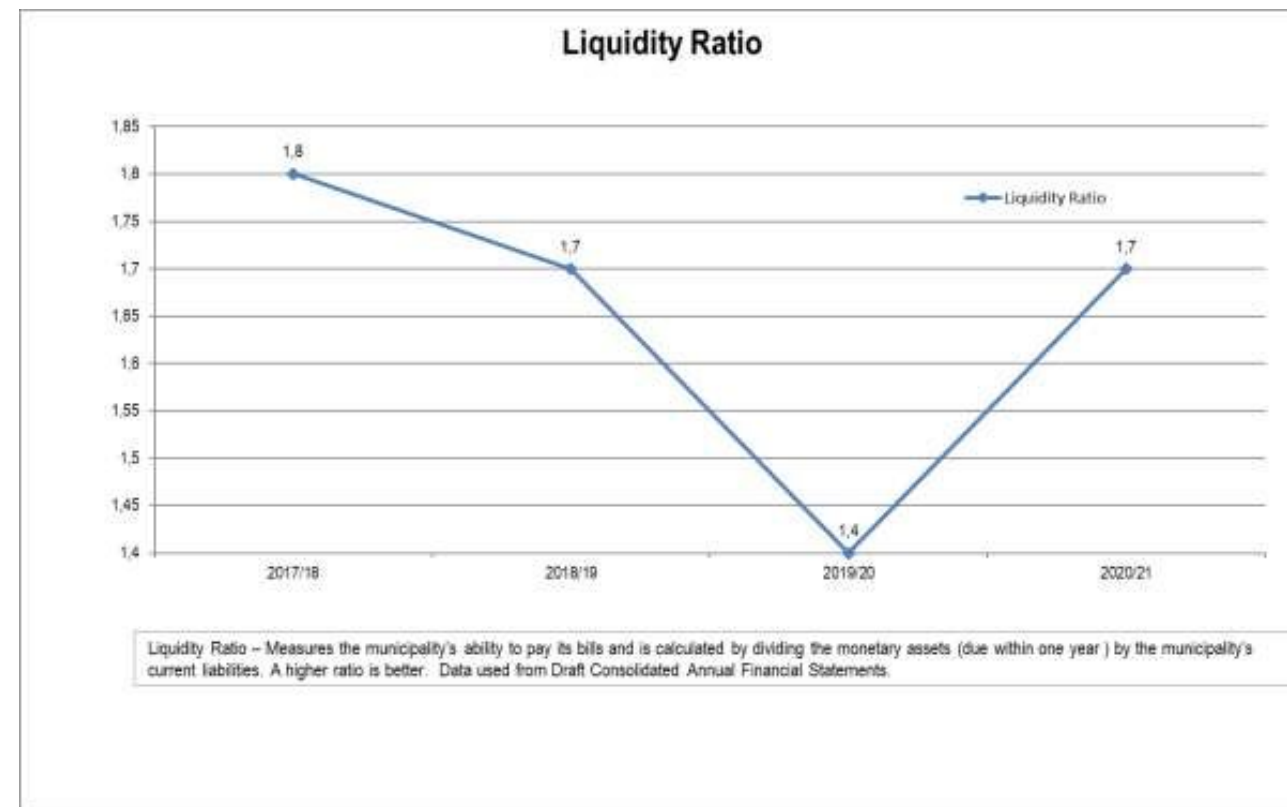
BCMM has consistently on average spent an average of 90% of its repairs and maintenance Budget. However, contrasting the adequate expenditure to the conditional assessment of the movable and movable assets, the current repairs and maintenance expenditure and budget reflect that the amount allocated for repairs and maintenance is not sufficient to ensure that assets do not depreciate at accelerated rates. The City has consistently budgeted an average of 6% for repairs and maintenance whereas the National Treasury norm dictates that we need to budget for repairs and maintenance at a margin of 8% - 10% of Property Plant and Equipment.

The main challenge in achieving the 8% is the use of the revaluation model to value Property Plant and Equipment. The City’s infrastructure repairs and maintenance programme is complemented by the renewal and upgrading of existing assets capital programme.

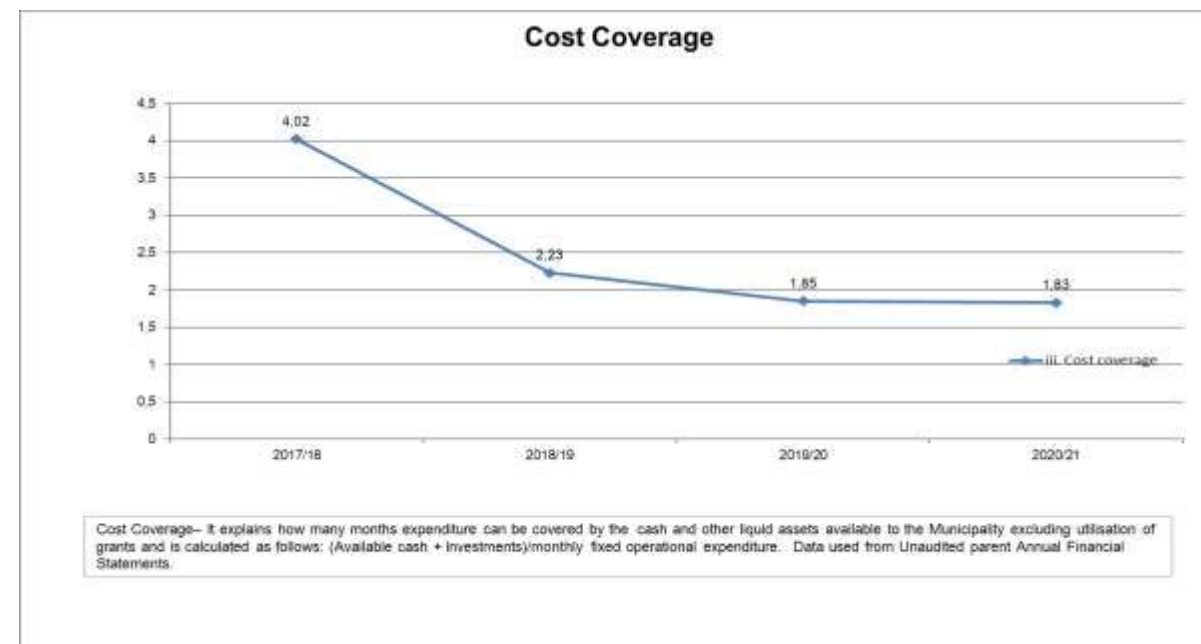
In the 2020/2021 financial year, the City allocated R1.106 billion in the upgrading and renewal programme that complements the repairs and maintenance.

T 5.3.4.1

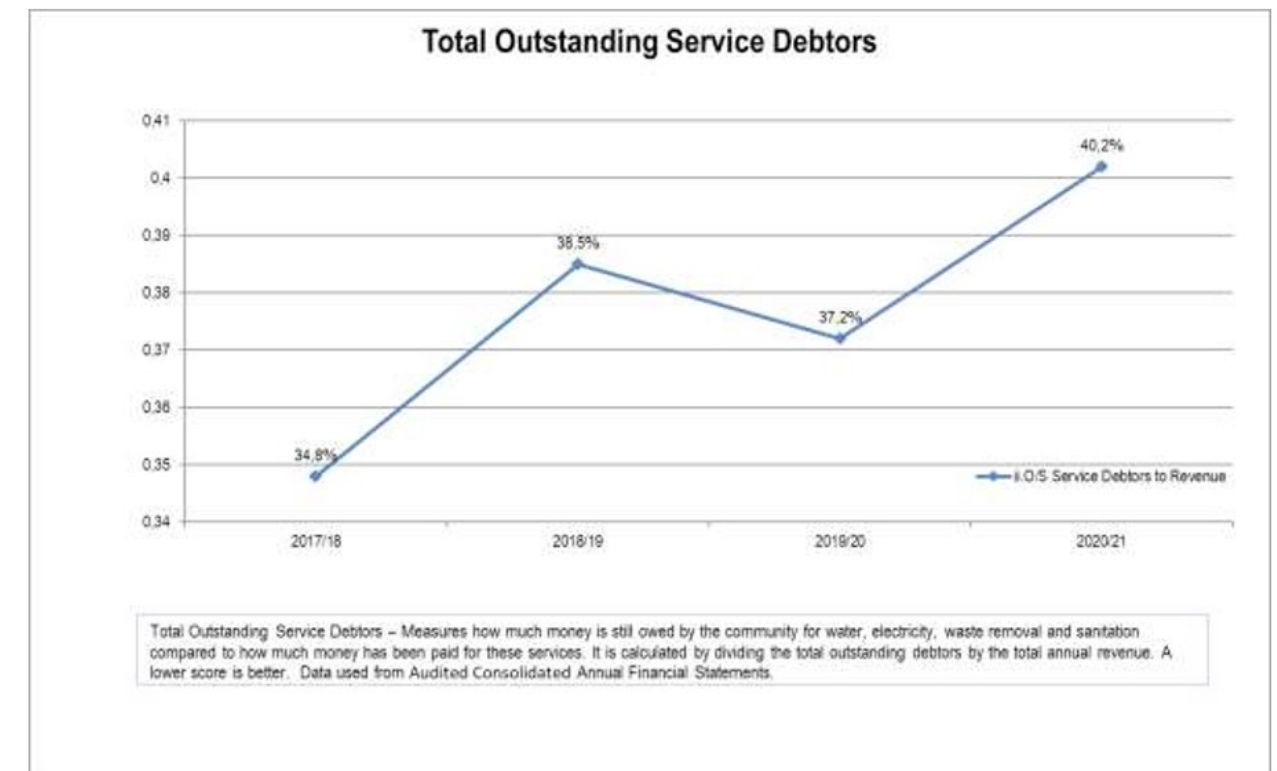
5.3 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



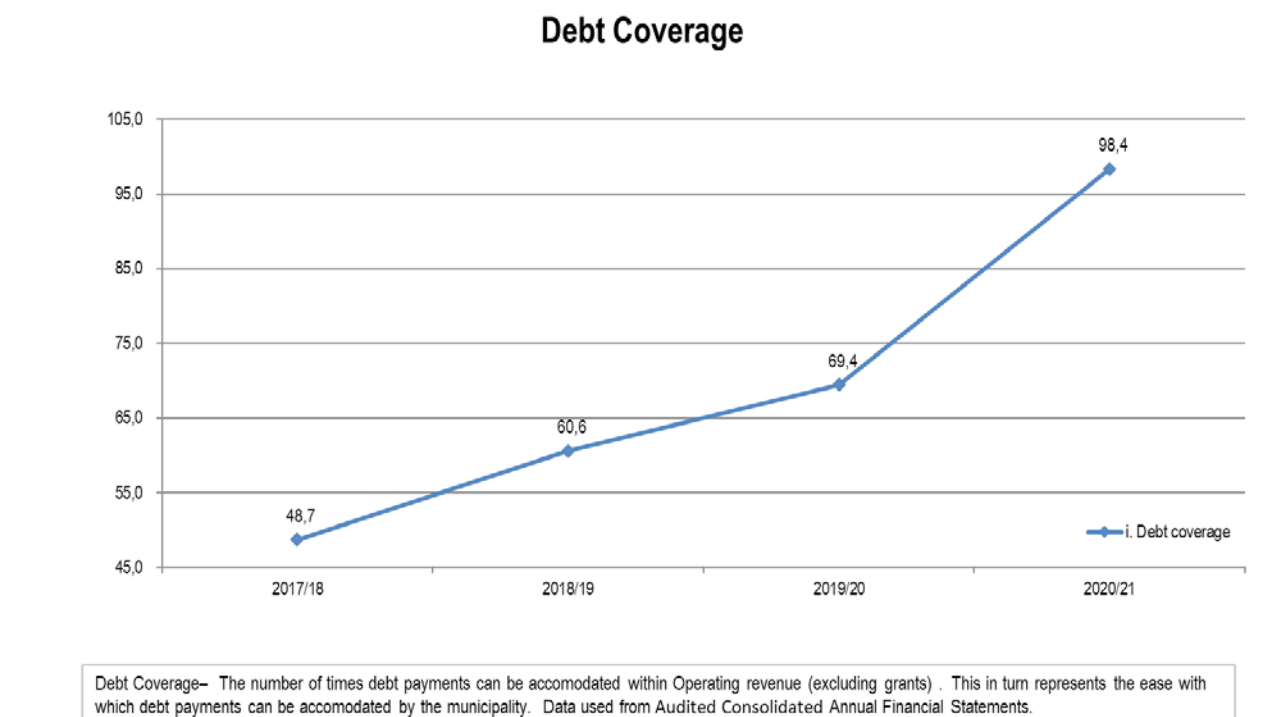
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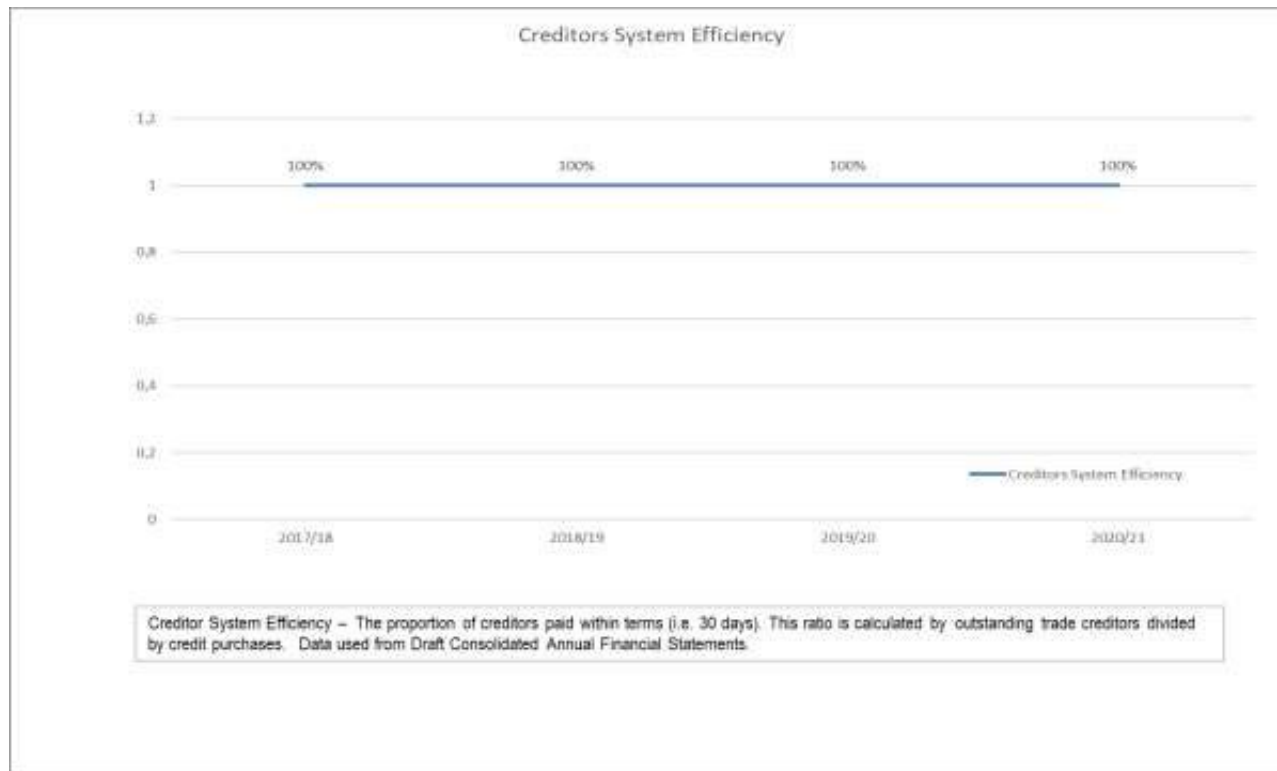
T 5.4.2



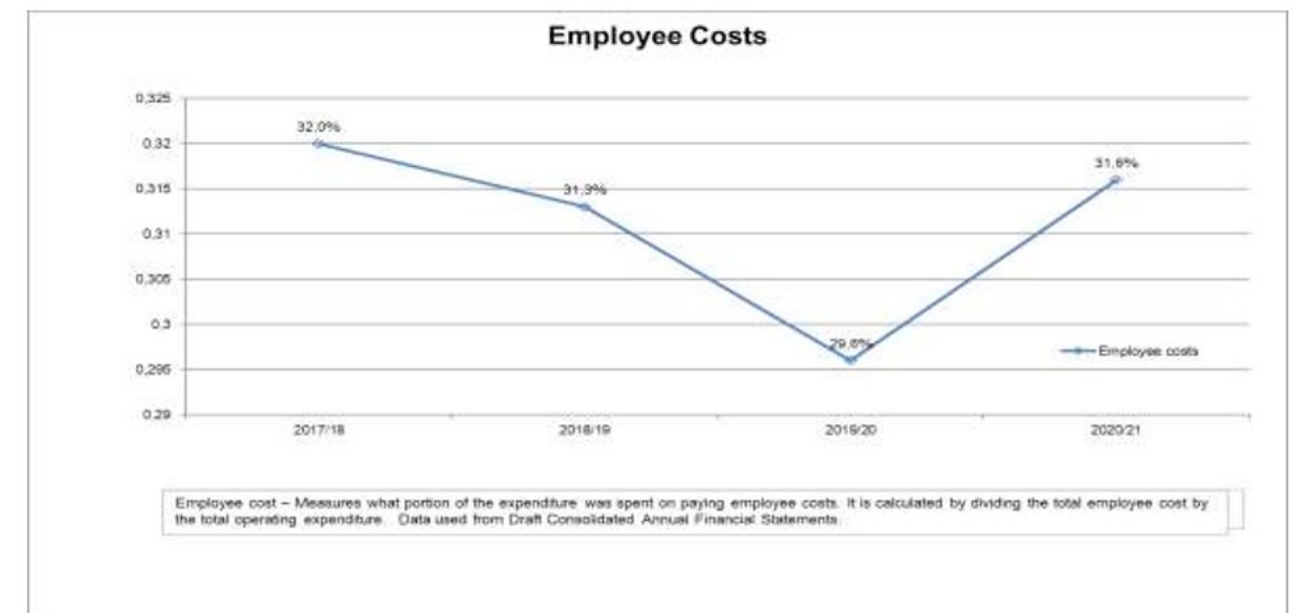
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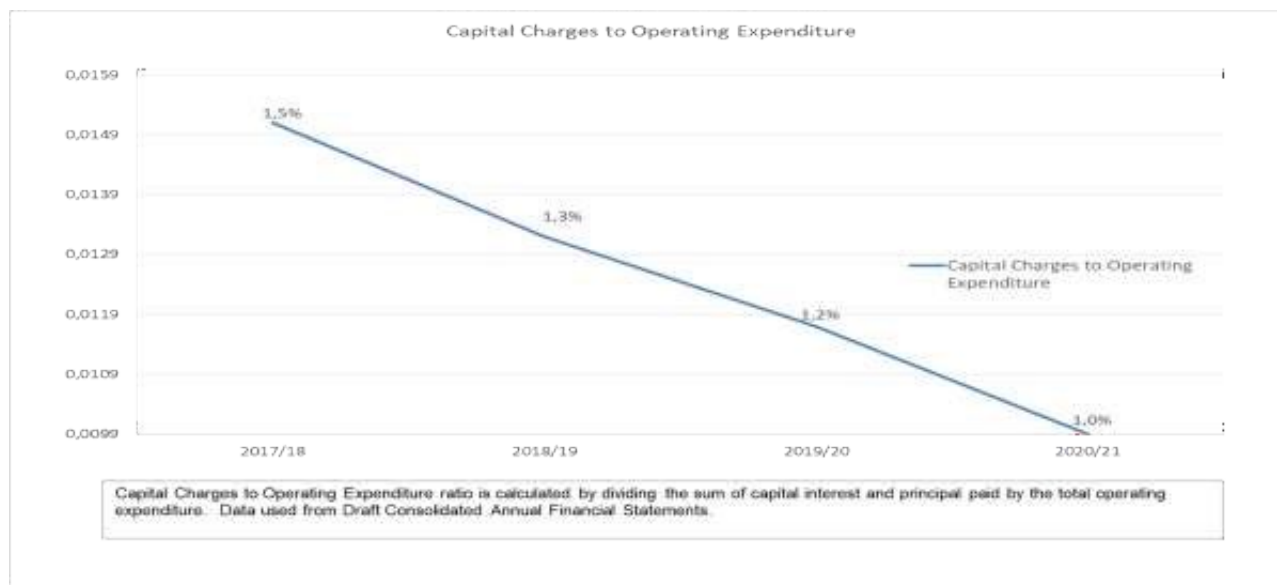
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T 5.4.5

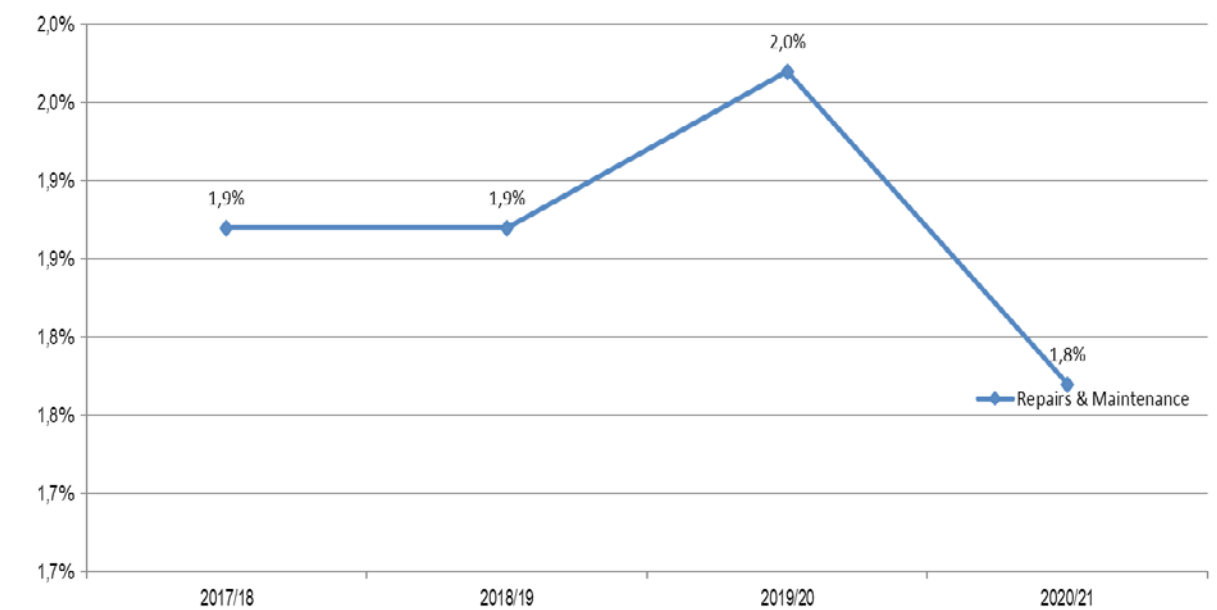


T 5.4.7



T 5.4.6

Repairs & Maintenance



Repairs and Maintenance – This represents the proportion total Repairs and Maintenance when compared with Property, Plant and Equipment at carrying value. Data used from Audited Consolidated Annual Financial Statements.

T.5.4.8

COMMENT ON FINANCIAL RATIOS:

Liquidity Ratio: The rate of 1.7:1 is regarded as being within the National Treasury norm that ranges between 1.5 - 2 : 1. The ratio measures the municipality's ability to meet its Current Liabilities. A lower ratio indicates a situation of weakened liquidity position. The City still is able to pay Current Liabilities with available Current Assets but is investigating Revenue Enhancement Strategies in order to strengthen the Current Asset position.

Cost Coverage: This ratio explains how many months' expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants. This rate is at 1.8 months and is within the National Treasury norm of between 1 - 3 months.

Total Outstanding Service Debtors: The rate of outstanding service debtors is currently at 40.2%. Outstanding debtors continue to be a focus for the City which is continuously implementing methods to decrease this rate to be within a manageable level. The City continues to explore efforts to decrease outstanding services debtors and therefore improve its Collection Ratio above the budget of 90.5%.

Debt Coverage: It reflects the number of times debt payments can be made within operating revenue (excluding grants). This in turn represents the ease with which debt payments can be made by the City. This rate continues to improve; it is 98.4% as at 30 June 2021. This indicates that the City's long-term debt is decreasing and is due to the Metro not taking up additional loan funding during 2020/2021 financial year. The City however, currently in the process of taking up additional loan funding which in the future will drive this ratio down as loan funding is used to fund Capital Projects.

Efficiency: The City maintains its policy to pay its creditors within 30 days. The constant 100% payment levels to creditors highlights this achievement.

Capital Charges to Operating Expenditure: The rate is 1% in 2020/2021 financial year. BCMM is currently in the process of taking up new loan facility which will have a direct impact on this ratio.

Employee Costs as a percentage of Operating Expenditure: The rate of 31.6% is within the norm of 25% - 40%.

Repairs and maintenance as a percentage of Total Revenue (excl. Capital Transfers and Contributions): This represents the proportion total Repairs and Maintenance when compared with Property, Plant and Equipment and Investment Property at carrying value. The rate remains below the norm of 8% for the City as it remains stable at 1.8%. The City is augmenting its assets maintenance programme by using part of its own funding towards capital investment on renewal of existing assets.

T 5.4.9

COMPONENT B:

SPENDING AGAINST CAPITAL BUDGET INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

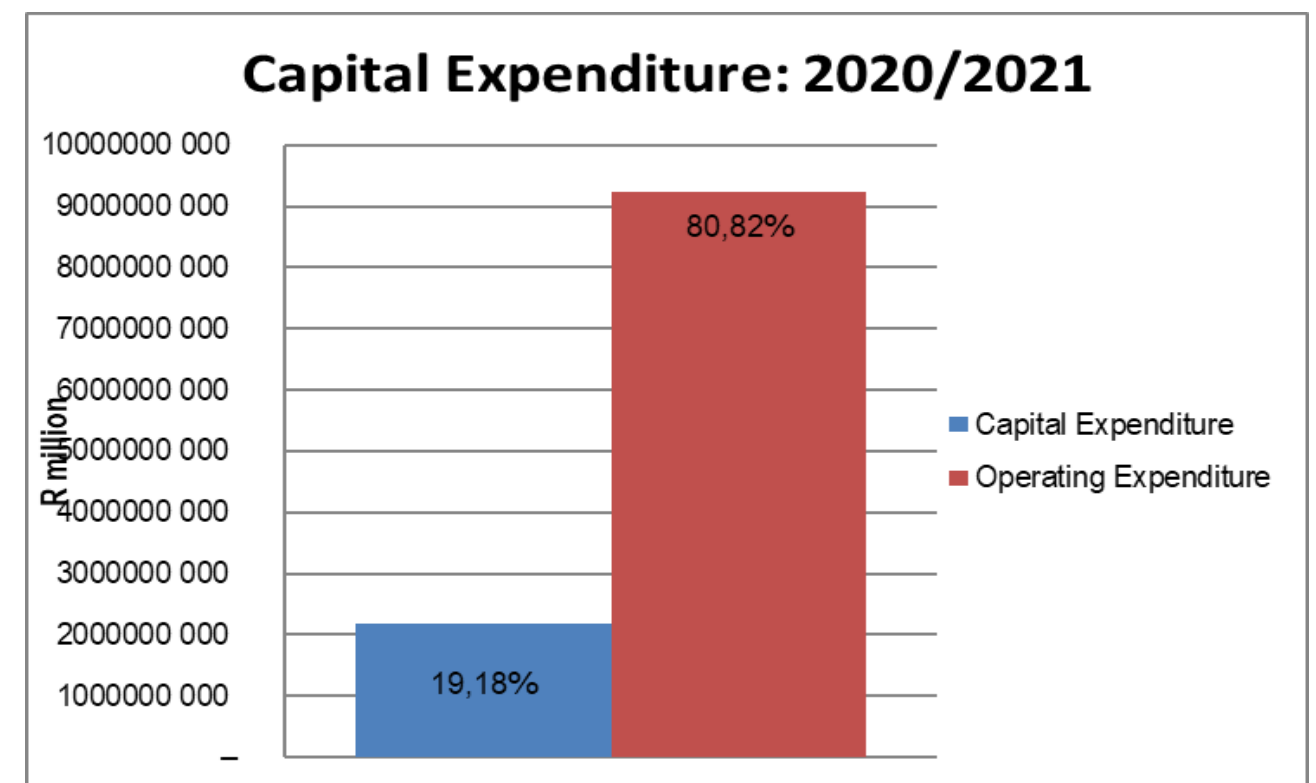
The City had a capital budget of R2.189 billion of which R1.690 billion (inclusive of vat) which equates to 77% was spent. Own funded projects had a budget of R1.091 billion and R0.620 billion (57%) of the budget was spent. Grant funded projects had a budget of R1.098 billion and R1.069 billion which equates to 97% was spent.

Renewal of existing assets represent 51% (R1.106 billion) of the total capital budget while new assets equates to 49% (R1.083 billion) in the 2020/2021 financial year.

The 5 largest capital projects of the City in the 2020/2021 financial year were the following: -

- Bisho, KWT and Zwelitsha Bulk Regional Sewerage Scheme - Phase 2 Zwelitsha WWTW: the project was allocated 2% of the City's capital budget.
- BCMM Fleet, Plant and Specialised Equipment and Specialised Solid Waste Vehicles: the project was allocated 2% of the City's capital budget.
- Roads Provision - Replacing Existing Infrastructure: the project was allocated 3% of the City's capital budget.
- Bulk Electricity Infrastructure Upgrade: the project was allocated 4% of the City's capital budget.
- Qumza Highway Phase 7 - Phase 1 & 2: the project was allocated 2% of the City's capital budget.

T 5.5.0

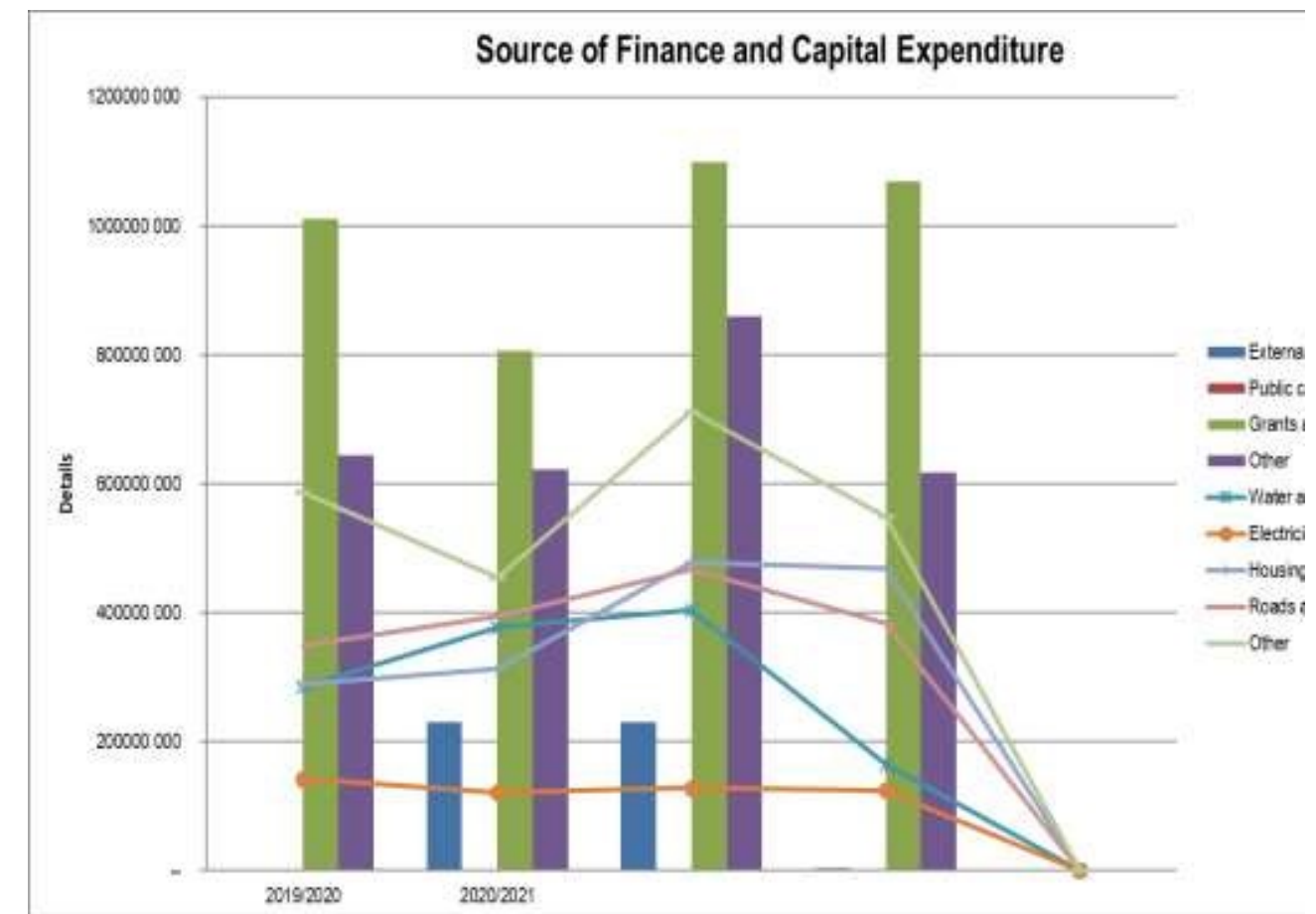


T5.5.1

5.5 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: 2019/2020 to 2020/2021							
R' 000							
Details		2019/2020	2020/2021				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans	–	230,800	230,800	3,079	0,00%	-98,67%
	Public contributions and donations	–	–	–	–	0,00%	0,00%
	Grants and subsidies	1,010,413	806,419	1,098,557	1,069,736	36,23%	32,65%
	Other	643,816	622,769	860,389	617,287	38,16%	-0,88%
Total		1,654,229	1,659,989	2,189,745	1,690,102	74,38%	-66,89%
Percentage of finance							
	External loans	0,0%	13,9%	10,5%	0,2%	0,0%	147,5%
	Public contributions and donations	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	Grants and subsidies	61,1%	48,6%	50,2%	63,3%	48,7%	-48,8%
Capital expenditure							
	Water and sanitation	285,220	376,992	403,780	164,461	7,11%	-56,38%
	Electricity	142,930	121,377	128,403	124,127	5,79%	2,27%
	Housing	289,003	312,493	478,316	468,089	53,06%	49,79%
	Roads and storm water	349,729	395,147	466,920	383,743	18,16%	-2,89%
	Other	587,347	453,980	712,327	549,681	56,91%	21,08%
Total		1,654,229	1,659,989	2,189,745	1,690,102	141,03%	13,88%
Percentage of expenditure							
	Water and sanitation	17,2%	22,7%	18,4%	9,7%	5,0%	-406,2%
	Electricity	8,6%	7,3%	5,9%	7,3%	4,1%	16,3%
	Housing	17,5%	18,8%	21,8%	27,7%	37,6%	358,8%
	Roads and storm water	21,1%	23,8%	21,3%	22,7%	12,9%	-20,8%
	Other	35,5%	27,3%	32,5%	32,5%	40,4%	151,9%

T5.6.1



COMMENT ON SOURCES OF FUNDING:

The City had a total budget of R11.416 billion of which R2.190 billion (19%) towards the City's capital budget. The City spent R1.690 billion inclusive of VAT budget which equates to 77%.

Own funded projects had a budget of R1.091 billion and R0.620 billion (57%) was spent. Grant funded projects had a budget of R1.098 billion and R1.069 equates to 97% was spent. Government Grants and subsidies continue to comp significant portion of the funding utilized for capital expenditure.

The municipality is using the revaluation method to account for its assets and the municipality to raise funding through depreciation for renewal and refurbishment assets. This assists the municipality to contributing towards capital budget fund

Explanation on variations that are more than 10% is detailed below:

CAPITAL EXPENDITURE AND FUNDS SOURCES

Borrowing

The Metro had initially budgeted for the loan funding of the Reeston Tunnel project, however due to delays in finalizing the financing contractual arrangements, this in turn affected the finalization of the project tender process timeously.

Internally generated funds

Covid-19 lockdown restrictions have negatively affected performance on projects as it delayed and disrupted implementation of projects; however, most of the projects are already awarded and the funding of such projects is fully committed.

T 5.6.1.1

5.6 CAPITAL SPENDING ON LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
Name of Project	Current: 2020/2021			Variance: Current 2020/2021	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A - Bisho, KWT and Zwelitsha Bulk Regional Sewerage Scheme - Phase 2 Zwelitsha WWTW	50 000	43 847	38 483	23%	12%
B - BCMM Fleet, Plant and Specialised Equipment and Specialised Solid Waste Vehicles	35 000	35 000	34 467	2%	0%
C - Roads Provision	75 310	75 310	69 407	8%	0%
D - Bulk Electricity Infrastructure Upgrade(Ring-Fenced 4% of the Total Electricity Revenue)	87 377	87 377	85 689	2%	0%
E - Qumza Highway Phase 7 - Phase 1 & 2	43 165	43 165	37 690	13%	0%
* Projects with the highest capital expenditure in Year 2019/2020					
Name of Project - A	Bisho, KWT and Zwelitsha Bulk Regional Sewerage Scheme - Phase 2 Zwelitsha				
Objective of Project	Provision of bulk sanitation existing and future developments				
Delays	No delays, multi year programme				
Future Challenges	Additional funding is required				
Anticipated citizen benefits	Entire municipality will benefit				
Name of Project - B	BCMM Fleet, Plant and Specialised Equipment and Specialised Solid Waste				
Objective of Project	To procure plant for BCMM				
Delays	None				
Future Challenges	Additional funding is required				
Anticipated citizen benefits	Entire municipality will benefit				
Name of Project - C	Roads Provision				
Objective of Project	To rehabilitate existing urban roads in BCMM				
Delays	None				
Future Challenges	This is an ongoing project aimed at improving the condition of roads infrastructure in BCMM. It will be ongoing for a number of years.				
Anticipated citizen benefits	All the residents of BCMM				
Name of Project - D	Bulk Electricity Infrastructure Upgrade (Ring-Fenced 4% of the Total Electricity Revenue)				
Objective of Project	The Upgrading of Electrical infrastructure, broken down into MV/LV Network, MV switching				
Delays	None				
Future Challenges	N/A				
Anticipated citizen benefits	All the residents of BCMM as there would be less interruption of electrical supply.				
Name of Project - E	Qumza Highway Phase 7 - Phase 1 & 2				
Objective of Project	Alleviate traffic congestion and improve safety of road users				

COMMENT ON CAPITAL PROJECTS:

Bisho, KWT and Zwelitsha Bulk Regional Sewerage Scheme - Phase 2 Zwelitsha WWTW – The budget was adjusted downwards from R50 million to R44 million resulting in a decrease amounting to R6 million. The actual expenditure when compared to adjusted budget equates to 88%.

BCMM Fleet, Plant and Specialised Equipment and Specialised Solid Waste Vehicles: The adjusted budget has remained the same at R35 million from the original budget. The actual expenditure when compared to adjusted budget equates to 98%.

Roads Provision The adjusted budget has remained the same at R75 million from the original budget. The actual expenditure when compared to adjusted budget equates to 92%.

Bulk Electricity Infrastructure Upgrade (Ring-Fenced 4% of the Total Electricity Revenue) The adjusted budget has remained the same at R87 million from the original budget. The actual expenditure when compared to adjusted budget equates to 98%.

Qumza Highway Phase 7 - Phase 1 & 2 - The adjusted budget has remained the same at R43 million from the original budget. The actual expenditure when compared to adjusted budget equates to 87%.

T5.7.1.1

5.7. BASIC SERVICE AND INFRASTRUCTURE BACKLOGS - OVERVIEW INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

Electricity

BCMM implement electrification project to provide first time electrical services to RDP houses through the USDG funding. The service connections provided by BCMM is above the minimum standard of 20 amps. Each RDP house receives a 40 amps supply. Occupation of the houses is essential as it has been found that when not occupied the installation is vandalized informal dwellings that meet the electrification criteria receive the same service connections of 40 amps.

BCMM has recognized that informal settlements are an urban reality, at least in the medium term, and will be the only form of housing available to many residents and therefore have taken the decision to electrify informal areas. The electrification of informal areas has proceeded at a slow pace and BCMM undertook a visit to the City of Cape town to investigate the process they have implemented as leaders in informal electrification. BCMM have approved a standard operating procedure, that details the roll of all relevant directorates to ensure safe and compliant electrification and other engineering services.

Set out below are the basic requirement that need to be considered during the planning stage of informal electrification:

The settlement should be close to existing infrastructure and is in a position where electrification is practicable and not encumbered by any of the following elements:

- Servitude
- Road or rail reserve
- Flood prone area
- Environmental issues
- Storm water retention or detention pond
- Private land
- Unstable land
- Any other health or safety hazard.

The settlement is stable and has a least a basic layout that has considered the elements above (i.e. there is no further growth or relocation planned for the foreseeable future)

Water and Sanitation Services

BCMM is known as a rural metro due to the percentage of rural component within the municipal jurisdiction. Population growth does impacts on the municipality's ability to address water services delivery backlogs. As much as the demographics state a 60:40 urban to rural split, there has been a few rural developments growing in the proximity of the urban edge, due to people moving out of urban areas. This provides additional stress to water resources as the developments require higher levels of service, which results in increase in unauthorised water

connections, leading to low water pressure, water interruptions in some areas, and water losses.

The other factors that hold back eradication of backlogs is the increased demand for services in the informal settlements which are uncontrolled and rapidly increasing. Sanitation backlogs are only found in rural areas and a few informal settlements due to historical inherited from the Transitional Local Councils, increasing population, and the village extensions.

Housing

BCMM has ± 108,000 prospective beneficiaries contained in the National Housing Needs Register (NHNR). The Informal Settlement Study that was approved by BCM Council in 2012 states that BCMM has 154 informal settlements within the urban areas. However, the growth and mushrooming of informal settlement never stopped ever since the study was developed and approved by Council. The BCMM has set aside a budget of R2,5 million for a review of the informal settlement study. The project will be executed in two financial years which are 21/22 and 22/23.

The Directorate of Human Settlements is facing the rapid urbanisation of number of people migrating to the City, seeking for employment opportunities, universities and other social amenities. The majority of these people are unemployed, they opt to reside at the informal settlements and further increase the existing number of people residing under health hazardous conditions that need emergency assistance. There is also a rapid trend of disaggregation of families, some building shacks in the backyards, hence the municipality has ± 40,000 backyarders. So, the demand for houses is increasing rapidly and this is making difficult for the Municipality to address the shortage of houses, as the Metro is depending on the budget provided by Human Settlements, National Treasury and the availability of suitable land.

One of the challenges that needs to corrected is that BCMM housing delivery has been biased towards residents who are residing in informal settlements. This informal settlement biasness has created an outcry by the households who are in National Housing Needs Register (NHNR), blue card holders and back yarders. The Directorate of Human Settlements Integrated Sustainable Human Settlement Plan (ISHSP) has brought a paradigm shift in terms of human settlements provision in the BCMM. However, this paradigm shift proposed in the ISHS needs to be implemented and monitored.

The Directorate of Human Settlements requires 150 hectares of land annually in order to make a significant dent on 108,000 potential beneficiaries that contained in the National Housing Needs Register (NHHR). However, it has been a challenge meet the need due to various constraints such lack of enough budget, cooperation and synergy between Human Settlements and Spatial Planning and Development directorates. The 150h of land would yield to +- 5,000 RDP/ BNG housing units and that could make a significant dent to the housing backlog in BCMM.

Waste Management

Buffalo City Metropolitan Municipality experiences a backlog on waste management services because of inward migration of people towards urban settlement, relocations, and the increase of informal settlements. Affected areas that form backlog during the year under review include Ducats North, Second Creek, Silvertown and Maclean town which are new developments. However, such areas have been incorporated in the revised refuse collection schedule which is already implemented at Midlands and to be implemented in 2021 at Coastal region.

T 5.8.1

Service Backlogs as at 30 June Year 2020/2021 Households (HHs)				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	250,530	99%	2 947	1%
Sanitation	242,891	96%	10 646	4%
Electricity	132,423	77,95%	37459	22,05%
Waste management	132,423	98%	0	0%
Housing	108,000	0.43%	0	0%
% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and **informal settlements.				
T 5.8.2				

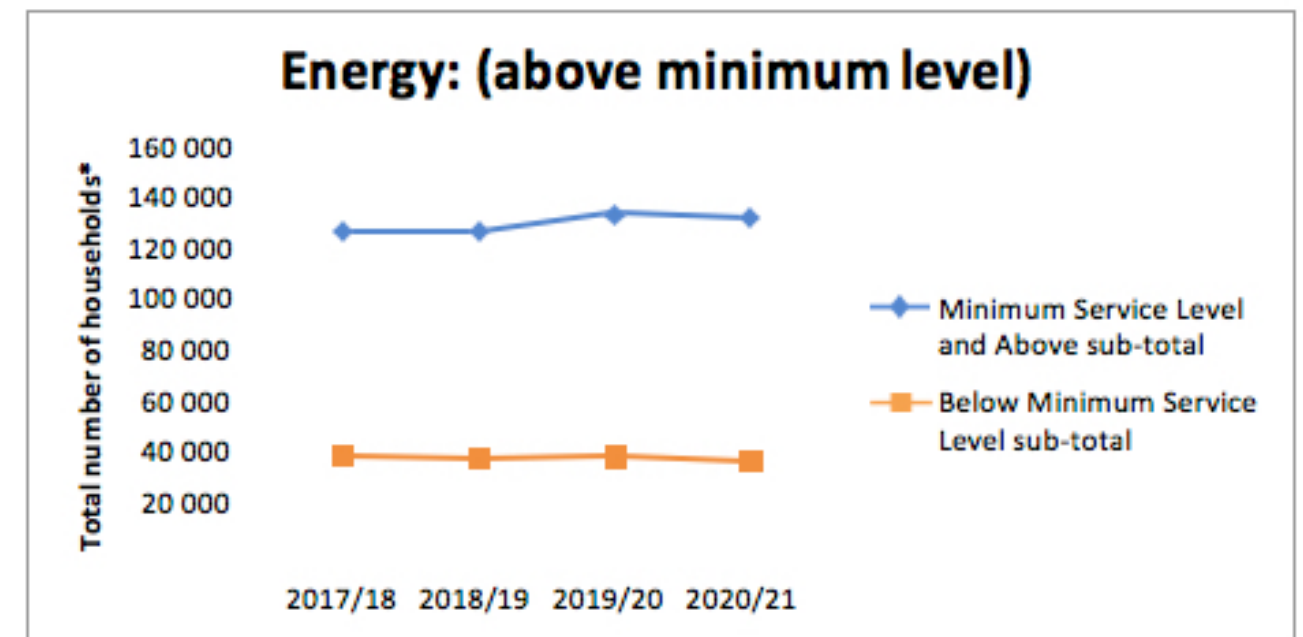
Urban Settlement Grant (USDG)* Expenditure 2020/2021 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjust- ments Budget	
ELECTRICITY	19,000	27,226	26,795	-41%	2%	must be spent on the provision of individual basic services to households living in informal settlements either through in-situ upgrades, relocation or integrated development projects.
HUMAN SETTLEMENTS	311,993	478,345	468,618	-50%	2%	
LOCAL ECONOMIC DEVELOPMEN	–	21,773	21,773	0%	0%	
ROADS	186,297	254,244	254,244	-36%	0%	
SPATIAL PLANNING	–	6,221	6,221	0%	0%	
EPMO	18,272	22,084	22,084	-21%	0%	
TRANSPORT PLANNING	52,500	62,940	60,880	-16%	3%	
WASTE MANAGEMENT	–	19,207	11,362	0%	41%	
WASTE WATER	118,000	154,040	145,974	-24%	5%	performance matrix and SDBIP aligned to the IDP, to the National Department of Human Settlements and National Treasury.
WATER	55,291	64,096	64,044	-16%	0%	
Total	761,354,000	1,110,176,535	1,081,995,470	-42%	3%	
<i>*USDG is intended to provide the municipalities with funds to supplement Capital Investment Programmes in terms of the provisions of the Division of Revenue Act (DoRA) for infrastructure development and is directly linked to planning and implementation of human settlements programmes in urban areas. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>						T 5.8.3

COMMENT ON BACKLOGS

Electricity

A per the standard definition backlogs are considered only within the formal RDP housing sector. In BCMM the backlog in RDP formal housing is owing to new houses completed during new developments taking place within the year, this number fluctuates at between 1,500 and 2,000 which remain un-electrified for a short period of time.

BCMM have taken the decision to electrify informal dwellings this back log sets at 37000. A new standard operating procedure has been implemented to speed up the electrification of informal areas in developable areas.



In Eskom's area of supply, the backlog is mainly caused by extensions to already electrified villages, the main hold back on the extension being electrified is that many of them do not meet electrification guidelines of having a formal layout plans.

Water and Sanitation Services

The migration of people from rural areas to urban areas and migration of people to rural areas closest to town results in a huge demand of water and sanitation services at BCMM. Also, the huge increase in demand for water and sanitation services as a result of mushrooming informal settlements within our city. Another contributing factor is the growth in population that impact on BCMM's ability to address service delivery backlogs. However, sanitation backlogs are only found in rural areas due to historical backlogs, increased population and the village extensions.

Housing

The Directorate has a huge housing backlog, depending on the budget provided by Human Settlements and National Treasury and availability of land, implementation is done

accordingly. In 19/20 financial year the housing backlog was 104,286 the number was up to 108,000 in 20/21 financial year.

Waste Management

Backlogs regarding Solid Waste Management services are as the result of a knock-on-effect from human settlement development. All Metros and Secondary Cities are confronted by inward migration of people towards urban settlement, and this put pressure on Metros and Secondary Cities to focus on Human Settlement development and BCMM is facing the same challenges. BCMM provides solid waste removal services to all urban households (formal and informal). Any backlog is attended through the expansion of refuse removal services to all new housing/human settlement areas as notified by BCMM Human Settlement Directorate. On average, BCMM has a backlog on refuse removal at Ducats North, Second Creek, Silvertown and Maclean town (3% of the urban node). Such backlogs were addressed and incorporated into refuse removal schedule during 2020/21 financial year.

T 5.8.4

COMPONENT C:

CASH FLOW MANAGEMENT AND INVESTMENTS INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Managing the cash resources of BCMM remains a key requirement to ensure the liquidity of the Municipality in order to meet its financial obligations, both currently and into a sustainable future.

Cash flow is actively monitored by BCMM, with daily cash flows being prepared and reported on in order to provide a clear indication of the current cash position. This enables the Municipality to meet its obligations as they become due. Both major revenue (grants, equitable share and high revenue inflow periods, etc.) and expenditure (bulk purchases and loan repayments, etc.) categories have been identified and accounted for appropriately to ensure that repayments are made on time and that surplus funds are invested in order to earn a favourable return on investment.

The effects of the global economic crisis are a cause of concern to the Metro as they impact on revenue-generating ability and the ability to maintain a favourable cash flow position. Operations have settled, and tight cash controls have ensured that cash optimization in spending occurs, rather than a focus on cash generation. The area of revenue collection requires close attention in order to ensure a favourable cash flow position is maintained so that this position can be improved. The collection of outstanding debtors is critical to the financial sustainability of the Metro.

BCMM makes payment to creditors within the terms specified by suppliers, ensuring that investments remain in place in order to maximise the interest-earning potential whilst also ensuring safety of the principal of any surplus funds. Investment diversification is in practice at BCMM, in an attempt to minimise risk and maximise interest earning potential.

T 5.9



5.8 CASH FLOW

Cash Flow Outcomes				
Description	2019/20	Current: Year 2020/21		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property rates, penalties & collection charges	1 468	1 527	1 527	1 589
	355	339	339	415
	3 180	3 209	3 209	3 937
Service charges	242	775	775	345
	70	814	815	(623
Other revenue	395	239	708	308)
	987	1 230	1 515	1 206
Government - operating	005	979	265	249
	1 010	808	1 100	1 069
Government - capital	413	929	535	736
	192	134	125	160
Interest	690	121	750	710
Dividends	–		–	–
Payments				
	(4 880	(5 982	(6 108	(5 796
Suppliers and employees	981)	718)	037)	552)
	(32	(44	(25	(25
Finance charges	564)	211)	770)	757)
	(91	(115	(125	(61
Transfers and Grants	469)	981)	263)	999)
NET CASH FROM/(USED)	1 904	1 582	2 035	1 455
OPERATING ACTIVITIES	087	471	302	838
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
	10			36
Proceeds on disposal of PPE	373	–	–	769

Cash Flow Outcomes				
Description	2019/20	Current: Year 2020/21		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Decrease (Increase) in non-current debtors	–	–	–	–
Decrease (increase) other non-current receivables	–	–	–	–
Decrease (increase) in non-current investments	–	–	–	–
Payments	(1 654	(1 660	(2 189	(1 666
Capital assets	409)	239)	745)	515)
NET CASH FROM/(USED) INVESTING	(1 644	(1 660	(2 189	(1 629
ACTIVITIES	036)	239)	745)	746)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	–	–	–	–
		230	230	
Borrowing long term/refinancing		800	800	–
Increase (decrease) in consumer deposits	–	–	–	–
Payments				
	(57	(54	(55	(54
Repayment of borrowing	974)	396)	668)	396)
NET CASH FROM/(USED) FINANCING	(57	176	175	(54
ACTIVITIES	974)	405	133	396)
NET INCREASE/ (DECREASE) IN CASH HELD	202	98	20	(228
	078	637	690	303)
	1 171	1 007	1 004	1 373
Cash/cash equivalents at the year begin:	633	121	603	711
Cash/cash equivalents at the year end:	1 373711	1 105758	1 025293	1 145407
Source: MBRR A7 T 5.9.1				

COMMENT ON CASH FLOW OUTCOMES

The net cash flows used in operating activities have decreased significantly from R 1.930 billion when compared with R 1.455 billion at 30 June 2021. The main contributing factor is Contracted services expenditure did not realise the budget for the item which was the major contributing factor for the variance realised between actual outcome as a percentage of the final budget.

Cash flow from investing activities have decreased when comparing R 1.644 billion to R 1.629 billion on 30 June 2021.

The cash flow summary clearly indicates the decrease in Cash and Cash Equivalent at year- end from R 1.373 billion up to R 1.145 billion at 30 June 2021. The net impact is a decrease in cash and cash equivalents at year end.

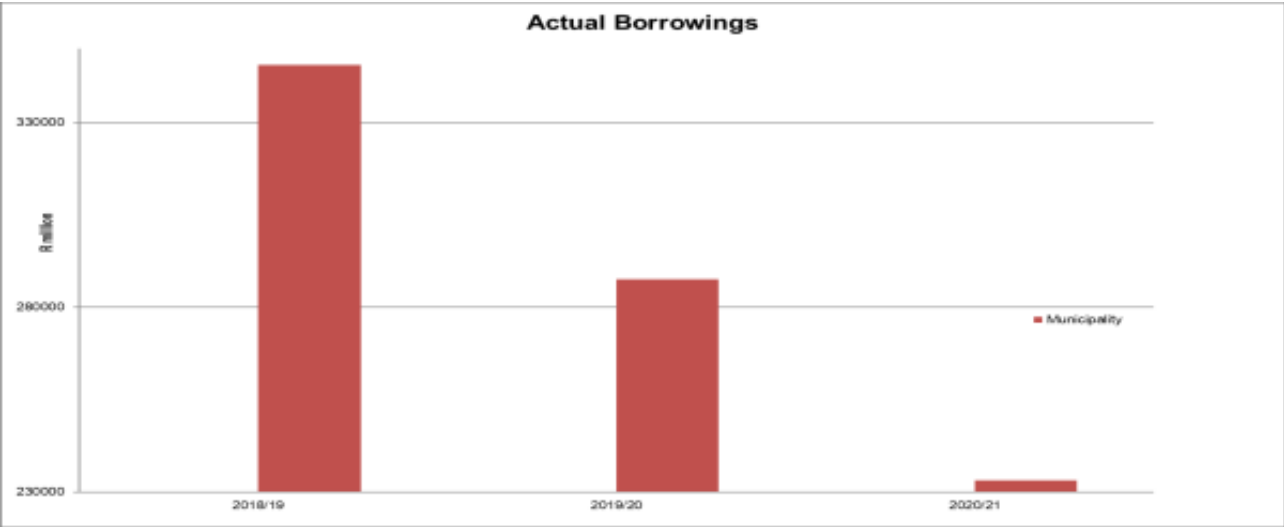
T 5.9.1.1

5.9 BORROWING AND INVESTMENTS INTRODUCTION TO BORROWING AND INVESTMENTS

The Metro’s current loans balance total R233 million as outstanding when compared with R287 million for 2019/2020. No additional borrowings were taken up during the year under review. The City is currently servicing its debt quarterly with two financial institutions, namely Rand Merchant Bank and The Development Bank of Southern Africa. The City is currently in the process of taking up additional loan funding.

T 5.10.1

Actual Borrowings: 2018/2019 - 020/2021			
R' 000			
Instrument	2018/19	2019/20	2020/21
Municipality			
Long-Term Loans (annuity/reducing balance)	345,554	287,580	233,185
Municipality Total	345,554	287,580	233,185
T 5.10.2			



T 5.10.3

Municipal and Entity Investments			
R' 000			
Investment* type	2018/19	2019/20	2020/21
	Actual	Actual	Actual
Municipality			
Deposits - Bank	924,619	1,118,866	894,631
Consolidated total:	924,619	1,118,866	894,631
T 5.10.4			

COMMENT ON BORROWING AND INVESTMENTS:

The City's investments held with financial institutions have decreased from R 1.118 billion to R 0.894 million in 2020/2021. The Metro has not taken up new loan funding during 2021/21.

T 5.10.5

COMPONENT D:

OTHER FINANCIAL MATTERS

5.10 OTHER FINANCIAL MATTERS

No Public Private Partnerships (PPP) concluded during the year under review.

T5.11.1

5.11 SUPPLY CHAIN MANAGEMENT

BCMM endeavours to make procurement information accessible to suppliers, with the purpose of enhancing planning, accountability and oversight. The City's SCM system is premised on section 217 of the South African Constitution which must be, fair equitable, transparent, competitive and cost effective.

The revised BCMM Supply Chain Management Policy in June 2020 had to ensure that it takes effect to specifics regarding the sub-contracting of contractors, in that subcontracting must specifically give priority to BCMM locality and suppliers except when it's not practical to do so.

BCMM's SCM function comprises of the following critical components:

- Demand Management and Supplier Development Section
- Acquisitions Section (Buying and contracts)
- Logistics, Warehouse and Disposal Sections
- Risk and Compliance Management Section and
- Contracts Performance Management Section

Notably, the Supply Chain Management Policy Review that has been undertaken in the 2020/21 financial year reflect the following amendments:

1. Adopting Circular 106 on Local Government for infrastructure Delivery and Procurement Management, and its prescripts that were also incorporated under Section 29(10) of the BCMM SCM Policy.

2. Include the statement in the Sections 15, 16 and 17 of the BCMM SCM policy: "compel bidders to declare any conflict of interest they may have in the transaction for which the quotation is submitted through the completion of the MBD 4 document", to comply with section 21(c) of the SCM regulations.

An Audit Improvement Plan (AIP) has been developed as a progressive tool where all matters raised during the audit are dealt with and reported in the relevant structures of

Council. The AIP is a tool developed as a review process with the intent of monitoring issues raised.

An Audit Improvement Plan (AIP) has been developed as a progressive tool where all matters raised during the audit are dealt with and reported in the relevant structures of Council. The AIP is a tool developed as a review process with the intent of monitoring issues raised.

Also, there are three out of five senior managers that have reached the prescribed levels required for their positions. There are two that are yet to reach the necessary competency levels.

T 5.12.1

5.12 GRAP COMPLIANCE GRAP COMPLIANCE


Generally Recognized Accounting Practice (GRAP), provides the regulations and guidelines which municipalities are required to maintain their financial accounts.

BCMM complies with all GRAP provisions. The financial statements have been prepared using an accrual accounting bases and are in accordance with historical cost convention, unless otherwise specified.

The preparation of the financial statements are in accordance with the Municipal Finance Management Act (MFMA) and effective standards of GRAP, further included are any interpretations and directives issued by the Accounting Standards Board (ASB). This has occurred in accordance with Section 122(3) of the MFMA. The annual financial statements are prepared on the basis that the municipality is a going concern and that has neither the intention nor the need to liquidate or materially scale down its operations.

T 5.13.1



An aerial photograph of Buffalo City, South Africa, showing the city's layout, roads, and the Indian Ocean coastline. A large, stylized white '06' is superimposed over the right side of the image. The number '0' is a simple circle, while the '6' has a more complex, angular design.

BUFFALO CITY METROPOLITAN MUNICIPALITY

ANNUAL REPORT

CHAPTER SIX

AUDITOR GENERAL - **AUDIT FINDINGS**

CHAPTER 6 - AUDITOR GENERAL AUDIT FINDINGS INTRODUCTION

INTRODUCTION

The Annual Financial Statements were prepared and presented to the Auditor General by 31 August 2021 in compliance with the legislative requirements detailed in section 126(1)(a) of the Municipal Finance Management Act, No 56 of 2003. The audit was completed by the Auditor General with the audit opinion being signed on the 28 February 2022

T 6.0.1

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS: 2019/2020

6.1 AUDITOR GENERAL REPORT 2019/2020 (PREVIOUS YEAR)

Auditor-General Report on Financial Performance 2019/2020*	
Status of audit report:	Qualified
Non-Compliance Issues	Remedial Action Taken
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 current and non-current liabilities, current assets and expenditure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.
Revenue internal controls:	An Audit Improvement Plan has been prepared detailing the audit findings together with the required
<ul style="list-style-type: none"> Revenue due to the municipality was not calculated on a monthly basis, as required by section 64(2)(b) of the MFMA. Accounts for municipal service charges were not prepared on a monthly basis, as required by section 64(2)(c) of the MFMA. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA. 	corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.
The sale of water revenue disclosed in note 23 to the financial statements is materially understated. It is impracticable to determine the full extent of this understatement due to the following: <ul style="list-style-type: none"> Properties were identified for which water was not billed and management was not able to revisit the entire population to determine which properties should be billed or should not be billed. Monthly meter readings or records of historical consumption were not available and an estimated value of misstatement was recalculated which was material. 	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.
The irregular expenditure disclosed in note 57 to the financial statements is materially understated. It is impracticable to determine the full extent of this understatement. This is a repeat unresolved issue from the prior period.	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.

Auditor-General Report on Financial Performance 2019/2020*	
Status of audit report:	Qualified
Non-Compliance Issues	Remedial Action Taken
Some of the goods and services with a transaction value of above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Similar non-compliance was also reported in the prior year.	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.
Some of the bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8(2). Similar non-compliance was also reported in the prior year.	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.
Irregular expenditure register for the restated amount is not complete. Various non-compliance matters identified in the prior financial year resulting in irregular expenditure had not been restated. The full extent could not be determined.	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.
Reeston housing project. Constitutional court ruled the contract invalid however the municipality were instructed to pay the outstanding amounts or R89,6million to Reeston as the contractual obligation remained.	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.
Unjustifiable contract extension. Recurring contract extensions on an annual (rate based) contract relating to a contract for advertising and marketing resulted in irregular expenditure. In addition, not all expenditure were in terms of the specifications of the contract. (R16.7million) Insufficient audit evidence to confirm that the contract used for Covid-19 expenditure was concluded in compliance with legislation. "Legacy" contract originally entered into in 2001 and used for a Covid-19 related project for water and sanitation found to be irregular in a number of instances. The contract was entered into prior to the introduction of the MFMA and management did not submit the relevant information on all its "legacy contracts" to National Treasury on the adoption of the MFMA in 2003. Impracticable to determine the full extent.	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review. An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.
Splitting of quotation and information tenders. Inadequate planning and lack of coordination between user departments and SCM resulted in multiple awards to the same contract being made which appeared to be splitting of quotations. Impracticable to determine the full extent.	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.

Auditor-General Report on Financial Performance 2019/2020*	
Status of audit report:	Qualified
Non-Compliance Issues	Remedial Action Taken
Supplier interest in state R1.7million. Supplier submitted false declaration during prior period audit and the municipality did not institute appropriate investigation into the matter as committed to in the prior year with continued expenditure being incurred.	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.
Delay between the period of closing tender and appointment of the contractor. Impracticable to determine the full extent.	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.
Reasonable steps were not taken to prevent unauthorised expenditure amounting to R17,6 million, as disclosed in note 55 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by over expenditure of debt impairment which is a non-cash item.	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.
Consequence management. Not all investigations were conducted for the 2017/18 and 2018/19 financial year for irregular expenditure and no investigations were done for fruitless and wasteful expenditure for the past two financial years. • Some of the irregular expenditure incurred by the	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.
municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA. • Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.	
T 6.1.1	

Auditor-General Report on Service Delivery Performance: 2019/2020*	
Status of audit report:	No audit opinion expressed
Non-Compliance Issues	Remedial Action Taken
The performance management system and related controls were inadequate as it did not describe how the performance measurement, review, reporting and improvement processes should be conducted, organised and managed, as required by municipal planning and performance management regulation 7(1).	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.
<p>A Spatially transformed city Material findings were raised on the following indicators and targets within this strategic objective:</p> <ul style="list-style-type: none"> The lack of standard operating procedures instituted by the user directorates Lack of alignment to the requirements of the technical indicator descriptions <p>Limitation misstatements:</p> <ul style="list-style-type: none"> Number of new sewer connections meeting minimum standards 	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.
<ul style="list-style-type: none"> Number of new water connections meeting minimum standards Percentage of wastewater safely treated Number of formal sites serviced Number of ablution facilities constructed (seats) Percentage compliance of water treatment works with SANS 241 requirements Percentage of households with access to basic level of sanitation Percentage of water connections metered 	
T 6.1.2	

COMPONENT B:

AUDITOR-GENERAL OPINION 2020/2021 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT 2020/2021 (CURRENT YEAR)

Auditor-General Report on Financial Performance 2020/2021*	
Status of audit report:	Qualified
Non-Compliance Issues	Remedial Action Taken
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 non-current assets and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected. The remaining uncorrected material misstatements of irregular expenditure has resulted in the financial statements receiving a qualified audit opinion.	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.
Some of the goods and services with a transaction value of above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids. Similar non-compliance was also reported in the prior year.	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.
Some of the construction contracts were awarded to contractors that did not qualify for the contract in accordance with section 18(1) of the CIDB Act 38 of 2000 and CIDB regulations 17 and 25(7A). This non-compliance was identified in capital expenditure incurred as apart of the municipality's annual contracts.	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.
The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b)(ii) of the MFMA.	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.
The contract performance and monitoring measures were not in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.

Auditor-General Report on Financial Performance 2020/2021*	
Status of audit report:	Qualified
Non-Compliance Issues	Remedial Action Taken
Reasonable steps were not taken to prevent irregular expenditure in contravention of section 62(1)(d) of the MFMA. The full extent of the irregular expenditure could not be quantified, The majority of the irregular expenditure was caused by transgressions in SCM legislation.	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.
Some of the irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.
The SCM policies and procedures were inadequate to ensure fairness, competitiveness and transparency when procuring goods and services. This together with the lack of monitoring of contracts already procured, resulted in non-compliance with SCM regulation.	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.
The daily and monthly disciplines required by management were inadequate to account for all the financial and performance processes of the municipality. Furthermore, management did not prepare regular, accurate and complete financial and performance reports supported and evidenced by reliable information.	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.
Material irregularity identified: Unbilled water revenue: Not all consumers were billed for water services. A number of properties were identified as having water connections or having access to water for which the consumer was not billed. This resulted in non-compliance with section 64(2)(b) of the MFMA, which requires revenue due to the municipality to be calculated on a monthly basis. The municipality suffered a financial loss of R9.6million included in income forgone – sale of water of R36million.	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.

T6.2.1

Auditor-General Report on Service Delivery Performance: 2020/2021*	
Status of audit report**:	No audit opinion expressed
Non-Compliance Issues	Remedial Action Taken
The performance management system and related controls were inadequate as it did not describe how the performance measurement, review, reporting and improvement processes should be conducted, organised and managed, as required by municipal planning and performance management regulation 7(1).	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.
A Spatially transformed city Adequate systems and processes were not established to enable consistent measurement and reliable reporting of performance against the predetermined indicator definitions. This resulted in the inability to obtain sufficient appropriate audit evidence for the reported achievements in the annual performance report, as well as the reasons for variances between the planned targets and reported achievements for the following indicators: <ul style="list-style-type: none"> Percentage compliance of water treatment works with SANS 241 requirements Percentage of water connections metered 	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.
Material misstatements identified that were not corrected have been reported above.	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.

T6.2.2

AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: 2020/2021

T6.2.3

Auditor-General of South Africa

Buffalo City Metropolitan
Municipality and its municipal
entity

Audit report for the year ending
30 June 2021

Report of the auditor-general to the Eastern Cape Provincial Legislature and the council on Buffalo City Metropolitan Municipality and its municipal entity

Report on the audit of the consolidated and separate financial statements

Qualified opinion

1. I have audited the consolidated and separate financial statements of the Buffalo City Metropolitan Municipality and its municipal entity (the group) set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2021, the statement of financial performance, statement of changes in net assets, and cash flow statement and the statement of comparison of budget information with actual amounts for the year then ended, as well as notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matter described in the basis for qualified opinion section of my report, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the group as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 4 of 2020 (Dora).

Basis for qualified opinion

Irregular expenditure

3. The municipality did not fully record irregular expenditure in the notes to the consolidated and separate financial statements, as required by section 125(2)(d) of the MFMA. This was because expenditure incurred in contravention of the supply chain management (SCM) legislation was not detected and appropriately disclosed in the consolidated and separate financial statements. Consequently, I was unable to determine the full extent of the understatement of irregular expenditure, stated at R2,7 billion (2019-20: R2,5 billion) in note 59 to the consolidated and separate financial statements as it was impracticable to do so.

Context for the opinion

4. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the consolidated and separate financial statements section of my report.

5. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

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

Restatement of corresponding figures

8. As disclosed in note 52 to the consolidated and separate financial statements, the corresponding figures for 30 June 2020 have been restated as a result of errors identified in the consolidated and separate financial statements of the municipality at, and for the year ended, 30 June 2021.

Material losses and impairments

9. As disclosed in notes 12 and 13 to the consolidated and separate financial statements, material impairment allowances of R817,6 million (2019-20: R655,3 million) and R1,9 billion (2019-20: R1,5 billion) were made against receivables from non-exchange and exchange transactions, respectively.
10. As disclosed in note 39 to the consolidated and separate financial statements, the municipality incurred material electricity losses of R368,2 million (2019-20: R295,1 million), which represents 22,8% (2019-20: 19,4%) of total electricity purchased. These losses arose from technical losses which are inherent in the supply of electricity and non-technical losses due to illegal connections, theft, faults and billing errors.
11. As disclosed in note 39 to the consolidated and separate financial statements, the municipality incurred material water losses of R125,5 million (2019-20: R126,1 million), which represents 36,3% (2019-20: 36,3%) of total water purchased. These losses incurred as a result of ageing infrastructure, unbilled water consumption and theft or illegal use.

Other matter

12. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited disclosure note

13. In terms of section 125(2)(e) of the MFMA, the municipality and its municipal entity are required to disclose particulars of non-compliance with this legislation. This disclosure requirement did not form part of the audit of the consolidated and separate financial statements and, accordingly, I do not express an opinion thereon.

Responsibilities of the accounting officer for the consolidated and separate financial statements

14. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the Standard of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.
15. In preparing the consolidated and separate financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the consolidated and separate financial statements

16. My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.
17. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

18. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected strategic outcome presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

19. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
20. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected strategic outcome presented in the municipality's annual performance report for the year ended 30 June 2021:

Strategic outcome	Pages in the annual performance report
Strategic outcome 4: A spatially transformed city	x – x

21. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
22. The material findings on the usefulness and reliability of the performance information of the selected strategic outcome are as follows:

Strategic outcome 4: A spatially transformed city

Various indicators

23. Adequate systems and processes were not established to enable consistent measurement and reliable reporting of performance against the predetermined indicator definitions. As a result, I was unable to obtain sufficient appropriate audit evidence for the reported achievements in the annual performance report, as well as the reasons for variances between the planned targets and reported achievements. I was unable to confirm reported achievements and the reasons for variances by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements and the reasons for the variances for the indicators listed below.

Indicator description	Planned targets	Reported achievement
Percentage of wastewater safely treated	75%	74%
Percentage compliance of water treatment works with SANS 241 requirements	98%	98%

Indicator description	Planned targets	Reported achievement
Percentage of water connections metered	98%	89%

Other matters

24. I draw attention to the matters below.

Achievement of planned targets

25. Refer to the annual performance report on pages x to x; x to x for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph 23 of this report.

Adjustment of material misstatements

26. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of strategic outcome 4: a spatially transformed city. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

27. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

28. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

29. 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 non-current assets and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected. The remaining uncorrected material misstatement of irregular expenditure has resulted in the financial statements receiving a qualified audit opinion.

Strategic planning and performance management

30. The performance management system and related controls were inadequate as it did not describe how the performance measurement, review, reporting and improvement processes should be conducted, organised and managed, as required by municipal planning and performance management regulation 7(1).

Expenditure management

31. Reasonable steps were not taken to prevent irregular expenditure, in contravention of section 62(1)(d) of the MFMA. The full extent of the irregular expenditure could not be quantified, as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by transgressions of SCM legislation.

Procurement and contract management

32. Some of the goods and services with a transaction value of above R200 000 were procured without inviting competitive bids, in contravention of SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was also reported in the prior year.

33. Some of the construction contracts were awarded to contractors that did not qualify for the contract in accordance with section 18(1) of the Construction Industry Development Board (CIDB) Act 38 of 2000 and CIDB regulations 17 and 25(7A). This non-compliance was identified in the capital expenditure incurred as part of the municipality's annual contracts.

34. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.

35. The contract performance and monitoring measures were not in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA.

Consequence management

36. Some of the irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Other information

37. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report and the selected strategic outcome presented in the annual performance report that have been specifically reported in this auditor's report.

38. My opinion on the consolidated and separate financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
39. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected strategic outcome presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
40. I did not receive the other information prior to the date of this report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

41. I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
42. Leadership's oversight responsibility to ensure credible and reliable financial and performance reporting, as well as compliance with legislation, was limited due to inadequate coordination and monitoring between directorates of the municipality.
43. The SCM policies and procedures were inadequate to ensure fairness, competitiveness and transparency when procuring goods and services. This, together with a lack of monitoring of contracts already procured, resulted in non-compliance with SCM regulations.
44. The daily and monthly disciplines required by management were inadequate to account for all the financial and performance processes of the municipality. Furthermore, management did not prepare regular, accurate and complete financial and performance reports supported and evidenced by reliable information.

Material irregularities

45. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of the material irregularities reported in the previous year's auditor's report.

Material irregularities identified during the audit

Unbilled water revenue

46. The municipality did not bill all consumers for water services. A number of properties were identified as having water connections or having access to water for which the consumer was not billed. This resulted in non-compliance with section 64(2)(b) of the MFMA, which requires revenue due to the municipality to be calculated on a monthly basis. The municipality suffered a material financial loss of R9,6 million included in income forgone - sale of water of R36 million disclosed in note 24 to the financial statements for the year ended 30 June 2021. The accounting officer was notified of the material irregularity on 24 March 2021 and invited to make a written submission on the actions taken or that will be taken to address the matter. The accounting officer responded on 23 April 2021.
47. The accounting officer delegated the relevant heads of departments to investigate the root causes of this material irregularity. The outcome of the investigation highlighted a number of control deficiencies, including a lack of integrated processes and systems between the municipality's directorates, and delays in updating systems and registers that linked water meters per property.
48. The municipality notified and commenced billing the affected consumers from the 2020-21 financial year, as per the municipality's credit control policy.
49. The accounting officer instituted disciplinary investigations to identify the persons responsible for the material irregularity. The disciplinary processes were not concluded at the date of this report. I will follow up on this action in the next audit.

Other reports

50. In addition to the investigations relating to the material irregularity, I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the consolidated and separate financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the consolidated and separate financial statements or my findings on the reported performance information or compliance with legislation.

51. There were five investigations conducted by external parties during the year under review, all relating to SCM irregularities and financial misconduct cases, which cover the period 2013-14 to 2019-20. These investigations were ongoing at year-end and therefore no recommendations have yet been communicated to management.

Auditor - General

East London

28 February 2022



Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements and the procedures performed on reported performance information for selected strategic outcome and on the municipality's compliance with respect to the selected subject matters.

Consolidated and separate Financial statements

2. In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
 - obtain an understanding of internal control relevant to the audit 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 municipality's internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
 - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the group to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause the group to cease operating as a going concern.
 - evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and determine whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

COMMENTS ON AUDITOR-GENERAL'S OPINION 2020/2021:

The Auditor General has issued a qualified audit opinion on the Annual Financial Statements for the year ended 30 June 2021. Except for matters raised in the qualification paragraph, the Annual Financial Statements present fairly, in all material respects, the consolidated and separate financial position of the Buffalo City Metropolitan Municipality.

The basis of the qualification was as a result of irregular expenditure that was not fully recorded. Irregular expenditure refers to money that was not spent in the manner prescribed by law and does not equate to money that has been misappropriated. The qualification arose as a result of expenditure incurred in contravention of the SCM requirements not being detected and disclosed in the annual financial statements. This finding emanates from a disagreement between BCMM and AG(SA) on the use of annual contracts. A dispute resolution has been lodged by BCMM with the AG(SA) in this regard.

Despite these challenges, the municipality is confident that appropriate solutions are currently being implemented through the 2020/2021 Audit Improvement Plan. The concerns raised by the Auditor General are being addressed in order to achieve sound financial management, commitment to clean governance and the attainment of a clean audit.

T6.2.4

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

Signed (Chief Financial Officer)Dated

T 6.2.5

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021



BUFFALO CITY METROPOLITAN MUNICIPALITY
Audited Consolidated Annual Financial Statements
for the year ended 30 June 2021

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

General Information

Legal form of entity	Municipality
Nature of business and principal activities	Local Government
Jurisdiction	The demarcation board has determined that Buffalo City Metropolitan Municipality (BUF) includes the towns of East London, Bhisho, King William's Town, Berlin as well as the townships of Mdantsane, Gomo, Zwelitsha, Dimbaza, Phakamisa, Ndevana, Ilitha, Ginsberg and the surrounding rural areas.
Mayoral committee	
Executive Mayor	Councillor X.A. Pakati
Deputy Executive Mayor	Councillor H.E. Neale-May - IDP Organisational Performance Management
Councillors	Councillor N.M. Mhlola - Human Settlements Councillor P. Nazo-Makatala - Spatial Planning & Development Councillor S. Caga - Finance Councillor N.P. Peter - Municipal Services Councillor M. Vaaiboom - Economic Development & Agencies Councillor X. Witbooi - Institutional Operations and Civic Relations Councillor A.O. Mnyute - Health, Public Safety and Emergency Services Councillor B. Sauli - Corporate Services Councillor S.N. Toni - Infrastructure Services
Grading of local authority	Grade 6 Municipality
City Manager / Accounting Officer	Mr. A. Sihlahla
Chief Financial Officer (CFO)	Mr. N. Sigcau
Business address	Trust Centre Oxford Street East London 5201
Postal address	PO Box 134 East London 5200
Bankers	Standard Bank
Auditors	Auditor General of South Africa
Members of the Audit Committee	Mr. S. Ngqwala (Chairperson) - appointment 04 September 2020 Ms. Y. Roboji (Member) - appointment 04 September 2020 Mr. S. Maharaj (Member) - appointment 04 September 2020 Mr. L. Ngqongwa (Member) - appointment 04 September 2020 Ms. L. Makaza-Hini (Member) - appointment 04 September 2020 Mr. T. Zororo (Member) - appointment 04 September 2020 Ms. T. Maqwati-Naku (Member) - appointment 04 September 2020

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

General Information

Legislation Governing the Municipality

The Constitution of the Republic of South Africa, 1996
The Local Government: Municipal Structures Act, 1998 (Act 117 of 1998)
The Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)
The Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)
Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004)
Municipal Fiscal Powers and Functions Act, 2007 (Act 12 of 2007)
Local Government: Municipal Demarcation Act, 1998 (Act 27 of 1998)
Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005)
Division of Revenue Act (Act 1 of 2007)

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Index

The reports and statements set out below comprise the audited consolidated annual financial statements presented to the Council:

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BCMDA	Buffalo City Metropolitan Development Agency
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
FMG	Finance Management Grant
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
NERSA	National Energy Regulator of South Africa

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the audited consolidated annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the audited consolidated annual 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 external auditors are engaged to express an independent opinion on the audited consolidated annual financial statements and was given unrestricted access to all financial records and related data.

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

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the economic entity and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or loss 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 economic entity and all employees are required to maintain the highest ethical standards in ensuring the economic entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the economic entity is on identifying, assessing, managing and monitoring all known forms of risk across the economic entity. While operating risk cannot be fully eliminated, the economic 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 accounting officer is 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 audited consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The accounting officer has reviewed the economic entity's cash flow forecast for the year to 30 June 2022 and, in the light of this review and the current financial position, he is satisfied that the economic entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer is primarily responsible for the financial affairs of the entity, he is supported by the economic entity's internal auditors.

The audited consolidated annual financial statements set out on pages 6 to 138, which have been prepared on the going concern basis, were approved by the accounting officer on 30 September 2021.

Mr. A. Sihlahla
City Manager

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Position as at 30 June 2021

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2021	2020 Restated*	2021	2020 Restated*
Assets					
Current Assets					
Inventories	10	37 026 311	34 468 918	36 978 342	34 408 212
Prepayments	11	97 604	-	-	-
Receivables from non-exchange transactions	12	785 494 088	680 143 007	785 494 088	680 143 007
Receivables from exchange transactions	13	1 581 450 804	1 183 825 044	1 581 274 043	1 183 764 334
Cash and cash equivalents	14	1 145 407 278	1 373 710 707	1 126 078 448	1 357 577 980
		3 549 476 085	3 272 147 676	3 529 824 921	3 255 893 533
Non-Current Assets					
Investment property	3	436 049 000	406 525 752	436 049 000	406 525 752
Property, plant and equipment	4	21 516 486 490	19 201 056 164	21 514 676 150	19 199 672 042
Intangible assets	5	12 774 516	14 974 783	11 735 783	13 563 427
Heritage assets	6	50 513 440	50 513 440	50 513 440	50 513 440
Investment in associates	7	676 448 508	703 076 035	676 448 508	703 076 035
		22 692 271 954	20 376 146 174	22 689 422 881	20 373 350 696
Total Assets		26 241 748 039	23 648 293 850	26 219 247 802	23 629 244 229
Liabilities					
Current Liabilities					
Borrowings	17	45 190 555	54 395 605	45 190 555	54 395 605
Operating lease liability	8	99 404	51 545	-	-
Trade payables from exchange transactions	20	1 270 153 888	1 232 539 962	1 272 137 569	1 230 695 566
VAT payable	21	15 021 047	50 791 873	15 723 735	51 289 939
Consumer deposits	22	74 226 105	70 143 449	74 226 105	70 143 449
Employee benefit obligation	9	25 599 000	50 982 000	25 599 000	50 982 000
Unspent conditional grants and receipts	16	262 146 402	531 506 569	259 994 837	527 613 203
Provisions	18	380 825 457	378 296 344	378 433 181	376 858 652
		2 073 261 858	2 368 707 347	2 071 304 982	2 361 978 414
Non-Current Liabilities					
Borrowings	17	187 994 372	233 184 927	187 994 372	233 184 927
Employee benefit obligation	9	761 616 000	633 835 000	761 616 000	633 835 000
Provisions	18	52 982 846	10 952 089	46 484 844	10 119 356
		1 002 593 218	877 972 016	996 095 216	877 139 283
Total Liabilities		3 075 855 076	3 246 679 363	3 067 400 198	3 239 117 697
Net Assets		23 165 892 963	20 401 614 487	23 151 847 604	20 390 126 532
Reserves					
Revaluation reserve	15	11 562 642 682	9 460 564 593	11 562 642 682	9 460 564 593
Accumulated surplus		11 603 250 281	10 941 049 894	11 589 204 922	10 929 561 939
Total Net Assets		23 165 892 963	20 401 614 487	23 151 847 604	20 390 126 532

* See Note 52

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Performance

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2021	2020 Restated*	2021	2020 Restated*
Revenue					
Revenue from exchange transactions					
Service charges	24	3 937 344 604	3 180 241 921	3 937 344 604	3 180 241 921
Rental of facilities and equipment	25	24 222 075	22 652 060	24 222 075	22 652 060
Other revenue - (exchange)	28	105 659 768	92 214 318	105 111 670	91 477 471
Interest received	29	120 512 057	152 991 231	120 023 921	152 471 611
Total revenue from exchange transactions		4 187 738 504	3 448 099 530	4 186 702 270	3 446 843 063
Revenue from non-exchange transactions					
Property rates	30	1 589 415 133	1 468 355 288	1 589 415 133	1 468 355 288
Licences and Permits (non-exchange)	26	12 411 425	12 587 412	12 411 425	12 587 412
Interest (non-exchange)	27	40 197 816	39 698 901	40 197 816	39 698 901
Government grants & subsidies	32	2 275 984 378	1 997 418 002	2 272 517 398	1 989 656 320
Other revenue - (non-exchange)	33	75 981 644	68 707 237	75 981 644	68 707 237
Public contributions and donations - PPE	23	10 035 999	-	10 035 999	-
Fines	23	16 659 092	10 863 546	16 659 092	10 863 546
Fuel levy	23	593 337 000	547 497 000	593 337 000	547 497 000
Total revenue from non-exchange transactions		4 614 022 487	4 145 127 386	4 610 555 507	4 137 365 704
Total revenue	23	8 801 760 991	7 593 226 916	8 797 257 777	7 584 208 767
Expenditure					
Employee related costs	34	(2 499 375 705)	(2 236 603 135)	(2 472 781 899)	(2 212 259 107)
Remuneration of councillors/directors	35	(65 749 669)	(66 322 743)	(63 813 409)	(64 687 499)
Depreciation and amortisation	36	(1 401 968 630)	(1 727 750 916)	(1 400 787 230)	(1 726 815 037)
Finance costs	37	(25 756 838)	(32 563 877)	(25 756 790)	(32 563 877)
Debt Impairment	38	(926 949 703)	(568 237 734)	(926 949 703)	(568 237 734)
Repairs and maintenance	42	(385 869 461)	(392 529 691)	(384 519 834)	(392 226 629)
Bulk purchases	39	(1 866 017 126)	(1 772 339 139)	(1 866 017 126)	(1 772 339 139)
Contracted services	40	(255 206 384)	(264 384 792)	(241 811 763)	(259 660 000)
Grants and subsidies paid	31	(61 999 323)	(91 468 857)	(104 708 255)	(130 821 364)
General expenses	41	(636 236 042)	(614 304 113)	(636 052 616)	(607 298 868)
Total expenditure		(8 125 128 881)	(7 766 504 997)	(8 123 198 625)	(7 766 909 254)
Operating surplus/(deficit)		676 632 110	(173 278 081)	674 059 152	(182 700 487)
(Loss) on disposal of assets	44	(16 625 064)	(6 906 562)	(16 622 245)	(6 955 468)
Fair value adjustments	43	29 523 248	(1 683 300)	29 523 248	(1 683 300)
Impairment loss		-	(51 531)	-	-
Share of (deficit)/surplus of associate accounted for under the equity method	7	(26 627 528)	105 683 740	(26 627 528)	105 683 740
Inventories losses/write-downs	10	(702 379)	(1 129 206)	(689 642)	(1 129 206)
		(14 431 723)	95 913 141	(14 416 167)	95 915 766
Surplus/(deficit) for the year		662 200 387	(77 364 940)	659 642 985	(86 784 721)

* See Note 52

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Economic entity			
Opening balance as previously reported	9 877 099 709	11 086 346 048	20 963 445 757
Adjustments			
Prior year adjustments (prior to 2019/20) Refer to note 52	10 492 555	(67 931 214)	(57 438 659)
Balance at 01 July 2019 as restated*	9 887 592 264	11 018 414 834	20 906 007 098
Changes in net assets			
Revaluation	(421 613 148)	-	(421 613 148)
Prior period error	(5 414 523)	-	(5 414 523)
Net income (losses) recognised directly in net assets	(427 027 671)	-	(427 027 671)
Surplus for the year	-	(77 364 940)	(77 364 940)
Total recognised income and expenses for the year	(427 027 671)	(77 364 940)	(504 392 611)
Total changes	(427 027 671)	(77 364 940)	(504 392 611)
Restated* Balance at 01 July 2020	9 460 564 593	10 941 049 894	20 401 614 487
Changes in net assets			
Surplus for the year	-	662 200 387	662 200 387
Revaluation	2 102 078 089	-	2 102 078 089
Total changes	2 102 078 089	662 200 387	2 764 278 476
Balance at 30 June 2021	11 562 642 682	11 603 250 281	23 165 892 963
Note(s)	15	52	
Controlling entity			
Opening balance as previously reported	9 877 099 709	11 084 277 874	20 961 377 583
Adjustments			
Prior year adjustments (prior to 2019/20) Refer to note 52	10 492 555	(67 931 214)	(57 438 659)
Balance at 01 July 2019 as restated*	9 887 592 264	11 016 346 660	20 903 938 924
Changes in net assets			
Revaluation	(421 613 148)	-	(421 613 148)
Prior period error	(5 414 523)	-	(5 414 523)
Net income (losses) recognised directly in net assets	(427 027 671)	-	(427 027 671)
Surplus for the year	-	(86 784 721)	(86 784 721)
Total recognised income and expenses for the year	(427 027 671)	(86 784 721)	(513 812 392)
Total changes	(427 027 671)	(86 784 721)	(513 812 392)
Restated* Balance at 01 July 2020	9 460 564 593	10 929 561 937	20 390 126 530
Changes in net assets			
Surplus for the year	-	659 642 985	659 642 985
Revaluation	2 102 078 089	-	2 102 078 089
Total changes	2 102 078 089	659 642 985	2 761 721 074
Balance at 30 June 2021	11 562 642 682	11 589 204 922	23 151 847 604
Note(s)	15	52	

* See Note 52

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Figures in Rand	Note(s)	Economic entity		Controlling entity		
		2021	2020 Restated*	2021	2020 Restated*	
Cash flows from operating activities						
Receipts						
Sale of goods and services	69	4 903 452 151	4 718 992 493	4 903 224 724	4 718 161 062	
Government grants & subsidies	69	2 275 984 378	1 997 418 002	2 272 517 398	1 989 656 320	
Interest income	27&29	160 709 873	192 690 132	160 221 737	192 170 512	
		<u>7 340 146 402</u>	<u>6 909 100 627</u>	<u>7 335 963 859</u>	<u>6 899 987 894</u>	
Payments						
Employee costs & Councillors remuneration	34&35	(2 565 125 374)	(2 302 925 878)	(2 536 595 308)	(2 276 946 606)	
Suppliers	69	(3 293 426 245)	(2 669 524 022)	(3 322 207 733)	(2 700 162 050)	
Finance costs	37	(25 756 838)	(32 563 877)	(25 756 790)	(32 563 877)	
		<u>(5 884 308 457)</u>	<u>(5 005 013 777)</u>	<u>(5 884 559 831)</u>	<u>(5 009 672 533)</u>	
Net cash flows used in operating activities	47	1 455 837 945	1 904 086 850	1 451 404 028	1 890 315 361	
Cash flows from investing activities						
Purchase of property, plant and equipment	4	(1 666 127 558)	(1 647 988 271)	(1 665 277 249)	(1 646 717 591)	
Proceeds from sale of property, plant and equipment	4	36 769 293	10 373 262	36 769 294	10 324 006	
Purchase of investment property	3	-	(6 015 752)	-	(6 015 752)	
Purchase of other intangible assets	5	(387 504)	(404 741)	-	-	
Net cash flows used in investing activities		(1 629 745 769)	(1 644 035 502)	(1 628 507 955)	(1 642 409 337)	
Cash flows from financing activities						
Net movement on borrowings	17	(54 395 605)	(57 973 556)	(54 395 605)	(57 973 556)	
Net cash flows used in financing activities		(54 395 605)	(57 973 556)	(54 395 605)	(57 973 556)	
Net increase/(decrease) in cash and cash equivalents		(228 303 429)	202 077 792	(231 499 532)	189 932 468	
Cash and cash equivalents at the beginning of the year		1 373 710 707	1 171 632 915	1 357 577 980	1 167 645 512	
Cash and cash equivalents at the end of the year	14	1 145 407 278	1 373 710 707	1 126 078 448	1 357 577 980	

* See Note 52

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis										
Figures in Rand										
	Original budget adjustments (i.t.o. s28 and s31 of the MFMA)	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments	Shifting of funds (i.t.o. s31 of the MFMA)	Virement council approved policy)	Actual outcome as % of final budget	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Reference
Economic entity - 2021										
Financial Performance										
Property rates	1 687 667 431	-	1 687 667 431	-	-	1 687 667 431	1 589 415 133	(98 252 298)	94 %	N1
Service charges	3 546 712 416	-	3 546 712 416	-	-	3 546 712 416	3 937 344 604	390 632 188	111 %	N2
Investment revenue	54 472 852	(8 370 642)	46 102 210	-	-	46 102 210	41 289 342	(4 812 868)	90 %	N3
Transfers recognised - operational	1 201 994 876	313 270 571	1 515 265 447	-	-	1 515 265 447	1 206 248 860	(309 016 587)	80 %	
Other own revenue	987 041 484	623 817	987 665 301	-	-	987 665 301	982 102 410	(5 562 891)	99 %	
Total revenue (excluding capital transfers and contributions)	7 477 889 059	305 523 746	7 783 412 805	-	-	7 783 412 805	7 756 400 349	(27 012 456)	100 %	
Employee costs	(2 354 464 971)	(151 765 985)	(2 506 230 956)	-	-	(2 506 230 956)	(2 501 193 333)	5 037 623	100 %	
Remuneration of councillors	(72 765 784)	8 950 000	(63 815 784)	-	-	(63 815 784)	(63 813 408)	2 376	100 %	
Debt impairment	(497 285 620)	(467 817 168)	(965 102 788)	-	-	(965 102 788)	(926 949 703)	38 153 085	96 %	N4
Depreciation and asset impairment	(866 132 983)	(1 115 246 161)	(1 981 379 144)	-	-	(1 981 379 144)	(1 401 968 630)	579 410 514	71 %	
Finance charges	(44 211 229)	18 441 000	(25 770 229)	-	-	(25 770 229)	(25 756 838)	13 391	100 %	
Materials and bulk purchases	(2 231 623 405)	187 680 312	(2 043 943 093)	-	-	(2 043 943 093)	(1 959 265 672)	84 677 421	96 %	
Transfers and grants	(115 660 671)	(9 206 987)	(124 867 658)	-	-	(124 867 658)	(61 999 323)	62 868 335	50 %	N5
Other expenditure	(1 295 145 725)	(220 474 738)	(1 515 620 463)	-	-	(1 515 620 463)	(1 206 397 044)	309 223 419	80 %	N6
Total expenditure	7 477 290 388	1 749 439 727	(9 226 730 115)	-	-	(9 226 730 115)	(8 147 343 951)	1 079 386 164	88 %	
Surplus/(Deficit)	598 671	(1 443 915 981)	(1 443 317 310)	-	-	(1 443 317 310)	(390 943 602)	1 052 373 708	27 %	

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Reference
Transfers recognised - capital	808 679 169	291 855 544	1 100 534 713	-	-	1 100 534 713	1 069 735 518	(30 799 195)	97 %	
Contributions recognised - capital and contributed assets	-	-	-	-	-	-	10 035 999	10 035 999	N7	
Surplus (Deficit) after capital transfers and contributions	809 277 840	(1 152 060 437)	(342 782 597)	-	-	(342 782 597)	688 827 915	1 031 610 512	(201)%	
Share of surplus (deficit) of associate	-	-	-	-	-	-	(26 627 528)	(26 627 528)	N8	
Surplus/(Deficit) for the year	809 277 840	(1 152 060 437)	(342 782 597)	-	-	(342 782 597)	662 200 387	1 004 982 984	(193)%	

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Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Reference
Capital expenditure and funds sources										
Sources of capital funds										
Transfers recognised - capital	806 419 169	292 137 435	1 098 556 604	-	-	1 098 556 604	970 986 091	(127 570 513)	88 %	N9
Borrowing	230 800 142	-	230 800 142	-	-	230 800 142	3 079 040	(227 721 102)	1 %	N10
Internally generated funds	622 769 286	237 619 419	860 388 705	-	-	860 388 705	617 287 192	(243 101 513)	72 %	N11
Total sources of capital funds	1 659 988 597	529 756 854	2 189 745 451	-	-	2 189 745 451	1 591 352 323	(598 393 128)	73 %	
Financial position										
Total current assets	2 698 068 766	(556 361 299)	2 141 707 467	-	-	2 141 707 467	3 549 476 085	1 407 768 618	166 %	N12
Total non current assets	22 541 460 604	514 940 868	23 056 401 472	-	-	23 056 401 472	22 692 271 954	(364 129 518)	98 %	
Total current liabilities	(1 779 220 684)	46 845 708	(1 732 374 976)	-	-	(1 732 374 976)	(2 073 261 858)	(340 886 882)	120 %	N13
Total non current liabilities	(1 088 289 259)	-	(1 088 289 259)	-	-	(1 088 289 259)	(1 002 593 218)	85 696 041	92 %	
Community wealth/Equity	22 372 019 427	5 425 277	22 377 444 704	-	-	22 377 444 704	23 165 892 963	788 448 259	104 %	

BUFFALO CITY METROPOLITAN MUNICIPALITY
Audited Consolidated Annual Financial Statements for the year ended 30 June 2021
Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Original budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Actual outcome (i.t.o. Final budget)	Variance Unauthorised expenditure	Actual outcome as % of final budget	Reference
Cash flows								
Net cash from (used) operating	1 581 822 471	453 480 291	2 035 302 762	-	2 035 302 762	1 455 837 945	(579 464 817)	72 % N14
Net cash from (used) investing	(1 659 988 597)	(529 756 854)	(2 189 745 451)	-	(2 189 745 451)	(1 629 745 769)	559 999 682	74 % N15
Net cash from (used) financing	175 136 577	(4 000)	175 132 577	-	175 132 577	(54 395 605)	(229 528 182)	(31)% N16
Net increase/(decrease) in cash and cash equivalents	96 970 451	(76 280 563)	20 689 888	-	20 689 888	(228 303 429)	(248 993 317)	(1 103)%
Cash and cash equivalents at the beginning of the year	1 003 133 577	1 469 300	1 004 602 877	-	1 004 602 877	1 373 710 707	369 107 830	137 % N17
Cash and cash equivalents at year end	1 100 104 028	(74 811 263)	1 025 292 765	-	1 025 292 765	1 145 407 278	120 114 513	112 % N18

BUFFALO CITY METROPOLITAN MUNICIPALITY
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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis	Original budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Actual outcome (i.t.o. Final budget)	Variance Unauthorised expenditure	Actual outcome as % of final budget	Reference
Figures in Rand								
Controlling entity - 2021								
Financial Performance								
Property rates	1 687 667 431	-	1 687 667 431	-	1 687 667 431	1 589 415 133	(98 252 298)	94 %
Service charges	3 546 712 416	-	3 546 712 416	-	3 546 712 416	3 937 344 604	390 632 188	111 % N1
Investment revenue	53 618 514	(8 000 000)	45 618 514	-	45 618 514	40 801 207	(4 817 307)	89 % N2
Transfers recognised - operational	1 113 680 682	255 299 315	1 368 979 997	-	1 368 979 997	1 202 781 880	(166 198 117)	88 % N3
Other own revenue	971 737 969	8 000 000	979 737 969	-	979 737 969	981 554 319	1 816 350	100 %
Total revenue (excluding capital transfers and contributions)	7 373 417 012	255 299 315	7 628 716 327	-	7 628 716 327	7 751 897 143	123 180 816	102 %
Employee costs	(2 326 576 413)	(150 596 035)	(2 477 172 448)	-	(2 477 172 448)	(2 472 781 899)	4 390 549	100 %
Remuneration of councillors	(72 765 784)	8 950 000	(63 815 784)	-	(63 815 784)	(63 813 409)	2 375	100 %
Debt impairment	(497 285 620)	(467 817 168)	(965 102 788)	-	(965 102 788)	(926 949 703)	38 153 085	96 %
Depreciation and asset impairment	(864 836 204)	(1 115 163 796)	(1 980 000 000)	-	(1 980 000 000)	(1 400 787 230)	579 212 770	71 % N4
Finance charges	(44 207 069)	18 441 000	(25 766 069)	-	(25 766 069)	(25 756 790)	9 279	100 %
Materials and bulk purchases	(2 183 646 463)	139 703 370	(2 043 943 093)	-	(2 043 943 093)	(1 959 265 672)	84 677 421	96 %
Transfers and grants	(115 660 671)	(9 206 987)	(124 867 658)	-	(124 867 658)	(104 708 255)	20 159 403	84 % N5
Other expenditure	(1 267 840 117)	(123 525 680)	(1 391 365 797)	-	(1 391 365 797)	(1 191 335 189)	200 030 608	86 % N6
Total expenditure	(7 372 818 341)	(1 699 215 296)	(9 072 033 637)	-	(9 072 033 637)	(8 145 398 147)	926 635 490	90 %
Surplus/(Deficit)	598 671	(1 443 915 981)	(1 443 317 310)	-	(1 443 317 310)	(393 501 004)	1 049 816 306	27 %

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Statement of Comparison of Budget and Actual Amounts

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments (i.t.o. s28 and s31 of the MFMA)	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Actual outcome (i.t.o. Final budget)	Actual outcome Unauthorised expenditure	Variance	Actual outcome as % of final budget	Reference
Transfers recognised - capital	806 419 169	292 137 435	1 098 556 604	-	-	1 098 556 604	1 069 735 518	(28 821 086)	97 %	
Contributions recognised - capital and contributed assets	-	-	-	-	-	-	10 035 999	10 035 999	- %	N7
Surplus (Deficit) after capital transfers and contributions	807 017 840	(1 151 778 546)	(344 760 706)	-	-	(344 760 706)	686 270 513	1 031 031 219	(199)%	
Share of surplus/(deficit) of associate	-	-	-	-	-	-	(26 627 528)	(26 627 528)	- %	N8
Surplus/(Deficit) for the year	807 017 840	(1 151 778 546)	(344 760 706)	-	-	(344 760 706)	659 642 985	1 004 403 691	(191)%	

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BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments (i.t.o. s28 and s31 of the MFMA)	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Actual outcome (i.t.o. Final budget)	Actual outcome Unauthorised expenditure	Variance	Actual outcome as % of final budget	Reference
Capital expenditure and funds sources										
Sources of capital funds										
Transfers recognised - capital	806 419 169	292 137 435	1 098 556 604	-	-	1 098 556 604	970 986 091	(127 570 513)	88 %	N9
Borrowing	230 800 142	-	230 800 142	-	-	230 800 142	3 079 040	(227 721 102)	1 %	N10
Internally generated funds	620 509 286	237 901 310	858 410 596	-	-	858 410 596	616 049 379	(242 361 217)	72 %	N11
Total sources of capital funds	1 657 728 597	530 038 745	2 187 767 342	-	-	2 187 767 342	1 590 114 510	(597 652 832)	73 %	
Financial position										
Total current assets	2 695 187 565	(556 475 195)	2 138 712 370	-	-	2 138 712 370	3 529 824 921	1 391 112 551	165 %	N12
Total non current assets	22 538 017 604	515 472 541	23 053 490 145	-	-	23 053 490 145	22 689 422 881	(364 067 264)	98 %	
Total current liabilities	(1 774 043 422)	46 732 272	(1 727 311 150)	-	-	(1 727 311 150)	(2 071 304 982)	(343 993 832)	120 %	N13
Total non current liabilities	(1 088 289 259)	-	(1 088 289 259)	-	-	(1 088 289 259)	(996 095 216)	92 194 043	92 %	
Community wealth/Equity	22 370 872 488	5 729 618	22 376 602 106	-	-	22 376 602 106	23 151 847 604	775 245 498	103 %	

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BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments (i.t.o. s28 and s31 of the MFMA)	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Actual outcome (i.t.o. Final budget)	Actual outcome Unauthorised expenditure	Variance	Actual outcome as % of final budget	Reference
Cash flows										
Net cash from (used) operating	1 579 558 471	452 380 522	2 031 938 993	-	-	2 031 938 993	1 451 404 028	(580 534 965)	71 %	N14
Net cash from (used) investing	(1 657 728 597)	(530 038 745)	(2 187 767 342)	-	-	(2 187 767 342)	(1 628 507 955)	559 259 387	74 %	N15
Net cash from (used) financing	176 404 537	-	176 404 537	-	-	176 404 537	(54 395 605)	(230 800 142)	(31)%	N16
Net increase/(decrease) in cash and cash equivalents	98 234 411	(77 658 223)	20 576 188	-	-	20 576 188	(231 499 532)	(252 075 720)	(1 125)%	
Cash and cash equivalents at the beginning of the year	1 003 133 577	-	1 003 133 577	-	-	1 003 133 577	1 357 577 980	354 444 403	135 %	N17
Cash and cash equivalents at year end	1 101 367 988	(77 658 223)	1 023 709 765	-	-	1 023 709 765	1 126 078 448	(102 368 683)	110 %	N18

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BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Reasons for material variances shown on the Statement of Comparison of Budget and Actual Amounts are detailed below:

N1 - The contributing factor to the variance is water service which is a result of the implementation of punitive tariffs for the full financial year 2020/2021. The consumption patterns on the punitive component reflected an increase over the estimated budget resulting in increased billing and revenue.

N2 - Interest rate on call investments and bank is less due to decline in repo rate and thus interest earned on these investments and bank accounts. The decline in collection rate has also contributed on available cash for investment and funds held in bank accounts.

N3 - The variance is caused by revenue of R71 million for Human Settlement Development Grant (HSDG) that is disclosed in terms of GRAP 109. These funds are budgeted in the statement of financial performance to ensure proper control and accountability, however, in terms of GRAP 109, this is only disclosed in the statement of financial position.

N4 - The variance is as a result of the negative revaluation adjustment factor from 2020 due to the impact caused by lockdown level 5, this factor reduced asset base for 2021 hence the reduction in depreciation.

N5 - This variance is a result of budget allocation to the BCMDA Waste Buy Back Centre, to which only R2.6 million was transferred to BCMDA due to the Donor funder (National Treasury GBS allocation) withholding the transfers to BCMM on the basis of slow expenditure on the project.

N6 - The variance is caused by the following:

Expenditure of R71 million for Human Settlement Development Grant (HSDG) that is disclosed in terms of GRAP 109. These funds are budgeted in the statement of financial performance to ensure proper control and accountability, however, in terms of GRAP 109, this is only disclosed in the statement of financial position.

BCMDA: Contractors invoices that were not received as anticipated; delay in the implementation of procurement in certain project related items. COVID-19 also had an impact as suppliers took longer to deliver items procured.

N7 - Road Traffic Management Corporation donated specialised and fully equipped traffic vehicles to the City to assist with Traffic Law Enforcement.

N8 - The variance is a result of loss made by the associate (IDZ) during the financial year. BCMM owns 26 percent of IDZ and IDZ reported a huge loss in their 2020/21 audited financial statement.

N9 - The variance is a result of reclaimed vat; the actuals reported are vat exclusive.

N10 - BCMM had initially budgeted for the loan funding of the Reeston Tunnel project, however due to delays in finalizing the financing contractual arrangements, this in turn affected the finalization of the project tender process timeously.

N11 - COVID-19 lockdown restrictions have negatively affected performance on projects as it delayed and disrupted implementation of projects; however, most of the projects are already awarded and the funding of such projects is fully committed.

N12 - The significant increase relating to current assets is a result of the implementation of punitive tariffs for water services for the full financial year 2020/2021. The consumption patterns on the punitive component reflected an increase over the estimated budget resulting in increased billing and revenue.

N13 - The increase is a result of year end accruals that were processed at the end of the year which were significantly higher than the previous years.

N14 - Contracted services expenditure did not realise the budget for the item which was the major contributing factor for the variance realised between actual outcome as a percentage of the final budget.

N15 - COVID-19 lockdown restrictions have negatively affected performance on projects as it delayed and disrupted implementation of projects; however, most of the projects are already awarded and the funding of such projects is fully committed. Projects that are funded by borrowings are still at procurement stage.

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BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

N16 - BCMM did not make any draw downs on new loans acquired hence the capital portion of the outstanding loan continues to reduce over time. The City also continues to benefit from the reduced lending rate, wherein interest payment is reduced by the lending rate and decrease in Capital repayments.

N17 - The variance on the cash and cash equivalent opening balance is because of R223 million of unspent Urban Settlement Development Grant (USDG) funding which the Parent municipality applied for a rollover to National Treasury. These funds were subsequently approved and spent in the current year.

N18 - The variance on cash and cash equivalent closing balance emanates from the insufficient budget provision by the entity wherein the final budget accommodates for R1.5 million and actuals are sitting at R19 million.

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1. Presentation of Audited Consolidated Annual Financial Statements

The audited consolidated annual 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 audited consolidated annual 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, which have been consistently applied in the preparation of these audited consolidated annual financial statements, are disclosed below.

1.1 Going concern assumption

These audited consolidated annual financial statements have been prepared based on the expectation that the economic entity will continue to operate as a going concern for at least the next 12 months. Management considers key financial metrics and approved medium-term budgets, together with the municipality's dependency on the grants from National and Provincial government, to conclude that the going concern assumptions used in the compilation of its annual financial statements, is appropriate.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the audited consolidated annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the audited consolidated annual 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 audited consolidated annual financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The economic entity assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the notes to the financial statements per inventory note 10.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the economic entity is the current bid price.

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 economic entity for similar financial instruments.

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The entity 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. They are significantly affected by a number of factors including i.e. production estimates, supply demand, together with economic factors such as exchange rates, inflation and interest.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18 - 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 economic 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 economic entity has in accordance with paragraph 8 of Directive 5, GRAP Reporting Framework, adopted International Financial Reporting Standards (IFRS) IAS 12- Income Taxes. This is as a result of the absence of a GRAP standard dealing with taxation.

The economic 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 economic 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 economic entity to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Useful lives of waste and water network and other assets

The entity's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. 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.

The economic entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the post-retirement obligations. In determining the appropriate discount rate, the economic entity considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related post-retirement obligation.

Other key assumptions for post-retirement obligations are based on current market conditions. Additional information is disclosed in Note 9.

Effective interest rate

The economic entity used the prime interest rate to discount future cash flows.

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Allowance for doubtful debts

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

Cash and non-cash generating assets

The entity is not a profit-oriented entity as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff, although net positive cash flows are achieved from electricity service charges. Management assessed this as immaterial and regards all assets to meet the definition of non-cash generating assets.

1.3 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the economic entity, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

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Accounting Policies

1.3 Investment property (continued)

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, are as follows:

Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by:

- (a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- (b) commencement of development with a view to sale, for a transfer from investment property to inventories;
- (c) end of owner-occupation, for a transfer from owner-occupied property to investment property; or
- (d) commencement of an operating lease (on a commercial basis) to another party, for a transfer from inventories to investment property.

The initial cost of a property interest held under a lease and classified as an investment property has been recognised at the lower of the fair value of the property and the present value of the minimum lease payments.

1.4 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 economic 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.

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.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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Accounting Policies

1.4 Property, plant and equipment (continued)

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses, except for land, buildings, other properties, community properties, roads, electricity, water and wastewater which 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.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

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.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value except for furniture and fittings, which are depreciated using the diminishing balance method at 10% per annum.

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

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	30 to 60
Plant and machinery	Straight-line	3 to 30
Furniture and fittings	Diminishing balance	10%
Motor vehicles	Straight-line	4 to 15
Electricity	Straight-line	30 to 60
Community - Buildings	Straight-line	30 to 60
Community - Recreation	Straight-line	15 to 60
Other properties	Straight-line	5 to 60
Roads	Straight-line	5 to 100
Wastewater network	Straight-line	5 to 80
Water network	Straight-line	5 to 150

The Municipality acquires and maintains assets to provide social service to the community, with no intention of disposing of the assets for any economic gain, and thus no residual values are determined other than that of certain Plant and Equipment, and Transport assets with significant carrying values. For Plant and Equipment and Transport assets (Above R5000) the residual value and the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised prospectively as a change in accounting estimates in the Statement of Financial Performance.

Motorised plant and machinery are accounted for under motor vehicles, due to the nature of their use.

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.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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Accounting Policies

1.4 Property, plant and equipment (continued)

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.

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 and will be classified as revenue. 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.

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the entity.

Servitudes are recognised as a component of property, plant and equipment as it is directly linked to the location and construction of infrastructure assets.

1.5 Site restoration and dismantling cost

The entity has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as rehabilitation of landfill site provision. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the revaluation model:

- (a) changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability (subject to (b)) is credited 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
 - an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- (b) in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
- (c) a change in the liability is an indication that the asset may have to be revalued in order to ensure 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 such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

1.6 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset is identified as an intangible asset when it:

- 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, asset or liability, or
- arises from contractual rights or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

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 economic entity; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

When an intangible asset is acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

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Accounting Policies

1.6 Intangible assets (continued)

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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.

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

Item	Depreciation method	Average useful life
Computer software	Straight-line	3 to 10

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

1.7 Heritage assets

Assets are resources controlled by an economic entity as a result of past events and from which future economic benefits or service potential are expected to flow to the economic entity.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

In terms of Section 39 of the National Heritage Resources Act, 1999 (Act No. 25 of 1999) (NHRA), the South African Heritage Resource Agency (SAHRA) is required to compile and maintain an inventory of the national estate, defined as heritage resources of cultural and other significance. This information is contained in the South African Heritage Resources Information System (SAHRIS) and is available on SAHRA's website.

Not all assets that are designated as heritage assets in terms of the NHRA are classified as a heritage asset in terms of GRAP 103. Buffalo City Metropolitan Municipality assessed the items included in the SAHRIS using the criteria prescribed in GRAP 103 before classifying the assets as a heritage in terms of GRAP 103. The item must meet the definition of a heritage asset in GRAP 103 and the item must not be excluded from the scope of GRAP 103.02. When the heritage asset has more than one purpose, the city determines its primary purpose and treats the asset as Heritage Asset and account for it using GRAP 103 if the primary purpose falls within GRAP 103, even if other purposes can fall under another GRAP standard.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an economic entity's operations that is shown as a single item for the purpose of disclosure in the audited consolidated annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

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.

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Accounting Policies

1.7 Heritage assets (continued)

Recognition

The entity recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and the cost or fair value of the asset can be measured reliably.

If a entity holds an asset that might be regarded as a heritage asset but which, on initial recognition, does not meet the recognition criteria of a heritage asset because it cannot be reliably measured, relevant and useful information about it shall be disclosed in the notes to the financial statements.

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

The entity assesses at each reporting date whether there is an indication that a heritage assets may be impaired. If any such indication exists, the entity estimates the recoverable amount of the heritage asset.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The economic entity derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

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Accounting Policies

1.8 Interests in other entities

Investment in associates

An associate is an entity over which the entity is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investment, but is not in control or joint control of those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting.

The carrying value of the investment in associates is adjusted for the municipality's share of operating surpluses/(deficits) less any dividends received.

Where the entity or its entities transact with an associate, unrealised gains and losses are eliminated to the extent of the municipality's or its municipal entities' interest in the relevant associate, except where unrealised losses provide evidence of an impairment of the asset transferred.

Where the entity is no longer able to exercise significant influence over the associate, the equity method of accounting is discontinued.

The entity uses the most recent available financial statements of the associate in applying the equity method.

Impairment losses

After application of the equity method, including recognising the associate's deficits, the entity applies the Standard of GRAP on Financial Instruments to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. The entity also applies the Standard of GRAP on Financial Instruments to determine whether any additional impairment loss is recognised with respect to its interest in the associate that does not constitute part of the net investment and the amount of that impairment loss. Whenever application of the Standard of GRAP on Financial Instruments indicates that the investment in an associate may be impaired, the entity applies the Standard of GRAP on Impairment of Cash-Generating Assets and/or the Standard of GRAP on Impairment of Non-Cash-Generating Assets.

The recoverable amount of an investment in an associate is assessed, unless the associate does not generate cash inflows from continuing use that are largely independent of those from other assets of the entity.

Equity method

On initial recognition, the investment in an associate or a joint venture is recognised at cost and the carrying amount is increased or decreased to recognise the entity as investor's share of the surplus or deficit of the investee after the date of acquisition. The entity as investor's share of the investee's surplus or deficit is recognised in the entity as investor's surplus or deficit. Distributions received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the entity as investor's proportionate interest in the investee arising from changes in the investee's equity that have not been recognised in the investee's surplus or deficit. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The entity as investor's share of those changes is recognised in net assets of the entity as investor.

An investment in an associate or a joint venture accounted for using the equity method is classified as a non-current asset.

The entity with joint control of, or significant influence over, an investee, accounts for its investment in an associate or a joint venture using the equity method except when that investment qualifies for exemption.

1.9 Financial instruments

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or

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Accounting Policies

1.9 Financial instruments (continued)

- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position and in note 19:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position and in note 19:

Class	Category
Borrowings	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost
Accrued leave pay	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at fair value
Other deposits	Financial liability measured at fair value

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Accounting Policies

1.9 Financial instruments (continued)

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the municipality reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost, a gain or loss is recognised in surplus or deficit

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Accounting Policies

1.9 Financial instruments (continued)

when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Derecognition

a) Financial assets

The entity derecognises financial assets (or part of a financial assets) when the contractual rights to the cash flows from the financial asset expire, are settled or waived or when the City has transferred all of the significant risks and rewards of ownership using trade date accounting. On derecognition of a financial asset (or part of a financial asset), the difference between the carrying amount and the sum of the consideration received is recognised in the statement of financial performance.

b) Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished (when the obligation specified in the contract is discharged, cancelled, expires or waived). The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of financial performance. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in statement of financial performance.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in statement of financial performance.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.10 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

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Accounting Policies

1.10 Statutory receivables (continued)

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The economic entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Transitional provision

The entity took advantage of the transitional provision granted in Directive 3 of the GRAP Reporting Framework. Refer to note 1.36 for more details in this regard.

1.11 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.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

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.

1.12 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

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Accounting Policies

1.12 Inventories (continued)

- 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 economic 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 first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the economic entity.

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.

1.13 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

At each reporting date a review is carried out to determine whether there are any indications that any assets and non-cash-generating units may be impaired. If such indications exist, the recoverable amounts of the affected assets are determined.

Where the recoverable service amount of an asset is lower than its carrying amount, an impairment loss is recognised in surplus or deficit in respect of assets at historic cost, and recognised in the revaluation reserve in respect of assets at revalued amounts.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The economic entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the economic entity estimates the recoverable service amount of the asset.

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Accounting Policies

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

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the economic entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the economic entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The economic entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the economic entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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Accounting Policies

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

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.14 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

The entity provides short term benefits, long term benefits and retirement benefits for its employees.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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 entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

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Accounting Policies

1.14 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

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. Refer to note 66;

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

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Accounting Policies

1.14 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting municipality) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the audited consolidated annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

BUFFALO CITY METROPOLITAN MUNICIPALITY

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Accounting Policies

1.14 Employee benefits (continued)

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

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 entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

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Accounting Policies

1.14 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

1.15 Provisions and contingencies

Provisions are recognised when:

- the economic 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.

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 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 economic 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 (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 50.

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1.16 Commitments

Items are classified as commitments when the entity has committed itself to future transactions that will normally result in the outflow of cash. A commitment is disclosed to the extent that it has not already been recognised elsewhere in the financial statements.

At the end of each financial period the entity determines commitments in respect of capital expenditure that has been approved and contracted for which is then disclosed as a note in the annual financial statements differentiating between community, infrastructure and other capital expenditure commitments. (Refer to note 49)

1.17 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 entity 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.

Service charges relating to solid waste, sanitation and sewerage are levied in terms of the approved tariffs.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and revenue is recognised in the period when the consumption took place. Provisional estimates of consumption are made monthly when meter readings have not been performed. Adjustments to provisional estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognised as revenue in the invoicing period.

To include all revenue in the financial period, calculations and accruals are made to account for consumption that took place during the last meter reading dates and the financial year end.

Services provided on a prepayment basis are recognised at the point of sale. An adjustment for an unutilised portion is made at year-end, based on the average consumption history.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the economic entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the economic entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- 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 economic entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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Accounting Policies

1.17 Revenue from exchange transactions (continued)

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 economic 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 surveys of work performed.

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.18 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.

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.

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.

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Accounting Policies

1.18 Revenue from non-exchange transactions (continued)

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

Taxes such as property rates are economic benefits or service potential compulsorily paid or payable to the entity, 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.

Taxes (Property rates)

The entity recognises an asset in respect of taxes at the gross amount when the taxable event occurs and the asset recognition criteria are met.

Transfers

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Debt forgiveness and assumption of liabilities

The entity recognises revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

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Accounting Policies

1.18 Revenue from non-exchange transactions (continued)

Fines

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

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the entity.

Where the entity collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Traffic fines are accounted for at a net value based on total outstanding fines calculated using the average of the previous three years less impairment based on a probability collection factor calculated using the average of the previous 5 years.

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity, and the fair value of the assets can be measured reliably.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

1.19 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.20 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.21 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

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Accounting Policies

1.21 Accounting by principals and agents (continued)

Binding arrangement

The economic entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the economic entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the economic entity concludes that it is not the agent, then it is the principal in the transactions.

The economic entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the economic entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The economic entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the economic entity is an agent.

Recognition

The economic entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The economic entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The economic entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.22 Comparative figures

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

1.23 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.

1.24 Fruitless and wasteful expenditure

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

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Accounting Policies

1.24 Fruitless and wasteful expenditure (continued)

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.

1.25 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 municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. 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.

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements is recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements. Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end is recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the municipal Council may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.26 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

1.27 Off-setting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.28 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.29 Budget information

Economic Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by economic entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2020/07/01 to 2021/06/30.

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.29 Budget information (continued)

The budget for the economic entity includes all the entities approved budgets under its control.

Differences between budget and actual amounts are regarded as material differences when a 10% difference exists. All material differences are explained in the Statement of Comparison of Budget and Actual Amounts to the annual financial statements.

Comparative information is not required.

1.30 Related parties

Parties are considered to be related if one party directly or indirectly has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or is a member of the key management of the entity. (Refer to note 51)

1.31 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The economic entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The economic entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.32 Value added tax (VAT)

The entity accounts for value added tax on the payment basis. Revenue, expenses and assets are recognised net of the amount of VAT. The net amount of VAT recoverable from or payable to, the taxation authority is disclosed on the face of the statement of financial position. (Refer to note 21)

1.33 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

1.34 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the municipality's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management.

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.35 Living and non-living resources

Living resources are those resources that undergo biological transformation.

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted.

Recognition

Non-living resources, other than land, are not recognised as assets. Required information are disclosed in the notes to the audited consolidated annual financial statements.

A living resource is recognised as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the economic entity, and the cost or fair value of the asset can be measured reliably.

Where the economic entity is required in terms of legislation or similar means to manage a living resource, but it does not meet the definition of an asset because control of the resource cannot be demonstrated, relevant information are disclosed in the notes to the audited consolidated annual financial statements.

Where the economic entity holds a living resource that meets the definition of an asset, but which does not meet the recognition criteria, relevant information are disclosed in the notes to the audited consolidated annual financial statements. When the information about the cost or fair value of the living resource becomes available, the economic entity recognise, from that date, the living resource and apply the measurement principles.

The carrying amount of a living resource is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a living resource is included in surplus or deficit when the item is derecognised. Refer to note 1.36 for more details in this regard.

Transitional provision

The entity took advantage of the transitional provision granted in Directive 3 of the GRAP Reporting Framework. Refer to note 1.36 for more details in this regard.

1.36 Transitional provisions

Transitional provision for Statutory Receivables

The economic entity changed its relating accounting policy in 2020. The change in accounting policy is made in accordance with its transitional provision as per Directive 5 of the GRAP Reporting Framework.

Until such time as the transitional period expires and relating items are classified and measured in accordance with the requirements of the associated Standard of GRAP, the entity need not comply with the relating requirements of the Standards of GRAP on:

- Statutory Receivables (GRAP 108)

The entity will comply with the disclosure requirement of GRAP 108, as and when statutory receivable are classified and measured in accordance with the Standard of GRAP.

Refer to note 59 for additional disclosure in this regard.

Due to initial adoption of the GRAP standard

According to the transitional provision, the entity is not required to change its accounting policy in respect of the classification and measurement of Statutory Receivables for the reporting periods beginning on a date within 3 years following the date of initial adoption of the specific Standard of GRAP (GRAP 108). The transitional provision expires on 2022/06/30.

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.36 Transitional provisions (continued)

Transitional provision for Living-and-Non-living Resources

The economic entity changed its relating accounting policy in 2021. The change in accounting policy is made in accordance with its transitional provision as per Directive 5 of the GRAP Reporting Framework.

Until such time as the transitional period expires and relating items are recognised and measured in accordance with the requirements of the associated Standard of GRAP, the economic entity need not comply with the Standards of GRAP on:

- Living-and-Non-living Resources (GRAP 110)

The entity will comply with the disclosure requirement of GRAP 110, as and when Living-and-Non-living Resources are classified and measured in accordance with the Standard of GRAP.

Due to initial adoption of the GRAP standard

According to the transitional provision, the entity is not required to change its accounting policy in respect of the classification and measurement of Living-and-Non-living Resources for the reporting periods beginning on a date within 3 years following the date of initial adoption of the specific Standard of GRAP (GRAP 110). The transitional provision expires on 2023/06/30.

Living-and-Non-living Resources is currently accounted for under GRAP 17 Property, plant and equipment.

1.37 Tax

Current tax assets and liabilities

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).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable surplus will be available against which the unused tax losses and unused STC credits can be utilised.

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.

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.

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The economic entity has not applied the following standards and interpretations, which have been published and are mandatory for the economic entity's accounting periods beginning on or after 01 July 2021 or later periods:

Guideline: Guideline on Accounting for Landfill Sites

The objective of this guideline: The Constitution of South Africa, 1996 (Act No. 108 of 1996) (the constitution), gives local government the executive authority over the functions of cleaning, refuse removal, refuse dumps and solid waste disposal. Even though waste disposal activities are mainly undertaken by municipalities, other public sector entities may also be involved in these activities from time to time. Concerns were raised about the inconsistent accounting practices for landfill sites and the related rehabilitation provision where entities undertake waste disposal activities. The objective of the Guideline is therefore to provide guidance to entities that manage and operate landfill sites. The guidance will improve comparability and provide the necessary information to the users of the financial statements to hold entities accountable and for decision making. The principles from the relevant Standards of GRAP are applied in accounting for the landfill site and the related rehabilitation provision. Where appropriate, the Guideline also illustrates the accounting for the land in a landfill, the landfill site asset and the related rehabilitation provision.

It covers: Overview of the legislative requirements that govern landfill sites, Accounting for land, Accounting for the landfill site asset, Accounting for the provision for rehabilitation, Closure, End-use and monitoring, Other considerations, and Annexures with Terminology & References to pronouncements used in the Guideline.

The effective date of the standard is not yet set by the Minister of Finance.

It is unlikely that the standard will have a material impact on the economic entity's audited consolidated annual financial statements.

GRAP 25 (as revised 2021): Employee Benefits

Background

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS@ 19) were more appropriate. Specifically, the Board:

- Eliminated the corridor method and required recognition of actuarial gains and losses in full in the year that they arise.
- Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested.

Since 2009, the International Accounting Standards Board@ has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

When the Board consulted locally on the proposed amendments to IPSAS 25 in 2016, stakeholders welcomed the amendments to align IPSAS 25 to IAS 19 and supported the changes that resulted in IPSAS 39.

In developing GRAP 25, the Board agreed to include the guidance from the IFRS Interpretation on IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14@) partly in GRAP 25 and partly in the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IGRAP 7).

Key amendments to GRAP 25

The Board agreed to align GRAP 25 with IPSAS 39, but that local issues and the local environment need to be considered. As a result of this decision, there are areas where GRAP 25 departs from the requirements of IPSAS 39. The Board's decisions to depart are explained in the basis for conclusions.

The amendments to GRAP 25 are extensive and mostly affect the accounting for defined benefit plans. A new renumbered Standard of GRAP (e.g. GRAP 39) will not be issued, but rather a new version of the current GRAP 25.

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

2. New standards and interpretations (continued)

The effective date of these revisions have not yet been set.

It is unlikely that the revisions will have a material impact on the economic entity's audited consolidated annual financial statements.

IGRAP 7 (as revised 2021): Limit on defined benefit asset, minimum funding requirements and their interaction

Background

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS@ 19) were more appropriate. Specifically, the Board:

- Eliminated the corridor method and required recognition of actuarial gains and losses in full in the year that they arise.
- Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested.

Since 2009, the International Accounting Standards Board@ has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

When the Board consulted locally on the proposed amendments to IPSAS 25 in 2016, stakeholders welcomed the amendments to align IPSAS 25 to IAS 19 and supported the changes that resulted in IPSAS 39.

In developing GRAP 25, the Board agreed to include the guidance from the IFRS Interpretation on IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14@) partly in GRAP 25 and partly in the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IGRAP 7).

The effective date of these revisions have not yet been set.

It is unlikely that the revisions will have a material impact on the economic entity's audited consolidated annual financial statements.

Guideline: Guideline on the Application of Materiality to Financial Statements

The objective of this guideline: The objective of this Guideline is to provide guidance that will assist entities to apply the concept of materiality when preparing financial statements in accordance with Standards of GRAP. The Guideline aims to assist entities in achieving the overall financial reporting objective. The Guideline outlines a process that may be considered by entities when applying materiality to the preparation of financial statements. The process was developed based on concepts outlined in Discussion Paper 9 on Materiality – Reducing Complexity and Improving Reporting, while also clarifying existing principles from the Conceptual Framework for General Purpose Financial Reporting and other relevant Standards of GRAP. The Guideline includes examples and case studies to illustrate how an entity may apply the principles in the Guideline, based on specific facts presented.

It covers: Definition and characteristics of materiality, Role of materiality in the financial statements, Identifying the users of financial statements and their information needs, Assessing whether information is material, Applying materiality in preparing the financial statements, and Appendixes with References to the Conceptual Framework for General Purpose Financial Reporting and the Standards of GRAP & References to pronouncements used in the Guideline.

The effective date of the guideline is not yet set by the Minister of Finance.

It is unlikely that the standard will have a material impact on the economic entity's audited consolidated annual financial statements.

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 104 (amended): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the amendment is not yet set by the Minister of Finance.

It is unlikely that the standard will have a material impact on the economic entity's audited consolidated annual financial statements.

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

3. Investment property

Economic entity

	2021	2020
Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value Cost / Valuation and accumulated impairment
436 049 000	-	436 049 000
		406 525 752
		-
		406 525 752

Investment property

Controlling entity

	2021	2020
Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value Cost / Valuation and accumulated impairment
436 049 000	-	436 049 000
		406 525 752
		-
		406 525 752

Investment property

Reconciliation of investment property - Economic entity - 2021

Investment property

Opening balance	406 525 752	Fair value adjustments	29 523 248	Total	436 049 000
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Reconciliation of investment property - Economic entity - 2020

Investment property

Opening balance	402 532 000	Additions	6 015 752	Derecognitions	(338 700)	Fair value adjustments	(1 683 300)	Total	406 525 752
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Figures in Rand

3. Investment property (continued)

Reconciliation of investment property - Controlling entity - 2021

Investment property	Opening balance 406 525 752	Fair value adjustments 29 523 248	Total 436 049 000
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Reconciliation of investment property - Controlling entity - 2020

Investment property	Opening balance 402 532 000	Acquisitions 6 015 752	Derecognition (338 700)	Fair value adjustments (1 683 300)	Total 406 525 752
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Proceeds on disposal of investment property

Carrying value of investment property	-	2020 338 700	2021 -	2020 338 700
Net loss on disposal of investment property	44	-	-	(338 700)

A register containing the information required by is available for inspection at the registered office of the entity.

No Investment Properties are pledged as a security and there are no restrictions on all the Investment Properties.

The total direct operating expenses for repairs and maintenance on all municipal properties amounts to R384 519 834, (2020 : R392 226 629) including repairs and maintenance expenses on investment properties. Refer to repairs and maintenance note 42 and commitments note 49.

Operational expenditure regarding investment property earning rentals and those that are not earning rentals are not available as these expenses pertaining to investment properties are not budgeted for separately on the budget.

Per accounting policy Note 1.3 the entity is on the fair value (FV) model of measuring Investment Property.

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020 *Restated	2021	2020 *Restated

3. Investment property (continued)

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

The values were determined jointly by an external property valuer, through the update of the Investment Property. All the properties were individually valued by the Property Valuers and assumptions used are detailed per each property.

Registration details of internal and external valuers involved in the valuation were as follows;
Letlaka Ndamase, Professional Valuer (5435/7)

Properties were individually valued using a specific method that is best applicable to each property. The full methodology and assumptions used are available for review to each property certificate.

Rental income from investment properties in respect of monthly and annual leases amounted to R16 031 184, (2020 : R14 297 377).

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

4. Property, plant and equipment

Economic entity	2021		2020	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation
Land	81 658 476	-	81 658 476	81 658 476
Plant and machinery	145 987 560	(100 295 665)	45 691 895	128 212 280
Furniture and fixtures	279 686 979	(155 992 014)	123 694 965	244 449 650
Motor vehicles	646 489 777	(322 402 217)	324 087 560	607 657 933
IT equipment	1 347 664	(734 518)	613 146	761 509
Electricity infrastructure	11 867 503 802	(7 964 409 285)	3 903 094 517	10 676 496 124
Other property (halls, social housing)	2 104 302 023	(998 232 504)	1 106 069 519	1 941 669 624
Work in progress (WIP)	4 565 464 189	-	4 565 464 189	3 708 837 019
Recreational facilities	849 941 718	(596 077 601)	253 864 117	814 454 911
Roads	14 444 607 393	(9 077 410 212)	5 367 197 181	13 306 422 867
Wastewater network	5 341 689 447	(3 431 438 446)	1 910 251 001	4 859 027 779
Water network	7 360 743 966	(4 544 397 442)	2 816 346 524	6 688 175 017
Community buildings	2 306 847 329	(1 288 393 929)	1 018 453 400	2 112 561 744
Total	49 996 270 323	(28 479 783 833)	21 516 486 490	45 170 384 933
				(25 969 328 769)
				19 201 056 164

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BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Controlling entity	2021		2020	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation
Land	81 658 476	-	81 658 476	81 658 476
Plant and machinery	145 987 560	(100 295 665)	45 691 895	128 212 280
Furniture and fixtures	278 145 164	(155 647 393)	122 497 771	243 141 338
Motor vehicles	646 489 777	(322 402 217)	324 087 560	607 657 933
Electricity infrastructure	11 867 503 802	(7 964 409 285)	3 903 094 517	10 676 496 124
Other property (halls, social housing)	2 104 302 023	(998 232 504)	1 106 069 519	1 941 669 624
Work in progress (WIP)	4 565 464 189	-	4 565 464 189	3 708 837 019
Recreational facilities	849 941 718	(596 077 601)	253 864 117	814 454 911
Roads	14 444 607 393	(9 077 410 212)	5 367 197 181	13 306 422 867
Wastewater network	5 341 689 447	(3 431 438 446)	1 910 251 001	4 859 027 779
Water network	7 360 743 966	(4 544 397 442)	2 816 346 524	6 688 175 017
Community buildings	2 306 847 329	(1 288 393 929)	1 018 453 400	2 112 561 744
Total	49 993 380 844	(28 478 704 694)	21 514 676 150	45 168 315 112
				(25 968 643 070)
				19 199 672 042

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BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic entity - 2021

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Land	81 658 476	-	-	-	-	81 658 476
Plant and machinery	38 353 039	17 847 117	(12 914)	4 224	(10 499 571)	45 691 895
Furniture and fixtures	115 445 594	38 990 967	(249 508)	99 756	(30 591 844)	123 694 965
Motor vehicles	328 633 479	75 350 306	(12 021 137)	-	(67 875 088)	324 087 560
IT equipment	192 912	611 655	(2 238)	-	(189 183)	613 146
Electricity infrastructure	3 526 426 927	212 681 040	(1 045 786)	418 309 319	(253 276 983)	3 903 094 517
Other property (halls, social housing)	1 034 397 935	80 048 683	(31 958 906)	82 538 342	(58 956 535)	1 106 069 519
Work in progress (WIP)	3 708 837 019	856 627 170	-	-	-	4 565 464 189
Recreational facilities	248 691 342	5 054 295	(8 103 868)	38 537 980	(30 315 632)	253 864 117
Roads	4 790 211 986	291 276 632	-	850 628 225	(564 919 662)	5 367 197 181
Wastewater network	1 773 216 496	26 809 733	-	212 539 735	(102 314 963)	1 910 251 001
Water network	2 599 016 153	41 998 835	-	371 792 098	(196 460 562)	2 816 346 524
Community buildings	955 974 806	18 831 125	-	127 628 303	(83 980 834)	1 018 453 400
	19 201 056 164	1 666 127 558	(53 394 357)	2 102 077 982	(1 399 380 857)	21 516 486 490

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BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic entity - 2020

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Land	81 658 476	-	-	-	-	81 658 476
Plant and machinery	45 562 033	6 039 908	-	-	(13 248 902)	38 353 039
Furniture and fixtures	92 759 036	49 911 996	-	(20 802)	(27 204 636)	115 445 594
Motor vehicles	357 851 046	40 109 650	(4 960 257)	-	(64 366 960)	328 633 479
IT equipment	235 731	76 241	(350)	-	(118 710)	192 912
Electricity infrastructure	3 880 870 061	159 171 697	-	(225 073 196)	(288 541 635)	3 526 426 927
Other property (halls, social housing)	951 555 365	176 504 231	-	(17 964 366)	(75 697 295)	1 034 397 935
Work in progress (WIP)	3 362 887 211	356 273 815	(10 324 007)	-	-	3 708 837 019
Recreational facilities	314 768 100	7 222 501	-	(31 737 760)	(41 561 499)	248 691 342
Roads	4 989 135 506	426 614 983	-	123 342 901	(748 881 404)	4 790 211 986
Wastewater network	1 777 470 985	129 677 348	-	(18 816 150)	(115 115 687)	1 773 216 496
Water network	2 774 034 126	252 588 632	-	(181 131 675)	(246 474 930)	2 599 016 153
Community buildings	1 090 718 260	43 797 269	(1 656 510)	(75 626 623)	(101 257 590)	955 974 806
	19 719 505 936	1 647 988 271	(16 941 124)	(427 027 671)	(1 722 469 248)	19 201 056 164

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Notes to the Audited Consolidated Annual Financial Statements

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2021

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Land	81 658 476	-	-	-	-	81 658 476
Plant and machinery	38 353 039	17 847 117	(12 914)	4 224	(10 499 571)	45 691 895
Furniture and fixtures	114 254 384	38 752 313	(248 928)	99 756	(30 359 754)	122 497 771
Motor vehicles	328 633 479	75 350 306	(12 021 137)	-	(67 875 088)	324 087 560
Electricity infrastructure	3 526 426 927	212 681 040	(1 045 786)	418 309 319	(253 276 983)	3 903 094 517
Other properties (halls, social housing)	1 034 397 935	80 048 683	(31 958 906)	82 538 342	(58 956 535)	1 106 069 519
Work in progress (WIP)	3 708 837 019	856 627 170	-	-	-	4 565 464 189
Recreational facilities	248 691 342	5 054 295	(8 103 868)	38 537 980	(30 315 632)	253 864 117
Roads	4 790 211 986	291 276 632	-	850 628 225	(564 919 662)	5 367 197 181
Wastewater network	1 773 216 496	26 809 733	-	212 539 735	(102 314 963)	1 910 251 001
Water network	2 599 016 153	41 998 835	-	371 792 098	(196 460 562)	2 816 346 524
Community buildings	955 974 806	18 831 125	-	127 628 303	(83 980 834)	1 018 453 400
	19 199 672 042	1 665 277 249	(53 391 539)	2 102 077 982	(1 398 959 584)	21 514 676 150

Notes to the Audited Consolidated Annual Financial Statements

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2020

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Land	81 658 476	-	-	-	-	81 658 476
Plant and machinery	45 562 033	6 039 908	-	-	(13 248 902)	38 353 039
Furniture and fixtures	92 687 132	48 717 557	-	(20 802)	(27 129 503)	114 254 384
Motor vehicles	357 851 046	40 109 650	(4 960 257)	-	(64 366 960)	328 633 479
Electricity infrastructure	3 880 870 061	159 171 697	-	(225 073 196)	(288 541 635)	3 526 426 927
Other properties (halls, social housing)	951 555 365	176 504 231	-	(17 964 366)	(75 697 295)	1 034 397 935
Work in progress (WIP)	3 362 887 211	356 273 815	(10 324 007)	-	-	3 708 837 019
Recreational facilities	314 768 100	7 222 501	-	(31 737 760)	(41 561 499)	248 691 342
Roads	4 989 135 506	426 614 983	-	123 342 901	(748 881 404)	4 790 211 986
Wastewater network	1 777 470 985	129 677 348	-	(18 816 150)	(115 115 687)	1 773 216 496
Water network	2 774 034 126	252 588 632	-	(181 131 675)	(246 474 930)	2 599 016 153
Community buildings	1 090 718 260	43 797 269	(1 656 510)	(75 626 623)	(101 257 590)	955 974 806
	19 719 198 301	1 646 717 591	(16 940 774)	(427 027 671)	(1 722 275 405)	19 199 672 042

Proceeds on disposal of PPE						
Carrying value of PPE		2021	2020	2021	2020	
Net loss on disposal of assets	44	53 394 357	16 941 124	53 391 539	16 940 774	
		(16 625 064)	(6 567 862)	(16 622 245)	(6 616 768)	
		36 769 293	10 373 262	36 769 294	10 324 006	

There are properties for which title deeds are registered under the name of the Municipality but have not been included in the Municipality's financial records. These properties are represented by RDP land, ex Ciskei and other land parcels, vacant and improved. It should furthermore be noted that management is of the view that the inclusion of these properties in the Annual Financial Statements could result in a misrepresentation of the financial information for users of the Annual Financial Statements.

Expenditure relating to property, plant and equipment is disclosed under repairs and maintenance note 42.

Refer to note 49 for committed expenditure.

The values were determined as 30 June 2021 by an external Professional Valuer registered with the South African Council for the Property Valuers Profession, Registration No. 5435/7. Revaluation methodology is available at BCMM.

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

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4. Property, plant and equipment (continued)

There are also no assets that are owned by the City which are held under the service concession agreements, surety arrangements and/or under finance lease where the City is the lessor.

The following property plant and equipment is in the process of being constructed or developed and is disclosed as part of work-in-progress. Work-in-progress comprises of the following classes of infrastructure.

WIP Categories	2021	2020	2021	2020
Buildings	966 167 746	754 646 134	966 167 746	754 646 134
Community facilities	330 381 617	231 111 317	330 381 617	231 111 317
Electricity	74 339 017	163 313 966	74 339 017	163 313 966
Other assets	102 563 141	37 379 259	102 563 141	37 379 259
Roads	1 702 736 466	1 432 349 805	1 702 736 466	1 432 349 805
Sanitation	786 842 911	634 950 455	786 842 911	634 950 455
Water supply	602 433 291	455 086 082	602 433 291	455 086 082
	4 565 464 189	3 708 837 018	4 565 464 189	3 708 837 018

The carrying values of all the projects that are taking significantly longer to complete as shown above are included in PPE Note 4 and under WIP. There has been no impairment loss that has been incurred by the City.

Contract	Delay period	Reasons
BCMM/COO/HM/1328/2013	60 months	Contractor terminated
BCC/DES/COO/HM/1110/2010	60 months	Contractor terminated
BCMM/COO/HM/1300/2013	62 months	Beneficiary delays and approvals
BCMM/COO/HM/1315/2013	54 months	Invasions and community protests

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the entity.

BUFFALO CITY METROPOLITAN MUNICIPALITY

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5. Intangible assets

Economic entity

Economic entity	2021		2020			
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Software	46 890 111	(34 115 595)	12 774 516	38 811 568	(23 836 785)	14 974 783

Software

Controlling entity

Controlling entity	2021			2020		
	Cost / Valuation	Accumulated amortisation and impairment	Carrying value	Cost / Valuation	Accumulated amortisation and impairment	Carrying value
Software	42 487 815	(30 752 032)	11 735 783	34 796 776	(21 233 349)	13 563 427

Software

Reconciliation of intangible assets - Economic entity - 2021

	Opening balance	Additions	Amortisation	Total
Software	14 974 783	387 504	(2 587 771)	12 774 516

Reconciliation of intangible assets - Economic entity - 2020

	Opening balance	Additions	Amortisation loss	Impairment	Total
Software	19 903 241	404 741	(5 281 668)	(51 531)	14 974 783

Notes to the Audited Consolidated Annual Financial Statements

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5. Intangible assets (continued)

Reconciliation of intangible assets - Controlling entity - 2021

	Opening balance	Amortisation	Total
Software	13 563 427	(1 827 644)	11 735 783

Reconciliation of intangible assets - Controlling entity - 2020

	Opening balance	Amortisation	Total
Software	18 103 059	(4 539 632)	13 563 427

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

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6. Heritage assets

Economic entity

	2021			2020		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Monuments	7 398 532	-	7 398 532	7 398 532	-	7 398 532
Memorials	2 866 049	-	2 866 049	2 866 049	-	2 866 049
Historical buildings & sites	22 198 433	-	22 198 433	22 198 433	-	22 198 433
Other Heritage sites	18 050 426	-	18 050 426	18 050 426	-	18 050 426
Total	50 513 440	-	50 513 440	50 513 440	-	50 513 440

Controlling entity

	2021			2020		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Monuments	7 398 532	-	7 398 532	7 398 532	-	7 398 532
Memorials	2 866 049	-	2 866 049	2 866 049	-	2 866 049
Historical buildings & sites	22 198 433	-	22 198 433	22 198 433	-	22 198 433
Other Heritage sites	18 050 426	-	18 050 426	18 050 426	-	18 050 426
Total	50 513 440	-	50 513 440	50 513 440	-	50 513 440

Reconciliation of heritage assets - Economic entity - 2021

	Opening balance	Total
Monuments	7 398 532	7 398 532
Memorials	2 866 049	2 866 049
Historical buildings & sites	22 198 433	22 198 433
Other Heritage sites	18 050 426	18 050 426
	50 513 440	50 513 440

Notes to the Audited Consolidated Annual Financial Statements

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6. Heritage assets (continued)

Reconciliation of heritage assets - Economic entity - 2020

	Opening balance	Total
Monuments	7 398 532	7 398 532
Memorials	2 866 049	2 866 049
Historical buildings & sites	22 198 433	22 198 433
Other Heritage sites	18 050 426	18 050 426
	50 513 440	50 513 440

Reconciliation of heritage assets - Controlling entity - 2021

	Opening balance	Total
Monuments	7 398 532	7 398 532
Memorials	2 866 049	2 866 049
Historical buildings & sites	22 198 433	22 198 433
Other Heritage sites	18 050 426	18 050 426
	50 513 440	50 513 440

Reconciliation of heritage assets - Controlling entity - 2020

	Opening balance	Total
Monuments	7 398 532	7 398 532
Memorials	2 866 049	2 866 049
Historical buildings & sites	22 198 433	22 198 433
Other Heritage sites	18 050 426	18 050 426
	50 513 440	50 513 440

Heritage assets are reviewed annually for impairment. None of the City's Heritage assets are restricted and or pledged as a security.

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020 *Restated	2021	2020 *Restated

7. Investment in associates

Name	Jurisdiction	Principal activity	Economic Entity		Controlling Entity	
			Carrying amount 2021	Carrying amount 2020	Carrying amount 2021	Carrying amount 2020
East London Industrial Development Zone (Pty)Ltd		Development of East London's Industrial Development Zone.	676 448 508	703 076 035	676 448 508	703 076 035
% holding			26 %	26 %	26 %	26 %

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

Movements in carrying amount

Opening balance	703 076 035	597 392 295	703 076 035	597 392 295
Share in (deficit)/surplus for the year	(26 627 528)	105 683 740	(26 627 528)	105 683 740
	676 448 508	703 076 035	676 448 508	703 076 035

Investment in associate at 30 June 2021 amounted to R 676 448 508 (2020: R 703 076 035).

Fair value

Management could not make a reliable estimate of the fair value of the associate as the information to determine the fair value is not readily available. Management however believes that the face value approximates the fair value of the shares.

Summary of controlled entity's interest in associate

Total assets	781 408 364	860 844 542	781 408 364	860 844 542
Total liabilities	(104 959 598)	(157 768 246)	(104 959 598)	(157 768 246)
Total equity	676 448 508	703 076 035	676 448 508	703 076 035
Share in (deficit)/surplus for the year	(26 627 528)	105 683 740	(26 627 528)	105 683 740
Surplus - Opening balance	703 076 035	597 392 286	703 076 035	597 392 286

The financial statements of East London Industrial Development Zone (Proprietary) Limited have a different year end to BCMM and ELIDZ statements are prepared for the accounting period 01 April 2020 to 31 March 2021.

Per Accounting Policy 1.8, the entity uses the most recent available financial statement of the associate in applying the equity method. The amounts reflected above are for the period 01 April 2020 - 31 March 2021.

BUFFALO CITY METROPOLITAN MUNICIPALITY

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Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020
		*Restated		*Restated

7. Investment in associates (continued)

Interests in associates

Material associates

Name of the associate:	East London Industrial Development Zone (Pty)Ltd
Nature of the entity's relationship with the associate:	The development and management of the Special Economic Zone (SEZ) in East London.
Domicile and legal form of the associate:	State owned company
Proportion of ownership interest or participating share held by the entity:	26%
Proportion of voting rights held:	26%
The investment in associate is measured using:	Equity Method

Summarised financial information for the associate

Current assets	448 014 147	644 252 481	448 014 147	644 252 481
Non-current assets	2 557 402 645	2 666 688 065	2 557 402 645	2 666 688 065
Current liabilities	(403 690 765)	(606 800 948)	(403 690 765)	(606 800 948)
Revenue	702 365 286	1 096 848 168	702 365 286	1 096 848 168
Expenditure	(804 778 857)	(690 372 208)	(804 778 857)	(690 372 208)
(Deficit)/Surplus for the period	(102 413 571)	406 475 696	(102 413 571)	406 475 696

8. Operating lease liability

Current liabilities	(99 404)	(51 545)	-	-
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The Agency entered into lease agreements for its two multifunctional printers and office space. GRAP 13 requires straightlining of lease payments over the duration of the lease term. The lease for the office space has an escalating clause of 7% per annum. The above lease accrual is therefore as a result of adhering with the standard.

9. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value				
Balance at the beginning of the year	684 817 000	728 815 087	684 817 000	728 815 087
Interest cost	62 882 000	63 553 801	62 882 000	63 553 801
Current service cost	41 081 000	43 491 390	41 081 000	43 491 390
Actual employer benefit payments	(42 158 000)	(47 430 169)	(42 158 000)	(47 430 169)
Actuarial loss/(gain) recognised in the year	40 593 000	(103 613 109)	40 593 000	(103 613 109)
	787 215 000	684 817 000	787 215 000	684 817 000
Non-current liabilities	(761 616 000)	(633 835 000)	(761 616 000)	(633 835 000)
Current liabilities	(25 599 000)	(50 982 000)	(25 599 000)	(50 982 000)
Net liability	(787 215 000)	(684 817 000)	(787 215 000)	(684 817 000)

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020
		*Restated		*Restated

9. Employee benefit obligations (continued)

Net costs

Interest cost	62 882 000	63 553 801	62 882 000	63 553 801
Current service cost	41 081 000	43 491 390	41 081 000	43 491 390
Actuarial loss/(gains) recognised in the year	40 593 000	(103 613 109)	40 593 000	(103 613 109)
Actual employer benefit payments	(42 158 000)	(47 430 169)	(42 158 000)	(47 430 169)
Net costs per Statement of Financial Performance	102 398 000	(43 998 087)	102 398 000	(43 998 087)

Post retirement medical contribution amounts recognised in the statement of financial position

Balance at the beginning of the year	454 831 000	511 868 575	454 831 000	511 868 575
Interest costs	46 136 000	47 118 811	46 136 000	47 118 811
Current service cost	19 568 000	20 993 590	19 568 000	20 993 590
Actual employer benefit payments	(20 009 000)	(19 348 605)	(20 009 000)	(19 348 605)
Actuarial gain recognised in the year	11 631 000	(105 801 371)	11 631 000	(105 801 371)
Net costs per Statement of Financial Performance	512 157 000	454 831 000	512 157 000	454 831 000

Post retirement medical contribution - Net cost

Interest costs	46 136 000	47 118 811	46 136 000	47 118 811
Current service cost	19 568 000	20 993 590	19 568 000	20 993 590
Actuarial loss/(gains) recognised in the year	11 631 000	(105 801 371)	11 631 000	(105 801 371)
Actual employer benefit payments	(20 009 000)	(19 348 605)	(20 009 000)	(19 348 605)
	57 326 000	(57 037 575)	57 326 000	(57 037 575)

The best estimates for the employer benefit payments in the 2020/21 financial period is expected to be R20 340 000 (The actual employer benefit payments in the 2020/21 financial period was R19 568 000).

The entity employees contribute to 5 accredited medical aid schemes, namely LA Health, Bonitas, Key Health, SAMWU Med and Hosmed. Pensioners continue on the option they belonged to on the day of their retirement.

The obligation in respect of the medical care contributions for retirement benefits is valued every year by independent qualified actuaries. The last actuarial valuation was prepared in July by ZAQ Consultants and Actuaries using the Projected Unit Credit Method.

The entity opted not to recognise the actuarial loss applying the "Corridor" method.

The employer's post-employment health care liability consists of a commitment to pay a portion of the pensioners' post-employment medical scheme contributions. The liability is also generated in respect of dependents who are offered continued membership of the medical scheme on the death of the primary member.

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020 *Restated	2021	2020 *Restated

9. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rate	Yield curve	10.37 %	Yield curve	10.37 %
Health care cost inflation rate	CPI+1.5%	6.44 %	CPI+1.5%	6.44 %
Net-of-health-care-cost-inflation discount rate	Yield curve based	3.69 %	Yield curve based	3.69 %
Maximum subsidy inflation rate	4.73 %	4.46 %	4.73 %	4.46 %
Net-of-maximum-subsidy-inflation discount rate	3.37 %	5.66 %	3.37 %	5.66 %
Average retirement age	62	62	62	62
Continuation of membership at retirement	75 %	75 %	75 %	75 %
Proportion with a spouse dependent at retirement	90 %	60 %	90 %	60 %
Mortality during employment	SA 85-90 PA(90) -1 with a 1% mortality improvement p.a. from 2010	SA 85-90 PA(90) -1 with a 1% mortality improvement p.a. from 2010	SA 85-90 PA(90) -1 with a 1% mortality improvement p.a. from 2010	SA 85-90 PA(90) -1 with a 1% mortality improvement p.a. from 2010
Mortality post-employment				

In-service members

Number of in-service members	3 622	3 673	3 622	3 673
Average age	46.0	44.9	46.0	44.9
Average past service	13.1	11.6	13.1	11.6
Number of spouses	1 040	-	1 040	-
Average present value of post-employment subsidy p.m.	R 1 399	R 1 599	R 1 399	R 1 599
Average current value of post-employment subsidy p.m.	R 2 110	R 2 411	R 2 110	R 2 411

Continuation members

Number of principal members	492	503	492	503
Proportion with a spouse dependent	0.38	0.39	0.38	0.39
Average age of members	74.3	72.2	74.3	72.2
Average subsidy per month	R 3 310	R 3 268	R 3 310	R 3 268

BUFFALO CITY METROPOLITAN MUNICIPALITY

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Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020 *Restated	2021	2020 *Restated

9. Employee benefit obligations (continued)

Sensitivity Results

The liability at the Valuation Date was recalculated to show the effect of:

- 20% increase/decrease in the assumed level of mortality;
- 1% increase/decrease in the Medical Aid inflation.
- 1% increase/decrease in the Discount Rate.
- 1 year decrease in the Average Retirement Age.
- 10% decrease in the Continuation Rate assumption.

Mortality rate

Deviations from the assumed level of mortality experience of the current employees and the continuation members (pensioners) will have a large impact on the actual cost to the Municipality. If the actual rates of mortality turn out higher than the rates assumed in the valuation basis, the cost to the Municipality in the form of subsidies will reduce and vice versa.

The table below illustrates the effect of higher and lower mortality rates by increasing and decreasing the mortality rates by 20%.

	-20% Mortality rate	Valuation assumption	+20% Mortality rate
In-service members	335 961 000	313 245 000	293 809 500
Continuation members	215 908 000	198 912 000	185 237 000
Total accrued liability	551 869 000	512 157 000	479 046 500
Interest cost	71 421 000	66 249 000	61 916 000
Service cost	30 749 000	28 544 000	26 657 000

Medical aid inflation

The cost of the subsidy after retirement is dependent on the increase in the contributions to the medical aid scheme before and after retirement. The rate at which these contributions increase will thus have a direct effect on the liability of future retirees.

The table below summarises the effect of a 1% p.a. change in the medical aid inflation assumption.

Assumption	-1% Medical aid inflation	Valuation assumption	+1% Medical aid inflation
In-service members	287 004 750	313 245 000	332 976 000
Continuation members	188 756 000	198 912 000	208 263 000
Total accrued liability	475 760 750	512 157 000	541 239 000
Interest cost	61 279 000	66 249 000	70 167 000
Service cost	25 830 000	28 544 000	30 538 000

Discount rate

The value of the liability is dependent on the level of the discount rate used to discount the future payments. The table below summarises the effect of a 1%p.a. change in the discount rate assumption.

Assumption	-1% Discount rate	Valuation assumption	+1% Discount rate
In-service members	367 768 500	313 245 000	269 431 500
Continuation members	213 937 000	198 912 000	185 707 000
Total accrued liability	581 705 500	512 157 000	455 138 500
Interest cost	75 931 000	66 249 000	58 352 000
Service cost	34 262 000	28 544 000	24 030 000

BUFFALO CITY METROPOLITAN MUNICIPALITY

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	Economic entity		Controlling entity	
Figures in Rand	2021	2020 *Restated	2021	2020 *Restated

9. Employee benefit obligations (continued)

Average retirement age

The liability value is directly influenced by the assumption about the average retirement age of members as this determines the length these benefits are paid out to members.

The table below summarises the effect of a one year decrease in the assumed average retirement age

Assumption	1-year decrease	Valuation assumption
In-service members	349 190 250	313 245 000
Continuation members	198 912 000	198 912 000
Total accrued liability	548 102 250	512 157 000
Interest cost	71 466 000	66 249 000
Service cost	31 054 000	28 544 000
	1 198 724 500	1 119 107 000

Continuation of membership at retirement

The liability value is directly dependent on the number of in-service members that continue into retirement.

The table below summarises the effect of a 10% decrease in the continuation rate of in-service members into retirement.

Assumption	-10% continuation rate	Valuation assumption
In-service members	271 479 000	313 245 000
Continuation members	198 912 000	198 912 000
Total accrued liability	470 391 000	512 157 000
Interest cost	66 249 000	66 249 000
Service cost	28 544 000	28 544 000

History of Liabilities, Assets and Experience Adjustments

The table below summarises the accrued liabilities and the plan assets for the current period and previous periods.

Liability history	30/06/2017	30/06/2018	30/06/2019	30/06/2020	30/06/2021
Accrued liability	527.298	537.975	511.869	454.831	512.157
Fair value of plan asset	0.000	0.000	0.000	0.000	0.000
(Deficit)	(527.298)	(537.975)	(511.869)	(454.831)	(512.157)

The table below summarises the experience adjustments for the current period and the previous four periods. Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred.

Experience adjustments	Year ending 30/06/2017	Year ending 30/06/2018	Year ending 30/06/2019	Year ending 30/06/2020	Year ending 30/06/2021
Liabilities: (Gain) / Loss	26.366	(1.794)	(3.964)	(12.365)	55.349
Assets: Gain / (Loss)	0.000	0.000	0.000	0.000	0.000

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Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020 *Restated	2021	2020 *Restated

9. Employee benefit obligations (continued)

Long service awards amounts recognised in the statement of financial position

Balance at the beginning of the year	229 986 000	216 946 512	229 986 000	216 946 512
Interest cost	16 746 000	16 434 990	16 746 000	16 434 990
Current service cost	21 513 000	22 497 800	21 513 000	22 497 800
Actual employer benefit payments	(22 149 000)	(28 081 564)	(22 149 000)	(28 081 564)
Actuarial loss/(gain) recognised in the year	28 962 000	2 188 262	28 962 000	2 188 262
	275 058 000	229 986 000	275 058 000	229 986 000

Long service awards - Net cost

Interest costs	16 746 000	16 434 990	16 746 000	16 434 990
Current service cost	21 513 000	22 497 800	21 513 000	22 497 800
Actuarial losses recognised in the year	28 962 000	2 188 262	28 962 000	2 188 262
Employer benefits vesting	(22 149 000)	(28 081 564)	(22 149 000)	(28 081 564)
	45 072 000	13 039 488	45 072 000	13 039 488

Key assumptions used

The table below summarises the key financial assumptions used for the liabilities at the Valuation Date and the expense figures for the ensuing year.

The earnings used in the valuation include an increase on 1 July 2020 of 6.25% as per the SALGBC Circular No.: 02/2020. The next general earnings increase was assumed to take place on 1 July 2021.

Assumptions used at the reporting date:

Discount rate	Yield Curve	7.79 %	Yield Curve	7.79 %
General earnings inflation rate (long-term)	Equal to CPI+1%	3.83 %	Equal to CPI+1%	3.83 %
Net effective discount rate	Yield Curve Based	3.81 %	Yield Curve Based	3.81 %
CPI (Consumer Price Inflation)	Difference between nominal and real yield curve	2.83 %	Difference between nominal and real yield curve	2.83 %
Average retirement age	62	62	62	62
Pre-retirement mortality	SA85-90	SA85-90	SA85-90	SA85-90

Sensitivity analysis

The liability at the Valuation Date was recalculated to show the effect of:

- 20% increase/decrease in the assumed level of withdrawal rates;
- 1% increase/decrease in the Normal Salary cost inflation
- 1% increase/decrease in the Discount Rate.
- 2-year increase/decrease in the Average Retirement Age.

Withdrawal rate

Deviations from the assumed level of withdrawal experience of the eligible employees will have a large impact on the actual cost to the Municipality. If the actual rate of withdrawal turns out to be higher than the rates assumed in the valuation basis, then the cost to the Municipality in the form of benefits will reduce and vice versa.

The table below summarises the effect of higher and lower withdrawal rates by increasing and decreasing the withdrawal rates by 20%.

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9. Employee benefit obligations (continued)

Assumption	-20% Withdrawal rate	Valuation assumption	+20% Withdrawal rate
Total accrued liability	286 370 000	275 058 000	264 591 000
Current service cost	26 674 000	25 339 000	24 118 000
Interest cost	30 331 000	29 050 000	27 866 000

Normal salary inflation

The cost of the long service awards is dependent on the increase in the annual salaries paid to employees. The rate at which salaries increase will thus have a direct effect on the liability of future employees.

The table below summarises the effect of a 1% p.a. change in the Normal Salary inflation assumption.

Assumption	-1% Normal salary inflation	Valuation assumption	+1% Normal salary inflation
Total accrued liability	259 197 000	275 058 000	292 445 000
Current service cost	23 715 000	25 339 000	27 135 000
Interest cost	27 268 000	29 050 000	31 005 000

Discount rate

The cost of the long service awards is dependent on the discount rate used to discount the future expected payments. This discount rate will thus have a direct effect on the liability of future employees.

The table summarises the effect of a 1% p.a. change in the Discount rate assumption.

Assumption	-1% Discount rate	Valuation assumption	+1% Discount rate
Total accrued liability	292 445 000	275 058 000	258 197 000
Current service cost	27 135 000	25 339 000	23 715 000
Interest cost	31 005 000	29 050 000	27 268 000

Average retirement age

The cost of the long service awards is dependent on the average age at which employees retire as this will affect the amount of benefits the employees may qualify for in the future.

The table below summarises the effect of a 2-year increase and decrease in the Average Retirement Age assumption.

Assumption	2 year decrease in Average Retirement Age	Valuation assumption	2 year increase in Average Retirement Age
Total accrued liability	237 219 000	275 058 000	314 134 000
Current service cost	22 688 000	25 339 000	28 013 000
Interest cost	24 864 000	29 050 000	33 370 000

History of Liabilities, Assets and Experience Adjustments

The table below summarises the accrued liabilities and the plan assets for the current period and the previous two periods.

Liability history	30/06/2018	30/06/2019	30/06/2020	30/06/2021
Accrued liability	195.180	216.947	229.986	275.058
Fair value of plan asset	0.000	0.000	0.000	0.000
(Deficit)	(195.180)	(216.947)	(229.986)	(275.058)

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9. Employee benefit obligations (continued)

The table below summarises the experience adjustments for the current and previous period. Experience adjustments are the effects of differences between the previous actuarial assumptions and what has occurred.

Experience adjustments	Year ending 30/06/2019	Year ending 30/06/2020	Year ending 30/06/2021
Liabilities: (Gain) / Loss	12 628 230	18 797 262	5 198 000
Assets: Gain / (Loss)	0.000	0.000	0.000

Defined contribution plan - BCMDA

It is the policy of the entity to provide retirement benefits to all its employees. BCMDA has during the financial year made contributions to a Defined Contribution Plan, wherein the fixed contributions are paid on a monthly basis. The entity is under no obligation to cover any unfunded benefits. Kindly refer to note 61 for the amounts paid to the fund.

The amount recognised as an expense for defined contribution plans is	1 747 649	1 590 464	-	-
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10. Inventories

Electricity store (Electrical maintenance parts)	8 352 201	12 223 986	8 352 201	12 223 986
Workshop store (Mechanical maintenance parts)	308 099	192 551	308 099	192 551
Water store (Water maintenance parts)	3 210 894	882 100	3 210 894	882 100
Unsold water (Treated water in pipelines & reservoirs)	11 773 522	12 861 661	11 773 522	12 861 661
General stores (Chiselhurst, Mdantsane, KWT)	14 083 974	9 437 826	14 023 268	9 377 120
	37 728 690	35 598 124	37 667 984	35 537 418
Inventories (write-downs)	(702 379)	(1 129 206)	(689 642)	(1 129 206)
	37 026 311	34 468 918	36 978 342	34 408 212

Carrying value of stock is disclosed at the lower of cost and net realisable value.

The inventories (write-downs) amount is in respect of obsolete stock and not due to a change in accounting policy.

Inventory write-downs is included in the Statement of Financial Performance.

Inventory pledged as security

No inventory was pledged as security.

11. Prepayments

Prepayments	97 604	-	-	-
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The prepayment relates to office space rental invoice dated 01 July 2021, that was mistakenly paid on 30 June as the date of paying outstanding invoices.

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Figures in Rand	2021	2020 *Restated	2021	2020 *Restated
12. Receivables from non-exchange transactions				
Traffic fines	41 818 638	37 717 537	41 818 638	37 717 537
Other receivables (billing)	297 198 367	265 266 344	297 198 367	265 266 344
Other debtors	24 826 024	31 388 184	24 826 024	31 388 184
Property rates	1 019 684 711	850 188 578	1 019 684 711	850 188 578
Allowance for impairment property rates and other receivables billing	(598 033 652)	(504 417 636)	(598 033 652)	(504 417 636)
	785 494 088	680 143 007	785 494 088	680 143 007
Property rates				
Current (0-30 days)	121 053 587	108 309 076	121 053 587	108 309 076
31-60 days	51 354 487	54 779 009	51 354 487	54 779 009
61-90 days	38 570 987	40 752 682	38 570 987	40 752 682
91-120 days	33 390 949	30 739 243	33 390 949	30 739 243
121-365 days	253 870 083	170 832 592	253 870 083	170 832 592
>365 days	521 444 618	444 775 976	521 444 618	444 775 976
	1 019 684 711	850 188 578	1 019 684 711	850 188 578
Less: Allowance for Impairment - Property Rates				
Current (0-30 days)	(52 803 911)	(47 244 721)	(52 803 911)	(47 244 721)
31-60 days	(22 400 970)	(23 894 756)	(22 400 970)	(23 894 756)
61-90 days	(16 824 772)	(17 776 433)	(16 824 772)	(17 776 433)
91-120 days	(14 565 225)	(13 408 543)	(14 565 225)	(13 408 543)
121-365 days	(110 738 838)	(74 517 653)	(110 738 838)	(74 517 653)
>365 days	(227 455 595)	(194 085 172)	(227 455 595)	(194 085 172)
	(444 789 311)	(370 927 278)	(444 789 311)	(370 927 278)
Other Receivables (Billing)				
Current (0-30 days)	16 804 837	14 843 029	16 804 837	14 843 029
31-60 days	5 881 468	5 880 746	5 881 468	5 880 746
61-90 days	4 508 945	4 034 689	4 508 945	4 034 689
91-120 days	4 370 508	4 742 185	4 370 508	4 742 185
121-365 days	45 548 357	37 094 685	45 548 357	37 094 685
>365 days	220 084 252	198 671 010	220 084 252	198 671 010
	297 198 367	265 266 344	297 198 367	265 266 344
Less: Allowance for Impairment - Other Receivables (Billing)				
Current (0-30 days)	(8 464 397)	(7 469 479)	(8 464 397)	(7 469 479)
31-60 days	(3 036 669)	(2 959 376)	(3 036 669)	(2 959 376)
61-90 days	(2 328 020)	(2 030 382)	(2 328 020)	(2 030 382)
91-120 days	(2 256 543)	(2 386 416)	(2 256 543)	(2 386 416)
121-365 days	(23 517 140)	(18 667 211)	(23 517 140)	(18 667 211)
>365 days	(113 641 571)	(99 977 494)	(113 641 571)	(99 977 494)
	(153 244 340)	(133 490 358)	(153 244 340)	(133 490 358)
Traffic Fines				
Opening Balance - Total Outstanding Fines (Based on prior 3 years)	188 587 689	168 479 390	188 587 689	168 479 390
Less: Outstanding Fines in respect of prior third year	(50 581 458)	(46 125 724)	(50 581 458)	(46 125 724)
Total Traffic Fines Issued BCMM	139 003 423	82 052 650	139 003 423	82 052 650
Traffic Fines withdrawn, untraceable and uncollectable	(3 123 100)	(4 005 500)	(3 123 100)	(4 005 500)

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12. Receivables from non-exchange transactions (continued)				
Traffic Fines Paid	(12 520 066)	(11 813 128)	(12 520 066)	(11 813 128)
Total Outstanding Fines	261 366 487	188 587 689	261 366 487	188 587 689
Impairment (Based on a probability collection factor of approx. 16% - 2021 and 20% - 2020)	(219 547 849)	(150 870 151)	(219 547 849)	(150 870 151)
Traffic Fines Debtor	41 818 638	37 717 538	41 818 638	37 717 538
Credit quality of receivables from non-exchange transactions				
The credit quality of trade and other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings.				
Although credit quality can be assessed the entity did not apply any methods to evaluate the credit quality.				
Receivables from non-exchange transactions impaired				
As of 30 June 2021, other receivables from non-exchange transactions of R (598 033 652) (2020: R (504 417 636)) were impaired and provided for.				
Amounts totalling R77 753 712 (2020: R19 498 316) were written off as uncollectable against the debt impairment allowance account. This represents 1% (2020: 1%) of the total operating income for the year.				
Reconciliation of provision for impairment of receivables from non-exchange transactions				
Opening balance	(504 417 636)	(345 712 939)	(504 417 636)	(345 712 939)
Provision for impairment	(171 369 728)	(178 203 013)	(171 369 728)	(178 203 013)
Amounts written off as uncollectible	77 753 712	19 498 316	77 753 712	19 498 316
	(598 033 652)	(504 417 636)	(598 033 652)	(504 417 636)
The creation and release of provision for impaired receivables have been included in operating expenses in surplus or deficit (note 38). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.				
These amounts best represent the maximum exposure to credit risk at the end of the reporting period, without taking account of any collateral held or credit enhancements.				
13. Receivables from exchange transactions				
Gross balances				
Electricity	672 084 070	512 876 617	672 084 070	512 876 617
Water	1 498 986 484	988 726 369	1 498 986 484	988 726 369
Waste water	433 741 576	366 092 800	433 741 576	366 092 800
Refuse	524 365 827	445 398 505	524 365 827	445 398 505
Sundry debtors - BCMDA	176 761	60 710	-	-
Accrued income	341 108 361	333 754 455	341 108 361	333 754 455
	3 470 463 079	2 646 909 456	3 470 286 318	2 646 848 746
Less: Allowance for impairment				
Electricity	(297 661 304)	(222 362 975)	(297 661 304)	(222 362 975)
Water	(1 163 384 593)	(854 299 794)	(1 163 384 593)	(854 299 794)
Waste water	(203 868 225)	(170 986 051)	(203 868 225)	(170 986 051)
Refuse	(224 098 153)	(215 435 592)	(224 098 153)	(215 435 592)
	(1 889 012 275)	(1 463 084 412)	(1 889 012 275)	(1 463 084 412)

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Figures in Rand	2021	2020 *Restated	2021	2020 *Restated
13. Receivables from exchange transactions (continued)				
Net balance				
Electricity	374 422 766	290 513 642	374 422 766	290 513 642
Water	335 601 891	134 426 575	335 601 891	134 426 575
Waste water	229 873 351	195 106 749	229 873 351	195 106 749
Refuse	300 267 674	229 962 913	300 267 674	229 962 913
Sundry debtors - BCMMDA	176 761	60 710	-	-
Accrued income	341 108 361	333 754 455	341 108 361	333 754 455
	1 581 450 804	1 183 825 044	1 581 274 043	1 183 764 334
Electricity				
Current (0 -30 days)	244 194 992	195 062 195	244 194 992	195 062 195
31 - 60 days	37 450 841	23 986 218	37 450 841	23 986 218
61 - 90 days	24 646 226	20 074 558	24 646 226	20 074 558
91 - 120 days	17 870 966	32 419 245	17 870 966	32 419 245
121 - 365 days	120 484 580	81 571 863	120 484 580	81 571 863
> 365 days	227 436 465	159 762 538	227 436 465	159 762 538
	672 084 070	512 876 617	672 084 070	512 876 617
Water				
Current (0 -30 days)	256 074 725	253 860 613	256 074 725	253 860 613
31 - 60 days	69 635 001	53 040 891	69 635 001	53 040 891
61 - 90 days	58 094 001	69 087 573	58 094 001	69 087 573
91 - 120 days	84 992 522	61 724 903	84 992 522	61 724 903
121 - 365 days	572 645 506	168 626 532	572 645 506	168 626 532
> 365 days	457 544 728	382 385 857	457 544 728	382 385 857
	1 498 986 483	988 726 369	1 498 986 483	988 726 369
Waste water				
Current (0 -30 days)	39 741 018	22 634 049	39 741 018	22 634 049
31 - 60 days	16 375 173	17 149 055	16 375 173	17 149 055
61 - 90 days	12 192 211	11 267 801	12 192 211	11 267 801
91 - 120 days	11 272 166	9 630 878	11 272 166	9 630 878
121 - 365 days	115 023 586	53 945 999	115 023 586	53 945 999
> 365 days	239 137 421	251 465 018	239 137 421	251 465 018
	433 741 575	366 092 800	433 741 575	366 092 800
Refuse				
Current (0 -30 days)	32 855 515	59 498 142	32 855 515	59 498 142
31 - 60 days	25 990 039	13 162 225	25 990 039	13 162 225
61 - 90 days	11 942 484	10 207 772	11 942 484	10 207 772
91 - 120 days	11 152 974	9 046 676	11 152 974	9 046 676
121 - 365 days	134 847 641	56 673 718	134 847 641	56 673 718
> 365 days	307 577 172	296 809 972	307 577 172	296 809 972
	524 365 825	445 398 505	524 365 825	445 398 505

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Figures in Rand	2021	2020 *Restated	2021	2020 *Restated
13. Receivables from exchange transactions (continued)				
Summary of debtors by customer classification				
Consumers				
Current (0 -30 days)	376 216 851	366 319 416	376 216 851	366 319 416
31 - 60 days	138 158 105	105 011 604	138 158 105	105 011 604
61 - 90 days	104 490 176	106 248 885	104 490 176	106 248 885
91 - 120 days	117 636 448	102 333 161	117 636 448	102 333 161
121 - 365 days	1 017 836 028	420 795 726	1 017 836 028	420 795 726
> 365 days	1 610 558 261	1 469 714 488	1 610 558 261	1 469 714 488
	3 364 895 869	2 570 423 280	3 364 895 869	2 570 423 280
Less: Allowance for impairment	(2 096 150 728)	(1 652 701 719)	(2 096 150 728)	(1 652 701 719)
	1 268 745 141	917 721 561	1 268 745 141	917 721 561
Industrial/ commercial				
Current (0 -30 days)	304 241 877	251 680 508	304 241 877	251 680 508
31 - 60 days	56 960 864	55 806 389	56 960 864	55 806 389
61 - 90 days	39 923 638	42 667 912	39 923 638	42 667 912
91 - 120 days	43 275 196	42 177 238	43 275 196	42 177 238
121 - 365 days	219 500 845	143 424 932	219 500 845	143 424 932
> 365 days	353 150 139	255 889 153	353 150 139	255 889 153
	1 017 052 559	791 646 132	1 017 052 559	791 646 132
Less: Allowance for impairment	(390 895 199)	(314 800 328)	(390 895 199)	(314 800 328)
	626 157 360	476 845 804	626 157 360	476 845 804
National and provincial government				
Current (0 -30 days)	30 265 947	33 370 918	30 265 947	33 370 918
31 - 60 days	11 568 041	8 637 465	11 568 041	8 637 465
61 - 90 days	5 541 041	6 753 069	5 541 041	6 753 069
91 - 120 days	2 138 441	3 405 669	2 138 441	3 405 669
121 - 365 days	5 082 882	7 642 058	5 082 882	7 642 058
> 365 days	9 516 256	6 670 622	9 516 256	6 670 622
	64 112 608	66 479 801	64 112 608	66 479 801
Total				
Current (0 -30 days)	710 724 675	651 370 842	710 724 675	651 370 842
31 - 60 days	206 687 009	169 455 458	206 687 009	169 455 458
61 - 90 days	149 954 854	155 669 866	149 954 854	155 669 866
91 - 120 days	163 050 085	147 916 068	163 050 085	147 916 068
121 - 365 days	1 242 419 755	571 862 716	1 242 419 755	571 862 716
> 365 days	1 973 224 655	1 801 495 475	1 973 224 655	1 801 495 475
	4 446 061 033	3 497 770 425	4 446 061 033	3 497 770 425
Less: Allowance for impairment	(2 487 045 927)	(1 967 502 047)	(2 487 045 927)	(1 967 502 047)
	1 959 015 106	1 530 268 378	1 959 015 106	1 530 268 378
Less: Allowance for impairment				
Current (0 -30 days)	(398 086 502)	(390 467 327)	(398 086 502)	(390 467 327)
31 - 60 days	(115 058 192)	(95 771 782)	(115 058 192)	(95 771 782)
61 - 90 days	(86 114 026)	(96 405 246)	(86 114 026)	(96 405 246)
91 - 120 days	(100 907 184)	(90 407 223)	(100 907 184)	(90 407 223)
121 - 365 days	(744 995 722)	(320 745 728)	(744 995 722)	(320 745 728)
> 365 days	(1 041 884 299)	(973 704 739)	(1 041 884 299)	(973 704 739)

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		*Restated		*Restated

13. Receivables from exchange transactions (continued)

(2 487 045 925)(1 967 502 045)(2 487 045 925)(1 967 502 045)

Total debtor past due but not impaired

Current (0 -30 days) 91 628 817 73 683 676 91 628 817 73 683 676

Gross debtors and debtors age analysis comparison

Other Receivables (Billing)	297 198 367	265 266 344	297 198 367	265 266 344
Property Rates	1 019 684 711	850 188 578	1 019 684 711	850 188 578
Electricity	672 084 070	512 876 617	672 084 070	512 876 617
Water	1 498 986 484	988 726 369	1 498 986 484	988 726 369
Waste Water	433 741 576	366 092 800	433 741 576	366 092 800
Refuse	524 365 827	445 398 505	524 365 827	445 398 505

Debtors age analysis inclusive of VAT 4 446 061 035 3 428 549 213 4 446 061 035 3 428 549 213

Consumer debtors pledged as security

No portion of accounts receivable was pledged as security for any financial liabilities.

No security is held for any of the accounts receivable.

Credit quality of consumer debtors

The credit quality of consumer debtors that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. Although credit quality can be assessed the municipality did not apply any methods to evaluate the credit quality.

Consumer debtors impaired

As of 30 June 2021, consumer debtors of R (1 889 012 275) (2020: R (1 463 084 412)) were impaired and provided for.

Amounts totalling R451 537 233 as of 30 June 2021 (2020: R32 394 622) were written off as uncollectable against the debt impairment allowance account. This represents 1% (2020: 0.025%) of the total operating income for the year.

Reconciliation of allowance for impairment of consumer debtors

Opening balance	(1 463 084 412)(1 067 390 154)(1 463 084 412)(1 067 390 154)
Allowance for impairment	(877 465 096) (428 088 880) (877 465 096) (428 088 880)
Debt impairment written off against allowance	451 537 233 32 394 622 451 537 233 32 394 622
	(1 889 012 275)(1 463 084 412)(1 889 012 275)(1 463 084 412)

The creation and release of allowance for impaired receivables have been included in operating expenses in the statement of financial performance (note 38). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

These amounts best represent the maximum exposure to credit risk at the end of the reporting period, without taking account of any collateral held or other credit enhancements.

Refer to note 12 regarding impairment of non-exchange transactions.

In terms of the arrangements to repay rates and services debt as at 30 June 2021, 4600 (2020: 1781) debtors had active outstanding arrangements to the value of R128 339 768 (2020: R46 952 243). The repayment periods range from 1 month to a maximum of 24 months in terms of the Credit Control Policy.

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Figures in Rand	2021	2020	2021	2020
		*Restated		*Restated

13. Receivables from exchange transactions (continued)

Accrued income

BCMM entered into an agreement with the Health Department for the rendering of Clinic Services in 2009. These services lapsed in 2013 and the services were handed back to the Department of Health.

This ensured that Clinic services are received on time throughout the Metro.

Currently the Department of Health has faulted on the payment of allocated monies to be paid to BCMM to run those particular services and BCMM has reported this to National Treasury for intervention. BCMM has spent its own funds to ensure the smooth running of the clinics without full payment for the services.

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Figures in Rand	2021	2020 *Restated	2021	2020 *Restated

14. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	86 244	86 096	84 607	84 607
Bank balances	250 689 351	254 757 922	231 362 158	238 626 684
Short-term deposits	894 631 683	1 118 866 689	894 631 683	1 118 866 689
	1 145 407 278	1 373 710 707	1 126 078 448	1 357 577 980

Allocation of external investments (call and short-term deposits)

BCMET	-	541 862	-	541 862
Own funding (operating account commitments)	894 631 683	1 118 324 827	894 631 683	1 118 324 827
	894 631 683	1 118 866 689	894 631 683	1 118 866 689

Call and short-term deposits per institution

Absa (interest rate range 3.30% - 4.35% : 2020 6.1% - 6.8%)	202 363 649	277 883 432	202 363 649	277 883 432
Nedbank (interest rate range 3.30% - 4.21% : 2020 6.1% - 7.5%)	248 667 350	284 805 252	248 667 350	284 805 252
RMB (interest rate range 3.30% - 3.63% : 2020 4% - 8%)	198 302 667	279 972 971	198 302 667	279 972 971
Standard Bank (interest rate range 3.30% - 4.25% : 2020 6.1% - 7%)	212 655 695	234 277 615	212 655 695	234 277 615
Stanlib (interest rate range 3.30% - 4.02% : 2020 6.1% - 8%)	32 642 322	41 927 419	32 642 322	41 927 419
	894 631 683	1 118 866 689	894 631 683	1 118 866 689

There is a significant drop in interest rates between the 2020 and 2021 financial years due to constant interest rate cuts by the SARB MPC.

Own funding includes the insurance and Compensation for Occupational Injuries and Diseases (COID) purposes.

No cash and cash equivalents (or portions thereof) were pledged as security for any financial liabilities.

No restrictions exist with regard to the use of cash. No portion is past due or impaired.

These amounts best represent the maximum exposure to credit risk at the end of the reporting period, without taking account of any collateral held or other credit enhancements.

A cession by the controlling entity in respect of the Department of Labour for COID amounts to R19 334 765, (2020: R19 083 035).

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14. Cash and cash equivalents (continued)

The economic entity had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
STANDARD BANK - Primary Account - 081-166-702	208 860 830	363 634 783	208 092 759	229 038 791
STANDARD BANK - Market Account - 081-167-873	2 186 244	2 939 537	2 751 903	593 864
STANDARD BANK - Prism Account - 081-167-776	-	-	20 517 496	8 994 029
STANDARD BANK - Charges Account - 081-167-156	210	-	-	-
STANDARD BANK - Imprest Account	-	2 312	-	-
First National Bank - Public Sector Cheque Account - 620-9871-7899	6 659 766	1 434 349	6 659 766	1 434 348
First National Bank - Commercial Money Market Account - 620-9871-9358	10 029 466	10 804 827	10 029 466	10 804 827
First National Bank - DEA Waste Management Public Sector Cheque Account - 627-4180-3177	68 586	3 892 062	68 586	3 892 063
First National Bank - Public Sector Cheque Account - 629-0192-1983	2 569 375	-	2 569 375	-
Total	230 374 477	382 707 870	250 689 351	254 757 922

15. Revaluation reserve

Opening balance	9 460 564 593	9 877 099 709	9 460 564 593	9 877 099 709
Change during the year	2 102 078 089	(416 535 116)	2 102 078 089	(416 535 116)
	11 562 642 682	9 460 564 593	11 562 642 682	9 460 564 593

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16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

National Government Grants	39 385 756	315 099 301	37 234 191	311 205 935
Provincial Government Grants	6 279 911	6 536 633	6 279 911	6 536 633
Other Conditional Grants	2 309 896	2 214 581	2 309 896	2 214 581
Administrative Grants	214 170 839	207 656 054	214 170 839	207 656 054
	262 146 402	531 506 569	259 994 837	527 613 203

National Government	Unspent balance 2020	Current years receipts / interest allocated	Transfer to revenue operating expenditure (988 522)	Transfer to revenue capital expenditure -	Transfers / VAT transfers	Unspent balance 2021
Financial Management Grant (FMG)	26	1 000 000			(11 454)	50
Neighbourhood Development Partnership Grant (NDPG)	8 054 828	10 000 000	-	(9 922 505)	(8 113 155)	19 168
Electricity Demand: Side Management Grant (EDSM)	-	6 300 000	-	(6 195 353)	(104 374)	273
Urban Settlement Development Grant (USDG)	223 055 537	887 121 000	(96 925 554)	(884 628 432)	(100 441 486)	28 181 065
Expanded Public Works Programme (EPWP)	(2)	8 449 000	(8 448 911)	-	-	87
Integrated City Development Grant (ICDG)	1 160	8 218 000	(866 207)	(1 756 872)	(263 531)	5 332 550
Infrastructure Skills Development Grant (ISDG)	1 723 212	10 808 000	(7 153 743)	(76 991)	(1 753 374)	3 547 104
Public Transport Network Grant (PTNG)	78 371 174	-	(732 635)	(67 689 540)	(9 795 105)	153 894
DEA - Waste Management Conditional grant - BCMDA	3 893 366	2 078 453	(5 900 789)	-	-	71 030
NDPG - Integrated Waste Management Grant - BCMDA	-	2 234 239	(153 704)	-	-	2 080 535
Subtotal	315 099 301	936 208 692	(121 170 065)	(970 269 693)	(120 482 479)	39 385 756

Provincial Government

	Unspent balance 2020	Current years receipts / interest allocated	Transfer to revenue operating expenditure	Transfer to revenue capital expenditure	Transfers / VAT transfers	Unspent balance 2021
Transitional Grant	113 769	-	-	-	-	113 769
King William's Town: Grants Government	2 053	-	-	-	-	2 053
European Commission Gompso Survey (DVR)	1 257 728	42 343	-	-	-	1 300 071
Hydroponics)	98 532	-	-	-	-	98 532
Rehabilitation of Stoney Drift Landfill Site (DEDEAT)	199 168	-	-	-	(199 168)	-
Gompso & Mdantsane Art Centres (DVR Arts Centre)	861	-	-	-	-	861
Pilot Housing Project	268 793	-	-	-	-	268 793
Reeston Development - Land Affairs	186 550	6 308	-	-	-	192 858
Mdantsane Urban Renewal Project (Mount Ruth Node)	2 898 652	102 616	-	-	-	3 001 268
Ikhwezi Block 1 Development	175 288	-	-	-	-	175 288

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Figures in Rand	2021	2020 *Restated	2021	2020 *Restated

16. Unspent conditional grants and receipts (continued)

Mdantsane Upgrade - MD Assessment Study	189 165	-	-	-	-	189 165
Needscamp Planning	937 253	-	-	-	-	937 253
Department of Sports, Recreation, Arts and Culture (DSRAC)	208 821	-	-	-	(208 821)	-
Subtotal	6 536 633	151 267	-	-	(407 989)	6 279 911

Other Conditional Grants

	Unspent balance 2020	Current years receipts / interest allocated	Transfer to revenue operating expenditure	Transfer to revenue capital expenditure	Transfers / VAT transfers	Unspent balance 2021
Buffalo City Metro Transport (BCMET) Funding	487 499	-	-	-	-	487 499
Friends of East London Zoo (Felzoo)	248 026	-	-	-	-	248 026
SALAIDA (Gavle)	748 631	31 387	(442 232)	-	-	337 786
Leiden	84 363	2 983	-	-	-	87 346
Umsobomvu Youth Fund	278 277	10 773	-	-	-	289 050
City of Oldenburg	367 785	492 404	-	-	-	860 189
Subtotal	2 214 581	537 547	(442 232)	-	-	2 309 896

Administrative Grant

	Unspent balance 2020	Current years receipts / interest allocated	Transfer to revenue operating expenditure	Transfer to revenue capital expenditure	Transfers / VAT transfers	Unspent balance 2021
Land Affairs - West Bank	111 642 189	3 573 359	-	-	-	115 215 548
Land Affairs - East Bank	96 013 865	2 941 426	-	-	-	98 955 291
Subtotal	207 656 054	6 514 785	-	-	-	214 170 839

National Government (2020)

	Unspent balance 2019	Current years receipts / interest allocated	Transfer to revenue operating expenditure	Transfer to revenue capital expenditure	Transfers / VAT transfers	Unspent balance 2020
Financial Management Grant (FMG)	178	1 000 000	(940 487)	(50 288)	(9 377)	26
Neighbourhood Development Partnership Grant (NDPG)	7 183	10 000 000	-	(1 805 216)	(147 139)	8 054 828
Integrated National Electrification Programme (INEP)	987 615	-	-	-	(987 615)	-
Electricity Demand: Side Management Grant (EDSM)	2 285	-	-	-	(2 285)	-
Urban Settlement Development Grant (USDG)	1 443	1 157 423 000	(82 354 709)	(758 660 375)	(93 353 822)	223 055 537
Expanded Public Works Programme (EPWP)	(48)	9 956 000	(9 955 954)	-	-	(2)
Municipal Emergency Housing Grant (MEHG)	294 360	-	-	-	(294 360)	-
Integrated City Development Grant (ICDG)	621	10 383 000	-	(9 992 229)	(390 232)	1 160
Infrastructure Skills Development Grant (ISDG)	1 102 858	9 000 000	(7 096 673)	(109 988)	(1 172 985)	1 723 212
Public Transport Network Grant (PTNG)	666 280	234 466 000	(2 475 920)	(133 329 070)	(20 956 116)	78 371 174
DEA - GMC Grant - BCMDA	3 585	-	(3 585)	-	-	-

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Figures in Rand	2021	2020		2021	2020	
		*Restated			*Restated	
16. Unspent conditional grants and receipts (continued)						
DEA - Waste Management	2 949 948	8 609 913	(7 726 295)	-	59 800	3 893 366
Conditional grant - BCMDA						
Subtotal	6 016 308	1 440 837 913	(110 553 623)	(903 947 166)	(117 254 131)	315 099 301
Provincial Government (2020)	Unspent balance 2019	Current years receipts / interest allocated	Transfer to revenue operating expenditure	Transfer to revenue capital expenditure	Transfers / VAT transfers	Unspent balance 2020
Transitional Grant	113 769	-	-	-	-	113 769
King William's Town: Grants Government	2 053	-	-	-	-	2 053
European Commission	1 188 587	69 141	-	-	-	1 257 728
Gompo Survey (DVRI Hydroponics)	98 532	-	-	-	-	98 532
Rehabilitation of Stoney Drift Landfill Site (DEDEAT)	199 168	-	-	-	-	199 168
Gompo & Mdantsane Art Centres (DVRI Arts Centre)	861	-	-	-	-	861
Pilot Housing Project	268 793	-	-	-	-	268 793
Reeston Development - Land Affairs	176 248	10 302	-	-	-	186 550
Mdantsane Urban Renewal Project (Mount Ruth Node)	4 122 147	355 207	-	(1 578 702)	-	2 898 652
Ikhwezi Block 1 Development	175 288	-	-	-	-	175 288
Mdantsane Upgrade - MD Assessment Study	189 165	-	-	-	-	189 165
Needscamp Planning	937 253	-	-	-	-	937 253
Department of Sports, Recreation, Arts and Culture (DSRAC)	208 821	-	-	-	-	208 821
Subtotal	7 680 685	434 650	-	(1 578 702)	-	6 536 633
Other Conditional Grants (2020)	Unspent balance 2019	Current years receipts / interest allocated	Transfer to revenue operating expenditure	Transfer to revenue capital expenditure	Transfers / VAT transfers	Unspent balance 2020
Buffalo City Metro Transport (BCMET) Funding	487 499	-	-	-	-	487 499
Friends of East London Zoo (Felzoo)	248 025	-	-	-	-	248 025
SALAIDA (Gavle)	763 895	58 419	(73 682)	-	-	748 632
Leiden	79 492	4 871	-	-	-	84 363
Umsobomvu Youth Fund	260 686	17 590	-	-	-	278 276
City of Oldenburg	347 568	20 218	-	-	-	367 786
Subtotal	2 187 165	101 098	(73 682)	-	-	2 214 581
Administrative Grant (2020)	Unspent balance 2019	Current years receipts / interest allocated	Transfer to revenue operating expenditure	Transfer to revenue capital expenditure	Transfers / VAT transfers	Unspent balance 2020
Land Affairs - West Bank	104 743 226	6 898 961	-	-	-	111 642 187
Land Affairs - East Bank	89 982 897	6 030 970	-	-	-	96 013 867
Subtotal	194 726 123	12 929 931	-	-	-	207 656 054

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	2021	2020 *Restated	2021	2020 *Restated

16. Unspent conditional grants and receipts (continued)

Though an amount of R259 994 837 is reported as unspent conditional grants, this figure includes the following:

- An amount of R214 170 839 that BCMM administers on behalf of the West Bank and East Bank Land Restitution (Section 21 Company), BCMM has no control on the spending of use of the funding.

- Other balances relate to ring fenced trust funding projects.

17. Borrowings

At amortised cost				
Annuity loans	233 184 927	287 580 532	233 184 927	287 580 532
Non-current liabilities				
At amortised cost	187 994 372	233 184 927	187 994 372	233 184 927
Current liabilities				
At amortised cost	45 190 555	54 395 605	45 190 555	54 395 605

The entity did not default on any of the borrowings in respect of capital or interest portions.

The entity concluded a new loan agreement with Standard Bank for a new capital infrastructure project.

No terms attached to the borrowings were re-negotiated.

Average interest rate is 9.16%.

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Figures in Rand	2021	2020 *Restated	2021	2020 *Restated

18. Provisions

Reconciliation of provisions - Economic entity - 2021

	Opening Balance	Additions	Utilised during the year	Decrease	Total
Provisions - Retentions	832 733	5 665 269	-	-	6 498 002
Landfill sites	331 031 685	34 495 181	-	-	365 526 866
Bonus provision	57 128 261	60 345 743	(54 991 814)	(954 509)	61 527 681
Provision - EL IDZ Defects	255 754	-	-	-	255 754
	389 248 433	100 506 193	(54 991 814)	(954 509)	433 808 303

Reconciliation of provisions - Economic entity - 2020

	Opening Balance	Additions	Utilised during the year	Increase	Total
Provisions - Retentions	-	832 733	-	-	832 733
Landfill sites	212 066 275	118 965 410	-	-	331 031 685
Bonus provision	45 092 749	56 769 473	(51 072 277)	6 338 316	57 128 261
Provision - EL IDZ Defects	-	255 754	-	-	255 754
	257 159 024	176 823 370	(51 072 277)	6 338 316	389 248 433

Reconciliation of provisions - Controlling entity - 2021

	Opening Balance	Additions	Utilised during the year	Decrease	Total
Landfill sites	331 031 685	34 495 181	-	-	365 526 866
Bonus provision	55 946 323	59 391 159	(54 991 814)	(954 509)	59 391 159
	386 978 008	93 886 340	(54 991 814)	(954 509)	424 918 025

Reconciliation of provisions - Controlling entity - 2020

	Opening Balance	Additions	Utilised during the year	Increase	Total
Landfill sites	212 066 275	118 965 410	-	-	331 031 685
Bonus provision	44 063 777	55 946 323	(50 402 093)	6 338 316	55 946 323
	256 130 052	174 911 733	(50 402 093)	6 338 316	386 978 008

Non-current liabilities	52 982 846	10 952 089	46 484 844	10 119 356
Current liabilities	380 825 457	378 296 344	378 433 181	376 858 652
	433 808 303	389 248 433	424 918 025	386 978 008

With regards to the Provision for Landfill sites it is stated in the Department of Water Affairs and Forestry "Minimum Requirements for Waste Disposal by Landfill", Second Edition 1998, Chapter 2.3.4, that "All landfills except those closed prior to August 1990 when the permitting system came into effect, must be permitted before they can be considered closed. Closure will involve, inter alia, the application of final cover, topsoil, vegetating, drainage maintenance and leachate management." Rehabilitation costs in respect of geohydrological monitoring is anticipated to be a recurring cost for the next 30 years. The future value of the rehabilitation of landfill sites obligation was calculated by inflating the non-current rehabilitation cost to an estimated future cost which was then discounted to present value.

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18. Provisions (continued)

Assumptions used:

- Interest rate used is BCMM's borrowing rate at 9.16% (2020: 9.41%).

- The valuation for the landfill site provision in 2021 was done by Infratec Consulting (Pty) Ltd, a company which specialises in infrastructure maintenance and operations and municipal services, which includes solid waste collection and disposal. The company registration number is 2015/252711/07 and the SAACE membership number is 30669684.

The expense relating to the provision of bonus is included under note 34: Employee related costs.

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Figures in Rand	2021	2020 *Restated	2021	2020 *Restated

19. Financial instruments disclosure

Categories of financial instruments

Economic entity - 2021

Financial assets

		At amortised cost	Total
Trade and other receivables from exchange transactions	13	1 581 450 804	1 581 450 804
Other receivables from non-exchange transactions	12	785 494 088	785 494 088
Cash and cash equivalents	14	1 145 407 278	1 145 407 278
		3 512 352 170	3 512 352 170

Financial liabilities

		At fair value	At amortised cost	Total
Accrued leave pay	20	-	139 239 675	139 239 675
Payments received in advance	20	-	208 660 908	208 660 908
Borrowings: Other financial liabilities	17	-	233 184 927	233 184 927
Trade and other payables	20	-	914 263 569	914 263 569
Consumer deposits	22	74 226 105	-	74 226 105
Other deposits	20	7 989 736	-	7 989 736
Unspent conditional grants	16	-	262 146 402	262 146 402
		82 215 841	1 757 495 481	1 839 711 322

Economic entity - 2020

Financial assets

		At amortised cost	Total
Trade and other receivables from exchange transactions	13	1 183 825 044	1 183 825 044
Other receivables from non-exchange transactions	12	680 143 007	680 143 007
Cash and cash equivalents	14	1 373 710 707	1 373 710 707
		3 237 678 758	3 237 678 758

Financial liabilities

		At fair value	At amortised cost	Total
Accrued leave pay	20	-	127 425 128	127 425 128
Payments received in advance	20	-	141 303 524	141 303 524
Borrowings: Other financial liabilities	17	-	287 580 532	287 580 532
Trade and other payables	20	-	956 187 299	956 187 299
Consumer deposits	22	70 143 449	-	70 143 449
Other deposits	20	7 624 011	-	7 624 011
Unspent conditional grants	16	-	531 506 569	531 506 569
		77 767 460	2 044 003 052	2 121 770 512

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Figures in Rand	2021	2020 *Restated	2021	2020 *Restated

19. Financial instruments disclosure (continued)

Controlling entity - 2021

Financial assets

		At amortised cost	Total
Trade and other receivables from exchange transactions	13	1 581 274 043	1 581 274 043
Other receivables from non-exchange transactions	12	785 494 088	785 494 088
Cash and cash equivalents	14	1 126 078 448	1 126 078 448
		3 492 846 579	3 492 846 579

Financial liabilities

		At fair value	At amortised cost	Total
Accrued leave pay	20	-	139 239 675	139 239 675
Payments received in advance	20	-	208 660 908	208 660 908
Borrowings: Other financial liabilities	17	-	233 184 927	233 184 927
Trade and other payables	20	-	916 247 236	916 247 236
Consumer deposits	22	74 226 105	-	74 226 105
Other deposits	20	7 989 736	-	7 989 736
Unspent conditional grants	16	-	259 994 837	259 994 837
		82 215 841	1 757 327 583	1 839 543 424

Controlling entity - 2020

Financial assets

		At amortised cost	Total
Trade and other receivables from exchange transactions	13	1 183 764 334	1 183 764 334
Other receivables from non-exchange transactions	12	680 143 007	680 143 007
Cash and cash equivalents	14	1 357 577 980	1 357 577 980
		3 221 485 321	3 221 485 321

Financial liabilities

		At fair value	At amortised cost	Total
Accrued leave pay	20	-	127 425 128	127 425 128
Payments received in advance	20	-	141 303 524	141 303 524
Borrowings: Other financial liabilities	17	-	287 580 532	287 580 532
Trade and other payables	20	-	954 342 903	954 342 903
Consumer deposits	22	70 143 449	-	70 143 449
Other deposits	20	7 624 011	-	7 624 011
Unspent conditional grants	16	-	527 613 203	527 613 203
		77 767 460	2 038 265 290	2 116 032 750

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Figures in Rand	2021	2020 *Restated	2021	2020 *Restated
20. Trade payables from exchange transactions				
Trade payables	712 862 466	725 862 311	716 456 640	725 886 700
Payments received in advanced	208 660 908	141 303 524	208 660 908	141 303 524
Retention monies	91 281 678	105 863 765	91 281 678	105 863 765
Accrued leave pay	139 239 675	127 425 128	139 239 675	127 425 128
Deposits received	7 989 736	7 624 011	7 989 736	7 624 011
Other creditors	110 119 425	124 461 223	108 508 918	122 592 438
	1 270 153 888	1 232 539 962	1 272 137 555	1 230 695 566

21. VAT payable

VAT	15 021 047	50 791 873	15 723 735	51 289 939
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The above VAT payable amount is the net amount of total VAT input R5 855 750 320 (June 2020: R5 205 752 194) less total VAT output R5 871 474 055 (June 2020: R5 257 042 133).

VAT Output includes VAT on impaired debtors of R262 876 319 (2020: R135 958 105)

Description	2021	2020	2021	2020
VAT on impaired debtors	262 876 319	135 958 105	262 876 319	135 958 105
Output VAT	(6 134 350 374)	(5 393 000 238)	(6 134 350 374)	(5 393 000 238)
	(5 871 474 055)	(5 257 042 133)	(5 871 474 055)	(5 257 042 133)
Input VAT	5 856 453 008	5 206 250 260	5 855 750 320	5 205 752 194
VAT payable	(15 021 047)	(50 791 873)	(15 723 735)	(51 289 939)

The entity is registered on the payment basis. VAT is declared to SARS on receipt of payments from customers and claimed once payment is made to suppliers.

22. Consumer deposits

Electricity	46 115 430	43 617 057	46 115 430	43 617 057
Water	28 110 675	26 526 392	28 110 675	26 526 392
	74 226 105	70 143 449	74 226 105	70 143 449

The amounts reflected represent a cost value which is viewed to be the approximate fair value.

The consumer deposits are reflected at nominal value as they are utilised as part of the settlement of final consumer accounts.

Guarantees held in lieu of Electricity and Water deposits amounted to R73 286 680 (2020: R69 171 426).

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	Economic entity		Controlling entity	
Figures in Rand	2021	2020 *Restated	2021	2020 *Restated
23. Revenue				
Service charges	3 937 344 604	3 180 241 921	3 937 344 604	3 180 241 921
Rental of facilities and equipment	24 222 075	22 652 060	24 222 075	22 652 060
Licences and Permits (non-exchange)	12 411 425	12 587 412	12 411 425	12 587 412
Total other revenue	105 659 768	92 214 318	105 111 670	91 477 471
Interest received	120 512 057	152 991 231	120 023 921	152 471 611
Property rates	1 589 415 133	1 468 355 288	1 589 415 133	1 468 355 288
Interest, Dividends and Rent on Land	40 197 816	39 698 901	40 197 816	39 698 901
Government grants & subsidies	2 275 984 378	1 997 418 002	2 272 517 398	1 989 656 320
Levies	75 981 644	68 707 237	75 981 644	68 707 237
Public contributions and donations	10 035 999	-	10 035 999	-
Fines	16 659 092	10 863 546	16 659 092	10 863 546
Fuel levy	593 337 000	547 497 000	593 337 000	547 497 000
	8 801 760 991	7 593 226 916	8 797 257 777	7 584 208 767

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

Service charges	3 937 344 604	3 180 241 921	3 937 344 604	3 180 241 921
Rental of facilities and equipment	24 222 075	22 652 060	24 222 075	22 652 060
Total other revenue	105 659 768	92 214 318	105 111 670	91 477 471
Interest received	120 512 057	152 991 231	120 023 921	152 471 611
	4 187 738 504	3 448 099 530	4 186 702 270	3 446 843 063

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	Economic entity		Controlling entity	
Figures in Rand	2021	2020 *Restated	2021	2020 *Restated

23. Revenue (continued)

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

Taxation revenue

Property rates	1 589 415 133	1 468 355 288	1 589 415 133	1 468 355 288
Licences or permits	12 411 425	12 587 412	12 411 425	12 587 412
Interest, Dividends and Rent on Land	40 197 816	39 698 901	40 197 816	39 698 901
Transfer revenue				
Government grants & subsidies	2 275 984 378	1 997 418 002	2 272 517 398	1 989 656 320
Levies	75 981 644	68 707 237	75 981 644	68 707 237
Public contributions and donations	10 035 999	-	10 035 999	-
Fines	16 659 092	10 863 546	16 659 092	10 863 546
Fuel levy	593 337 000	547 497 000	593 337 000	547 497 000
	4 614 022 487	4 145 127 386	4 610 555 507	4 137 365 704

Fines are made up as follows:

Traffic fines movement	4 101 100	(1 032 722)	4 101 100	(1 032 722)
Revenue received	12 557 992	11 896 268	12 557 992	11 896 268
	16 659 092	10 863 546	16 659 092	10 863 546

Total fines outstanding at 30 June 2021 is R261 366 487 (R188 587 689 : 2020) after eliminating untraceable and collected fines. A probability factor of 16% (20% : 2020) collection of total outstanding fines was calculated resulting in a traffic fines debtor amount of R41 818 638 (R37 717 538 : 2020). Refer to note 12.

The lifespan of traffic fines is as follows:

- Traffic offences in respect of which the admission of guilt amount is below R500: one year from date of issue of the warrant.
- Traffic offences in respect of which the admission of guilt amount is from R500 up to the maximum amount that may be determined by a peace officer in terms of section 56(1) of Act 51 of 1977: two years from the date of issue of the warrant.

The above arrangement also applies in traffic cases where a notice in terms of section 341 of Act 51 1977 is followed up by a summons setting admission of guilt up to the above maximum amount.

Public contributions and donations

Donations consist of two specialised vehicles donated by Road Traffic Management Corporation (RTMC).

24. Service charges

Sale of electricity	1 904 160 197	1 776 841 962	1 904 160 197	1 776 841 962
Sale of water	1 239 571 344	684 357 495	1 239 571 344	684 357 495
Sewerage and sanitation charges - Non Pans	339 297 852	313 533 709	339 297 852	313 533 709
Sewerage and sanitation charges - Pans	80 076 259	63 694 547	80 076 259	63 694 547
Refuse removal	364 764 200	335 843 487	364 764 200	335 843 487
Other service charges	58 890 208	63 478 429	58 890 208	63 478 429
Less: Income forgone - Sale of water	(36 013 407)	(23 734 082)	(36 013 407)	(23 734 082)
Less: Income forgone - Refuse removal	(10 738 447)	(33 773 626)	(10 738 447)	(33 773 626)
Less: Income forgone - Sewerage and sanitation charges	(2 663 602)	-	(2 663 602)	-
	3 937 344 604	3 180 241 921	3 937 344 604	3 180 241 921

BUFFALO CITY METROPOLITAN MUNICIPALITY

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Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020 *Restated	2021	2020 *Restated

25. Rental of facilities and equipment

Facilities and equipment

Rental of facilities	24 222 075	22 652 060	24 222 075	22 652 060
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26. Licences and permits (non-exchange)

Dog licences	821 326	876 280	821 326	876 280
Agency fees	11 590 099	11 711 132	11 590 099	11 711 132
	12 411 425	12 587 412	12 411 425	12 587 412

27. Interest (non-exchange)

Interest - Receivables	40 197 816	39 698 901	40 197 816	39 698 901
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28. Other revenue - (exchange)

Grazing fees	50 062	82 080	50 062	82 080
Fire brigade	-	3 549	-	3 549
Vehicle registrations	25 154 341	21 802 594	25 154 341	21 802 594
Street frontage and administration fees	329 728	119 388	329 728	119 388
Town planning and sub-division fees	4 482 271	3 792 276	4 482 271	3 792 276
Commission	27 304 131	25 993 731	27 304 131	25 993 731
Private works	3 036 827	4 561 584	3 036 827	4 561 584
Tender receipts	422 889	424 194	422 628	335 368
Coupons and clip tickets	95 636	275 383	95 636	275 383
Plan approval fees	9 046 324	7 911 043	9 046 324	7 911 043
Sale of scrap waste	2 107 841	6 675 580	2 107 841	6 675 580
Photocopies	10 708	28 953	10 708	28 953
Insurance	10 939 008	1 123 919	10 939 008	1 123 919
Sale of plants and animals	612	5 261	612	5 261
Admission fees	422 762	3 301 094	422 762	3 301 094
Sundry income	11 495 883	8 660 539	10 948 046	8 012 518
Cemetery fees	10 760 745	7 453 150	10 760 745	7 453 150
	105 659 768	92 214 318	105 111 670	91 477 471

29. Interest received

Interest revenue

Call accounts with financial institutions	29 466 407	46 629 258	29 466 407	46 629 258
Bank	11 822 936	24 020 646	11 334 800	23 501 026
Interest charged on trade and other receivables	79 222 714	82 341 327	79 222 714	82 341 327
	120 512 057	152 991 231	120 023 921	152 471 611

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Notes to the Audited Consolidated Annual Financial Statements

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Figures in Rand	2021	2020 *Restated	2021	2020 *Restated
30. Property rates				
Rates received				
Residential	700 299 379	653 591 040	700 299 379	653 591 040
Commercial	715 134 823	655 608 817	715 134 823	655 608 817
Industrial	136 347 716	129 828 349	136 347 716	129 828 349
Educational	20 228 876	19 190 522	20 228 876	19 190 522
Agricultural	9 172 062	8 962 658	9 172 062	8 962 658
Public Service Infrastructure	695 288	679 928	695 288	679 928
Vacant land	58 140 669	52 352 830	58 140 669	52 352 830
Less: Income forgone	(50 603 680)	(51 858 856)	(50 603 680)	(51 858 856)
	1 589 415 133	1 468 355 288	1 589 415 133	1 468 355 288

Valuations

Residential	63 114 634 400	62 628 411 570
Commercial	25 263 421 350	24 778 387 500
Industrial	4 384 746 000	4 345 255 000
Educational	2 475 707 000	2 487 747 000
Agricultural	3 134 302 000	3 108 705 000
Public Service Infrastructure	270 114 500	264 805 500
Vacant Land	2 974 791 350	2 926 257 100
	101 617 716 600	100 539 568 670

The Buffalo City Metropolitan Municipality is required in terms of the Municipal Property Rates Act, Act 6 of 2004 (MPRA) to undertake a General Valuation on land and buildings every 4 years and a supplementary valuation at least once a year. The third general valuation in terms of the MPRA was done in 2017 and the implementation date was 1 July 2018. The valuation date was 1 July 2017.

Rates are levied on a monthly basis (the due date for monthly accounts is the 15th of every month). Consumers must apply if they want to pay annually with the final date for payment for annual accounts being 30 September each year. Interest at a standard rate (as amended from time to time), is levied on rates outstanding after 30 September, except where the owner is paying in instalments.

Tariffs levied: cents in the rand

Residential	0.012607	0.011619
Business	0.031517	0.029048
Industrial	0.031517	0.029048
Educational	0.008825	0.008133
Agricultural	0.003152	0.002905
Public Service Infrastructure	0.003152	0.002905
Vacant land	0.037820	0.034857

BUFFALO CITY METROPOLITAN MUNICIPALITY

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Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020 *Restated	2021	2020 *Restated

30. Property rates (continued)

Rebates, exclusions and exemptions

Buffalo City Metropolitan Municipality grants rebates in terms of the Municipality's rates policy to the following categories of property or owners:

1) Newly developed commercial/ industrial properties with a value of R50 000 000 and above.

The rebate will be phased in over a period of 5 years, from the effective date of the valuation of the improved property in the municipality's valuation roll as follows:

- Year 1 – 50%
- Year 2 – 40%
- Year 3 – 30%
- Year 4 – 20%
- Year 5 – 10%, thereafter full rates are payable.

2) A discretionary rebate/discount of up to 75%, where the Municipality does not supply some or all of the following services:

Constructed public roads	15%	15%
Water supply	22.5%	22.5%
Refuse removal service	7.5%	7.5%
Electricity supply	15%	15%
Sewerage service	15%	15%
	75%	75%

3) Senior citizens who are 60 years and above qualify for up to 100% depending on their income level allocated as follows:

Gross monthly income (Rand)	Rebate
0 - 3500	100%
3501 - 5000	85%
5001 - 6500	70%
6501 - 8000	55%
8001 - 9500	40%
9501 - 10500	25%
10501 - 12000	20%
12001 - 13500	15%
13501 - 15000	10%

4) On application, Public Benefit Organisations (PBO's) as defined in the Municipal Property Rates Act and BCMM's Rates Policy are granted rebates.

5) Section 17 of the MPRA lists other impermissible rates, where a entity may not levy a rate and the following were applied in the 2020/21 financial year:

Section 17(1)(a) - First 30% of the market value of public service infrastructure.
 Section 17(1)(h) - First R15 000 of the market value of a property categorised as residential.
 Section 17(1)(i) - On a property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office bearer of that community.

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Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020 *Restated	2021	2020 *Restated

31. Grants and subsidies paid

Other subsidies

Buffalo City Metropolitan Development Agency	-	-	42 708 932	39 352 507
Mayoral Social Responsibility	638 774	1 158 320	638 774	1 158 320
Sponsored Events	18 300 083	22 764 226	18 300 083	22 764 226
Other Organisations	2 546 482	2 546 290	2 546 482	2 546 290
Disaster management fund	642 684	29 000 925	642 684	29 000 925
Rural development	1 053 030	4 803 971	1 053 030	4 803 971
Social relief	38 818 270	31 195 125	38 818 270	31 195 125
	61 999 323	91 468 857	104 708 255	130 821 364

32. Government grants and subsidies

Operating grants

Government grants - operating projects	126 796 418	112 262 160	126 796 418	112 262 160
Other Government grants and subsidies	1 079 257 076	874 710 816	1 075 985 462	866 980 936
LG SETA Grant - BCMMDA	41 662	31 802	-	-
NDPG grant - BCMMDA	153 704	-	-	-
	1 206 248 860	987 004 778	1 202 781 880	979 243 096

Capital grants

Government grant - PPE	1 069 735 518	1 010 413 224	1 069 735 518	1 010 413 224
	2 275 984 378	1 997 418 002	2 272 517 398	1 989 656 320

33. Other revenue - (non-exchange)

Fire levy	76 338 917	68 707 237	76 338 917	68 707 237
Less: Income forgone - Fire levy	(357 273)	-	(357 273)	-
	75 981 644	68 707 237	75 981 644	68 707 237

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Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020 *Restated	2021	2020 *Restated

34. Employee related costs

Basic emoluments	1 463 172 316	1 370 410 433	1 447 950 744	1 356 844 033
Bonus	544 024	445 458	-	-
Medical aid contributions	110 987 337	103 025 047	110 987 337	103 025 047
UIF	10 362 082	10 432 905	10 275 074	10 353 362
Workmen's Compensation Fund	118 632	94 680	-	-
SDL	187 352	170 365	-	-
Leave pay contributions (Leave pay provision charge)	59 031 529	72 107 932	58 427 141	71 370 639
Pension fund contributions	279 179 734	262 492 534	278 147 734	261 604 783
Overtime payments	156 216 072	152 200 997	156 216 072	152 200 997
Long-service awards	31 421 026	28 081 567	31 421 026	28 081 567
13th Cheques	121 699 793	121 770 287	121 699 793	121 770 287
Car allowance	37 015 098	33 872 225	36 895 098	33 752 225
Housing benefits and allowances	10 530 911	9 941 640	10 482 911	9 893 640
Essential user cost	25 069 833	25 272 381	25 069 833	25 272 381
Group life	8 529 941	7 987 862	8 529 941	7 987 862
Other allowances	74 281 195	74 100 371	74 281 195	74 100 371
Employee benefit obligation net cost	102 398 000	(43 998 087)	102 398 000	(43 998 087)
	2 490 744 875	2 228 408 597	2 472 781 899	2 212 259 107

Other allowances include senior manager allowance packages, acting scarcity, standby, cellphone and accommodation incidental allowances.

Essential user allowances are paid to employees who use their private vehicles for municipal business.

Remuneration of City Manager

Annual Remuneration	1 407 132	1 407 132	1 407 132	1 407 132
Travel Allowance	312 000	312 000	312 000	312 000
Allowance	317 837	321 512	317 837	321 512
UIF	1 813	1 785	1 813	1 785
Medical AID	32 047	28 400	32 047	28 400
Pension Contributions	274 391	274 391	274 391	274 391
	2 345 220	2 345 220	2 345 220	2 345 220

Remuneration of Chief Financial Officer

Annual Remuneration	1 125 706	698 167	1 125 706	698 167
Travel Allowance	343 348	206 773	343 348	206 773
Allowance	136 048	7 262	136 048	7 262
UIF	1 218	1 190	1 218	1 190
Medical AID	57 277	35 939	57 277	35 939
Pension Contributions	202 627	125 670	202 627	125 670
Group Life	9 952	5 968	9 952	5 968
	1 876 176	1 080 969	1 876 176	1 080 969

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Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020 *Restated	2021	2020 *Restated

34. Employee related costs (continued)

Remuneration of HOD: Executive Support Services

Annual Remuneration	1 120 915	1 120 915	1 120 915	1 120 915
Travel Allowance	242 766	242 766	242 766	242 766
Allowance	257 682	259 339	257 682	259 339
UIF	1 813	1 785	1 813	1 785
Medical AID	28 350	26 759	28 350	26 759
Pension Contributions	201 765	201 765	201 765	201 765
Group Life	14 900	14 863	14 900	14 863
	1 868 191	1 868 192	1 868 191	1 868 192

Remuneration of HOD: Human Settlements

Annual Remuneration	1 125 706	968 941	1 125 706	968 941
Travel Allowance	344 179	295 843	344 179	295 843
Allowance	123 496	85 882	123 496	85 882
UIF	1 813	1 785	1 813	1 785
Medical AID	57 277	53 908	57 277	53 908
Pension Contributions	202 627	172 449	202 627	172 449
Group Life	21 078	17 939	21 078	17 939
	1 876 176	1 596 747	1 876 176	1 596 747

Remuneration of HOD: Corporate Services

Annual Remuneration	1 120 915	1 120 915	1 120 915	1 120 915
Travel Allowance	240 000	240 000	240 000	240 000
Allowance	241 348	239 984	241 348	239 984
UIF	1 813	1 785	1 813	1 785
Medical AID	45 537	46 930	45 537	46 930
Pension Contributions	218 578	218 578	218 578	218 578
	1 868 191	1 868 192	1 868 191	1 868 192

Remuneration HOD: Health and Public Safety

Annual Remuneration	1 125 706	958 048	1 125 706	958 048
Allowance	529 145	450 095	529 145	450 095
UIF	1 813	1 785	1 813	1 785
Pension Contributions	219 513	186 819	219 513	186 819
	1 876 177	1 596 747	1 876 177	1 596 747

Remuneration of HOD: Infrastructure Services

Annual Remuneration	1 120 915	1 120 915	1 120 915	1 120 915
Travel Allowance	168 000	168 000	168 000	168 000
Allowance	315 442	317 252	315 442	317 252
UIF	1 813	1 785	1 813	1 785
Medical AID	28 555	26 798	28 555	26 798
Pension Contributions	218 578	218 578	218 578	218 578
Group Life	14 888	14 863	14 888	14 863
	1 868 191	1 868 191	1 868 191	1 868 191

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Figures in Rand	2021	2020 *Restated	2021	2020 *Restated

34. Employee related costs (continued)

Remuneration of HOD: Development and Spatial Planning

Annual Remuneration	1 120 915	1 120 915	1 120 915	1 120 915
Travel Allowance	192 000	192 000	192 000	192 000
Allowance	296 404	298 205	296 404	298 205
UIF	1 813	1 785	1 813	1 785
Medical AID	28 555	26 798	28 555	26 798
Pension Contributions	218 578	218 578	218 578	218 578
Group Life	9 926	9 910	9 926	9 910
	1 868 191	1 868 191	1 868 191	1 868 191

Remuneration of HOD: Economic Development & Agencies

Annual Remuneration	1 125 706	958 048	1 125 706	958 048
Travel Allowance	343 348	295 011	343 348	295 011
Allowance	383 551	341 903	383 551	341 903
UIF	1 813	1 785	1 813	1 785
Medical AID	21 758	-	21 758	-
	1 876 176	1 596 747	1 876 176	1 596 747

Remuneration of HOD: Municipal Services

The position is vacant

The position was vacant for 2020/21. If the position was filled for the 2020/21 financial year the remuneration would have amounted to R1 868 192. Acting allowance to the value of R231 656 was paid in the 2020/21 financial year in respect of the vacant HOD: Municipal Services position.

Remuneration of HOD: Sport Recreation & Community Development

Annual Remuneration	469 044	-	469 044	-
Travel Allowance	110 000	-	110 000	-
Allowance	101 806	-	101 806	-
UIF	772	-	772	-
Medical AID	15 690	-	15 690	-
Pension contributions	84 428	-	84 428	-
	781 740	-	781 740	-

This incumbent was appointed 01 February 2021 as this is a new directorate.

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34. Employee related costs (continued)				
BCMDA - Remuneration of Executive Management				
Remuneration of Chief Executive Officer - Appointed 01 October 2017				
Annual Remuneration	2 297 299	2 187 904	-	-
Performance Bonuses	126 225	134 820	-	-
Contributions to UIF, Medical and Pension Funds	229 018	218 171	-	-
	2 652 542	2 540 895	-	-
Remuneration of Chief Financial Officer - Appointed 20 April 2016				
Annual Remuneration	1 543 201	1 445 882	-	-
Performance Bonuses	83 416	74 247	-	-
Contributions to UIF, Medical and Pension Funds	126 937	144 784	-	-
	1 753 554	1 664 913	-	-
Remuneration of Company Secretary/Legal Advisor - Appointed July 2018				
Annual Remuneration	996 792	938 157	-	-
Performance Bonuses	54 769	38 540	-	-
Contributions to UIF, Medical and Pension Funds	100 397	94 569	-	-
	1 151 958	1 071 266	-	-
Corporate and Human Resources (Corporate Services) - Appointed 01 June 2016				
Annual Remuneration	1 311 740	1 239 064	-	-
Performance Bonuses	71 484	63 627	-	-
Contributions to UIF, Medical and Pension Funds	119 762	124 329	-	-
	1 502 986	1 427 020	-	-
Development Facilitation - Appointed 01 July 2016				
Annual Remuneration	1 358 913	1 294 203	-	-
Performance Bonuses	74 666	66 458	-	-
Contributions to UIF, Medical and Pension Funds	136 211	129 783	-	-
	1 569 790	1 490 444	-	-
BCMDA - Remuneration of Executive Management	8 630 830	8 194 538	-	-
Economic entity employee related cost	2 490 744 875	2 228 408 597	2 472 781 899	2 212 259 107
Total employee related costs	2 499 375 705	2 236 603 135	2 472 781 899	2 212 259 107

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Figures in Rand	2021	2020 *Restated	2021	2020 *Restated
35. Remuneration of councillors/directors				
Executive Mayor	842 556	842 556	842 556	842 556
Deputy Executive Mayor	511 548	680 465	511 548	680 465
Mayoral Committee Members	7 473 796	6 837 197	7 473 796	6 837 197
Speaker	670 099	680 465	670 099	680 465
Chief Whip	640 987	640 987	640 987	640 987
Councillors salaries	25 783 804	27 301 904	25 783 804	27 301 904
Councillors pension contribution	4 257 309	4 505 346	4 257 309	4 505 346
Councillors housing subsidy	2 596 050	2 311 161	2 596 050	2 311 161
Councillors medical aid	2 490 175	2 499 558	2 490 175	2 499 558
Travel allowance	14 499 434	14 292 768	14 499 434	14 292 768
Cellphone Allowance	4 047 651	4 095 092	4 047 651	4 095 092
Board fees	1 936 260	1 635 245	-	-
	65 749 669	66 322 744	63 813 409	64 687 499
2021				
	Re-imbursive costs	Board remuneration	Total	
C. Sangqu	2 388	228 500	230 888	
M. Pango	429	251 500	251 929	
T. Bonakele	-	238 500	238 500	
L. Njezula	605	246 500	247 105	
T. Buswana	5 693	291 500	297 193	
S. Booi	145	251 500	251 645	
T. Godongwana	-	241 500	241 500	
B. H. Canning	-	177 500	177 500	
	9 260	1 927 000	1 936 260	
2020				
	Re-imbursive costs	Board remuneration	Total	
S. Kondlo	-	49 500	49 500	
C. Sangqu	5 196	229 500	234 696	
J. Badenhorst	437	47 500	47 937	
N. Petela-Ngcanga	3 668	50 500	54 168	
M. Pango	2 687	232 500	235 187	
T. Bonakele	9 867	187 500	197 367	
L. Njezula	1 881	162 500	164 381	
T. Buswana	1 160	204 000	205 160	
S. Booi	758	172 000	172 758	
T. Godongwana	1 437	137 000	138 437	
B. Canning	5 154	130 500	135 654	
	32 245	1 603 000	1 635 245	

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35. Remuneration of councillors/directors (continued)

In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker, Chief Whip and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council. Cost of secretarial support amounts to R27 907 313 (2020: R24 198 250).

The House Keeper appointed to maintain the Mayoral house cost to Council amounts to R304 792 (2020: R292 130).

The Executive Mayor, Deputy Executive Mayor, Speaker and Chief Whip each have the use of a Council owned vehicle for official duties. Repairs to the vehicles amounts to R527 267 (2020: R545 906). An amount of R853 106 (2020: R225 032) was incurred for hired vehicles.

The Executive Mayor, Deputy Executive Mayor and Speaker each have full-time bodyguards. Cost of 14 bodyguards amounts to R12 649 603 (2020: R11 739 469).

36. Depreciation and amortisation

Property, plant and equipment	1 399 380 859	1 722 469 248	1 398 959 586	1 722 275 405
Intangible assets	2 587 771	5 281 668	1 827 644	4 539 632
	1 401 968 630	1 727 750 916	1 400 787 230	1 726 815 037

37. Finance costs

Borrowings	25 756 790	32 563 877	25 756 790	32 563 877
Bank	48	-	-	-
	25 756 838	32 563 877	25 756 790	32 563 877

38. Debt impairment

Contributions to debt impairment - Exchange	755 579 974	390 034 721	755 579 974	390 034 721
Contributions to debt impairment - Non-exchange	171 369 729	178 203 013	171 369 729	178 203 013
	926 949 703	568 237 734	926 949 703	568 237 734

39. Bulk purchases

Electricity - Eskom	1 631 905 169	1 528 585 546	1 631 905 169	1 528 585 546
Water	234 111 957	243 753 593	234 111 957	243 753 593
	1 866 017 126	1 772 339 139	1 866 017 126	1 772 339 139

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	Economic entity		Controlling entity	
Figures in Rand	2021	2020 *Restated	2021	2020 *Restated

39. Bulk purchases (continued)

Electricity losses

Description	2021 Amount (R)	%	2020 Amount (R)	%
Technical	93 681 946	5.80	88 459 146	5.80
Non-technical	274 535 822	17.00	206 633 000	13.55
	368 217 768	22.80	295 092 146	19.35

Total losses amounted to 322 625 619 kWh (2020: 275 980 843 kWh) of which 82 082 394 kWh (2020: 82 730 191 kWh) are technical losses and 240 543 225 kWh (2020: 193 250 652 kWh) are non-technical losses.

The allowable losses (technical around 5% to 6% and non-technical 5% to 6%) total losses should be below 12% as per NERSA.

Technical Losses: This type of loss is inherent in any electrical network. Technical losses are maintained within the norm by upgrading, replacing and re-new infrastructure. BCMM has invested a substantial amount of capital into the electrical network. It is calculated that the technical losses are within industry norms of 6%.

Non-technical Losses: Illegal connections, meter tampering, electrical faults and billing errors.

The main contributor to the non-technical losses is the illegal connections in informal areas. These informal areas are growing due to the influx of people into the city. The invasion of land is being dealt with through legal avenues, but this has not stopped the mushrooming illegal settlements. The Electricity and Energy's Services Departments Revenue Protection Unit remove illegal connections on a daily basis. The long-term plan to reduce the losses from illegal connections is the electrification of informal dwellings. The Council is in the process of considering a policy on site and services wherein the informal dwellings will be relocated to areas suitable for services to be provided.

While the biggest contributor to non-technical losses is caused by illegal connections, other factors such as meter tampering by legal consumers while tampering takes place in all areas of BCMM, the occurrence of tampering is high in low income areas, which have a high number of illegal connections. In these areas tampering is also harder to control due to community action during meter inspections which put staff at risk. Tampering in Industrial and commercial areas is also found but this is usually perpetrated by expert syndicates and is harder to identify. The smart metering project will assist with identifying this type of tampering.

A pilot project to test the policy is in progress in the area of Silvertown in Ward 11. As required by the standard operating procedure, the spatial planning and human settlement requirements which need to be completed first are in progress, and once completed electrification will take place. The work being completed by Spatial Planning and Human Settlement is required to ensure safe implementation of electrification.

To-date, 7482 informal houses have received a formal electricity connection to the BCMM electricity grid, which should prevent illegal electricity connections. BCMM have also embarked on a smart metering retrofit project, whereby all meters will be inspected for meter tampering. Some 13 000 non-purchasing prepayment meters will be targeted by this process and financial recoveries made when meter tampering is discovered.

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	2021	2020 *Restated	2021	2020 *Restated

39. Bulk purchases (continued)

Water losses

Description	2021 Amount (R)	%	2020 Amount (R)	%
Technical	66 722 408	19.28	69 286 408	19.94
Non-technical	58 773 101	16.99	56 858 159	16.37
	125 495 509	36.27	126 144 567	36.31

Total losses amounted to 21 818 438 KI (2020: 21 513 206 KI) of which 11 600 246 KI (2020: 11 816 385 KI) are technical losses and 10 218 192 KI (2020: 9 696 821 KI) are non-technical losses.

Non-technical

Unbilled Authorised Consumption - The unbilled authorised consumption is the volume of authorised consumption that is not billed or paid for. The level of unbilled authorised consumption will vary from WSA to WSA and in some areas, virtually all water is metered and billed in some manner with the result that the unbilled authorised consumption is zero.

Apparent Losses - Apparent losses or commercial losses are made up from the unauthorised (theft or illegal use), plus all technical and administrative inaccuracies associated with customer metering. While it should be noted that the apparent losses should not be a major component of the water balance in most developed countries, it can represent the major element of the total losses in many developing countries. A systematic estimate should be made from local knowledge of the system and an analysis of technical and administrative aspects of the customer metering system.

Technical

Real Losses - Real losses are the physical water losses from the pressurised system, up to the point of measurement of customer use. In most cases, the real losses represent the unknown component in the overall water balance and the purpose of most water balance models is therefore to estimate the magnitude of the real losses so that the WSA can gauge whether or not it has a serious leakage problem. The real losses are calculated as the difference between the total losses and the estimated apparent losses.

Water losses are being addressed through the implementation of water conservation and water demand measures which includes pipe replacement, water meter replacement, etc.

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	2021	2020 *Restated	2021	2020 *Restated

40. Contracted services

Outsourced Services

Alien Vegetation Control	2 936 410	4 125 278	2 936 410	4 125 278
Animal Care	1 440 000	1 438 960	1 440 000	1 438 960
Burial Services	431 770	186 716	431 770	186 716
Beaches	110 423	-	110 423	-
Catering Services	2 986 552	9 113 960	2 986 552	9 113 960
Cleaning Services	140 320	481 113	140 320	481 113
Clearing and Grass Cutting Services	3 269 275	3 118 556	3 269 275	3 118 556
Hygiene Services	46 327	97 498	46 327	97 498
Internal Auditors	117 359	1 053 690	117 359	1 053 690
Litter Picking and Street Cleaning	21 855 796	20 860 286	21 855 796	20 860 286
Meter Management	1 402 527	1 185 816	1 402 527	1 185 816
Medical Services [Medical Health Services & Support]	29 847	40 958	29 847	40 958
Personnel and Labour	29 915 656	17 196 478	29 915 656	17 196 478
Professional Staff	7 445 330	11 617 458	7 445 330	11 617 458
Connection/Dis-connection	7 159 304	13 656 622	7 159 304	13 656 622
Refuse Removal	4 817 232	8 683 658	4 817 232	8 683 658
Removal of Structures and Illegal Signs	-	1 695 428	-	1 695 428
Security Services	2 772 261	1 746 306	162 000	164 255
Sewerage Services	-	115 280	-	115 280
Traffic Fines Management	5 037 953	2 981 716	5 037 953	2 981 716
Transport Services	-	672 801	-	672 801
Water Tankers	-	633 919	-	633 919

Consultants and Professional Services

Business and Advisory	27 461 798	36 320 821	21 691 760	33 902 195
Infrastructure and Planning	5 453 705	3 182 075	527 383	2 457 960
Laboratory Services	351 939	284 262	351 939	284 262
Legal Cost	25 365 299	33 897 347	25 277 299	33 897 347

Contractors

Artists and Performers	90 000	157 209	90 000	157 209
Audio-visual Services	-	298 511	-	298 511
Building	2 158 148	4 326 718	2 158 148	4 326 718
Electrical	9 688 029	8 779 732	9 688 029	8 779 732
Event Promoters	2 557 481	8 862 139	2 557 481	8 862 139
Fire Services	-	1 900	-	1 900
Inspection Fees	168 489	146 500	168 489	146 500
Management of Informal Settlements	8 386	882	8 386	882
Medical Services	5 322	26 830	5 322	26 830
Pest Control and Fumigation	641 436	126 436	641 436	126 436
Plants, Flowers and Other Decorations	430 210	911 468	430 210	911 468
Transportation	732 635	2 505 370	732 635	2 505 370
Safeguard and Security	13 491 155	5 397 485	13 491 155	5 397 485
Sewerage Services	74 627 788	58 345 798	74 627 788	58 345 798
Stage and Sound Crew	60 222	110 812	60 222	110 812
	255 206 384	264 384 792	241 811 763	259 660 000

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Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020 *Restated	2021	2020 *Restated
41. General expenses				
Advertising	14 166 826	10 945 669	14 079 689	10 815 054
Auditors remuneration	21 686 966	16 770 993	20 882 918	16 055 514
Bank charges	4 864 320	4 734 083	4 852 655	4 710 514
Cleaning	73 082	301 473	73 082	301 473
Commission paid	40 534 479	41 212 067	40 534 479	41 212 067
Consumables	35 349 775	39 479 903	34 834 878	38 291 796
Entertainment	1 408 560	2 769 810	1 378 771	2 642 666
Fines and penalties	47 286	-	-	-
Hire	156 133 595	132 640 619	155 973 615	132 114 776
Insurance	33 605 600	31 293 160	33 579 537	31 266 968
Bursaries	110 426	77 340	-	-
Conferences and seminars	1 576 634	4 187 336	1 576 634	4 187 336
IT expenses	44 220 884	41 573 764	43 227 030	41 161 606
Marketing	1 580 645	1 754 241	1 565 012	1 738 441
Levies	16 469 623	15 384 384	16 469 623	15 384 384
Magazines, books and periodicals	260 749	344 045	260 749	344 045
Medical expenses	203 355	69 305	-	-
Motor vehicle expenses	8 896 351	7 696 355	8 896 351	7 696 355
Fuel and oil	53 504 809	58 557 627	53 504 809	58 557 627
Postage and courier	9 726 576	6 327 683	9 694 951	6 284 735
Printing and stationery	4 565 078	6 664 480	4 525 330	6 589 809
Promotions	512 768	748 378	266 521	486 768
Project maintenance costs	412 500	990 000	-	-
License fees	2 372 965	2 766 174	2 372 965	2 766 174
Special events	502 433	2 172 731	502 433	2 172 731
Staff welfare	91 808	220	-	-
Subscriptions and membership fees	16 225 628	15 714 822	16 209 207	15 701 612
Telephone and fax	24 240 704	25 273 883	23 952 917	25 036 082
Training	13 777 969	13 343 694	13 356 408	12 927 820
Travel - local	6 880 482	13 187 600	6 409 022	11 908 119
Travel - overseas	226 830	1 673 345	226 830	1 673 345
Title deed search fees	114 606	360 370	114 606	360 370
Utilities	44 751	106 204	-	-
Uniforms	24 978 142	20 884 805	24 558 017	20 458 260
Lease rentals on operating lease	37 008 018	36 544 826	35 927 466	35 710 820
Placement fees	13 000	33 230	-	-
Remuneration to WARD Committees	6 954 766	8 136 938	6 913 208	8 086 792
Corporate activities	-	14 041	-	-
Other expenses	52 893 053	49 568 515	59 332 903	50 654 809
	636 236 042	614 304 113	636 052 616	607 298 868

42. Repairs and maintenance

Infrastructure	180 719 487	185 367 107	180 719 487	185 367 107
Community assets	8 937 510	6 990 990	8 937 510	6 990 990
Heritage assets	9 200	9 150	9 200	9 150
Other assets	29 381 702	34 830 299	28 032 075	34 527 237
Computer Equipment	603 662	671 514	603 662	671 514
Furniture and Office Equipment	6 830 509	5 146 418	6 830 509	5 146 418
Machinery and Equipment	132 673 511	132 206 424	132 673 511	132 206 424
Transport Assets	26 713 880	27 307 789	26 713 880	27 307 789
	385 869 461	392 529 691	384 519 834	392 226 629

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Figures in Rand	2021	2020 *Restated	2021	2020 *Restated
43. Fair value adjustments				
Investment property (Fair value model)	3	29 523 248 (1 683 300)	29 523 248	(1 683 300)
44. (Loss) on disposal of assets				
Loss on disposal of property, plant and equipment	4	16 625 064	6 567 862	16 622 245
Loss on disposal of investment property	3	-	338 700	-
		16 625 064	6 906 562	16 622 245
			6 955 468	
Refer to note 3 and 4 for proceeds on disposal of assets.				
45. Auditors' remuneration				
Fees		21 686 966	16 770 993	20 882 918
				16 055 514
46. Deferred tax				
As indicated in the Accounting Policy notes, deferred tax is accounted for in line with IAS 12. Management made an annual assessment and judgement on the recognition of deferred tax in the current year. The decision was that since BCMMA is still heavily dependent on grant income, which is exempt income for Income Tax purposes, with an assessed loss balance, therefore the recognition of deferred tax in the current period would not necessarily be in line with the Accounting Standard. IAS 12 requires that there should be probability of the agency deriving taxable income which would reduce the deferred tax in future. Disclosed below therefore its unrecognised deferred tax asset in respect of both deductible temporary differences and tax losses. The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:				
Unrecognised deferred tax asset				
Deductible temporary differences not recognised as deferred tax assets		241 491	628 330	-
Unused tax losses not recognised as deferred tax assets		42 206 047	15 450 631	-
		42 447 538	16 078 961	-

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	2021	2020 *Restated	2021	2020 *Restated
47. Cash generated from operations				
Surplus/(deficit)	662 200 387	(77 364 940)	659 642 985	(86 784 721)
Adjustments for:				
Depreciation and amortisation	36 1 401 968 630	1 727 750 916	1 400 787 230	1 726 815 037
Loss on sale of assets	44 16 625 064	6 906 562	16 622 245	6 955 468
Loss/(income) from equity accounted investments	7 26 627 528	(105 683 740)	26 627 528	(105 683 740)
Fair value adjustments	43 (29 523 248)	1 683 300	(29 523 248)	1 683 300
Impairment deficit		51 531	-	-
Debt impairment	38 926 949 703	568 237 734	926 949 703	568 237 734
Movements in operating lease liability	8 47 859	51 545	-	-
Movements in retirement benefit assets and liabilities	9 102 398 000	(43 998 087)	102 398 000	(43 998 087)
Movements in provisions	18 44 559 870	132 089 409	37 940 017	130 847 956
PPE (Transfers / Adjustments)	4 -	(56 629 565)	-	(56 629 565)
Changes in working capital:				
Inventories	10 (2 557 393)	(30 189)	(2 570 130)	(4 901)
Consumer debtors	13 (1 153 205 721)	(419 378 416)	(1 153 089 670)	(419 664 741)
Other receivables from non-exchange transactions	12 (276 720 698)	(424 012 360)	(276 720 700)	(424 012 359)
Prepayments	11 (97 604)	-	-	-
Trade payables from exchange transactions	20 37 613 905	114 252 376	41 441 982	113 141 299
VAT	21 (35 770 826)	153 230 057	(35 566 204)	153 421 797
Unspent conditional grants and receipts	16 (269 360 167)	320 896 287	(267 618 366)	319 956 454
Consumer deposits	22 4 082 656	6 034 430	4 082 656	6 034 430
	1 455 837 945	1 904 086 850	1 451 404 028	1 890 315 361

48. Operating leases - as lessee (expense)

Minimum lease payments due - Buildings

- within one year	7 396 885	3 868 607	6 223 835	2 695 556
- in second to fifth year inclusive	6 577 985	1 874 064	5 893 706	16 734
	13 974 870	5 742 671	12 117 541	2 712 290

Operating lease payments represent rentals payable by the entity for certain of its office properties.

Leases are negotiated for an average term of five years and rental escalates at annual fixed rates that vary between 0% and 12% annually.

No contingent rent is payable.

There were no sublease agreement between BCMM and third parties

Minimum lease payments due - Printing Machines

- within one year	1 889 425	4 282 795	1 836 726	4 212 383
- in second to fifth year inclusive	1 093 995	173 904	1 082 370	109 580
	2 983 420	4 456 699	2 919 096	4 321 963

Operating lease payments represent rentals payable by the entity for certain of its printing machinery.

Leases are negotiated for an average term of three years and there is no rental escalation.

No contingent rent is payable.

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	2021	2020 *Restated	2021	2020 *Restated
49. Commitments				
Authorised capital expenditure				
Already contracted for but not provided for				
• Community (including housing)	122 852 724	185 726 209	122 852 724	185 726 209
• Infrastructure	265 390 363	79 489 712	265 390 363	79 489 712
• Other	42 388 116	97 755 458	42 388 116	97 755 458
	430 631 203	362 971 379	430 631 203	362 971 379
Total capital commitments				
Already contracted for but not provided for	430 631 203	362 971 379	430 631 203	362 971 379
Authorised operational expenditure				
Already contracted for but not provided for				
• Proposed East London Beachfront Precinct	48 031 805	82 560 038	-	-
Project - Court Crescent				
• Proposed Upgrade of Water World	43 664 254	95 704 369	-	-
• Other	26 423 293	18 271 331	-	-
	118 119 352	196 535 738	-	-
Total operational commitments				
Already contracted for but not provided for	118 119 352	196 535 738	-	-
This committed expenditure relates to Infrastructure, Community, Property, Plant and Equipment and Annual contracts. Refer to note 4 Property, plant and equipment.				
Consultants and professional fees are not included in the commitment disclosure due to their nature and the fact that their costs can only be determined after the works have been concluded and payment made. This because the amount of expenditure relating to consultants cannot be determined in advance and will only be determined once expenditure is incurred.				
The above amounts exclude VAT.				
50. Contingencies				
Litigation issues	1 224 800 486	1 185 951 582	1 224 800 486	1 185 951 582
These are instances whereby legal claims have been instituted against Council by various third parties. Legal advice is sought and Council will defend claims where so advised.				
Labour issues	18 729 102	54 198 620	18 729 102	54 198 620
These are instances whereby labour disputes have resulted in possible claims by employees.				
Insurance issues	44 406 592	44 876 958	44 406 592	44 876 958
These are instances whereby insurance claims have been instituted against Council by various third parties. Advise is sought from Council's insurers whether BCMM is liable. If BCMM is liable, then Council's insurers will determine the settlement amount to be paid. If BCMM is not liable, then Council's insurers will legally defend the matter on Council's behalf.				
	1 287 936 180	1 285 027 160	1 287 936 180	1 285 027 160

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51. Related parties

Relationships	
Controlled entities	Buffalo City Metropolitan Development Agency SOC Ltd
Associates	Refer to note 7
Members of key management	Refer to note 34 and 35

Buffalo City Metropolitan Development Agency (BCMDA) (a SOC Ltd company registration no 2016/168330/30).

The BCMDA was incorporated on 20 April 2016 as a Municipal Entity of BCMM. BCMDA is 100% controlled by BCMM.

BCMM relationship with BCMDA: Subsidiary - Buffalo City Metropolitan Development Agency (SOC) Ltd.

The entity issued grants of R40 139 554 to BCMDA during the current financial year (2020: R39 352 506) (VAT exclusive).

BCMDA has trade receivables of R9 257 544 (2020: R5 752 632) (VAT inclusive) and trade payables of R0 (2020: R0) which relates to transactions with BCMM.

BCMM reimbursed BCMDA with an amount of R80 498 124 (2020: R13 811 170) (VAT exclusive) for the implementation of the BCMDA East London Beachfront and Water World Project.

Agency fees amounting to R6 439 850 (2020: R1 104 893) (VAT exclusive) were paid to BCMDA for projects implemented and administered on behalf of BCMM.

BCMDA has paid no consumer accounts during the current financial year.

There are no share based payments in respect of BCMDA.

There are no post-employment benefits for key personnel in respect of BCMDA.

BCMM currently receives European funding from the National Treasury GBS allocation. BCMM is currently rolling out the Duncan Village Waste Buy Back Centre through BCMDA as the implementing agent. In the current year under review, an amount of R2 569 375 (VAT inclusive) was transferred to BCMDA, who have only spent R153 704 (VAT exclusive) of the transferred funds.

BCMM paid an amount of R4 012 433 (2020: R3 246 476) VAT inclusive in respect of grass mowing, municipal services and office rental for the 2020/21 financial year to the East London IDZ.

All Councillors and Employees have disclosed their interest in related parties and no one has the ability to control or exercise significant influence over Council in making financial and operating decisions.

Key management information - BCMDA

Class	Description	Number
Non-executive board members	Board of Directors	8
Audit and Risk Committee	Shared with parent municipality	4
Executive management	Agency Management	4
Councillors	Shareholder Representative	1

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52. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

Accumulated surplus prior to 2020

	Note	Error reference	As previously reported	Correction of error	Restated
Opening balance			11 086 346 036	-	11 086 346 036
Property, plant and equipment - Various	4	a	-	(23 242 930)	(23 242 930)
Receivables from exchange transactions - Refuse	13	f	-	(30 871 270)	(30 871 270)
Receivables from non-exchange transactions - Property rates	12	j	-	(1 122 009)	(1 122 009)
Trade payables from exchange transactions - Other creditors	20	g	-	(22 361 732)	(22 361 732)
Trade payables from exchange transactions - Retention monies	20	i	-	6 192 565	6 192 565
Trade payables from exchange transactions - Trade payables	20	e	-	1 837 556	1 837 556
Inventories - Write downs	10	b	-	1 636 606	1 636 606
			- 11 086 346 036	(67 931 214)	11 018 414 822

Revaluation reserve

	Note	Error reference	As previously reported	Correction of error	Restated
Opening balance			9 455 486 561	-	9 455 486 561
Property, plant and equipment - Various	4	a	-	5 078 032	5 078 032
			- 9 455 486 561	5 078 032	9 460 564 593

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52. Prior-year adjustments (continued)						
Economic entity - 2020						
Detail of Statement of Financial Position	Note	Error reference	As previously reported	Correction of error	Re-classification	Restated
Inventories - Electricity store	10	b,c	11 695 718	1 161 798	(633 530)	12 223 986
Inventories - Workshop store	10	b,c	217 946	-	(25 395)	192 551
Inventories - Unsold water	10	b,c	13 953 595	1 129 206	(2 221 140)	12 861 661
Inventories - General stores	10	b,c	10 568 810	-	(1 191 690)	9 377 120
Inventories - Inventories (write-downs)	10	b,c	(4 546 556)	(654 405)	4 071 755	(1 129 206)
Investments in associates	7	d	702 798 644	277 391	-	703 076 035
Property, plant and equipment - Community buildings	4	a	878 646 097	77 328 709	-	955 974 806
Property, plant and equipment - Electricity infrastructure	4	a	3 423 468 661	102 958 266	-	3 526 426 927
Property, plant and equipment - Furniture and fixtures	4	a	56 823 725	57 430 659	-	114 254 384
Property, plant and equipment - Motor vehicles	4	a	328 139 983	493 496	-	328 633 479
Property, plant and equipment - Other properties	4	a	1 024 267 556	10 130 379	-	1 034 397 935
Property, plant and equipment - Plant and equipment	4	a	38 212 146	140 893	-	38 353 039
Property, plant and equipment - Recreational facilities	4	a	242 697 802	5 993 540	-	248 691 342
Property, plant and equipment - Roads	4	a	4 655 765 925	134 446 061	-	4 790 211 986
Property, plant and equipment - Wastewater network	4	a	1 765 573 502	7 642 994	-	1 773 216 496
Property, plant and equipment - Water network	4	a	2 468 644 047	130 372 106	-	2 599 016 153
Property, plant and equipment - WIP	4	a	4 286 106 730	(577 269 711)	-	3 708 837 019
Receivables from exchange transactions - Electricity Gross	13	f	502 069 336	10 807 281	-	512 876 617
Receivables from exchange transactions - Electricity Impairment	13	f	(266 770 276)	44 407 301	-	(222 362 975)
Receivables from exchange transactions - Refuse Gross	13	f	500 974 498	(55 575 993)	-	445 398 505
Receivables from exchange transactions - Refuse Impairment	13	f	(350 264 423)	134 828 831	-	(215 435 592)
Receivables from exchange transactions - Wastewater Gross	13	f	361 213 741	4 879 059	-	366 092 800
Receivables from exchange transactions - Wastewater impairment	13	f	(274 581 712)	103 595 661	-	(170 986 051)
Receivables from exchange transactions - Water Gross	13	f	1 017 891 372	(29 165 003)	-	988 726 369
Receivables from exchange transactions - Water Impairment	13	f	(477 016 787)	(377 283 007)	-	(854 299 794)
Receivables from non-exchange transactions - Allowance for impairment	12	f	(637 505 722)	133 088 086	-	(504 417 636)
Receivables from non-exchange transactions - Other receivables (billing)	12	f	258 546 167	6 720 177	-	265 266 344
Receivables from non-exchange transactions - Property rates Gross	12	j	850 355 134	(166 556)	-	850 188 578
Trade payables from exchange transactions - Other creditors	20	g	(88 344 513)	(34 128 156)	(119 769)	(122 592 438)

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand			Economic entity		Controlling entity	
			2021	2020 *Restated	2021	2020 *Restated
52. Prior-year adjustments (continued)						
Trade payables from exchange transactions - Retention monies	20	i	(112 038 029)	6 174 264	-	(105 863 765)
Trade payables from exchange transactions - Trade payables	20	e	(734 353 477)	8 347 008	119 769	(725 886 700)
VAT Receivable/(Payable)	21		4 090 392	(55 380 331)	-	(51 289 939)
Revaluation reserve	15		(9 455 486 561)	(5 078 032)	-	(9 460 564 593)
Accumulated surplus			(11 081 909 965)	152 348 026	-	(10 929 561 939)
Summary of Statement of Financial Position	Note	Error reference	As previously reported	Correction of error	Re-classification	Restated
Inventories	10	b,c	32 832 319	1 636 599	-	34 468 918
Receivables from exchange transactions - BCMDA		l	60 710	-	(60 710)	-
Receivables from non-exchange transactions	12	f,j	540 501 300	139 641 707	-	680 143 007
VAT receivable		f	4 588 458	(4 588 458)	-	-
Receivables from exchange transactions	13	f,l	1 347 270 204	(163 505 870)	60 710	1 183 825 044
Cash and cash equivalents	14		1 373 710 707	-	-	1 373 710 707
Investment property	3		406 525 752	-	-	406 525 752
Property, plant and equipment	4	a	19 251 388 772	(50 332 608)	-	19 201 056 164
Intangible assets	5		14 974 783	-	-	14 974 783
Heritage assets	6		50 513 440	-	-	50 513 440
Investments in associates	7	d	702 798 644	277 391	-	703 076 035
Borrowings	17		(54 395 605)	-	-	(54 395 605)
Operating lease liability	8		(51 545)	-	-	(51 545)
Trade payables from exchange transactions	20	e,g,i	(1 212 933 095)	(19 606 867)	-	(1 232 539 962)
VAT Payable	21	f	-	(50 791 873)	-	(50 791 873)
Consumer deposits	22		(70 143 449)	-	-	(70 143 449)
Employee benefit obligation	9		(50 982 000)	-	-	(50 982 000)
Unspent conditional grants and receipts	16		(531 506 569)	-	-	(531 506 569)
Provisions	18		(378 296 343)	(1)	-	(378 296 344)
Borrowings	17		(233 184 927)	-	-	(233 184 927)
Employee benefit obligation	9		(633 835 000)	-	-	(633 835 000)
Provisions	18		(10 952 089)	-	-	(10 952 089)
Revaluation reserve	15	a	(9 455 486 561)	(5 078 032)	-	(9 460 564 593)
Accumulated surplus		a,c	(11 093 397 906)	152 348 012	-	(10 941 049 894)
			-	-	-	-

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity			
	2021	2020 *Restated	2021	2020 *Restated		
52. Prior-year adjustments (continued)						
Statement of financial performance						
Detail of Statement of Financial Performance						
	Note	Error reference e,l	As previously reported	Correction of error	Re- classification	Restated
Contracted services - Consultants and professional services - Business and advisory	40		27 801 293	(935 775)	9 455 303	36 320 821
Contracted services - Consultants and professional services - Infrastructure and Planning	40	l	2 457 960	-	724 115	3 182 075
Contracted services - Consultants and professional services - Legal cost	40	e	34 118 788	(221 441)	-	33 897 347
Contracted services - Contractors - Plants, flowers and other decorations	40	e	912 074	(606)	-	911 468
Contracted services - Contractors - Graphic Designers	40		492 174	-	(492 174)	-
Contracted services - Contractors - Safeguard and security	40	e	5 397 523	(38)	-	5 397 485
Contracted services - Outsources services - Alien vegetation control	40	e	4 150 678	(25 400)	-	4 125 278
Contracted services - Outsources services - Catering services	40	e	9 117 410	(3 450)	-	9 113 960
Contracted services - Outsources services - Hygiene services	40	e	98 933	(1 435)	-	97 498
Contracted services - Outsources services - Sewerage services	40	e	256 040	(140 760)	-	115 280
Contracted services - Outsources services - Security services	40	l	164 255	-	1 582 051	1 746 306
Contracted services - Outsources services - Professional Staff	40	l	25 829 617	-	(14 212 159)	11 617 458
Contracted services - Outsources services - Refuse removal	40	l	23 283 347	-	(14 599 689)	8 683 658
Contracted services - Previously reported - Other contractors	40	l,m	14 535 285	(13 811 170)	(724 115)	-
Contracted services - Previously reported - Specialist services	40	l	266 937	-	(266 937)	-
Contracted services - Previously reported - Operating leases	40	l	834 006	-	(834 006)	-
Contracted services - Previously reported - Security services	40	l	1 582 051	-	(1 582 051)	-
Contracted services - Previously reported - Information Technology Services	40	l	81 468	-	(81 468)	-
Debt impairment - Contribution to debt impairment - Exchange	38	k	425 558 601	(35 523 880)	-	390 034 721
Debt impairment - Contribution to debt impairment - Non-exchange	38	k	176 282 916	1 920 097	-	178 203 013
Depreciation and amortisation - Property, plant and equipment	36	a	1 704 389 946	18 079 302	-	1 722 469 248
Government grants and subsidies - Government grant (capital) - BCMDA	32	m	(13 811 170)	13 811 170	-	-
Employee related cost - Basic emoluments	34	g	1 348 374 063	9 997 467	12 038 903	1 370 410 433
Employee related cost - Car allowance	34		33 242 536	-	629 689	33 872 225
Employee related cost - Housing benefits and allowances	34		7 930 825	(1)	2 010 816	9 941 640

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Notes to the Audited Consolidated Annual Financial Statements

			Economic entity		Controlling entity	
Figures in Rand			2021	2020 *Restated	2021	2020 *Restated
52. Prior-year adjustments (continued)						
Employee related cost - Other allowances	34		68 582 653	2	5 517 716	74 100 371
Employee related cost - Pension fund contributions	34	g,h	241 376 756	21 117 563	(1 785)	262 492 534
Employee related cost - UIF	34		10 431 120	-	1 785	10 432 905
Employee related cost - Employee benefit obligation net cost	34	h	(24 649 482)	(19 348 605)	-	(43 998 087)
General expenses - Conference and seminars	41		3 895 345	-	291 991	4 187 336
General expenses - Consumables	41	e	37 874 333	(122 693)	1 728 263	39 479 903
General expenses - Lease rental on operating lease	41	e,l	35 690 070	20 750	834 006	36 544 826
General expenses - Motor vehicle expenses	41	e	7 999 360	(303 005)	-	7 696 355
General expenses - Other expenses	41	e,m	52 401 672	(1 104 894)	(1 728 263)	49 568 515
General expenses - Printing and stationary	41		6 677 458	-	(12 978)	6 664 480
General expenses - Special events	41	e	2 258 982	(86 251)	-	2 172 731
General expenses - Subscriptions and membership fees	41		15 993 835	-	(279 013)	15 714 822
Interest received - Interest charged on receivables	29	k	(82 887 687)	546 360	-	(82 341 327)
Other revenue - (exchange) - Sundry income	28	l,m	(8 013 458)	1 104 894	(1 751 975)	(8 660 539)
Fees earned		l	(1 751 975)	-	1 751 975	-
Property rates - Agricultural	30	j	(8 977 058)	14 400	-	(8 962 658)
Property rates - Commercial	30	j	(655 549 322)	(59 495)	-	(655 608 817)
Property rates - Industrial	30	j	(129 876 859)	48 510	-	(129 828 349)
Property rates - Residential	30	j	(652 760 495)	(830 545)	-	(653 591 040)
Property rates - Vacant land	30	j	(52 224 507)	(128 323)	-	(52 352 830)
Repairs and maintenance	42	a,e	382 547 674	9 982 017	-	392 529 691
Service charges - Sale of electricity	24	k	(1 779 478 165)	2 636 203	-	(1 776 841 962)
Service charges - Sale of water	24	k	(728 647 093)	44 289 598	-	(684 357 495)
Service charges - Less income forgone - Refuse	24	k	-	33 773 626	-	33 773 626
Share of (surplus)/deficit of associate		d	(105 406 358)	(277 382)	-	(105 683 740)
Surplus for the year			-	-	84 416 810	-

Summary of Statement of Financial Performance						
	Note	Error reference	As previously reported	Correction of error	Re-classification	Restated
Service charges	24	k	(3 260 941 348)	80 699 427	-	(3 180 241 921)
Rental of facilities and equipment	25		(22 652 060)	-	-	(22 652 060)
Fees earned		l	(1 751 975)	-	1 751 975	-
Other revenue - (exchange)	28	l,m	(91 567 237)	1 104 894	(1 751 975)	(92 214 318)
Interest received	29	j	(153 537 591)	546 360	-	(152 991 231)
Property rates	30		(1 467 399 835)	(955 453)	-	(1 468 355 288)
Licences and Permits (non-exchange)	26		(12 587 412)	-	-	(12 587 412)
Interest (non-exchange)	27		(39 698 901)	-	-	(39 698 901)
Government grants & subsidies	32	m	(2 011 229 172)	13 811 170	-	(1 997 418 002)
Other revenue - (non-exchange)	33		(68 707 237)	-	-	(68 707 237)
Fines			(10 863 546)	-	-	(10 863 546)
Fuel levy			(547 497 000)	-	-	(547 497 000)
Employee related cost	34	g	2 204 639 585	11 766 426	20 197 124	2 236 603 135
Remuneration of councillors	35		66 322 743	-	-	66 322 743
Depreciation and amortisation	36	a	1 709 671 614	18 079 302	-	1 727 750 916
Finance costs	37		32 563 877	-	-	32 563 877

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Notes to the Audited Consolidated Annual Financial Statements

			Economic entity		Controlling entity	
Figures in Rand			2021	2020	2021	2020
				*Restated		*Restated
52. Prior-year adjustments (continued)						
Debt Impairment	38		601 841 517	(33 603 783)	-	568 237 734
Repairs and maintenance	42	a,e	382 547 674	9 982 017	-	392 529 691
Bulk purchases	39		1 772 339 139	-	-	1 772 339 139
Contracted services	40	e,l,m	300 555 998	(15 140 076)	(21 031 130)	264 384 792
Grants and subsidies paid	31		91 468 857	-	-	91 468 857
General expenses	41	e,l,m	615 066 199	(1 596 092)	834 006	614 304 113
Loss on disposal of assets	44		6 906 562	-	-	6 906 562
Fair value adjustments	43		1 683 300	-	-	1 683 300
Impairment loss			51 531	-	-	51 531
Share of surplus of associate		d	(105 406 358)	(277 382)	-	(105 683 740)
Inventories losses/write-downs			1 129 206	-	-	1 129 206
(Surplus)/deficit for the year			-	(7 051 870)	84 416 810	-
						77 364 940

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020 *Restated	2021	2020 *Restated
52. Prior-year adjustments (continued)				
Cash flow statement				
Controlling entity - 2020				
	Note	As previously reported	Correction of error	Restated
Cash flow from operating activities				
Sale of goods and services	69	4 693 899 666	25 092 827	4 718 992 493
Government grants & subsidies	69	2 011 229 172	(13 811 170)	1 997 418 002
Interest income	27&29	193 236 492	(546 360)	192 690 132
Employee costs & Councillors remuneration	34&35	(2 270 962 328)	(31 963 550)	(2 302 925 878)
Suppliers	69	(2 664 722 579)	(4 801 443)	(2 669 524 022)
Finance costs	37	(32 563 877)	-	(32 563 877)
		1 930 116 546	(26 029 696)	1 904 086 850
Cash flow from investing activities				
Purchase of property, plant and equipment	4	(1 663 693 959)	15 705 688	(1 647 988 271)
Proceeds from sale of property, plant and equipment	4	49 255	10 324 007	10 373 262
Purchase of investment property	3	(6 015 752)	-	(6 015 752)
Purchase of intangible assets	5	(404 741)	-	(404 741)
		(1 670 065 197)	26 029 696	(1 644 035 502)
Cash flow from financing activities				
Net movement on borrowings	17	(57 973 556)	-	(57 973 556)
Other disclosure items				
	Note	As previously reported	Correction of error	Restated
Irregular expenditure - Opening balance	59	2 881 067 042	39 687 467	2 920 754 509
Irregular expenditure - Additions	59	229 001 616	96 749 713	325 751 329
Commitments	49	462 754 779	(99 783 400)	362 971 379
Fruitless and wasteful expenditure	58	15 764 152	(2 741 368)	13 022 784
		3 588 587 589	33 912 412	3 622 500 001

Explanation of errors

a) Reclassification of work in progress not recognised as property, plant and equipment by the Municipality in previous financial years due to various project management matters that prevented capitalisation at the time.

b) Inventory write downs were incorrectly captured in the 20/21 financial year. The write downs related to the prior period.

c) Disclosure of inventory was changed to show only the net movement of write-downs and not a cumulative total.

d) The investment in associate East London IDZ, adjusted their prior 2019/20 figures in their audited financial statements, therefore a prior year adjustment had to be done to align the carrying value of the investment in associate.

e) Duplicate system generated credit and debit notes made on creditor control accounts arising from various general expenses for 2019/20 financial year due to accruals.

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020 *Restated	2021	2020 *Restated

52. Prior-year adjustments (continued)

f) For the 2019/2020 annual financial statements there were adjustments passed in respect of receivables (exchange and non-exchange) including prior period. The adjustments were made only against capital and not VAT as with previous years. Therefore VAT relating to the capital charges is being adjusted for the 2019/20 (prior period) and 2018/19 (prior prior period).

g) The error is in respect of results of the job evaluation process which was undertaken by BCMM with the calculations back dated from 1 July 2015 and payment done in the 2020/21 financial year.

h) Reclassified actual employer benefits paid as per actuarial valuation to post-retirement obligation net cost.

i) Retention reversed due to contract being terminated due to poor performance. Retention therefore forfeited.

j) The error resulted because of changes in the market value or categories which were processed on the supplementary valuation in the current financial year which the effective dates were for prior years before July 2020.

k) Prior period billing errors corrected.

l) Reclassification of transactions relating to the entity in order to realign these entity transactions to the controlling entity.

m) Elimination of intergroup transactions that were erroneously excluded in the previous year.

53. Risk management

Financial risk management

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

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. Risk Management is carried out under policies approved by the accounting officer. The accounting officer provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

Liquidity risk

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

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Credit risk

Credit risk consists mainly of cash deposits (refer note 14), deteriorating audit outcomes, low collection rates and trade debtors (refer note 12 and 13). The entity only deposits cash with major banks with high quality credit standing and limits exposure to any counter-party, which is in line with Investment regulations and policy on investment.

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Figures in Rand	Economic entity		Controlling entity	
	2021	2020 *Restated	2021	2020 *Restated

53. Risk management (continued)

Market risk

Interest rate risk

The entity has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the entity to cash flow interest rate risk. Borrowings issued at fixed rates expose the entity to fair value interest rate risk, however all finance charges are on the variable interest rate.

The risk of a decrease in interest rate will place additional pressure to funding operations as a result of less income being realised from interest received and vice versa for finance charges.

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Trade and other receivables - normal credit terms	9.50 %	2 366 768 131	-	-	-	-
Cash in current banking institutions	3.51 %	231 362 158	-	-	-	-
Call Investments deposits	3.51 %	894 631 683	-	-	-	-
Trade and other payables - extended credit terms	3.00 %	916 247 236	-	-	-	-
Long term borrowings	9.16 %	45 190 555	49 140 564	30 246 178	28 813 896	79 793 734

Sensitivity Analysis of Market Risk

Effect of a 1% change in the interest rate	Current interest rate	Value at 30 June 2021	Discounted value at current rate	Discounted value at current rate (-1%)	Discounted value at current rate (+1%)
Trade and other receivables - normal credit terms	9.50 %	2 366 768 131	2 161 432 083	2 181 353 116	2 141 871 612
Cash in current banking institutions	3.51 %	231 362 158	223 516 721	225 697 159	221 378 010
Call Investments deposits	3.51 %	894 631 683	864 294 931	872 726 254	856 024 957
Trade and other payables - extended credit terms	3.00 %	916 247 236	889 560 423	898 281 604	881 006 958
Short term borrowings	9.16 %	45 190 555	41 398 456	41 781 208	41 022 653
Long term borrowings	9.16 %	187 994 372	172 219 102	173 811 365	170 655 748

The sensitivity analysis was based on the assumption that a 1% increase or decrease in the interest rate could occur.

The method used to prepare the sensitivity analysis was based on the discounted value of the respective cash flow for 1 year using the respective current interest rate in order to determine the effect of applicable market risk of a 1% increase or decrease in the interest rate.

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Figures in Rand	2021	2020 *Restated	2021	2020 *Restated

53. Risk management (continued)

Capital risk management

The municipality's objectives when managing capital are to safeguard the municipality's ability to continue as a going concern in order to provide returns for members and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the entity consists of debt, which includes the borrowings, cash and cash equivalents and equity.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The entity is in an enviable position of having access to additional long term facilities in order to invest in the replacement of infrastructure assets.

54. Going concern

The audited consolidated annual 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.

55. Events after the reporting date

There are no events after reporting date to be disclosed

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	Economic entity		Controlling entity	
Figures in Rand	2021	2020 *Restated	2021	2020 *Restated

56. COVID-19 Impact

Assets

The entity is continuing to experience a change in the use of community assets and assets that are used for sport and recreation purposes because of the COVID-19 related lockdown regulations and travel lockdowns. This most affected was all the revenue generating assets throughout the City.

There are also a few Municipal properties that are used for COVID-19 related Council activities such as creating awareness to the communities and opening a vaccination centre for Municipal officials. The Municipality did not experience a lot of property invasion even though there were a few reported cases of vandalism.

The impact on construction of new assets has not been severe because the economic activities and particularly the construction sector was operating throughout the financial year without a level 5 hard lockdown.

COVID-19 did not materially affect all the other activities and events that relate to the operational activities of asset management due to the fact that the City was operational whilst adhering to the lockdown rules throughout the financial year.

Liabilities

There are no COVID-19 impacts affecting Liabilities for the financial year under review.

Revenue

1. Traffic Services closed on the 27 March 2020 and traffic operations only resumed on 1st June 2020 with limited services as well as disruptions in operations as buildings were being closed on a regular basis for decontamination.

2. Traffic services suspended from 27 March 2020 to 01 June 2020 were the renewal and applications of motor vehicle licences and registrations, renewals and applications of driving licences, learners, roadworthy certificates, testing of applicants and Professional Driving Permits.

3. Traffic Services were not yet fully operational by the end of the financial year meaning less members of the public were allowed to enter the building at a given time. The department uses an appointment system where the public are given a date and time to come in and renew or register their vehicles, apply for drivers' learners and PRPDs and roadworthy of vehicles this is to ensure compliance with the COVID-19 regulations.

4. Members of the public were unable to pay for traffic fines, fines were not issued, cases pending at court were placed on hold and the mobile office could not be deployed for operations.

5. Further to the above during this period the Traffic fines court related matters were placed on hold during level 5 to level 2 whereby courts were only dealing with urgent matters which did not include traffic matters. The Magistrate advised that any court appearances (offenders on the court roll who are to appear in court) warrants that cannot be executed and summonses that cannot be placed on the court roll. Any Section 56 notices that were issued during the lockdown period were struck off the court roll.

6. The appointment of process servers was placed on hold as well due to the Lockdown as they would be contravening the COVID-19 restrictions when serving summonses.

7. Revenue on grants can only be recognized when conditions are met. COVID-19 lockdown restrictions have negatively affected performance on grants as it delayed and disrupted implementation of engineering and construction projects.

8. The entity suspended full credit control actions for a period of six (6) months from July 2020 to October 2020 and from February 2021 to March 2021 in the 2020/21 Financial Year. Only disconnections and complete blocking were fully suspended during this period and implemented the partial blocking on the prepayment system during the lockdown period, this has resulted in collection rate decline. In addition to the effects of the lockdown what further impacted the collection rate was the punitive tariffs on water due to the current drought situation which increased debt book whilst not implementing full credit control action in 2020/21. The following table indicates the trend in the collection as well as the payment:

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	Economic entity		Controlling entity	
Figures in Rand	2021	2020 *Restated	2021	2020 *Restated

56. COVID-19 Impact (continued)

PERIOD	COLLECTION RATIO	PAYMENTS (incl. VAT)
Jul-20	50.26%	265,967,547
Aug-20	52.94%	383,914,450
Sep-20	53.22%	291,206,678
Oct-20	57.98%	357,805,555
Nov-20	60.28%	335,436,360
Dec-20	60.08%	320,517,335
Jan-21	61.94%	342,887,736
Feb-21	62.95%	311,028,780
Mar-21	64.27%	327,727,557
Apr-21	65.37%	315,516,795
May-21	68.34%	426,160,306
Jun-21	71.10%	399,934,376

9. Due to restrictions on social distancing, meter reading was suspended but consumers were able to take their own readings and email them to Meterreading@buffalocity.gov.za. Those consumers that don't have access to emails were able to call the call centre and 043 705 3080 to submit their meter readings.

10. The City has experienced decline in revenue collection. There was also a decrease in electricity consumption and thus decrease in electricity revenue mainly due to closure of businesses during lockdown.

Expenditure

- All service providers were paid on a weekly basis after submitting an invoice and this was to respond to President's call to pay suppliers immediately after the delivery of goods.
- The reduced receipts as a result of decreased collection rate has had an impact in the Vat output which has resulted in less output VAT being paid over.
- Escalation of operational costs which is a result of the mitigating measures that have been put in place to manage the spread of COVID-19 in items such as personal protective equipment (PPE), decontamination and disinfection of municipal building and other public facilities.
- The City incurred expenses of R54 040 760 in the 2020/21 financial year related to COVID-19 (personal protective equipment, plant hire and etc).
- Although there have been many changes as a result of COVID-19, the liquidity and going concern aspects of the City has remained intact.

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Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020 *Restated	2021	2020 *Restated

56. COVID-19 Impact (continued)

Cash flow

- Reduction in collection rate and inability to implement credit control initiatives had a negative effect on levies and services.
- There was an increase in expenditure relating to Personal Protective Equipment.

Budget

The adjustments made in the Division of Revenue Amendment Bill (Government Gazette No. 43450 of 18 June 2020) necessitated the following adjustments in Buffalo City Metropolitan Municipality's Budget:

- The Metro received additional R142 572 000 Equitable Share allocation. The additional allocation was to fund COVID-19 related expenditure, below are items that were funded:
 - Procurement of Personal Protective Equipment
 - Hired Plant for Cemeteries
 - Medication for Employee Wellness Centre
 - Security (safeguarding of municipal assets)
 - COVID-19 Project Temps
- Infrastructure Skills Development Grant was reduced by R576 000.
- Energy Efficiency Demand Side Management was reduced by R700 000
- Urban Settlement Development Grant was reduced by R74 233 000

SCM

The full procurement process as outlined in BCMM SCM's Standard Operating Procedures, SCM Policy were followed. Due to the emergency nature of the COVID-19 related procurement and lockdown period, additional considerations were made to achieve quicker procurement whilst still adhering to the procurement pillars and legislative requirements.

The procurement of Personal Protective Equipment for COVID-19 related matters were centralised at the Logistics, Warehouse & Disposal department. These items were procured as stock items in order to mitigate risks of abuse and frequency of orders unaccounted for from time to time. The National Treasury Emergency and Bulk Procurement Circulars on Natural Disaster were followed where possible, however, in many instances the service providers that are in the National Treasury would not have stock and or have longer waiting period for delivery.

Circular 105 which came into effect on 05 August 2020 ceasing all Procurement related to COVID-19 PPE Emergency situations and the entity had to ensure the following:

- The use of Request for Quotations (RFQs) in order to ensure availability of stock e.g. sanitisers and masks.
- Transversal contract was utilised to procure certain items e.g. disposable masks as a means to ensure that PPE is available.
- Procuring of PPE for COVID-19 by utilising the 3 quote system. In some instances the National Treasury list of accredited service providers was used to source these quotations.

BUFFALO CITY METROPOLITAN MUNICIPALITY

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Figures in Rand	2021	2020 *Restated	2021	2020 *Restated

57. Unauthorised expenditure

Opening balance as previously reported	17 649 513	42 977 417	17 649 513	42 977 417
Opening balance as restated	17 649 513	42 977 417	17 649 513	42 977 417
Add: Expenditure identified - current	-	17 649 513	-	17 649 513
Less: Expenditure authorised in terms of section 32 of the MFMA	(17 649 513)	(42 977 417)	(17 649 513)	(42 977 417)
Closing balance	-	17 649 513	-	17 649 513

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	-	17 649 513	-	17 649 513
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Analysed as follows: non-cash

Debt impairment	-	17 649 513	-	17 649 513
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The 2020 unauthorised expenditure comprises the following:

Debt Impairment of R17.65 million, this is a result of the increase in debtors primarily due to non-payment by customers within the financial year. The COVID-19 pandemic and increase in billing as a result of punitive tariffs due to the drought have exacerbated the situation.

58. Fruitless and wasteful expenditure

Opening balance as previously reported	13 022 784	18 248 138	12 947 312	18 173 575
Correction of prior period error	-	(2 741 368)	-	(2 741 368)
Opening balance as restated	13 022 784	15 506 770	12 947 312	15 432 207
Add: Expenditure identified - current	58 973	909	-	-
Less: Amounts recoverable	(13 290)	(2 484 895)	-	(2 484 895)
Less: Amount written off - current	(2 215 636)	-	(2 215 636)	-
Closing balance	10 852 831	13 022 784	10 731 676	12 947 312

BCMM has established a Municipal Public Accounts Committee (MPAC) which is constituted by Council to investigate all irregular, fruitless and wasteful expenditure. The MPAC recommends to Council the write off and future actions to be taken in accordance with the provisions in terms of Section 32 of the MFMA.

BCMDA incurred SARS penalties and interest on an EMP201 return assessment and that was submitted and paid for on the 6 March 2021. SARS considered the payment to have been made on 8 March 2021. Engagements are in progress with SARS to reverse the penalties and interest paid.

Cases under investigation

Investigations are still in progress regarding 20 cases (2020:42) which relate to interest on late payments and negligence.

Amounts recoverable

An objection was lodged and an amount of R2 484 895 was recovered from SARS relating to interest and penalties for the 2018/19 financial year.

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58. Fruitless and wasteful expenditure (continued)

Amounts written-off

After the MPAC investigations, Council adopted the MPAC recommendation to write off an amount of R2 215 636 from the total fruitless with out reasonable doubt that the amount was not recoverable.

59. Irregular expenditure

Opening balance as previously reported	2 520 884 798	2 881 067 043	2 518 729 268	2 867 713 994
Restatement	-	39 687 467	-	39 687 467
Opening balance as restated	2 520 884 798	2 920 754 510	2 518 729 268	2 907 401 461
Add: Irregular Expenditure - current	264 895 618	325 751 329	174 785 450	307 870 695
Less: Amounts ratified/approved as irrecoverable by council and written off	(91 866 967)	(725 621 041)	-	(696 542 888)
Closing balance	2 693 913 449	2 520 884 798	2 693 514 718	2 518 729 268

Analysis of expenditure awaiting write-off per age classification

Current year	264 496 887	325 751 329	174 785 450	307 870 695
Prior years	2 520 884 798	2 920 754 510	2 518 729 268	2 907 401 461
Less: Amounts ratified/approved as irrecoverable by council and written off	(91 866 967)	(725 621 041)	-	(696 542 888)
	2 693 514 718	2 520 884 798	2 693 514 718	2 518 729 268

Details of irregular expenditure

Procurement made outside SCM regulations	4 055 034	63 098 425	4 055 034	63 098 425
Bid Construction Contracts (BCC)	95 113 997	144 393 232	95 113 997	144 393 232
Annual contracts	65 083 224	69 853 810	65 083 224	69 853 810
Formal contracts	288 172	9 116 455	288 172	9 116 455
Informal contracts	-	1 079 630	-	1 079 630
3 Quotation System	-	562 491	-	562 491
Suppliers in service of state - Not-declared state employees	4 878 667	11 089 793	4 878 667	11 089 793
Expired leases	5 366 356	8 676 859	5 366 356	8 676 859
Bid Adjudication Committee - BCMDA	90 110 168	17 880 634	-	-
	264 895 618	325 751 329	174 785 450	307 870 695

60. In-kind donations and assistance

FELZOO donated assistance to BCMM	9 661	6 127	9 661	6 127
FELA donated assistance to BCMM	3 600	3 600	3 600	3 600
Nahoon Point Nature Reserve	37 273	91 564	37 273	91 564
	50 534	101 291	50 534	101 291

The nature of the above In-kind donations and assistance amounts are ad-hoc cash donations which are non-exchange transactions.

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61. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year contribution	15 659 900	14 903 900	15 659 900	14 903 900
Amount paid - current year	(15 659 900)	(14 903 900)	(15 659 900)	(14 903 900)
	-	-	-	-

Contributions to SA Cities Network

Current year contribution	4 064 221	3 783 552	4 064 221	3 783 552
Amount paid - current year	(4 064 221)	(3 783 552)	(4 064 221)	(3 783 552)
	-	-	-	-

Audit fees

Current year subscription / fee	20 882 918	16 055 514	20 882 918	16 055 514
Amount paid - current year	(20 882 918)	(16 055 514)	(20 882 918)	(16 055 514)
	-	-	-	-

PAYE, UIF and Skills Development Levy

Opening balance	530 657	-	-	-
Current year contribution	391 824 701	368 566 174	386 207 146	363 367 983
Amount paid - current year	(391 752 169)	(368 035 517)	(386 207 146)	(363 367 983)
	603 189	530 657	-	-

Amounts in respect of June 2021 were paid by the 7 July 2021 as per legislation, therefore there were no outstanding amounts for the financial year 2020/21.

Pension and Medical Aid Deductions

Opening balance	122 146	101 909	-	-
Current year contribution	595 251 883	563 721 821	593 504 234	562 130 555
Amount paid - current year	(595 256 235)	(563 701 584)	(593 504 234)	(562 130 555)
	117 794	122 146	-	-

Amounts in respect of June 2021 were paid by the 7 July 2021 as per legislation, therefore there were no outstanding amounts for the financial year 2020/21.

VAT

VAT payable	15 021 047	50 791 873	15 723 735	51 289 939
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VAT output payables and VAT input receivables are shown in note 21.

All VAT returns have been submitted by the due date throughout the year. VAT is only declared to SARS on receipt of payment from consumers and claimed on payment to suppliers.

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61. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

Arrear Councillors accounts totalling R55 957 were outstanding for more than 90 days at 30 June 2021 (2020 R8 546) for which mechanisms are in place to deduct amounts from the monthly allowances of each Councillor. The following amounts represent the total outstanding as at 30 June 2021 Stop orders are in place, whereby a monthly amount is deducted until the balance is settled.

	Outstanding more than 90 days R	Total R
30 June 2021		
Councillor C.H. Maxegwana	14 369	14 369
Councillor N.P. Matiwane	643	643
Councillor K. Ciliza	1 385	1 385
Councillor V.F. Gcobo	6 856	6 856
Councillor S. Mapuko	32 704	32 704
	55 957	55 957
30 June 2020		
Councillor A. Mayoyo	903	903
Councillor Z. Mtyingizane	5 133	5 133
Councillor L.M. Quse	1 472	1 472
Councillor K. Ciliza	1 038	1 038
	8 546	8 546

At year end, officials accounts totalling R5 048 405 (2020: R1 603 902) were outstanding for more than 90 days.

62. Transitional provisions

Transitional provision for Statutory Receivable

General information

The entity followed the transitional provision as per Directive 5 of the GRAP Reporting Framework.

All Statutory Receivables have been classified and measured under an accounting policy that is not consistent with the requirements of GRAP 108.

Some progress has been made towards full compliance with GRAP 108, but it is expected that full compliance will only be reached at the end of the transitional period. The entity intends to comply in full with GRAP 108 by ensuring that, inter alia, all necessary considerations, assessments, calculations and significant judgements are made timeously and effectively, in order to classify and measure Statutory Receivables in accordance with the requirements of the standard.

BUFFALO CITY METROPOLITAN MUNICIPALITY

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62. Transitional provisions (continued)

Transitional provision for Living and non-living resources

General information

The entity followed the transitional provision as per Directive 5 of the GRAP Reporting Framework.

All living and non-living resources have been classified and measured under an accounting policy that is not consistent with the requirements of GRAP 110.

Some progress has been made towards full compliance with GRAP 110, but it is expected that full compliance will only be reached at the end of the transitional period. The entity intends to comply in full with GRAP 110 by ensuring that, inter alia, all necessary considerations, assessments, calculations and significant judgements are made timeously and effectively, in order to classify and measure Living and non-living resources in accordance with the requirements of the standard.

63. Accounting by principals and agents

The entity is a party to a principal-agent arrangement(s).

Details of the arrangement(s) are as follows:

Department of Transport

BCMM entered in an agreement with the Department of Transport to collect licence and permit fees and in return BCMM pays these over to the Department of Transport with a 19% retention for BCMM.

The amount retained by BCMM ensures increased revenue collection and is redirected to service delivery.

There are private companies other than BCMM that also offer roadworthy testing of vehicles. Vehicle licences can be renewed at the Post Office, Provincial Department of Transport and certain Banks offer the same services.

The above mentioned contributes to lesser income being received by BCMM.

Department of Human Settlements

BCMM received a level one accreditation with the Human Settlements Department to erect RDP houses on behalf of the department and to claim back all monies spent.

This ensured that all indigent qualifying persons have housing and that the metro increases service delivery.

The spending of BCMM own funds and claiming these funds back from the department has resulted in a fiscal drain to the metro which has resulted in an amount of R332 million owing to BCMM.

BUFFALO CITY METROPOLITAN MUNICIPALITY

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	Economic entity		Controlling entity	
Figures in Rand	2021	2020 *Restated	2021	2020 *Restated

63. Accounting by principals and agents (continued)

Entity as agent

Resources held on behalf of the principal(s), but recognised in the entity's own financial statements

No resources are held on behalf of the principles.

Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R11 590 099 (2020: R11 711 132).

Corresponding rights of reimbursement recognised as assets

Corresponding rights of reimbursement that have been recognised as assets are R321 217 430 (2020: R333 754 455) Refer to note 13, Accrued income.

Entity as principal

BCMM received funding through National Treasury GBS funding for the Duncan Village Waste Buy Back Centre. BCMM entered into an agreement with BCMDA to implement the project and on completion, the asset is transferred to BCMM. In this agreement, no project management fees are charged to BCMM. Refer to note 31 Grant and Subsidies Paid and note 51 Related parties, for further details.

BCMDA is a development agency of the BCMM and has a responsibility to ensure economic development is achieved through its existence to expedite development of the City and participate in job creation through its mandate areas as approved by Council. Through the signed Service Delivery Agreement (SDA), the Agency was allocated recreational projects to implement on behalf of the City. In this arrangement, the BCMDA appointed contractors to commence with the construction at both Water World and Court Crescent. The City retains control of the assets and are thus not recorded in BCMDA's accounting records rather the City. Invoices received from the contractors are recorded as expenditure in the Statement of Financial Performance and as liabilities in the statement of Financial Position. Refer to note 31, Grant and Subsidies Paid and note 51 Related parties for further details.

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Figures in Rand	Economic entity		Controlling entity	
	2021	2020 *Restated	2021	2020 *Restated

64. Segment information

General information

Identification of segments

The economic entity is organised and reports to management on the basis of 5 major functional areas : Community and public safety, Economic and environmental services, Municipal governance and administration, Trading services and Other. The segments were organised around the type of service delivered. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Aggregated segments

The economic entity operates throughout the Eastern Cape Province. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout Eastern Cape were sufficiently similar to warrant aggregation.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Description
Community and Public Safety	Service or activity that is performed by the Metro for the benefit of the public or its institutions.
Economic and Environmental Services	Helps the Metro to make better decisions by identifying resources, understanding the needs of the public and formulate plans to make the local economy fully functional and investor friendly.
Municipal Governance and Administration	Management, cohesive policies, guidance, processes and decision-rights
Trading Services	Providing a service to customers at a tariff determined to "recover cost".
Other	Tourism promotion & development and Operations of fresh produce market.

BUFFALO CITY METROPOLITAN MUNICIPALITY

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

64. Segment information (continued)

Segment surplus or deficit

Economic entity - 2021

	Community and Public Safety	Economic and Environmental Services	Municipal Governance and Administration	Trading Services	Other	Total
Revenue						
Service charges	-	-	13 219 578	3 924 125 027	-	3 937 344 604
Rental of facilities and equipment	1 074 834	1 184 782	19 521 336	-	2 441 124	24 222 075
Other revenue (exchange)	12 017 260	38 748 241	21 793 335	8 828 271	24 272 660	105 659 768
Interest received	-	488 136	120 023 921	-	-	120 512 057
Property rates	-	-	1 589 415 133	-	-	1 589 415 133
Licences and permits (non-exchange)	-	12 201 516	-	-	209 910	12 411 425
Interest (non-exchange)	-	-	40 197 816	-	-	40 197 816
Government grants and subsidies	526 300 196	411 378 956	584 568 656	731 963 163	21 773 407	2 275 984 378
Other revenue (non-exchange)	75 981 644	-	-	-	-	75 981 644
Public contributions and donations	-	10 035 999	-	-	-	10 035 999
Fines	11 179	16 647 913	-	-	-	16 659 092
Fuel levy	-	-	593 337 000	-	-	593 337 000
Total segment revenue	615 385 113	490 685 543	2 982 076 775	4 664 916 460	48 697 100	8 801 760 991

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

64. Segment information (continued)

	Community and Public Safety	Economic and Environmental Services	Municipal Governance and Administration	Trading Services	Other	Total
Expenditure						
Employee related cost	(522 707 562)	(513 673 358)	(754 534 246)	(665 984 290)	(42 476 249)	(2 499 375 705)
Remuneration of councillors	-	(1 936 260)	(63 813 409)	-	-	(65 749 669)
Depreciation and amortisation	(80 473 290)	(698 512 751)	(142 025 717)	(476 752 431)	(4 204 441)	(1 401 968 630)
Finance cost	(1 635 392)	(8 471 347)	(2 124 389)	(12 975 276)	(550 434)	(25 756 838)
Debt impairment	(49 610 380)	-	57 051 937	(934 391 260)	-	(926 949 703)
Repairs and maintenance	(20 844 121)	(126 825 797)	(30 509 450)	(206 322 218)	(1 367 875)	(385 869 461)
Bulk purchases	-	-	-	(1 866 017 126)	-	(1 866 017 126)
Contracted services	(8 648 065)	(33 057 648)	(87 298 293)	(122 768 147)	(3 434 232)	(255 206 384)
Grants and subsidies paid	(642 684)	-	(60 303 609)	-	(1 053 030)	(61 999 323)
General expenses	(93 751 945)	(41 512 939)	(278 477 899)	(205 069 788)	(17 423 471)	(636 236 042)
Loss on disposal of assets	(14 727)	(8 784 594)	(6 756 710)	(1 050 526)	(18 508)	(16 625 064)
Fair value adjustments	-	-	29 523 248	-	-	29 523 248
Share of surplus/(deficit) of associate	-	-	(26 627 528)	-	-	(26 627 528)
Inventory losses/write-downs	-	(12 737)	(689 642)	-	-	(702 379)
Total segment expenditure	(778 328 166)	(1 432 787 431)	(1 366 585 706)	(4 491 331 061)	(70 528 240)	(8 139 560 604)
Total segmental surplus						662 200 387
Total Revenue as per Statement of Financial Performance						8 801 760 991
Total Expenditure as per Statement of Financial Performance						(8 125 128 881)
Other items as per Statement of Financial Performance - (also included in expenditure table above)						(14 431 723)
Economic entity's surplus for the period						662 200 387

The entity does not disclose segment assets and liabilities as they are not regularly reported on and reviewed by management.

The entity applied the transitional provision not to disclose comparative figures on initial adoption of GRAP 18 as permitted.

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64. Segment information (continued)

Information about geographical areas

The economic entity's operations are in the Eastern Cape Province.

The reason for non disclosure of geographical areas is because it is considered to be irrelevant for decision making purposes. The municipality's geographical areas of operation are considered as a single geographical area for decision making purposes.

65. Deviation from supply chain management regulations

Regulation 36 of the MFMA on Supply Chain Management (SCM) Regulations and clause 36 of the SCM Policy of 2012 states that a SCM Policy must provide for the procurement of goods and services by way of a competitive bidding process.

Regulation 36 states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the Council and includes a note to the unaudited separate annual financial statements.

During the financial year under review goods/services totalling R224 164 251 (2020: R143 253 529) were procured and the process followed in procuring those goods/services deviated from the provisions of the regulations as stated above. The accounting officer approved the deviations from the normal SCM regulations.

Type of contract	No of contracts	Economic entity - 2021	No of contracts	Controlling entity - 2021
Emergency	15	52 083 884	15	52 083 884
Sole supplier	10	96 135 504	10	96 135 504
Other exceptional cases	8	75 944 863	8	75 944 863
	33	224 164 251	33	224 164 251

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66. Retirement benefit information

The employees of the Council as well as the Council as employer, contribute to Municipal Pension, Retirement and various Provident Funds as listed below:

-Cape Joint Pension Fund / L A Retirement Fund
 -Cape/Consolidated Retirement Fund
 -Eastern Cape Local Authorities Provident Fund
 -Government Employees Pension Fund
 -Municipal Worker's Retirement Fund
 -SALA Pension Fund
 -Municipal Employees Pension Fund
 -Municipal Councillors Pension Fund
 -National Fund for Municipal Workers
 -Aftredevoorsieningsfonds vir Kaapse Plaaslike Owerhede
 -East London Municipal A Band Provident Fund

The Cape Joint Pension Fund's / LA Retirement Fund's last actuarial valuation was at 30 June 2019 conducted by S. Neethling from Momentum Consultants and Actuaries. The fund was 100.3% funded at valuation date.

The Consolidated Retirement Fund's last actuarial valuation was at 30 June 2019 conducted by S. Neethling from Momentum Consultants and Actuaries who certified that the fund was in a sound financial position.

The Eastern Cape Local Authorities Provident Fund's last valuation was at 30 June 2019 conducted by E. Du Toit from Alexander Forbes Financial Services, who confirmed that the fund was in a sound financial position. The funding level was at 100.05% at valuation date.

The Government Employees Pension Fund's last valuation was at 31 March 2018 conducted by H. Buck . The funding level at this date was 108.3%.

Municipal Worker's Retirement Fund (previously known as SAMWU National Provident Fund) last actuarial valuation was at 30 June 2017 conducted by E.J. Potgieter and G. Base from Towers Watson (Pty) Ltd. The report stated that the fund was in a sound financial position as at 30 June 2017.

The SALA Pension Fund's last valuation was at 01 July 2015 conducted by J.F. Rosslee of ARGEN Actuarial Solutions. The fund was 100% funded as at valuation date. The valuator was satisfied with the investment strategy of the fund and the nature of the assets is in his opinion, suitable for the nature of the liabilities of the fund as defined in the rules of the fund.

The Municipal Employees Pension Fund's last interim valuation was at 28 February 2014 prepared by Itakane Consultants and Actuaries (Pty) Ltd. The report stated that the fund was financially sound and the funding level at this date was 100%

The Municipal Councillors Pension Fund's last valuation was at 30 June 2018 prepared by Mothapo R. and Barnard G.M. from Moruba Consultants and Actuaries. The report stated that the funding level was at 103% at the time of valuation.

The National Fund for Municipality Worker's last Actuarial Valuation was at 30 June 2015 and prepared by G. Grobler from Alexander Forbes Financial Services. The assets of the fund are sufficient to cover 100.42% of members' liabilities.

The East London Municipal A Band and the Aftredevoorsieningsfonds vir Kaapse Plaaslike Owerhede are fixed/defined contributions funds. It is therefore not necessary to perform an actuarial valuation for these funds.

It is Council's policy to fund 60% of Pensioner's medical aid expenses. The current costs amount to approximately R 23,6 million.

An amount of R400.1 million (2020: R381.9 million) was contributed by Council, Councillors' and employees' in respect of Councillor and employee retirement funding. These contributions have been expensed.

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67. Bids awarded to family of employees in service of the State

In terms of section 45 of the Municipal SCM regulation, any award above R2 000 to family of an employee in the service of the State must be disclosed in the annual financial statements. The following is a list as recorded in the declaration-of-interest form:

Connected person	Position held in BCMDA	Position held in BCMM	2021	2020
N. Pepani		Administrative assistant	26 044	-
Z. Capucapu		Superintendent	72 565	-
Z. Mkwanti		Artisan assistant	326 304	-
S. Skepu		Chemical technician	181 112	-
Z. Gqokoza		Equipment operator	288 775	-
Y. Barley		Intern	120 867	-
K. Somdaka		Technician: Aircon and electric	1 173 335	-
B. Nabela		Intern: Scientific services	129 360	-
H.R. Schluter		Programme manager: City planning	11 339	-
L. Boya		Comms officer	1 591 867	-
B.R. Nonkewuse		Supervisor	5 626	-
S.A. Kweza		Reserve ranger	48 616	-
S.P. Xoki		Chief risk officer	55 908	30 655
S. Mxesibe		Geomatics technician	614 941	-
C.F. Stoffels		Informal contract co-ordinator	47 246	-
A. Pepper		Meter reader	68 932	81 097
H.C. Prince		Administrative assistant	583 407	-
S.C. Nkubungu		Project manager: Housing	362 506	-
N.T. Nyati		Secretary to GM	101 739	117 000
S. Sopazi		Staff accounts officer	231 614	-
A.A. Fredericks		Senior meter reader	38 927	-
S. Majembe		Buyer	-	163 590
Z. Ndzondo		Bid Secretariat	-	779 507
A. Kretzmann		General manager	-	207 432
C. Prince		Administration assistant	-	202 910
L. Fourie		Administration assistant	-	120 000

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020 *Restated	2021	2020 *Restated
67. Bids awarded to family of employees in service of the State (continued)				
S. Mnxunyelwa	GM Corporate services	-	275 343	
V. Zitumane	BCMDA Board member	3 434 862	-	
		9 515 892	1 977 534	
Connected person	Name of institution	2021	2020	
F. Ngcwangu	EC Provincial Planning & Treasury	-	665 845	

68. Change in estimate

Property, plant and equipment

The useful lives of Electricity infrastructure, Other properties, Recreational facilities, Roads, Wastewater network, Water network and Community buildings were adjusted during 2020/21 to more accurately reflect the period of economic service potential derived from these assets. Refer to note 4. The effect of changing the remaining useful life of assets for the entity during 2020/21 decreased the depreciation charge by R635 192 952.

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020 *Restated	2021	2020 *Restated
69. Cash flows from operating activities				
Receipts : Sale of goods and services				
Total revenue as per Statement of Financial Performance	8 801 760 991	7 593 226 916	8 797 257 777	7 584 208 767
Less: Interest received - (exchange)	29 (120 512 057)	(152 991 231)	(120 023 921)	(152 471 611)
Less: Interest received - (non-exchange)	27 (40 197 816)	(39 698 901)	(40 197 816)	(39 698 901)
Less: Government grants and subsidies received	32 (2 275 984 378)	(1 997 418 002)	(2 272 517 398)	(1 989 656 320)
Movement in receivables from exchange transactions	13 (1 153 205 721)	(419 378 416)	(1 153 089 670)	(419 664 741)
Movement in receivables from non-exchange transactions	12 (276 720 698)	(424 012 360)	(276 720 700)	(424 012 359)
Movement in VAT payables	21 (35 770 826)	153 230 057	(35 566 204)	153 421 797
Net movement in consumer deposits	22 4 082 656	6 034 430	4 082 656	6 034 430
	4 903 452 151	4 718 992 493	4 903 224 724	4 718 161 062

Payment : Suppliers

Total expenditure as per the Statement of Financial Performance	(8 125 128 881)	(7 766 504 997)	(8 123 198 625)	(7 766 909 254)
Employee costs and Councillors remuneration	34&35 2 565 125 374	2 302 925 878	2 536 595 308	2 276 946 606
Interest paid	37 25 756 838	32 563 877	25 756 790	32 563 877
Depreciation and amortisation	36 1 401 968 630	1 727 750 916	1 400 787 230	1 726 815 037
Debt impairment	38 926 949 703	568 237 734	926 949 703	568 237 734
Net movement on unspent conditional grants	16 (269 360 167)	320 896 287	(267 618 366)	319 956 454
Movement in Post retirement medical aid benefit obligation	9 102 398 000	(43 998 087)	102 398 000	(43 998 087)
Movement in provisions	18 44 559 870	132 089 409	37 940 017	130 847 956
Movement in trade payables from exchange transactions	20 37 613 905	114 252 376	41 441 982	113 141 299
Movement in inventory	10 (2 557 393)	(30 189)	(2 570 130)	(4 901)
Movements in operating lease liability	8 47 859	51 545	-	-
Prepayments	11 (97 604)	-	-	-
PPE (Transfers / Adjustments)	4 -	(56 629 565)	-	(56 629 565)
Inventories losses/write-downs	(702 379)	(1 129 206)	(689 642)	(1 129 206)
	(3 293 426 245)	(2 669 524 022)	(3 322 207 733)	(2 700 162 050)

Audit Committee Report

as at 30 June 2021

Buffalo City Metropolitan Municipality

The Audit Committee is pleased to present its report for the period ending 30 June 2021, in accordance with sections 166(2) and (3) of the Local Government: Municipal Finance Management Act, No. 56 of 2003 (MFMA) read with the related Treasury Regulations, National Treasury Internal Audit Framework, MFMA Circular 65 and applicable Council resolutions.

AUDIT COMMITTEE'S LEGISLATIVE ROLES AND RESPONSIBILITIES

The Audit Committee is constituted in terms of sections 166(1) and (2) and 166(6)(b) of the Local Government: Municipal Finance Management Act, No. 56 of 2003 (MFMA) read with the applicable Treasury Regulations. The Audit Committee is an independent advisory body which must advise the municipal council, the political office bearers, the accounting officer and the management and staff of the municipality on matters relating to:

- Internal financial control and internal audits
- Risk management
- Accounting policies
- The adequacy, reliability and accuracy of financial reporting, records and information
- Performance management
- Effective governance
- Compliance with the MFMA, the annual Division of Revenue Act and any other applicable legislation
- Performance evaluation
- Any other matter referred to it by the institution
- Investigations into the financial affairs of the municipality

The MFMA also requires the Audit Committee to review the Annual Financial Statements and respond to Council on matters raised by the Auditor General (AGSA).

The role and responsibilities of the Audit Committee are set out in the Audit Committee Charter which is annually reviewed and was most recently approved during June 2021. The Charter is reviewed annually, or when the need arises, by Council, taking into account relevant legislative precepts which may be applicable thereto and recommended good practice. The Charter was amended by Council resolution, minute number V BCMC 21/21. The Audit Committee endeavours at all times to conduct its oversight role in compliance with its Charter and the provisions of the MFMA.

The advice tendered by the Audit Committee is recorded in the minutes of the various meetings and reports presented to Council.

The effectiveness of the Audit Committee and its individual members is assessed on an annual basis through a self-assessment by the Committee members as well as independent assessment by the various stakeholders with which the Committee interact, e.g. AGSA, National Treasury, Management, etc.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee in office during the 2020/21 financial period were appointed effective 4th September 2020 and comprises the following seven (7) independent external members:

No.	Member	Number of meetings attended
1.	Mr. S. Ngqwala (Chairperson)	Eight (8)
2.	Ms. Y. Roboji	Five (5)
3.	Mr. S. Maharaj	Eight (8)
4.	Mr. L. Ngqongwa	Eight (8)
5.	Mr. T. Zororo	Eight (8)
6.	Ms. L. Makaza-Hini	Eight (8)
7.	Ms. T. Maqwati-Naku	Six (6)

Out of the eight meetings held, four were ordinary Audit Committee meetings and four were special meetings held for the following purposes:

- To attend to backlogged reports from the previous Audit Committee term which term ended on the 3rd July 2020.
- To obtain progress and provide oversight on addressing the material irregularity reported by the external auditors on unbilled water for the 2019/20 financial year.
- To approve the audited Annual Financial Statements.
- To receive external audit updates including presentations on the strategy and external audit report.

EFFECTIVENESS OF INTERNAL CONTROLS

The systems of internal control are the legislative responsibility of the accounting officer and senior executive management as required by the MFMA, read in conjunction with National Treasury Audit and Risk Framework, MFMA Circular 65 and International Standards for the Professional Practice of Internal Auditing.

The Annual Internal Audit Plan was prepared by the City's Governance and Internal Audit unit taking cognizance emerging and residual risks identified by management through the guidance of the Risk Management Unit. The scope of the planned internal audit work has the primary objective of assisting in improving the effectiveness of risk management, control and governance of processes.

The Audit Committee would like to stress the importance of promptly implementing recommendations made by Internal Audit and the Auditor General's review and assurance reports as this will have a meaningful impact on the effectiveness of the control environment whilst also mitigating the risk of potential fraud and maladministration.

Delayed management responses and actions to recommendations raised by Internal Audit hampers the effectiveness of the Internal Audit unit to enhance internal controls within the institution. Internal Audit has started awareness and collaboration discussions and initiatives on combined assurance to encourage collective ownership of governance and assurance. The City is also of plan to have an approved Combined Assurance Framework in this regard, which framework will be designed and facilitated by the Governance and Internal Audit unit in line with this Unit's approved Three Year Strategic Plan.

Management should promote a culture in which administrative controls are constantly improved and where evidence of accountability and consequence management remains a key focus.

Notwithstanding the timeframe of their appointment being during September 2020, the Audit Committee is of concern that the Internal Audit Plan was only included in the second quarter agenda for the Audit Committee's review and approval. In future it is important that such plan be tabled and adopted prior to the commencement of the financial year to which it refers, so that the Audit Committee can monitor the Internal Audit's performance against the approved annual internal audit plan.

It was further recommended by the Audit Committee that all new emerging risks due to the Coronavirus pandemic be factored into the Internal Audit Plan as and when these risks present themselves. Such risks were further assessed by the Internal Audit function and included in the Annual Internal Audit Operational Plan as specific procedures in the planned projects.

FINANCIAL REPORTING

The Audit Committee was presented with the quarterly Statements of Financial Performance as well as reports on the Implementation of the 2020/21 Budget.

The Audit Committee noted that the municipality continues using the asset revaluation model to value its infrastructure assets resulting in large depreciation charges. The municipality is still considering changing to the cost model and has approached National Treasury for assistance in this matter.

The Audit Committee, while commending the municipality's creditors' days' ratio, cautioned the municipality against settling their creditors too soon as this is not good cash flow management but to delay payments to just under 30 days to adhere to the 'less than the 30 days' as stipulated by the MFMA, with the exception of the SMME's.

The Audit Committee recommended that the Indigent Debtors debtor category needs to be addressed as a matter of urgency and that it needs to be established if all the debtors in this category are indeed indigent so that the correct action can be taken.

Management was further commended on the initiative to identify the root causes of observed excessive overtime. There is still room for improvement of monitoring and proper management of the overtime budget in certain directorates.

The Audit Committee was presented with the Capital Expenditure Report year-to-date. Management is urged to start planning in the fourth quarter or earlier for projects scheduled for the next financial year to avoid recurring low rates of capital expenditure. Lack of forward planning might result in limited time towards the year end to follow due procurement processes. This gives rise to deviations and irregular expenditure and might further result in decreased allocations of grant funding in following years.

The Annual Financial Statements for the year ended 30 June 2021 (AFS) were approved by the Audit Committee for distribution to the Auditor-General South Africa for external audit. This approval was effected after consideration of the review report on the AFS from Internal Audit as well as subsequent presentation of the updated AFS by management to the Audit Committee.

The Committee expressed its disappointment at the stagnant qualified external audit opinion, however commended management in decreasing the extent and number of qualification items. The Committee further commended management on the handling of the material irregularity previously reported in the 2019/20 external audit report.

Management did, however, inform the Audit Committee that the remaining qualification item, being the completeness of irregular expenditure, in the 2020/21 external audit report was under dispute. Management is working with the external auditors, Auditor General South Africa (AGSA), as well as National Treasury in processing and resolving the dispute.

The Committee will obtain updates on the progress of the matter as the matter develops.

The Committee recommends further strengthening of internal controls to improve the City's external audit opinion on a progressive and sustainable basis.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

The Audit Committee is encouraged by the fact that a Smart City Concept document had been completed, however, has noted that progress might be accelerated in terms of implementation of the principles imposed there within. The Committee is obtaining updates in this regard at each Audit Committee ordinary meeting.

The Committee remained concerned about the information and technology governance and the absence of a Chief Information Officer in accordance with the Corporate Governance of ICT Framework. Further concerns were raised with regard to the limited activity of the ICT Governance Committee during the year.

The Audit Committee noted the poor attendance at the ICT Steering Committee meetings. It was recommended that the ICT steering committee meetings be incorporated into the institutional calendar and that attendance should be obligatory and those who are absent without a valid reason should be subject to consequence management.

Furthermore, the Committee considers and recommends that the integration of systems within the City be prioritized for increased efficiency in the ICT control environment.

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)

One of the challenges highlighted in the SDBIP quarterly reports was noted as late submission from some directorates hindering the process of analysing performance information. Some Portfolio of Evidence submitted do not validate the targets achieved and for the non-achieved targets inadequate corrective measures are given.

The Audit Committee further noted that the deficiencies in the validity, accuracy and completeness of reported performance information are reported quarterly by the internal audit function. Management's slow uptake, as noted in repeated findings, in implementing control improvement recommendations has therefore also impacted the external audit conclusion on the Audit of Predetermined Objectives which remains disclaimed.

The Committee implores management to improve on this reporting and furthermore it is imperative to ensure that the supporting documentation actually supports the achievement(s) reported and constitutes sufficient and appropriate audit evidence. The recommendations from each assurance provider and oversight body, e.g. Internal and External audits, the Audit Committee, etc. should be taken as a lever towards improvement in this regard. This will also undoubtedly contribute to a more cost-effective year-end audit.

EFFECTIVE GOVERNANCE

The Audit Committee received quarterly feedback on the status of legal cases. In the case of disciplinary cases against employees, the Audit Committee urges the Municipality not to allow employees to delay the conclusion of their respective cases by way of delaying tactics and suggested that the Municipality make use of all the options available to it within the law to speedily conclude these matters as delays are costly. Furthermore, delays in the finalisation of cases of suspended employees results in non-compliance as well as possible avoidable costs. The Committee therefore urges management to expedite finalisation of such matter.

In the case of contractual appeals against the municipality relating to projects, certain directorates are not responding timeously when requested to provide technical comments/inputs and this could frustrate the capacity of the municipality to respond effectively in accordance with the timeframes prescribed by law. Management have committed to address those departments which are not complying.

It is Management's responsibility to build an environment of ethical behaviour with visible discipline and accountability being actioned where necessary. There is still room for improvement with regard to swift, consistent and decisive consequence management to drive accountability within the institution.

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

The Audit Committee is very concerned about the slow progress in addressing the Irregular Expenditure incurred over prior financial years. All such expenditure has to be disclosed in the municipality's annual financial statements as required by the MFMA and treasury requirements, until such time as dealt with

decisively and/or condoned by Council on MPAC's recommendations. An urgent decision needs to be taken to finalise the treatment of these amounts.

The reports on Deviations for were considered. The Audit Committee emphasized that for all deviations, whether it be an emergency, sole supplier or other exceptional case, the reason for the deviation should be valid, the reason can be substantiated, and, that deviations should not be used in the case of poor planning.

There were a number of matters that the Committee raised with management with regard to the adequacy, reliability and accuracy of reported financial information. The completeness of reported irregular expenditure as well as the accuracy of commitments was still raised as a concern.

RISK MANAGEMENT

The Committee observed that the movement in terms of mitigating the reported risks of the City from the perspective of the risk registers still needed improvement during the quarter. The scoring on the residual risks also remained slow moving in as far as strategic risk were concerned.

In as far as risks reported by the external auditors, the Committee observed that the Audit Improvement Plan for the City was still under formulation due to the delayed submissions of the external audit reports. It noted that the municipality's internal controls still required improvement to ensure that financial statements prepared are free from material misstatements as the current year external audit opinion for the 2020/21 financial year remains qualified.

The Audit Committee notes that although there was little improvement in the management of risks quarter on quarter during the year for both strategic and operational risks, management, was, however, observed to remain committed to risk management as reflected by the activity of the Risk Management Committee, which Committee is Chaired by an independent external person.

CONCLUSION

The Audit Committee noted that as at their last ordinary meeting of the 2020/21 financial year, 93% of the 142 resolutions taken by the Audit Committee, had been implemented which indicates that management responds positively to the recommendations made by the Audit Committee in carrying out its oversight responsibilities.

The Committee was further involved in the external audit through receiving updates from the AGSA at periodic Audit Committee meetings to which the external auditors have a standing invite. The Audit

Committee therefore implores management to craft SMART (specific, measurable, achievable, relevant, time-bound) action plans for the implementation of the recommendations emanating from the audit in order to improve the current control environment.

The Committee is further committed to anti-fraud and corruption principles, including those relating to preventing fraudulent conduct before it occurs, by encouraging a culture within the Municipality whereby stakeholders continuously conduct with and promote integrity in their dealings with, or on behalf of Municipality.

The Audit Committee would like to express its appreciation towards the officials and all other role players for their diligent attendance and participation at the Audit Committee meetings and we look forward to a continued constructive working relationship with all the relevant parties at the Municipality.

Sngqwala
Mr. S.M. Ngqwala
Chairperson, Audit Committee



BUFFALO CITY METROPOLITAN MUNICIPALITY

ANNUAL REPORT

APPENDIX

A

COUNCILLORS; COMMITTEE ALLOCATION **AND**
COUNCIL ATTENDANCE

APPENDIX A:

COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE – FINANCIAL YEAR JULY 2020 - END JUNE 2021

Councillors, Committees Allocated and Council Attendance

Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Maxegwana, C.H.M.(Speaker) (Elected on 28/7/20)	FT	Council (Chairperson)	PR ANC	100%	0%
Pakati, X.A. (Executive Mayor)	FT	Metropolitan Mayoral Committee (Chairperson)	PR ANC	100%	0%
Matana, Z.P. (Deputy Executive Mayor) (Deceased 9/12/20)	FT	Metropolitan Mayoral Committee IDP and Organisational Performance Management (Chairperson)	PR ANC	100%	0%
Marata, M.N. (Chief Whip of Council)	FT	Economic Development and Agencies (Chairperson)	PR ANC	90%	10%
Angelbeck, R.E.	PT	Finance	PR DA	90%	10%
Batala, N.	PT	Institutional Operations and Civic Relations	PR EFF	95%	5%
Bentley, S.E.	PT	Health and Public Safety and Emergency Services	PR DA	95%	5%
Bopi, M.	PT	IDP and Organisational Performance Management	Ward 15 ANC	85%	15%
Bota, M.	PT	Finance	Ward 49 ANC	95%	5%
Botha, A.M.C.	PT	Municipal Services	Ward 4 DA	95%	5%
Caga, S. (Started w.e.f. 24/2/21 Council meeting)	FT	IDP and Organisational Performance Management Finance (Chairperson)	PR ANC	100%	0%
Ciliza, K.	PT	Infrastructure Services	Ward 1 ANC	65%	35%
Dhaya, D.M.	PT	Economic Development and Agencies	PR DA	85%	15%

Councillors, Committees Allocated and Council Attendance

Council Members	Full	Committees Allocated	*Ward and/	Percentage	Percentage
	Time / Part Time		or Party Represented	Council Meetings Attendance	Apologies for non- attendance
	FT/PT			%	%
Diko, V.A.	PT	Health and Public Safety and Emergency Services	PR AIC	85%	15%
Dlova, S.P.	PT	Municipal Services	PR AIC	25%	75%
Dyonase, B.	PT	Municipal Services	Ward 39 ANC	80%	20%
Faku, K.T.	PT	Spatial Planning and Development	Ward 40 ANC	75%	25%
Fini, M.	PT	HealthandPublicSafetyand EmergencyServices	Ward 21 ANC	100%	0%
Fritz, T.F.	PT	Infrastructure Services	PR DA	80%	20%
Gamnca, N.	PT	Municipal Services	Ward 20 ANC	35%	65%
Gcilishe, M.	PT	Finance	Ward 11 ANC	80%	20%
Gcobo, A.	PT	Economic Development and Agencies	PR PAC	85%	15%
Gosani, G.L.	PT	IDP and Organisational Performance Management and Health and Public Safety and Emergency Services	Ward 12 ANC	95%	5%
Gould, W.D.	PT	Finance	PR DA	95%	5%
Gqodi, V.	PT	Institutional Operations and Civic Relations and Economic Development and Agencies	PR ANC	95%	5%
Green, J.D.	PT	Human Settlement	Ward 19 DA	95%	5%
Hlekiso, M.	PT	IDP and Organisational Performance Management	PR EFF	85%	15%
Holmes, V.A.	PT	Corporate Services	PR DA	90%	10%
July, T.	PT	Corporate Services and Human Settlement	PR UDM	30%	70%
Kaba, P.	PT	Economic Development and Agencies	PR EFF	75%	25%
Kalani, B.B.	PT	MPAC	Ward 27 ANC	95%	5%
Kiki, P.L.	PT	Municipal Services	Ward 6 ANC	85%	15%
Kilimani, N.W.	PT	Economic Development and Agencies	Ward 46 ANC	85%	15%
Kodwa-Gajula, Z.	PT	MPAC (Chairperson)	Ward 24 ANC	65%	35%
Kolela, M.C.	PT	IDP and Organisational Performance Management	Ward 25 ANC	70%	30%
Kosani, M.	PT	Economic Development and Agencies	PR DA	95%	5%
Kumbaca, N.L.N.	FT	Infrastructure Services (Chairperson)	PR ANC	90%	10%
Libala, S (Started w.e.f. 2/9/20 Council meeting)	PT	Corporate Services	PR EFF	73,33%	26,67%
Luzipo, T.I.	PT	Corporate Services	PR DA	80%	20%
Mackley, M.	PT	Spatial Planning and Development	Ward 28 DA	80%	20%
Madikane, M.N.	PT	Infrastructure Services and Institutional Operations and Civic Relations	PR COPE	60%	40%

Councillors, Committees Allocated and Council Attendance					
Council Members	Full	Committees Allocated	*Ward and/ or Party Represented	Percentage	Percentage
	Time / Part Time			Council Meetings Attendance	Apologies for non- attendance
	FT/PT			%	%
Mahanjana, D (Started w.e.f. 11/12/20Council meeting)	PT	Municipal Services	Ward 43 ANC	91,67%	8,33%
Majeke, A	PT	MPAC	PR DA	100%	0%
Makapela, Y.C.	PT	IDP and Organisational Performance Management and Infrastructure Services	PR AIC	35%	65%
Maphuka, S	PT	HealthandPublicSafetyand EmergencyServices	Ward 42 ANC	85%	15%
Mapisa, A.	PT	Corporate Services	Ward 8 ANC	90%	10%
Marwanqa, G.N.	PT	Spatial Planning and Development	PR ANC	100%	0%
Matiwane, C.	PT	MPAC	PR EFF	95%	5%
Matiwane, N.P.	PT	Economic Development and Agencies	Ward 13 ANC	60%	40%
McDowell, J.S.	PT	IDP and Organisational Performance Management	Ward 18 DA	95%	5%
Mdinwa, F.Z.	PT	Economic Development and Agencies	PR DA	75%	25%
Mhlola, N.M.	FT	Human Settlement (Chairperson)	Ward 2 ANC	85%	15%
Miza, P.K.	PT	MPAC	Ward 3 ANC	90%	10%
Mnyute, A.O.	FT	HealthandPublicSafetyand Emergency Services (Chairperson)	PR ANC	100%	0%
Morolong- Yekiso, M.C.	PT	Institutional Operations and Civic Relations	Ward 7 ANC	75%	25%
Moyikwa, N.	PT	HealthandPublicSafetyand EmergencyServices	Ward 30 ANC	80%	20%
Mpanza, V.E.	PT	Economic Development and Agencies	Ward 48 ANC	100%	0%
Mtsoho, A.	PT	Human Settlement	PR EFF	90%	10%
Mtya, T.L.	PT	MPAC	Ward 50 ANC	90%	10%
Mtyingizane, Z.	PT	Finance	Ward 14 ANC	80%	20%
Nazo- Makatala, P.	FT	Spatial Planning and Development (Chairperson)	PR ANC	80%	20%
Ncotela, N.E.	PT	Infrastructure Services and Spatial Planning and Development	Ward 26 ANC	90%	10%
Ndotyi, N.L.	PT	Infrastructure Services	Ward 38 ANC	100%	0%
Neale-May, H.E.	FT	Finance (Chairperson)	PR ANC	100%	0%
Nelani, P.E.	PT	Corporate Services and Human Settlement	Ward 33 ANC	85%	15%
Njece, V.	PT	Spatial Planning and Development and Municipal Services	Ward 47 ANC	80%	20%
Nombewu, M.B.	PT	HealthandPublicSafetyand EmergencyServices	PR ANC	80%	20%
Ntame, O.	PT	MPAC	PR DA	80%	20%
Ntsasela, S.	PT	Human Settlement	Ward 44 ANC	80%	20%
Ntshebe, N.M.	PT	Corporate Services Municipal Services	Ward 37 ANC	60%	40%
Peter, N.P.	FT	Municipal Services (Chairperson)	PR ANC	100%	0%

Councillors, Committees Allocated and Council Attendance					
Council Members	Full	Committees Allocated	*Ward and/ or Party Represented	Percentage	Percentage
	Time / Part Time			Council Meetings Attendance	Apologies for non- attendance
	FT/PT			%	%
Peter, V.	PT	Institutional Operations and Civic Relations	Ward 32 ANC	60%	40%
Pollock, L.	PT	HealthandPublicSafetyand EmergencyServices	PR DA	95%	5%
Quse, L.M.	PT	Spatial Planning and Development and Finance	PR ACDP	80%	20%
Rademeyer, A	PT	Municipal Services	PR DA	95%	5%
Relu, M.R.	PT	Corporate Services	Ward 16 ANC	70%	30%
Sakube, V.V.	PT	Corporate Services and Finance	Ward 22 ANC	100%	0%
Sauli, B.	PT	Corporate Services (Chairperson)	Ward 36 ANC	90%	10%
Simandla, X.	PT	Human Settlement	Ward 23 ANC	85%	15%
Simon-Ndzele, L.E.	PT	Institutional Operations and Civic Relations and Finance	PR ANC	90%	10%
Skepe, S.G.	PT	Economic Development and Agencies	Ward 41 ANC	90%	10%
Skolo, S.	PT	MPAC	Ward 35 ANC	100%	0%
Stewart, L.A. (Started w.e.f. 18/5/21Special Council meeting)	PT	Spatial Planning and Development	PR DA	100%	0%
Swart, C.A.	PT	IDP and Organisational Performance Management	Ward 29 DA	90%	10%
Tempi, T. (Started w.e.f. 11/12/20Council meeting)	PT	Human Settlement	Ward 45 ANC	100%	0%
Thompson, I.	PT	Spatial Planning and Development	PR DA	87,5%	12,5%
Thwalingca, B.O.	PT	HealthandPublicSafetyand EmergencyServices	PR EFF	90%	10%
Tokwe, V.	PT	Infrastructure Services	Ward 34 ANC	85%	15%
Tokwe, Z.P.W.	PT	MPAC	Ward 5 ANC	90%	10%
Toni, S.N.	FT	Infrastructure Services (Chairperson)	Ward 31 ANC	80%	20%
Tsala, S.E.	PT	Institutional Operations and Civic Relations	PR DA	80%	20%
Tshabe, N.E.	PT	Spatial Planning and Development	PR EFF	65%	35%
Tutu, V.	PT	Municipal Services and Finance	PR AIC	55%	45%
Tyelo, L.	PT	Infrastructure Services	PR DA	90%	10%
Vaaiboom, M.	FT	Economic Development and Agencies (Chairperson)	PR ANC	95%	5%
Vallabh, D.	PT	Institutional Operations and Civic Relations	PR DA	90%	10%
Vitbooi, R.	PT	Human Settlement	Ward 10 ANC	40%	60%
Walton, G.K.	PT	MPAC	PR DA	95%	5%
Wetsetse, M.	PT	Spatial Planning and Development	Ward 9 ANC	90%	10%
Witbooi, X.	FT	Institutional Operations and Civic Relations (Chairperson)	PR ANC	100%	0%
Yenana- Nonjiwu, P.P.	PT	IDP and Organisational Performance Management and Infrastructure Services	Ward 17 ANC	85%	15%
Zonke, K.	PT	Human Settlement	PR DA	95%	5%
Note: * Councillors appointed on a proportional basis do not have wards allocated to them					TA



BUFFALO CITY METROPOLITAN MUNICIPALITY

ANNUAL REPORT



APPENDIX B


COMMITTEE **AND** COMMITTEE PURPOSE

APPENDIX B:

COMMITTEE AND COMMITTEE PURPOSE

COMMITTEES (OTHER THAN MAYORAL / EXECUTIVE COMMITTEE) AND PURPOSES OF COMMITTEES	
Municipal Committees	Purpose of Committee
CORPORATE SERVICES PORTFOLIO COMMITTEE	To consider and to make recommendations to the Council on the measures necessary including inter alia the following – Industrial relations matters, including to investigate questions relating to job evaluations and the submission thereof to the Industrial Council and to consider measures relating to Conciliation Boards and Industrial Court hearings Manpower planning Recruitment, selection, remuneration, utilization and development of staff; Occupational Health and Safety and Industrial Health services; Productivity in the municipal workforce Training and staff development; Employment equity and skills development Employee performance; Information and technology support services; Contract management and negotiations in respect of salary increases and fringe benefits; Measures required in respect of the avoidance of strike and other conflict actions; Policy regarding the appointment of Directors, General Managers and Heads of Departments and confirmation of their appointments; and Council Support Auxilliary, Records Management and Decision Tracking
INSTITUTIONAL OPERATIONS AND CIVIC RELATIONS PORTFOLIO COMMITTEE	To make recommendations to the Executive Mayor pertaining to the formulation of policies, strategies and programmes aimed at increasing equity for vulnerable marginalized or special interest groups, with specific focus on: Young people, the aged, the disabled, gender-related issues, special projects .
MUNICIPAL SERVICES PORTFOLIO COMMITTEE	To consider and make recommendations to the Mayoral Committee on in respect of all environmental services matters as provided for in any relevant legislation and all community matters; to consider all matters under the control of the Director of Community Services, including inter alia the following – Childcare facilities; Pontoons, ferries, jetties, piers and harbours [excluding the regulation of international and national shipping and matters related thereto]; Beaches and amusement facilities; Cemeteries, funeral parlours and crematoria; Fencing and fences; Local amenities; Local sports facilities Municipal parks and recreation Public places; Horticulture; Libraries; Halls; and Community Support Centres.
FINANCE PORTFOLIO COMMITTEE	To formulate recommendations to the Executive Mayor (Mayoral Committee) on financial matters. As an Operational Committee the scope of these financial matters would include considerations of the financial position of Council in terms of the budget from an accrual as well as a cash flow perspective, including inter alia the following – Budget alignment; Monitoring and budget implementation; Control measures Financial reporting; Budget management including revenue and expenditure management; Capital raising; and Supply Chain management.
BUDGET STEERING COMMITTEE	The Finance Budget Committee will fulfil the following Operational functions. Budget Management Revenue (Including Tariffs Expenditure) In-year Financial Reporting Control Measures of Budget Implementation Monitoring and Budget Progress Budget Implementation It must be emphasized that the interface with the IDP, Budget Strategy and Performance Management Committee is central to the achievement of delivery objectives and must be closely monitored
HEALTH AND PUBLIC SAFETY AND EMERGENCY SERVICES PORTFOLIO COMMITTEE	To consider and make recommendations to the Mayoral Committee on all health and public safety matters of the Metropolitan Municipality including inter alia the following – Air pollution; Firefighting services; Municipal health services; Trading regulations; Control of public nuisances; Control of undertakings that sell liquor to the public; Facilities for the accommodation, care and burial of animals; Licensing of dogs; Licensing and control of undertakings that sell food to the public; Municipal abattoirs; Noise pollution; Street trading; Traffic and parking; and Disaster management.

DEVELOPMENT AND SPATIAL PLANNING PORTFOLIO COMMITTEE	To make recommendations to the Mayoral Committee and Council on transportation, town and regional planning, architectural, land survey and land administration matters allocated to it and to report and make recommendations thereon to the Council and to investigate strategic land and property use, including inter alia the following – Building regulations and control Municipal planning Billboards and the display of advertisements in public places Spatial planning, Spatial Development Frameworks and precinct plans Architectural services GIS Mapping Regional / District/ Precinct management Spatial norms and standards enforcement Land use management Property management Municipal valuations
INFRASTRUCTURE SERVICES PORTFOLIO COMMITTEE	To consider and to make recommendations on all matters affecting the civil engineering and electrical infrastructure, associated designs and mechanical and scientific services , including inter alia the following – Air pollution; Electricity and gas reticulation; Municipal airports; Municipal public works Storm water management systems; Water and sanitation services limited to potable water supply systems and domestic waste water and sewage disposal Municipal public transport systems; Cleansing; Municipal roads; Refuse removal, refuse dumps and solid waste disposal; Street lighting; and Traffic and parking Fleet management and maintenance Scientific services Built environment with the exception of town planning building control
IDP AND ORGANISATIONAL PERFORMANCE MANAGEMENT PORTFOLIO COMMITTEE	To oversee on behalf of the Executive Mayor the process of integrated development planning (strategic planning) in Buffalo City, including annual reviews of the IDP, and to make recommendations to the Executive Mayor in this regard in terms of chapter 5 of the Municipal Systems Act and section 56 of the Municipal Structures Act.
ECONOMIC DEVELOPMENT AND AGENCIES PORTFOLIO COMMITTEE	To assist the Executive Mayor in ensuring that the economic development including rural development of the whole community of Buffalo City is promoted (sections 152 & 153 of the Constitution), including inter alia the following:- Facilitate job creation Promote the development of small, medium and micro-enterprises Market the municipality holistically Promote and facilitate rural development Arts and culture and Heritage Activities Municipal public transport Street trading
HUMAN SETTLEMENTS PORTFOLIO COMMITTEE	To make recommendations to the Mayoral Committee and Council on housing matters allocated to it and to report and make recommendations thereon to the Council and to investigate strategic use of housing resources.
SOCIAL FACILITATION COMMITTEE	To consider Councillors welfare and matters related thereto
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	The purpose of the Municipal Public Accounts Committee is to strengthen the oversight arrangements in the municipality and to ensure the efficient and effective use of municipal resources. Consider and evaluate the content of the annual report and make recommendations to Council when adopting an oversight report on the annual report as required in terms of section 121 of the Municipal Finance management Act and Circular no 32 issued by the Minister of Finance
AUDIT COMMITTEE	The primary purpose of the Audit Committee is to assist the Council discharge its responsibility in maintaining and applying appropriate accounting and financial reporting processes and procedures as well as maintaining effective risk management and internal controls.
REMUNERATION COMMITTEE	To examine information provided to the Committee dealing with the total remuneration package of all Section 57 Managers including the City Manager.
RULES COMMITTEE	To determine the standing rules and orders of procedure for the Council.



BUFFALO CITY METROPOLITAN MUNICIPALITY

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APPENDIX

C


THIRD TIER ADMINISTRATIVE
STRUCTURE

APPENDIX C:

THIRD TIER ADMINISTRATIVE STRUCTURE

THIRD TIER STRUCTURE	
DIRECTORATE	DIRECTOR/MANAGER (TITLE AND NAME)
MUNICIPAL MANAGER	MR ANDILE SIHLAHLA
EXECUTIVE SUPPORT SERVICES	MS NCUMISA SUDUKWANA
CORPORATE SERVICES	MR BOB NAIDOO
ECONOMIC DEVELOPMENT AND AGENCIES	MS NOLUDWE NCOKAZI
INFRASTRUCTURE SERVICES	MR NCEBA NCUNYANA
SOLID WASTE AND ENVIRONMENTAL MANAGEMENT	MS YOLISWA SINYANYA
HEALTH, PUBLIC SAFETY AND EMERGENCY SERVICES	MR VUYANI LWANA
FINANCE SERVICES	MR NTSIKELELO SIGCAU
SPATIAL PLANNING AND DEVELOPMENT	MRS NONCEBA MBALI-MAJENG
HUMAN SETTLEMENT	MR LUYANDA MBULA
SPORT, RECREATION AND COMMUNITY DEVELOPMENT	MR HOWARD SIKWEZA (ACTING)





BUFFALO CITY METROPOLITAN MUNICIPALITY

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APPENDIX D

FUNCTIONS OF MUNICIPALITY/ENTITY

APPENDIX D - MUNICIPAL POWERS AND FUNCTIONS

MUNICIPAL / ENTITY FUNCTIONS		
MUNICIPAL FUNCTIONS	FUNCTION APPLICABLE TO MUNICIPALITY (YES / NO)*	FUNCTIONS APPLICABLE TO THE ENTITY
Constitution Schedule 4, Part 4 functions		
Air Pollution	Y	
Building regulations	Y	
Child care facilities	Y	
Electricity and gas reticulation	Y	
Firefighting services	Y	
Local tourism	Y	Y
Municipal airports	N	
Municipal planning	Y	
Municipal health services	Y	
Municipal public transport	Y	
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law.	Y	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto.	Y	
Storm water management systems in built-up areas	Y	
Trading regulations	Y	
Water and sanitation services limited to potable water supply and domestic waste-water and sewage disposal systems	Y	
Beaches and amusement facilities	Y	
Billboards and the display of advertisements in public places	Y	

MUNICIPAL / ENTITY FUNCTIONS		
MUNICIPAL FUNCTIONS	FUNCTION APPLICABLE TO MUNICIPALITY (YES / NO)*	FUNCTIONS APPLICABLE TO THE ENTITY
Cemeteries, funeral parlours and crematoria	Y	
Cleansing	Y	
Control of public nuisances	Y	
Control of undertakings that sell liquor to the public	Y	
Facilities for the accommodation, care and burial of animals	Y	
Fencing and fences	Y	
Licensing of dogs	Y	
Licensing and control of undertakings that sell food to the public	Y	
Local amenities	Y	
Local sport facilities	Y	
Markets	Y	Y
Municipal abattoirs	Y	
Municipal parks and recreation	Y	
Municipal roads	Y	
Noise pollution	Y	
Pounds	Y	
Public places	Y	
Refuse removal, refuse dumps and solid waste disposal	Y	
Street trading	Y	
Street lighting	Y	
Traffic and parking	Y	
*If municipality: indicate (yes or No), * If entity: Provide name of entity		TD



BUFFALO CITY METROPOLITAN MUNICIPALITY

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APPENDIX E

WARD REPORTING

APPENDIX E -
WARD REPORTING

Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1	Cllr KUHLE CILIZA	Yes	0		0
	KOLONZA JANINE			00	
	DUMANI ZIYANDA			00	
	MABENTSELA NOMSA			00	
	MKHABA ZIKHONA			00	
	NASE PHAKAMA			00	
	REWU PASIJO			00	
	TILONGO BABALWA			00	
	STOFIE CHARLEN ELIZABETH			00	
	VELA LINDA			00	
	ZABEKO NOMFUNDO			00	
2	Cllr NTOMBIZANDILE M MHLOLA	Yes	3		0
	GOBOZI NOMAWETHU			00	
	TAMSANQA VITHI			00	
	MALIWA MZOLI			00	
	MKLANGENI NKWENKWANA ALFRED			00	
	NOGWINA SISA SHERPARD			00	
	NGWETSHENI NEZISWA			00	
	ANDILE NQWABA			00	
	ZWELIFILE BONGIWE			00	
	XAPHA SPHELO			00	
	QOQWANA NOMZAMO			00	
3	Cllr PINDILE K. MIZA	Yes	0		0
	KELELE NONTUTUZELO			00	
	MAGANDA VUYOLWETHU			00	
	MAJIKI NOLINDO			00	
	MANANGA NOLUVO			00	
	MTSHAWULI O. NOMSA			00	
	MTSHAWULANA L. NOZIPHO			00	
	NDLHOVU VUSUMUZI			00	

Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	JIBA PRUNDENCE			00	
	MLULAMI MNYAPA				
4	Cllr ANNASTASIA M.C BOTHA	Yes	0		0
	CHARLIE THANDUXOLO			00	
	BAYNES A.J ELIZABETH			00	
	COETZER RIONA CATHERIEN			00	
	FOKWEBE NONTUTHUZELO PRUNAH			00	
	HASHE BUSISIWE			00	
	NEITHERCUT ROSEMARY			00	
	SAGQU KHOLEKILE			00	
	VOSTER ANNETTE			00	
	MBAMBO SANGO.L			00	
	LYNCH WADE			00	
5	Cllr ZANDISILE TOKWE	Yes	4		0
	JALI MKULULEKI			00	
	MOSTEKO PHINDILE			00	
	MALGAS NTOBEKO TERRY			00	
	FULELA NOKUZOLA C.			00	
	SICELO MANYI			00	
	MBENE KHUMBUZA			00	
	JOSE FUNDISWA			00	
	MBOYANE MAVIS			00	
	NTLAMA XABISA. L			00	
	MBANGATA LUNGILE			00	
6	CLLR LIXOLILE P. KIKI	Yes	0		0
	SPALDING GERENDRA PEDRO			00	
	BOESAK GERENDRA PEDRO			00	
	BUYANE NONZINGISO THEODORA			00	
	FAKU THANDUXOLO JOSEPH			00	

Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	KING NIKITA			00	
	MAKOTYANA NKULUYAKHE			00	
	MEHLO LUNGA			00	
	NKWENKWANAZAMEKILE			00	
	XOLILE SIBULO			00	
	PHINDA LIWANI			00	
7	CLLR CLARA MOROLONG- YEKISO	Yes	0		0
	NONGOGO MICHEAL L.			00	
	DEKI NOMBEKO. E			00	
	LOLIWE NTSIKELELO			00	
	JAM – JAM MATU			00	
	GQOKOZA LINDIWE			00	
	KHEWANE ZOLISWA			00	
	MAGOPENI NTOMBIZAMANTULI. P			00	
	MTHOTYWA ZUKILE			00	
	SIZANI FLORANCE			00	
	TENANA BULELWA			00	
8	CLLR AYANDA MAPISA	Yes	0		0
	KHULILE JACOBS			00	
	GQATE SIMPHIWE			00	
	KOBO SIBONGILE			00	
	MABOMBO NOXOLO			00	
	MAFANYA THABISA			00	
	NGAMNTWINI ISAAC			00	
	QAMRA NOSISA			00	
	SALIMANI LUDUMO			00	
	SIKO PHAKAMILE			00	
9	CLLR MENDI WETSETSE	Yes	0		0
	DUMA SITHEMBELE			00	
	LUKASHE VUYISWA			00	
	LUSASENI LUDUMO			00	
	MBUTO ENDY			00	
	RAYI NOMPUMELELO			00	

Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	VENGAJAJELLUM COLLIN ERIC			00	
	DLAKI VANI			00	
	SIPHO VITSHIMA			00	
10	CLLR ROSELINE VITBOOI	Yes	0		0
	FRANCE NOTOSI. A			00	
	GANATI THEMBALETHU.M			00	
	HANS PEARL			00	
	LIMANE YANDISWA			00	
	MGXWATI NWABISA			00	
	MICHEALS GETRUDE			00	
	RALASI AMANDA			00	
	FRITZ ESME			00	
	DESMOND DAVIS (Resigned) ANDISIWE NKATHAZO (Replaced)			00 00	
11	CLLR MASHWABADA GCILISHE	Yes	1		0
	BALI-TYOKOM YANDISWA. V			00	
	GOLA NOKUBONGA			00	
	JILINGISI XOLELWA, F			00	
	MNXEBA BANELE			00	
	MBANGE LINDA.P			00	
	MBOLEKWA ASANDA			00	
	MKETO ANDA			00	
	NYATHELA GERALD			00	
	QONI VUYELWA			00	
	SAMBANE NOKWANDA. S			00	
12	CLLR GWEBILE LENNOX GOSANI	Yes	0		0
	BAKA MNTUNZIMA			00	
	BADUZA AYANDA			00	
	DUNGU KHULISWA			00	
	HILITA LUMNKA			00	
	NGXOVU XOLISWA			00	

Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	VOKOZELA NONTOBeko.P			00	
	NQINI KHAYALETHU			00	
	MKWAYI PHUMZILE JONI			00	
	MFENE PHINDILE			00	
	NGESI LULAMA			00	
13	CLLR NOKULUNGA PORTIA MATIWANE	Yes	0		0
	BODLANI LUYANDA			00	
	DYABANA NOMTHANDAZO			00	
	GOMBA FUZILE.P			00	
	NGEMNTU NOMFUKU P			00	
	SAM MAKHI			00	
	TYENI ODWELL ODWA			00	
	VUSO ZOLEKA			00	
	ZEMINI PHINDILISILE			00	
	KOFI BUTISE.R			00	
	DYABANA NOMTHANDAZO			00	
14	CLLR ZININZI MTYINGIZANE	Yes	6		0
	GUWA NOMBONGO			00	
	MAFARANA NOTHEMBA			00	
	MTYEKU AMANDA NDILEKA			00	
	NDLANDLA NCEDO JOSEPH			00	
	NGEMNTU NANDIPHA			00	
	NGODWANA APhiWE			00	
	SIMANDLA NOMVUYO			00	
	TUMTUMANA NOSISEKO			00	
	ZWELIBANZI QONDANI			00	
	VUYOKAZI MENQE			00	
15	CLLR MAKHAYA BOPI	Yes	0		0
	BARTMAN MENTI ALI			00	
	DAKA NOMNOKELELO			00	
	LUNGANI NOLONWABO			00	
	MDITSHWA LIZO			00	
	MXENGE SIPIWO CLIFORD			00	

Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	NOGWANYA MZWANELE NICHOLUS			00	
	COOPOO SIKHADER			00	
	TSHAKA MASIXOLE			00	
	SIMAYILE FEZEKA MARCIA			00	
16	CLLR MZUKISI RODGERS RELU	Yes	2		0
	BOTTOMAN NOMFANELO EUNICE			00	
	JIBA LAWRENCE BUNGALIPHEL			00	
	NCEDANI NOLUSINDISO VIVIENNE			00	
	NGUNUZA MXOLISI CORNELIUS			00	
	PANDA SIYABONGA			00	
	TSHALI NOMPHELO			00	
	TYITYI NOBONILE PRISCILLA			00	
	XELO NOMIKI ELDA			00	
	NCEDANI NOLUSINDISO VIVIENNE			00	
	VACANT				
17	CLLR PUMLA YENANA- NONJIWU	Yes	4		0
	NDLAZI VICTORIA			00	
	BLANKETE NTOMBOMZI ALBERTINA			00	
	JACOBS VUYELWA VALENCIA			00	
	LISHWA NTOMBENTSHWA LIZETTE			00	
	FEBANE ZIKHONA			00	
	MAQUKANYA SANDISWA			00	
	MATITI SIBONGILE			00	
	MGWAYI NKULULEKO LENIN			00	
	MZAMO SANDILE			00	
	MXALISA SANDILE			00	
18	CLLR JASON SCOTT MCDOWELL	Yes	6		0
	BADENHORST KATHLEEN JOAN			00	
	CARTER ALAN ROBERT			00	
	CUNNINGHAM HALDENE WALTER			00	
	KEIL BERYL			00	
	NIKELO BUHLE			00	
	VALERIE VILJOEN			00	
	SUSAN MERLE HOLMES			00	

Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	VAN SCHELTEMA GERHARD JAN			00	
19	CLLR DEREK GREEN	Yes	0		0
	JABAVU NOMPUMELELO			00	
	LESSING CATHERINE LORRAIN			00	
	MPAFI CHUMASANDA			00	
	SCHROEDER ROSEMARY ANNE			00	
	STERLING ANTHONY HUNG			00	
	VINCANA NOMSITELO CHRISTINA			00	
	SANDRA PIJOOS			00	
	THABANG SEJOSENGOE			00	
	QAPA NOMFUNDO			00	
	PANYANA TANDILE ANELE CUITO			00	
20	CLLR NTOMBIZODWA GAMNCA	YES	0		0
	KRATSHI XOLISWA PORTIA			00	
	THANDILE LEWIS LUTHI			00	
	MBENGE TUMEKA			00	
	MBINA NOSKHUMBUZO			00	
	NDZANDZA LAMLIZIZWE LAWRENCE			00	
	NGQAME XOLISWA D MOTETE			00	
	NTSANGANI MAWETHU			00	
	VANTO THEMBINKOSI JEFFRY			00	
	MLUNGWANA YONELA			00	
	NOTHEMBA MATINISE			00	
21	CLLR MPUMELELO FINI	YES	2		0
	BANGANI JONGILE			00	
	FUNDANI LINDILE			00	
	MAPHUKATHA ZOLILE			00	
	MASHIBINI NONANI			00	
	MATYALANA VUYANI			00	
	SINYABI SIMPHIWE.A. T			00	
	SITYEBI NOPOLOLO			00	
	XAKATHA PHINDILE			00	
	ZINIKO NEWTON			00	
22	CLLR VELIWE VIVIENNE SAKUBE	Yes	1		0

Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	BOOI SABELO			00	
	FAKIDOLO VUYISILE			00	
	LUMBE MFUNDO. S. S			00	
	MAPUKO FANISWA. S			00	
	MAYO NOSICELO AGNES			00	
	MDLAMNKOMO MILDRED NTOMBIZODWA			00	
	PHONOIYI CIKIZWA			00	
	QAMARAHA YOLISWA EUNICE			00	
	TAPI PETIDO NONZWAKAZI			00	
	XELO ZOLEKA BRYCENA			00	
23	CLLR XOLANI SIMANDLA	YES	0		0
	JUZAYO KHAULEZILE MAXWELL			00	
	MAMA PUMLA PAMELA			00	
	MANCAM MLULEKI ALFRED			00	
	MATINISE MVUSELELI SAM			00	
	MBAMBISA VUYELWA			00	
	MGCUWA LINDILE IAN			00	
	SNOBOLO NOLUTANDO			00	
	YAWATHI NOMPHELO MONALISA			00	
	ROBSIN MARIA NOMTHANDAZO			00	
	KOMANI WELCOM XOLISA			00	
24	CLLR ZAMEKA KODWA- GAJULA	YES	0		0
	MLOTA PHUMLA			00	
	BOTILE NONTEMBEKO			00	
	HLALU JOSEPH			00	
	ZINDLU THABISA			00	
	MBOYI VELISWA			00	
	SOHA PUMLA			00	
	MNDI NKOSINATHI			00	
	HAKULA PRUDENCE LUNGISWA			00	
25	CLLR MTHETHELELI CROSBY KOLELA	YES	0		0
	DYANTYIE MBUYISELO JULY			00	

Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	KALIPA WINNIE WILLIAM			00	
	LEKONYANA TSELISO ERNEST			00	
	MABECE NOMANDITHINI IRENE			00	
	MOOI LINDILE			00	
	MPAKU NTOMBIZANELE GETRUDE			00	
	NOJOKO SKHUMBUZO			00	
	PONI THEMBINKOSI ERIC			00	
26	CLLR NTUNKULANA ELLIOT NCOTELA	YES	2		0
	BAKUMENI SIYANDA			00	
	CIMANI NDILEKA			00	
	MATSHINI GCINIKHAYA SAMUEL			00	
	MFENE MONDE			00	
	MFENE SISONKE			00	
	MAGUMASHOLO MKHULULI			00	
	RATSHI THABISA			00	
	TAPILE GCOBISA			00	
	WEXU NOMARUTWANA NOCAWE			00	
27	CLLR BOY-BOY KALANI	YES	0		0
	DALASILE SIKO SEDWICK			00	
	JITA XOLISA PAUL			00	
	LIZOLE MANINJWA			00	
	MPOFU ZIMASA			00	
	ROPO THEMBA			00	
	THUNYISWA DERRICK			00	
	VETO NOSICELO VOLCONIA			00	
	BONGEKA SDUMO			00	
	KISWA NTIKOHLANGA			00	
	NAMFAZI MANINJWA (Deceased)			00	
				00	
	NOSIBULELO MBANDE (Replaced)				
28	CLLR MARION MACKLY	YES	5		0
	GUNGU BRENDA PAMELLA			00	
	PROUD SETON JOHN			00	

Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	WILDEMAN WILLIAM EUGEN			00	
	SMITH SHANE SELWIN			00	
	MIKE WILLIAM			00	
	GAIL COUSIN			00	
	HENDRICK SMIT			00	
	LANCE WAYER			00	
	CAROL WAYER			00	
	SHARONNE DEWING			00	
29	CLLR CHRISTIAAN A. SWART	YES	3		0
	SWART CORNELIUS JOHANNES			00	
	ELS DEWALD			00	
	KNOETZE DEWALD			00	
	KNOETZE VALERIE DAWN			00	
	MCLAREN MICHAEL			00	
	DE REUCK RUSSELL WAYNE			00	
	MIKE McLaren			00	
	CRISTOPHER SUNJKA (Resigned)			00	
				00	
	OLIPHANT EVERHARDT HEINDRICH (Replaced)				
30	CLLR NOMONDE MOYIKWA	YES	0		0
	NTOMBIZANELE BIYO			00	
	KALIMASHE NOMAKULA			00	
	BAVUMA NOMBUYISELO			00	
	MAGUBHEN LULAMA VESTA			00	
	TWALINGCA BENNET KHAYALANDILE			00	
	MAZALENI MBASA			00	
	MQOLOMBENI VUYISWA			00	
	VALENTIYA NOMZAMO			00	
	MNYAMANA THEMBINKOSI			00	
31	CLLR SINDILE TONI	YES	0		0
	JONI YONGAMA BERNETT			00	
	DINGANI NONDAKUTINI PATIENCE			00	
	DYOKWE KADEPHI ELLIOT			00	

Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	KALIKENI ABONGILE			00	
	MBINDA GLORIA NONTUTHUZELO			00	
	MKOBENI BONISILE			00	
	NOZEWU MAYENZEKE OTTO			00	
	SIMAYILE E LIBELE			00	
	DYANTYI VUYISILE			00	
	NOWAKHE MAHLATHI (Resigned) VUYISILE KESWA (Replaced)			00 08	
32	CLLR VUYANI PETER	YES	0		0
	GAULA NTOMBENTSHA VERONICA			00	
	KONDLO LUYANDA VALENCIA			00	
	KULA LUBABALO			00	
	MAKATSI BONGANI BETHUELL			00	
	MGANGQA MZOLISI ELLIOT			00	
	MJEKULA SINDISWA CYNTHIA			00	
	PINAPI ASANDA NOMNIKELO			00	
	TOKWE LYDIA			00	
	TSHABENI BULELWA PATRICIA			00	
	VAKELE EUNICE			00	
33	CLLR PUTUMILE ENOCH NELANI	YES	0		0
	DAMANE MBUYISELI IVAN			00	
	DYAKOPU BONIWE			00	
	FUDUMELE NOMSA			00	
	JOVANA POZISA			00	
	MGQIBELO NELISWA OLIVIA			00	
	NTONA NOMVELISO VICTORIA			00	
	NYANGWA NONTEMBEKO PRECIOUS			00	
	YELANI VUKILE ADVOCATE			00	
	RUNGQU VUYISILE			00	
	NONQONQOTHO ZOLEKA			00	
34	CLLR VUYO TOKWE	YES	0		0
	JAFTA CACISA			00	
	MAKALIMA LINDA			00	

Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	MANGXOLA PHUMZILE			00	
	MAPETE BULELWA IDA			00	
	QOLO KHANYISA BEAUTY			00	
	SISHUBA NONYAMEKO ZUKISWA			00	
	TSANA VUYISWA			00	
	VUYOKAZI JONAS			00	
	PAYNE NOMBULELO PHILLIS			00	
	NOSISI NGALO			00	
35	CLLR SIYABONGA SKOLO	YES	0		0
	MAGQAZA SIMPIWE			00	
	HLABI SIPHUKHANYO			00	
	MELANE SIKHULULWE			00	
	NOYILA NOLUBABALO CECILIA			00	
	SEYISI NDODANA MATTHEWS			00	
	TSEWU SINDILE BENWELL			00	
	DINGENI LINDELWA ANNASTACIA			00	
	TYHOPO MVELI			00	
	MLINDAZWE SIPHOSETHU			00	
	LIZO STUURMAN			00	
36	CLLR BONGIWE SAULI	YES	1		0
	BHETHE-JILILI THENJIWE JANE			00	
	JOYISI SONWABO LIVINGSTONE			00	
	MANGWANA JONGINTSHABA ENOCH			00	
	SOMNONO LUNGILE			00	
	NGESI NOMVUYISO GLADYS			00	
	SOPOTELA VELISWA FAITH			00	
	STOFIE LUYANDA			00	
	TWEBE NTOMBESIZWE ELIZABETH			00	
	ZADUNGE BONISWA CYNTHIA			00	
	KILANI ALFRED			00	
37	CLLR NTOMBEKHAYA NTSHEBE	YES	0		0
	BOMVANA THANDIWE ANTONCIA			00	
	MAWU NOMANA GLADYS			00	

Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	GEZAR MZIWAKHE MKHULU			00	
	GWARUBE NODUTYWA CATHERINE			00	
	NDLUMBINI FUZEKA LENA			00	
	NTSINDELO PHILLIP			00	
	NOKRAWUZ PHUMEZO			00	
	NONTSHINGA SOMILA			00	
38	CLLR NTOMBOMZI NDOTYI	YES	3		0
	DAYIMANI KHUMBUZILE DAVID			00	
	FAMA SINOXOLO			00	
	KEPE MANELISI CALLCIUS			00	
	MAZUZA NIKIWE CAROLINE			00	
	MCITAKALI ZIBELE			00	
	MHLANTLA VUYISWA ETHEL			00	
	MONI NOLUTHANDO			00	
	NKANTINI NOMZINGISO			00	
	YAMKELA SALI (Contract Terminated) MPHUMZI EUPHRAM NINI (Replaced)			00 00	
39	CLLR BONGANI DYONASE	YES	0		0
	VIMBAYO SIMPHIWE			00	
	YAKOBI NONDUMISO YAKOBI			00	
	SMITH MELVIN			00	
	THEMBALEKHAYA SMANGA			00	
	HABANA THEMBINKOSI			00	
	KUNELISI MALIBONGWE			00	
	CHUMANI MANANA			00	
	THEMBISA GEORGE			00	
40	CLLR KHOLIWE THEMLA FAKU	YES	0		0
	BAWUSHANI LULAMA			00	
	FENI BUKIWE			00	
	JOSI NOMTHANDAZO			00	
	KATE LUYOLO			00	

Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	MGWATYU PHELISA			00	
	MXOLI NOMANGESI			00	
	NGANTWENI MNONELELI			00	
	NONTSHINGA XOLA SYDNEY			00	
	YOBO SINDISWA			00	
	NAKASE THABO			00	
41	CLLR SINDISWA SKEPE	YES	1		0
	KEWUTI LINDELA			00	
	MAGQAZA PUMLANI DOUGLAS			00	
	MINI AGNES			00	
	NGOKU NANDIPHA ETHEL			00	
	NGWANE SISA LAWRENCE			00	
	NONYANDA THOZEKA MONICA			00	
	TYILO MAKHAYA			00	
	MANGALI VUMEKA WINKY			00	
	SIZANI ZUKISWA			00	
	BULWANA NOKUZOLA			00	
42	CLLR SENDUKU MAPHUKA	YES	2		0
	GOBINDUKU NONKQUBELA			00	
	JACK LINDA			00	
	KOYANA TANDIKAYA			00	
	LUSU ALBERTINA KHOLEKA			00	
	MKANYELWA NTOMBIZAKHE			00	
	NTLONGWENI NONDUMISO			00	
	NTONTELA PHELEKA			00	
	SOBETWA NOLUNDI			00	
	STUURMAN THANDISWA			00	
	SEMEKAZI NGCINGANE GCOBANI			00	
43	CLLR DUMISANI MAHANJANA	YES	0		0
	BONTSI ZOLEKA ANGEL			00	
	HASI ZUKISWA			00	
	JHO NTOMBEKHAYA FELICIA			00	
	KOMANA NONCEDO			00	
	MANQININI DILIZA			00	

Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	MAPISA NONKULULEKO FLORANCE			00	
	NOGQALA MICHEAL LINDA			00	
	DYAKOPU SIVENATHI			00	
44	CLLR SIXOLISIWE NTSASELA	YES	0		0
	MASE FEZIWE			00	
	NDALA NOZINTOMBI VIRGINIA			00	
	NONTSENDWANA YANGA			00	
	NQGUMAZA AVIWE			00	
	QABA MAWETHU			00	
	SITHUNGU DORIS NOKUTEMBELA			00	
	WINNAAR TULLY SAMANTHA			00	
	YAWA THOZAMA			00	
	NEWTON MONICA LULEKA			00	
45	CLLR THULANI TEMPI	YES	0		0
	BANGUSHE WELEKAZI FELICIA			00	
	DYELE THEMBAKAZI			00	
	GIDIMI MLULEKI JEFFERY			00	
	GXABALASHE ARETHA VIWE			00	
	MGQALISO REBECCA NOMBULELO			00	
	NAKO NOMBULELO FLORANCE			00	
	NKUNJANA OLWETHU			00	
	TANANA LUMKO			00	
	YEKANI NOMPHELO			00	
	VICTOR SAM SONGEZO			00	
46	CLLR NCEBA KILIMANI	YES	2		0
	APRIL ZINAKILE JEFFREY			00	
	GALIMOYA NOMTHANDAZO			00	
	GWEJE NONDUMISO			00	
	LENI NOKUZOLA LENI			00	
	MALOYI SIPHOKAZI THERESA			00	
	MBALANE OWETHU			00	
	NDONDO NOKUZOLA FLORENCE			00	
	NKONTSO KHUNGEKA			00	

Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	SABA TEMLETON MPUMELELO			00	
47	CLLR VUSUMZI NJECE	YES	0		0
	NGUBO NONZWAKAZI NORAH			00	
	BANGANI DANNY			00	
	KENTANE BONGIWE			00	
	KOSE NTOMBEKAYA			00	
	BULELANI PIKE			00	
	MYEKENI KULUSHE VICTORIA			00	
	TYATYEKA MPHILISI (Resigned) MZUZILE HAKO (Replaced)			00 00	
	RWAYI ABULELE XHATI (Deseased) LUTHANDO MAGANGANA (Replaced)			00 00	
	SIFENENGU NKOSINATHI			00	
	DAMA ZINGISILE			00	
48	CLLR VUYISWA MPAZA	YES	0		0
	ZUKISWA TSHOTYANA			00	
	TEMBELANI NIKIWE			00	
	BOTA MLAMLI			00	
	NGUQU TABATA			00	
	NOTHUTHELA VUYISWA			00	
	NTSIKELELO SIRUNU			00	
	XOLANI NGAMLANA			00	
	NTUTELA ANDILE			00	
	SIMKA THEMBELA			00	
49	CLLR MFUNDO BOTA	YES	0		0
	KATSANA SIYATHEMBA			00	
	MAJWABI NTOZAKHE			00	
	MATAMO NTOMBOKUQALA JOYCE			00	
	MBENTSE LETITIA NOKUZOLA			00	
	MENZELA STANLEY LUNGILE			00	

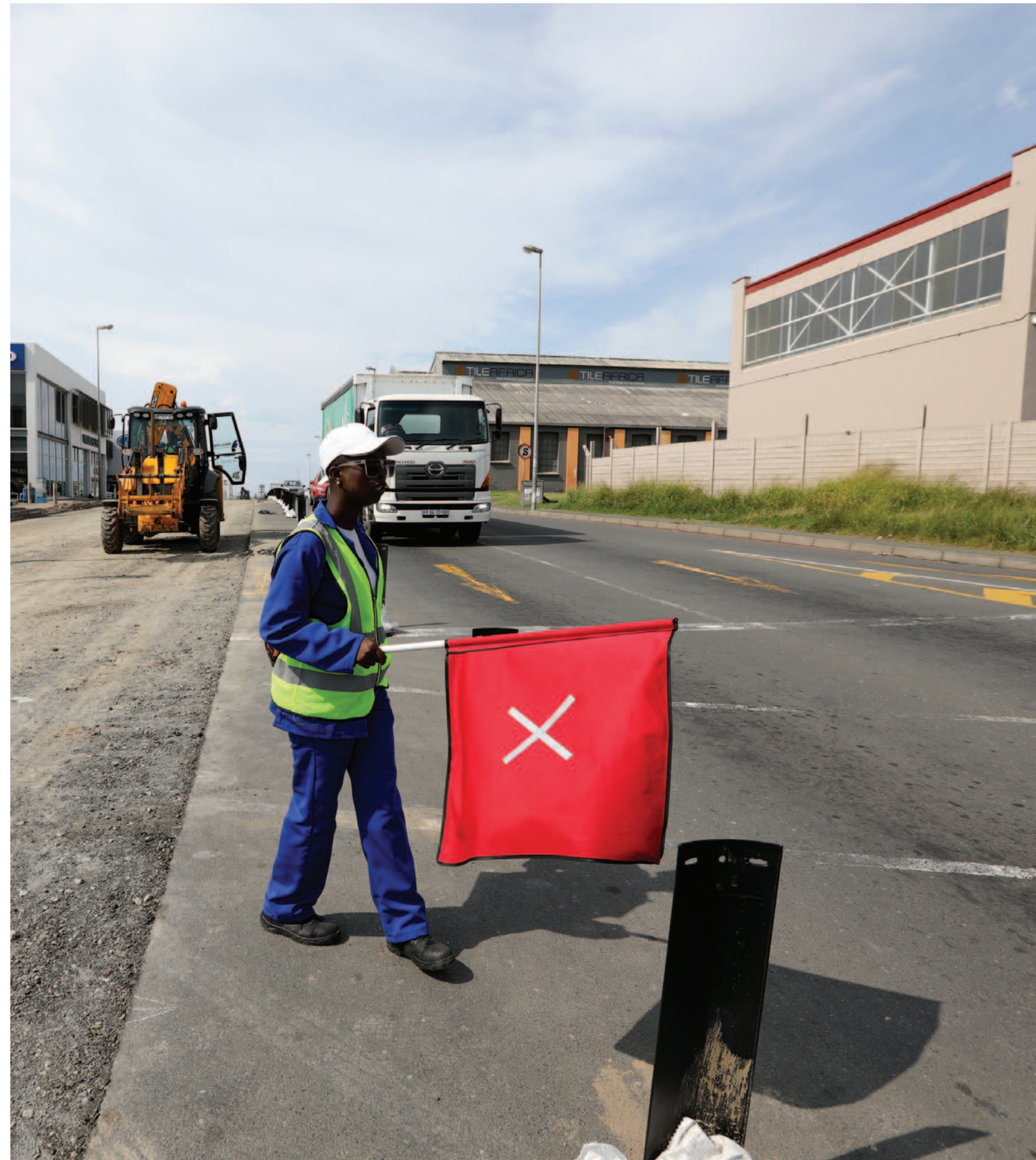
Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	NGALONKULU ZANDISILE			00	
	BOMA FIKISWA MONICA			00	
	GQOGQA SINDISWA FLORANCER			00	
	GWESHANA LUNGISANI			00	
50	CLLR THOBILE MTYA	YES	0		0
	DYELE SITHEMBISO			00	
	GQAMLANA SINDILE DAVID			00	
	MAKELENI VUYOKAZI			00	
	MANTLOZANA MANDLA			00	
	MATELISE THEMBISILE			00	
	BANGANI ARCHIBELD MZIWANELE			00	
	DUYU NOXOLO			00	
	NDEVU MXOLELI PATRIC			00	
	TWENI YONELA			00	
	MGABELA NTOMBOHLOBO			00	

NB:

Appendix E was populated according to the Proof of Evidence submitted which is Attendance Registers and Minutes of the meetings held. Meetings confirmed without proof of evidence are not registered.

Due to Disaster Management Act Regulations during Covid-19 lockdown, large gatherings were prohibited which resulted in cancelling ward general meetings.

In trying to minimize and mitigate the spread of Coronavirus, ward committee members were stopped to submit hard copies of the monthly reports to the office. Hence, there were no submission made from July 2020 to June 2021 during Covid-19 lockdown.





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APPENDIX F

WARD INFORMATION

APPENDIX F: WARD INFORMATION

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in Year 0 (Full List at Appendix O)				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value
	MV SWITCHING STATION - RC=COASTAL	15/07/2020	30/06/2021	24,980,300
	ENERGY EFFICIENCY DEMAND SIDE MANAGEMENT PROGRAMME	15/07/2020	30/06/2021	6,195,353
	ELECTRIFICATION OF INFORMAL DWELLING AREAS - BCMM	15/07/2020	30/06/2021	4,648,612
	ELECTRIFICATION OF INFORMAL DWELLING AREAS - BCMM	15/07/2020	30/06/2021	7,999,816
	MV SWITCHING STATION - RC=COASTAL	15/07/2020	30/06/2021	13,905,560
	HV TRANSMISSION CONDUCTOR - RC=COASTAL	15/07/2020	30/06/2021	27,396,391
	LV NETWORK - RC=COASTAL	15/07/2020	30/06/2021	14,299,158
T F.1				

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery			132,423		
Households without minimum service delivery			37,459		
Total Households*			169,882		
Houses completed in year 2020/21/20					468
Shortfall in Housing units					108,000
*Including informal settlements					T F.2


Top Four Service Delivery Priorities for Ward (Highest Priority First)

No.	Priority Name and Detail	Progress During Year 2021/22
	electrification of formal and informal dwelling meeting the electrification guidelines	1000 new connection completed
	Street lighting in BCMM area of supply	222 new energy efficient lights installed

T F.3

Top Four Service Delivery Priorities for Ward (Highest Priority First)

No.	Priority Name and Detail	Progress During Year 2019/20
	electrification of formal and informal dwelling meeting the electrification guidelines	1,000 new connection completed
	Street lighting in BCMM area of supply	1,800 new energy efficient lights installed
	high mast lighting for security	222 new lights installed in areas that previously did not have lighting
T F.3		



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APPENDIX G

RECOMMENDATIONS
OF THE MUNICIPAL AUDIT COMMITTEE

APPENDIX G:
RECOMMENDATIONS OF THE
MUNICIPAL AUDIT COMMITTEE

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2020/2021	Recommendations adopted (enter Yes) If not adopted (provide explanation)
23-Oct-20	9	Yes
29-Oct-20	4	Yes
30-Nov-20	1	Yes
14-Dec-20	5	Yes
29-Jan-21	9	Yes
26-Feb-21	1	Yes
29-Mar-21	1	No (1 work in progress)
12-Apr-21	1	Yes
30-Apr-21	19	Yes (1 work in progress)
Total	50	TG





BUFFALO CITY METROPOLITAN MUNICIPALITY

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APPENDIX


H

LONG TERM CONTRACTS
AND PUBLIC PRIVATE PARTNERSHIP

APPENDIX H: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIP

No long-term contracts and public private partnerships concluded during the year under review





BUFFALO CITY METROPOLITAN MUNICIPALITY

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APPENDIX



MUNICIPAL ENTITY/SERVICE PROVIDER
PERFORMANCE SCHEDULE

APPENDIX I:
MUNICIPAL ENTITY/SERVICE PROVIDER PERFORMANCE
SCHEDULE


B C M D A	SERVICE INDICATORS / SERVICE TARGETS	YEAR 0 (2019-20)		YEAR 1 (2020-2021)		YEAR 2 (2021- 2022)		YEAR 3 (2022 -2023)	
		TARGET	ACTUAL	TARGET	CURRENT YR.	ACTUAL	CURRENT YR.	TARGET	CURRENT YR.
		PREVIOUS YR.		PREVIOUS YR.					FOLLOWING YR.
	1. Commencement of project planning & execution at Water World	Phase 1: Earthworks, Landscaping, Paving and beautification, Slides & recreational furniture installed	Contractor appointed & site handover certificate awarded	Phase 1: Construction of Water World 25% completion.	Phase 1: upgrading completion at Water World	Phase 1 of Water World is at 62% completed. Some of the key notable deliverables thus far include: · 100 % completion off bulk earthworks · 95% completion of sewer work · 92% completion of electrical underground services · 55%	Phase 1: Upgrading completion at Water World	Phase 2: Water World Hotel Development – deal conclusion and planning	Phase 2: Water World Hotel Development – deal conclusion and planning
			The contractor assumed duties in February. The site clearance and various investigations of bulk services also commenced.					Water World Hotel - site handover and project implementation	Water World Hotel - site handover and project implementation

2. Commencement of project planning & execution at Court Crescent (Beachfront precinct development programme)1	Phase 1: Landscaping, Paving & beautification, Urban furniture & Art installed	Contractor appointed & site handover certificate awarded	Phase 1: Upgrading of Court Crescent 20% completion.	Phase 1: upgrading completion at Court Crescent	Phase 1 of Court Crescent is at 60% completed. This is comprised of 90 % of the roads work being completed and 40% of the park. Some of the key notable deliverables thus far include · Completion of John Bailee Rd, phase 1 Moor Str, Aquarium Rd, phase 1 Esplanade Rd, · Commencement of bulk earthworks for the park. · Landscaping for the open - air theatre.	Phase 1: Upgrading of Court Crescent 20% completion.	Phase 1: Upgrading of Court Crescent 20% completion.	Phase 2: Commence with planning and project packaging for other parts of the Eastern Beach Planning for improvements on the Esplanade	Phase 2 Implement ation of 25% phase 2 of Beachfront Precinct development Programme
--	--	--	--	---	--	--	--	--	--

B C M D A	SERVICE INDICATORS / SERVICE TARGETS	YEAR 0 (2019-20)		YEAR 1 (2020-2021)		YEAR 2 (2021- 2022)		YEAR 3 (2022 -2023)	
		TARGET	PREVIOUS YR.	ACTUAL	TARGET	PREVIOUS YR.	CURRENT YR.	ACTUAL	CURRENT YR.
		PREVIOUS YR.							FOLLOWING YR.
	3. Impleme ntation of a Waste Manage ment Program me with DEA/ DEFF	Implementatio n of Waste Management Programme with DEA/ DEFF	198 participants actively working in 8 sites across the metro.		Implementatio n of Waste Management Programme with DEA/ DEFF	Completion of DEA/ DEFF Waste Management Programme	DEA/ DEFF Waste Management Programme was completed. Some of the notable achievements included: · Employment of 198 participants · Intensive street cleaning of 8 designated sites in the coastal part of the metro, this included amongst other site Duncan Village, Mdantsane, Southernwoo d and Quigney.	Completion of DEA/ DEFF Waste Management Programme	Implement new waste managem ent programm e

4. Audit Outcome	Unqualified Audit Report without findings	Unqualified Audit Report without findings	Unqualified Audit Report without findings	Unqualified Audit Report without findings	Unqualified Audit Report without findings	Unqualified Audit Report without findings	Unqualified Audit Report without findings	Unqualified Audit Report without findings	Unqualifie d Audit Report without findings
5. Impleme ntation of board resolutio ns	All Board & Committee meetings resolutions implemented	100% Board Resolutions implemented	All Board & Committee meetings resolutions implemented	100% Board Resolutions implemented	100% Board Resolutions implemented	100% Board Resolutions implemente d	100% Board Resolutions implemented	100% Board Resolutio s implem ent ed	

1 The Court Crescent development is part of the Beachfront Precinct Development Programme. The Programme comprises the entire Esplanade development from Eastern Beach to Orient Theatre.

An aerial photograph of Buffalo City Metropolitan Municipality, showing a coastal city with a harbor, industrial areas, and residential neighborhoods. The image is overlaid with a large, semi-transparent orange letter 'I' on the right side.

BUFFALO CITY METROPOLITAN MUNICIPALITY

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A large, semi-transparent orange letter 'J' graphic that serves as a background for the 'APPENDIX' text.

APPENDIX

J

DISCLOSURE OF FINANCIAL INTEREST

APPENDIX J:

DISCLOSURE OF FINANCIAL INTEREST

DISCLOSURE OF FINANCIAL INTERESTS FOR COUNCILLORS

Name of Councillor Naam van Raadslid	Date of Notice to Company Datum van Kennisgewing van Maatskappy	Date of Minute Datum van Notulering	Particulars of Contract Besonderhede van Kontrak	Nature of E Interest 678ar den belang
ROY EDMUND ANGELBECK				
Thembinkosi Tevin APLEN				
ZOLANI BAKAWULI				
NOLUDWE BATALA				
SUSAN BENTLEY	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING D
MAKHAYA BOPI				
MFUNDO BOTA	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING D
ANASTASIA MELISA BOTHA				
KUHLE CILIZA				
SAKHUMZI CAGA				
DHARMESH MANILAL DHAYA			GIBB HOLDINGS FNFST BERNARDS HOSPICE	ORDINARY PRODUCTIO NGO
VUYISILE ALFRED DIKO			TAXI BUSINESS	TRANSPORT
SIKIWE DLOVA				
BONGANI DYONASE				
KHOLIWE THELMA FAKU				
MPUMELELO FINI				
TERENCE FLAVIAN FRITZ			DADDY TEE BUILDERS CC(WIFE)	CLOSE CORPORATION
NTOMBIZODWA GAMNCA				
MASHWABADA GCILISHE			GCILISHE TRADING INTONGA ENTLE	PTY LTD PTY LTD
AYANDA GCOBO				
GWEBILE LENNOX GOSANI				
WILLIAM DONNE			THE PAUL POTTS TRUST	TRUST
GOULD			AIG TELSTRA HOSTINGBARD AMWAY	ORDINARY ORDINARY WESBSITE HOSTING NETWORK MARKETING

Name of Councillor Naam van Raadslid	Date of Notice to Company Datum van Kennisgewing van Maatskappy	Date of Minute Datum van Notulering	Particulars of Contract Besonderhede van Kontrak	Nature of E Interest 678ar den belang
VUYOLWETHU GQODI				
VAUGHAN			NVEST (STOCK MARKET SHARES)	ORDINARY
ANDREW HOLMES			VAUGHAN HOLMES ATTORNEY	LEGAL
THEMBISA JULY			FMB COMPANY DIRECTOR	RESTURANT
PHINDIWE KABA			FURISPACE (OWN SHARES)	PRIVATE COMPANY
BOY – BOY KALANI				
PETER LIXOLILE KIKI				
NCEBA WISEMAN KILIMANI	NOTHING DECLARED		NOTHING DECLARED	NOTHING DECLARED
ZAMEKA KODWA- GAJULA				
MTHETHELELI CROSBY KOLELA				
MAWETHI KOSANI				
NCEDO LITHALOMZI NYAMEKO KUMBACA				
THANDISWA IVY LUZIPHO	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
MARION MACKLEY				
MERCY NONCEBA MADIKANE				
DUMISANI MAHANJANA			HANJIE MOBILE	SCHOLAR TRANSPORT
ANATHI MAJEKE				
YALEKA CYNTHIA MAKAPELA				
ZUKISWA YVONNE MANKAYI	NOTHING DECLARED		NOTHING DECLARED	NOTHING DECLARED
SENDUKA MAPHUKA				
AYANDA MAPISA				
MAWETHU NICOLAS MARATA				
CHUMANI MATIWANE			NKONKOBE PTY LTD SAM AUTO SPARES	GENERAL AUTOSPARES

Name of Councillor Naam van Raadslid	Date of Notice to Company Datum van Kennisgewing van Maatskappy	Date of Minute Datum van Notulering	Particulars of Contract Besonderhede van Kontrak	Nature of E Interest 678ar den belang
NOKILUNGA PORTIA MATIWANE	NOTHING DECLARED		NOTHING DECLARED	NOTHING DECLARED
COMELY HUMPHREY MAQOCWA MAXEGWANA			VANG GROUP	PRIVATE
JASON MC DOWELL			MC DOWELL AGENCIES CCPLATINUM MILE INVESTMENTS (WIFE)	AGENCY SUPERMARKET
FRANCIS ZWELANDILE MDINWA	NOTHING DECLARED		NOTHING DECLARED	NOTHING DECLARED
NTOMBIZANDILE MAUREEN MHLOLA				
PINDILE MIZA			EC INTERACT COOP EASTERN CAPE DOORS ISINGQI SPORTING	ORDINARY PREFERENCE PREFERENCE
AMANDA OLWETHU MNYUTE				
MKAKUTTA CLARA MOROLONG-YEKISO				
NOMONDE MOYIKWA				
VUYISWA ETHEL MPANZA				
SKUTTA ALFRED MTSI				
THOBILE LIBERMAN MTYA			THOBILE MTYA FARMING CORPORATION	
ZININZI MTYINGIZANE				
PUMLA NAZO- MAKATALA				
NTUNKULANA ELLIOT NCOTELA				
NTOMBOMZI LETTICIA NDOTYI				
HELEN ELIZABETH NEALE-MAY			FNB SHARE SAVER GARNER NOSH PTY LTD	ORDINARY COMPANY
PUTUMILE ENOCH NELANI				
VUSUMZI NJECE				
MKHUSELI BRIAN NOMBEWU				
OLWETHU NTAME				
SIXOLISIWE NTSASELA				
NTOMBEKHAYA MURIEL NTSHEBE				
XOLA ANDERSON PAKATI				
NONTSIKELELO PRISCILLA PETER				
VUYANI PETER				
LINDSEY POLLOCK	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
LUKE MONWABISI QUSE				

Name of Councillor Naam van Raadslid	Date of Notice to Company Datum van Kennisgewing van Maatskappy	Date of Minute Datum van Notulering	Particulars of Contract Besonderhede van Kontrak	Nature of E Interest 678ar den belang
ANNETTE RADEMEYER				
MZUKISI RODGERS RELU				
RICHARD LOVEMORE KELVIN ROOY	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
LUHLE ROYI				
VELIWE VIVIENNE SAKUBE				
BONGIWE SAULI			SAWSA PARTICIPANT DEPLOYED BY MUNICIPALITY	
XOLANI SIMANDLA				
LULEKA ETHEL SIMON-NDZELE				
SINDISWA SKEPE				
SIYABONGA SKOLO				
CHRISTIAAN ANDRIES SWART	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
LEMARC ALLISTER STEWART				
BUYELWA THWALINGCA	NOTHING DECLARED		NOTHING DECLARED	NOTHING DECLARED
VUYO TOKWE				
ZANDISILE PHANTOM WELCOME TOKWE	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
SINDILE NIMROD TONI			UNREGISTERED BUSINESS	LIVESTOCK
SIMPHIWE ELVIS TSALA			TSALA'S TAXI TSALANANG TARVEN	TRANSPORT LIQUOR
NOZIBELE EMILY TSHABE			ASPIDUS 362	CLOSE CORPORATION
VUSUMZI TUTU				
MZWANDILE VAAIBOOM				
DINESH VALLABH			SASOL	ORDINARY
DAVID PETER VIAENE				
ROSELINE VITBOOI				
GEOFFREY KEITH WALTON			ABSAOLD MUTUALWALTON ACCOUNTING	ORDINARY ORDINARYSPOUSE IS THE OWNER OF BUSINESS
MENDI WETSETSE				
XOLANI WITBOOI			DV FUTURE STARS FC	YOUTH DEVELOPMENT
PUMLA PATRICIA YENANA-NONJIWU				
STANLEY PHAKAMILE			IKHAYA FUNERAL DIRECTORS	FUNERAL PARLOUR

DISCLOSURE OF FINANCIAL INTERESTS FOR CITY MANAGER AND HEADS OF DIRECTORATES

Name of Section 56 Manager	Date of Notice to Company	Date of Minute	Particulars of Contract	Nature of Extent of Interest
Mr Andile Sihlahla	N/A	N/A	Nokuphumla Family Trust 29 Alamen Street	Trust Deed – no remuneration or income House ownership – no remuneration or income
Ms Noludwe Ncokazi	N/A	N/A	Sasol Inzalo shares Directorship of the following: -Lifa Investment Holdings -Tourism Investment Company -Automotive Industry Development Centre (AIDC) -Eastern Cape Information and Technology Initiative	32 shares for R12,000 -Savings Group – 9,1% -State owned- no remuneration or income -State owned- no remuneration or income -State owned- no remuneration or income
Ms Ncumisa Sidukwana	NOTHING TO DECLARE	NOTHING TO DECLARE	NOTHING TO DECLARE	NOTHING TO DECLARE

Name of Section 56 Manager	Date of Notice to Company	Date of Minute	Particulars of Contract	Nature of Extent of Interest
Ms Nonceba Mbali Majeng	N/A	N/A	Pule Funeral Directors	Funeral Parlour owned by husband – no remuneration or income
Mr Bob Naidoo	NOTHING TO DECLARE	NOTHING TO DECLARE	NOTHING TO DECLARE	NOTHING TO DECLARE
Mr Luyanda Mbula	NOTHING TO DECLARE	NOTHING TO DECLARE	NOTHING TO DECLARE	NOTHING TO DECLARE
Mr Vuyani Lwana	NOTHING TO DECLARE	NOTHING TO DECLARE	NOTHING TO DECLARE	NOTHING TO DECLARE
Mr Nceba Ncunyana	N/A	N/A	LRAPAB (Pty) Ltd	Property Consultancy business – no remuneration or income
Ms Yoliswa Sinyanya	NOTHING TO DECLARE	NOTHING TO DECLARE	NOTHING TO DECLARE	NOTHING TO DECLARE
Mr Ntsikelelo Sigcau	N/A	N/A	Sasol- Sasol Khanyisa Vodacom – Yebo Yethu	53 shares 100 shares



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APPENDIX K

REVENUE COLLECTION PERFORMANCE



BUFFALO CITY METROPOLITAN MUNICIPALITY

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APPENDIX K(i)

REVENUE COLLECTION PERFORMANCE BY VOTE

APPENDIX K: REVENUE COLLECTION PERFORMANCE

APPENDIX K (I): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
R' 000						
Vote Description	2019/2020	Current: 2020/2021		2020/2021 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 1 - Directorate - Executive Support Services	90	–	822	442	100%	-86%
Vote 2 - Directorate - Municipal Manager	32 547	32 128	35 840	31 520	-2%	-14%
Vote 3 - Directorate - Human Settlement	290 187	393 365	629 944	468 827	16%	-34%
Vote 4 - Directorate - Chief Financial Officer	2 716 036	2 855 470	3 003 042	2 915 858	2%	-3%
Vote 5 - Directorate - Corporate Services	10 957	12 166	11 460	11 216	-8%	-2%
Vote 6 - Directorate - Infrastructure Services	3 687 501	3 949 502	4 058 389	4 417 176	11%	8%
Vote 7 - Directorate - Spatial Planning & Development Planning	249 564	172 866	177 456	210 464	18%	16%
Vote 8 - Directorate - Health, Public Safety & Emergency Services	153 431	190 936	190 936	182 700	-5%	-5%
Vote 9 - Directorate - Municipal Services	598 138	529 614	553 821	542 199	2%	-2%
Vote 10 - Directorate - Economic Development & Agencies	99 044	150 521	222 237	185 417	19%	-20%
Total Revenue by Vote	7 837 495	8 286 568	8 883 948	8 965 819	8%	1%
Expenditure by Vote						
Vote 1 - Directorate - Executive Support Services	310 518	290 855	291 955	281 388	3%	4%
Vote 2 - Directorate - Municipal Manager	134 884	148 158	146 139	136 201	8%	7%
Vote 3 - Directorate - Human Settlement	45 567	133 967	198 203	44 176	67%	78%
Vote 4 - Directorate - Chief Financial Officer	539 862	627 891	681 660	679 917	-8%	0%
Vote 5 - Directorate - Corporate Services	224 517	243 553	251 914	245 516	-1%	3%
Vote 6 - Directorate - Infrastructure Services	4 237 858	4 161 751	4 426 718	4 788 366	-15%	-8%
Vote 7 - Directorate - Spatial Planning & Development Planning	627 806	282 856	306 803	364 131	-29%	-19%
Vote 8 - Directorate - Health, Public Safety & Emergency Services	474 180	488 866	539 343	517 919	-6%	4%
Vote 9 - Directorate - Municipal Services	1 060 783	861 939	1 012 108	1 005 865	-17%	1%
Vote 10 - Directorate - Economic Development & Agencies	174 468	237 453	1 371 887	238 368	0%	83%
Total Expenditure by Vote	7 830 443	7 477 290	9 226 730	8 301 847	-11%	10%
Surplus/ (Deficit) for the year	7 052	809 278	(342 783)	663 972	18%	294%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3						T K.1



BUFFALO CITY METROPOLITAN MUNICIPALITY

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APPENDIX

K(ii)

REVENUE COLLECTION PERFORMANCE BY SOURCE

APPENDIX K (II):

REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Vote						
R' 000						
Vote Description	2019/2020	Current: 2020/2021		2020/2021 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 1 - Directorate - Executive Support Services	90	-	822	442	100%	-86%
Vote 2 - Directorate - Municipal Manager	32 547	32 128	35 840	31 520	-2%	-14%
Vote 3 - Directorate - Human Settlement	290 187	393 365	629 944	468 827	16%	-34%
Vote 4 - Directorate - Chief Financial Officer	2 577 452	2 855 470	3 003 042	2 915 858	2%	-3%
Vote 5 - Directorate - Corporate Services	10 957	12 166	11 460	11 216	-8%	-2%
Vote 6 - Directorate - Infrastructure Services	3 687 501	3 949 502	4 058 389	4 417 176	11%	8%
Vote 7 - Directorate - Spatial Planning & Development Planning	249 564	172 866	177 456	210 464	18%	16%
Vote 8 - Directorate - Health, Public Safety & Emergency Services	153 431	190 936	190 936	182 700	-5%	-5%
Vote 9 - Directorate - Municipal Services	598 138	529 614	553 821	542 199	2%	-2%
Vote 10 - Directorate - Economic Development & Agencies	99 044	150 521	222 237	185 417	19%	-20%
Total Revenue by Vote	7 698 911	8 286 568	8 883 948	8 965 819	8%	1%
Expenditure by Vote						
Vote 1 - Directorate - Executive Support Services	310 518	290 855	291 955	281 388	3%	4%
Vote 2 - Directorate - Municipal Manager	134 884	148 158	146 139	136 201	8%	7%
Vote 3 - Directorate - Human Settlement	45 567	133 967	198 203	44 176	67%	78%
Vote 4 - Directorate - Chief Financial Officer	485 695	627 891	681 660	679 917	-8%	0%
Vote 5 - Directorate - Corporate Services	224 517	243 553	251 914	245 516	-1%	3%
Vote 6 - Directorate - Infrastructure Services	4 237 858	4 161 751	4 426 718	4 790 137	-15%	-8%
Vote 7 - Directorate - Spatial Planning & Development Planning	627 806	282 856	306 803	364 131	-29%	-19%
Vote 8 - Directorate - Health, Public Safety & Emergency Services	474 180	488 866	539 343	517 919	-6%	4%
Vote 9 - Directorate - Municipal Services	1 060 783	861 939	1 012 108	1 005 865	-17%	1%
Vote 10 - Directorate - Economic Development & Agencies	174 468	237 453	1 371 887	238 368	0%	83%
Total Expenditure by Vote	7 776 276	7 477 290	9 226 730	8 303 618	-11%	10%
Surplus/ (Deficit) for the year	(77 365)	809 278	(342 783)	662 200	18%	293%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3						
T K.1						

Revenue Collection Performance by Source						
R' 000						
Description	2019/2020	2020/2021		2020/2021 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	1 468 355	1 687 667	1 687 667	1 589 415	-6%	-6%
Service Charges - electricity revenue	1 835 469	2 184 209	2 066 209	1 948 603	-12%	-6%
Service Charges - water revenue	665 454	631 338	729 338	1 214 597	48%	40%
Service Charges - sanitation revenue	377 249	397 037	412 037	420 119	5%	2%
Service Charges - refuse revenue	302 070	334 128	339 128	354 026	6%	4%
Service Charges - other	0				0%	0%
Rentals of facilities and equipment	22 652	20 885	19 299	24 222	14%	20%
Interest earned - external investments	70 650	54 473	46 102	41 289	-32%	-12%
Interest earned - outstanding debtors	122 040	88 009	101 009	119 421	26%	15%
Fines	10 864	19 712	19 712	16 659	-18%	-18%
Licences and permits	12 587	17 343	17 343	12 411	-40%	-40%
Agency services	21 676	43 909	43 903	25 112	-75%	-75%
Transfers recognised - operational	1 040 168	1 201 995	1 515 265	1 328 218	10%	-14%
Other revenue	629 325	797 183	786 399	756 307	-5%	-4%
Gains on disposal of PPE	4 254	-	-	34 411	100%	100%
Total Revenue (excluding capital transfers and contributions)	6 582 814	7 477 889	7 783 413	7 884 809	5,16%	1,29%
Expenditure By Type						
Employee related costs	2 238 146	2 354 465	2 506 231	2 501 193	6%	0%
Remuneration of councillors	64 687	72 766	63 816	63 813	-14%	0%
Debt impairment	568 238	497 286	965 103	926 950	46%	-4%
Depreciation & asset impairment	1 727 751	866 133	1 981 379	1 401 969	38%	-41%
Finance charges	32 564	44 211	25 770	25 757	-72%	0%
Bulk purchases	1 772 339	2 057 476	1 632 524	1 631 905	-26%	0%
Inventory consumed	94 563	174 148	411 419	327 373		
Contracted services	682 052	829 196	946 073	720 592	-15%	-31%
Transfers and grants	130 821	115 661	124 868	104 708	-10%	-19%
Other expenditure	451 432	465 950	548 369	550 528	15%	0%
Loss on disposal of PPE	13 683	-	21 178	22 202	100%	5%
Total Expenditure	7 776 276	7 477 290	9 226 730	8 276 991	10%	-11%
Surplus/(Deficit)	(1 193 462)	599	(1 443 317)	(392 181)	100%	-268%
Transfers recognised - capital						
Transfers and subsidies - capital (in-kind - all)	-	0	0	10 036	0%	0%
Surplus/(Deficit) for the year after capital transfers and contributions	(183 049)	809 278	(342 783)	688 828	-17%	150%
Taxation						
Share of surplus/ (deficit) of associate	105 684	0	0	(26 628)	100%	100%
Surplus/(Deficit) for the year	(77 365)	809 278	(342 783)	662 200	-22%	152%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to T K.2						

COMMENT ON CONDITIONAL GRANTS EXCLUDING USDG

Finance Management Grant

The programme is based on the FMG support plans which the Metro must submit to National Treasury before the start of the financial year. The support plans submitted to NT need to be consistent with the conditions of the grant.

Infrastructure Skills Development Grant

The grant is meant to to develop technical skills within the Metro. The allocation of the grant is based on the ability by the Metro to provide training and professional development of graduates for the duration of the candite phase.

Public Transport Network Grant

Projects funded by the grant must promote the integration of the public transport networks in the Metro through spatial integration.

Expanded Public Works Programme

The EPWP grant cannot be used to fund the costs of permanent municipal personnel, however, a maximum of 5% of the grant can be used to fund contract-based capacity required to manage data capturing and on-site management costs related to the use of labour-intensive methods.

Integrated City Development Grant

The grant provides a specific financial incentive for the Metro to enhance the performance of urban built environment programme by supporting programme and project prepration.

Neighbourhood Development Partnership Grant

The grant funds the following activities in targeted locations that are defined as urban hubs and regional service centres:

- Planning and the development of catalytic programmes and projects.
- The development of built environment upgrade projects in townships.

Electricity Demand Side Management

To provide subsidies to municipalities to implement energy efficiency and demand side management (EEDSM) initiatives within municipal infrastructure in order to reduce electricity consumption and improve energy efficiency

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BUFFALO CITY METROPOLITAN MUNICIPALITY

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APPENDIX



CAPITAL EXPENDITURE -
UPGRADE/RENEWAL PROGRAMME

APPENDIX L:

CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants R' 000						
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Finance Management Grant	1 000	1 000	1 000	0%	0%	Establishment of a Budget and Treasury Office (BTO) with positions filled by appropriately qualified personnel. • Appointment of at least five(5) interns over a multi-year period. • Support the training of municipal officials in financial management towards attaining the minimum competencies.
Infrastructure Skills Development Grant	11 515	10 808	7 261	-59%	-49%	Submit evidence of graduate registration to National Treasury when graduates have qualified and are registered as professionals. • Graduates to be evaluated by professionally registered mentors quarterly on training progress. • Mentoring must be provided by registered professionals in the same field as the graduates-in trainingand the full names and proof of registration of the mentor must be submitted to the National Treasury.
Public Transport Network Grant	-	78 371	78 217	100%	0%	To provide funding for accelerated construction and improvement of public and non-motorised transport
Expanded Public Works Programme	8 449	8 449	8 449	0%	0%	Expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximised. • Expenditure should be guided by the approved business plans. • Maintain project and payroll records as specified in the EPWP Audit requirements.

Conditional Grants R' 000						
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Urban Settlement Development Grant	753 354	1 110 177	1 081 995	30%	-3%	To improve urban land production to the benefit of poor households, reduce cost of urban land, enhance quality of life in informal settlements, subsidise costs of acquiring land & provide basic services for poor households.
Integrated City Development Grant	8 317	8 218	2 887	-188%	-185%	To provide a financial incentive for metropolitan municipalities to achieve a more compact urban spatial form through integrating and focussing their use of available infrastructure investment and regulatory instruments. • Municipalities have the authority to select preferredinvestments within their functional mandates, and within identified integration zones.
Neighbourhood Development Partnership Grant	18 000	10 000	9 981	-80%	0%	To plan, catalyse, and invest in targeted locations in order to attract and sustain third party capital investments aimed at spatial transformation, that will improve the quality of life, and access to opportunities for residents in South Africa's under-served neighbourhoods, generally townships.
Electricity Demand Side Management	7 000	6 300	6 300	-11%	0%	To provide subsidies to municipalities to implement energy efficiency and demand side management (EEDSM) initiatives within municipal infrastructure in order to reduce electricity consumption and improve energy efficiency
Other Specify:						
Total	807 635	1 233 323	1 196 090	32%	-15%	



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APPENDIX M

CAPITAL EXPENDITURE -
NEW & UPGRADE/ RENEWAL PROGRAMMES:
INCLUDING MIG



BUFFALO CITY METROPOLITAN MUNICIPALITY

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APPENDIX

M(i)

CAPITAL EXPENDITURE -
NEW ASSETS PROGRAMME

APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/ RENEWAL PROGRAMMES

APPENDIX M (I): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*							
R '000							
Description	2019/2020	2020/2021			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2021/2022	2022/2023	2023/2024
Capital expenditure by Asset Class							
Infrastructure - Total	722 492	1 004 059	650 074	542 042	609 218	643 991	753 013
Infrastructure: Road transport - Total	388 879	349 272	215 540	189 108	100 560	76 475	108 410
Roads, Pavements & Bridges	232 437	308 662	185 410	161 774	71 700	55 175	78 200
Storm water	156 443	40 610	30 130	27 334	28 860	21 300	30 210
Infrastructure: Electricity - Total	119 984	170 119	176 515	167 008	80 772	122 541	91 521
Generation							
Transmission & Reticulation	119 984	170 119	176 515	167 008	80 772	122 541	91 521
Street Lighting							
Infrastructure: Water - Total	71 206	150 798	119 895	76 585	343 056	366 996	466 232
Dams & Reservoirs							
Water purification	71 206	150 798	119 895	76 585	343 056	366 996	466 232
Reticulation							
Infrastructure: Sanitation - Total	102 505	332 871	129 967	105 907	84 830	77 980	86 850
Reticulation					–	–	–
Sewerage purification	102 505	332 871	129 967	105 907	84 830	77 980	86 850
Infrastructure: Other - Total	39 919	1 000	8 156	3 434	–	–	–
Waste Management	39 919	1 000	–	–			
Transportation							
Other		–	8 156	3 434	–	–	–
Community - Total	9 593	6 100	10 314	6 036	30 700	45 100	33 450
Parks & gardens							
Sportsfields & stadia		–	50	49	300 000	1 600 000	1 600 000
Swimming pools							
Community halls	–	0	2 269 538	2 248	0	0	0
Libraries					0	0	3 000 000
Recreational facilities	3 834	1 000	1 373	1 030	16 600	24 100	20 850
Security and policing							
Buses							
Clinics							
Museums & Art Galleries		–	–	–	2 500	2 000	1 300
Cemeteries		–	200	169	200	200	–
Social rental housing							
Other	5 760	5 100	6 422	2 541	11 100	17 200	6 700
Table continued next page							

Capital Expenditure - New Assets Programme* R '000							
Description	2019/2020	2020/2021			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2021/2022	2022/2023	2023/2024
Capital expenditure by Asset Class							
Heritage assets - Total	–	1 000	1 000	8	1 500	2 000	800
Buildings							
Other	–	1 000	1 000	8	1 500	2 000	800
Investment properties - Total	–	28 450	182 987	176 873	41 000	14 200	37 000
Housing development	–	28 450	182 987	176 873	41 000	14 200	37 000
Other		–	–		–	–	–
Other assets	108 846	103 932	186 998	129 066	123 390	123 590	92 083
General vehicles	45 130	57 860	88 940	73 979	45 263	35 000	21 000
Specialised vehicles							
Plant & equipment	46 466	18 406	58 596	43 908	27 048	34 400	23 000
Computers - hardware/ equipment	2 892	5 431	6 653	4 396	2 620	354	790
Furniture and other office equipment	9 133	21 734	24 516	5 834	21 159	8 668	10 293
Markets							
Civic Land and Buildings					21 000	15 000	15 000
Other	5 225	500	8 292	949	6 300	30 169	22 000
Agricultural assets	–	–	–	–	–	–	–
List sub-class							
Biological assets	–	–	–	–	–	–	–
Licences and Rights							
Intangibles	71 396	62 014	51 714	31 028	11 300	7 340	1 883
Computers - software & programming	54 143	58 014	47 714	28 042	8 300	4 840	1 883
Other (list sub-class)	17 253	4 000	4 000	2 987	3 000	2 500	–
Total Capital Expenditure on new assets	912 327	1 205 555	1 083 086	885 053	817 109	836 222	918 230
Specialised vehicles	–	–	–	–	–	–	–
Refuse	0	0	0	0	0	0	0
Fire	0	0	0	0	0	0	0
Conservancy	0	0	0	0	0	0	0
Ambulances	0	0	0	0	0	0	0
* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)							T M.1





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APPENDIX

M(ii)

CAPITAL EXPENDITURE -
UPGRADE/RENEWAL PROGRAMME

APPENDIX M (II):

CAPITAL EXPENDITURE - UPGRADE/RENEWAL PROGRAMME

Capital Expenditure - Upgrade/Renewal Programme* R '000							
Description	2019/2020	2020/2021			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2021/2022	2022/2023	2023/2024
Capital expenditure by Asset Class							
Infrastructure - Total	513 417	387 004	864 343	524 288	862 116	1 199 133	1 127 018
Infrastructure: Road transport -Total	325 845	322 812	531 087	408 493	408 564	481 476	318 572
Roads, Pavements & Bridges	325 845	322 812	531 087	408 493	408 564	481 476	318 572
Storm water	0	0	0	0			
Infrastructure: Electricity - Total	43 353	15 000	14 300	13 906	101 920	125 101	133 111
Generation						-	
Transmission & Reticulation	43 353	15 000	14 300	13 906	101 920	125 101	133 111
Street Lighting						-	
Infrastructure: Water - Total	78 581	37 191	42 693	38 371	50 255	49 655	57 655
Dams & Reservoirs	-					-	
Water purification	-						
Reticulation	78 581	37 191	42 693	38 371	50 255	49 655	57 655
Infrastructure: Sanitation - Total	65 638	9 000	276 263	63 519	301 376	542 900	617 680
Reticulation	65 638	9 000	276 263	63 519	301 376	542 900	617 680
Sewerage purification						-	
Infrastructure: Other - Total	-	3 000	-	-	-	-	-
Waste Management	-	3 000	-	-	-	-	-
Community	84 974	48 650	186 376	140 094	94 594	146 950	58 450
Parks & gardens	22 521	9 700	20 761	9 764	8 000	34 500	13 500
Sportsfields & stadia	16 933	14 850	120 451	94 686	54 850	57 550	24 900
Swimming pools							
Community halls	5 069	6 500	6 500	6 350	5 500	11 000	7 000
Museums & Art Galleries					5 000	8 500	7 800
Cemeteries	6 697	4 100	3 900	3 817	5 700	8 700	2 250
Social rental housing							
Other	33 754	13 500	34 764	25 478	15 544	26 700	3 000
Heritage assets	5 526	500	2 975	152	1 000	1 000	1 000
Buildings							
Other	5 526	500	2 975	152	1 000	1 000	1 000
Capital expenditure by Asset Class							
Investment properties	-	-	-	-	-	-	-

Capital Expenditure - Upgrade/Renewal Programme* R '000							
Description	2019/2020	2020/2021			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2021/2022	2022/2023	2023/2024
Housing development	-	-	-	-			
Other							
Other assets	31 103	18 530	52 160	41 204	28 373	25 070	12 000
General vehicles	2 162	1 600	1 600	1 157	1 500	1 000	1 000
Specialised vehicles		-	-				
Plant & equipment		-	-				
Computers - hardware/ equipment		-	-				
Furniture and other office equipment		-	-				
Abattoirs		-	-				
Markets		-	-				
Civic Land and Buildings		-	-				
Other Buildings		-	-				
Other Land		-	-				
Surplus Assets - (Investment or Inventory)		-	-				
Other	28 941	16 930	50 560	40 047	26 873	24 070	11 000
Agricultural assets	-	-	-	-	-	-	-
List sub-class							
Biological assets	1 995	-	805	539	400	400	600
Zoo's, Marine and Non-biological Animals	1 995	-	805	539	400 000	400 000	600 000
Intangibles	-	-	-	-	-	-	-
Computers - software & programming							
Other (list sub-class)		-	-	-			
Total Capital Expenditure on renewal of existing assets	637 015	454 684	1 106 659	706 277	986 483	1 372 553	1 199 068
Specialised vehicles	-	-	-	-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							
* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)							



BUFFALO CITY METROPOLITAN MUNICIPALITY

ANNUAL REPORT



APPENDIX

N

CAPITAL PROGRAMME
BY PROJECT CURRENT YEAR

APPENDIX N -
CAPITAL PROGRAMME BY PROJECT

Capital Programme by Project: 2020/2021R' 000					
Capital Project	Original Budget	Adjustme nt Budget	Actual	Variance (Act- Adj)%	Variance (Act - OB)%
DIRECTORATE OF EXECUTIVE SUPPORT SERVICES					
KWT COUNCIL CHAMBER CHAIRS	200,000	200,000	5,199	-3747%	-3747%
BHISHO COUNCIL CHAMBER CHAIRS	100,000	100,000	0	0%	0%
KWT MAYOR'S PARLOUR OFFICE FURNITURE	200,000	200,000	0	0%	0%
CITY HALL AUDITORIUM RECORDING SYSTEM	1,500,000	0	0	0%	0%
COUNCILLORS AND TRADITIONAL LEADER'S FURNITURE AND EQUIPMENT FOR A NEW TERM OF COUNCILLORS	2,000,000	500,000	75,927	-559%	-2534%
OFFICE FURN AND EQUIPMENT (DIRECTORATE) C/O	0	561,406	0	0%	0%
REPLACEMENT OF COUNCIL CHAMBER HORSESHOE LEATHER CHAIRS AND TABLES		1,500,000	398,500	-276%	100%
TOTAL: EXECUTIVE SUPPORT SERVICES	4,000,000	3,061,406	479,626	-538%	-734%
MUNICIPAL MANAGERS OFFICE					
OFFICE FURN AND EQUIPMENT (DIRECTORATE)	500,000	500,000	80,658	-520%	-520%
COASTAL MUNICIPAL COURT (OLD)	1,000,000	0	0	0%	0%
COASTAL MUNICIPAL COURT (NEW)		1,000,000	0	0%	0%
INLAND MUNICIPAL COURT (OLD)	1,000,000	0	0	0%	0%
INLAND MUNICIPAL COURT (NEW)		1,000,000	0	0%	0%
ERM SYSTEM (ENTERPRISE RISK MANAGEMENT SYSTEM)	1,200,000	1,200,000	8,539	- 13953%	-13953%
OFFICE FURNITURE AND EQUIPMENT- EPMO	150,000	0	0	0%	0%
INTEGRATION OF SYSTEMS ALONG THE PROPERTY VALUE CHAIN					
CUSTOMER SERVICE MACHINE	31,050	31,050	0	0%	0%
AO SCANNING STATION	255,550	255,550	0	0%	0%
A3 SCANNING STATION	87,400	87,400	0	0%	0%
AO STORAGE CABINETS PER CSC	416,231	416,231	0	0%	0%
DESKTOP MACHINES	516,235	516,235	0	0%	0%

Capital Programme by Project: 2020/2021R' 000					
Capital Project	Original Budget	Adjustme nt Budget	Actual	Variance (Act- Adj)%	Variance (Act - OB)%
ADDITIONAL 23 MONITORS (HIGH END USERS)	184,000	184,000	0	0%	0%
RUGGED MOBILE TABLET(INSPECTORS)	328,900	328,900	0	0%	0%
TOTAL: MUNICIPAL MANAGER'S OFFICE	5,669,366	5,519,366	89,197	-6088%	-6256%
DIRECTORATE OF INFRASTRUCTURAL SERVICES					
OFFICE OF THE DIRECTOR	500,000	500,000	248,301	-101%	-101%
OFFICE FURN & EQUIPMENT (DIRECTORATE)	500,000	500,000	248,301	-101%	-101%
ELECTRICITY					
BULK ELEC INFRAS UPGR (RING-FENCED 4%)	87,376,595	87,376,595	85,688,553	-2%	-2%
ELECTRIFICATION PROGRAMME	2 000 000	1 955 964	1 955 963	0%	-2%
HIGHMAST STREETLIGHTING - WARD 12	3,000,000	14,591,767	14,591,766	0%	79%
ELECTRIFICATION - INFORMAL DWELLING AREAS - BCMM	10,000,000	9,154,156	9,154,155	0%	-9%
USDG ELECTRIFICATION PROGRAMME C/O		1,389,244	957,665	-45%	100%
ELECTRIFICATION - INFORMAL DWELLING AREAS - BCMM	6,000,000	6,000,000	4,648,612	-29%	-29%
STREET LIGHT & HIGHASTS - BCMM AREAS OF SUPPLY	4,000,000	135,089	135,089	0%	-2861%
ELECTRICITY	120,876,595	128,402,815	124,127,479	-3%	3%
ROADS					
BOWLS ROAD REHABILITATIONN - WARD 3	1,500,000	0	0	0%	0%
BOWLS ROAD REHABILITATIONN - WARD 3		1,500,000	1,409,896	-6%	100%
CONSTRUCTION OF ROAD INFRASTRUCTURE- TOYANA ROAD	18,000,000	10,000,000	9,980,832	0%	-80%
CONSTRUCTION OF ROAD INFRASTRUCTURE- TOYANA ROAD		3,038,712	3,038,712	0%	100%
UPGRADING OF CBD ROADS	2,037,665	0	0	100%	0%
UPGRADING OF CBD ROADS		2,037,665	2,020,403	-1%	100%

Capital Programme by Project: 2020/2021R' 000					
Capital Project	Original Budget	Adjustme nt Budget	Actual	Variance (Act- Adj)%	Variance (Act - OB)%
REHABILITATION OF BCMMBRIDGES AND STORMWATER	5,000,000	4,708,836	4,708,835	0%	-6%
REHABILITATION OF DOUGLAS SMITH HIGHWAY	1,000,000	1,000,000	998,197	0%	0%
REHABILITATION OF DOUGLAS SMITH HIGHWAY		1,870,290	1,870,289	0%	100%
REHABILITATION OF SETTLERS WAY	154,050,000	0	0	0%	0%
REHABILITATION OF SETTLERS WAY		154,050,000	7,750,566	-106%	100%
REHABILITATION OF SETTLERS WAY c/o		11,826,181	11,456,606	-3%	100%
REHABILITATION OF ZIPHUNZANA BYPASS	1,000,000	0	0	0%	0%
REHABILITATION OF ZIPHUNZANA BYPASS		1,000,000	979,429	-2%	100%
ROADS PROVISION	44,48,1106	75,310,085	72,008,647	-5%	38%
RURAL ROADS	59,796,754	94,618,791	94,618,778	0%	37%
UPGRADING OF MDANTSANE ROADS - CLUSTER 1	22,000,000	15,615,580	15,615,578	0%	-41%
UPGRADING OF MDANTSANE ROADS - CLUSTER 2	35,000,000	44,903,350	44,903,348	0%	22%
UPGRADING OF MDANTSANE ROADS - CLUSTER 3	14,000,000	7,424,679	7,424,677	0%	-89%
URBAN ROADS-CLUSTER 1	4,000,000	4,600,315	4,600,315	0%	13%
URBAN ROADS-CLUSTER 3	1,281,106	1,281,106	1,223,060	-5%	-5%
URBAN ROADS - WARD 35	4,000,000	4,593,098	4,593,098	0%	13%
KWT ROAD	28,000,000	27,541,425	27,541,422	0%	-2%
ROADS	395,146,631	466,920,113	383,742,688	-22%	-3%
WASTEWATER					
ABLUTION FACILITIES	3,000,000	3,380,687	3,380,686	0%	11%
BERLIN SEWERS	5,000,000	4,896,563	4,896,562	0%	-2%
BISHO KWT & ZWELITSHA BULK REG SEWER SCHEME	55,000,000	0	0	0%	0%
BISHO KWT & ZWELITSHA BULK REG SEWER SCHEME	0	43,847,021	43,847,020	0%	100%
BISHO KWT & ZWELITSHA BULK REG SEWER SCH- PHASE 2 C/O	0	7,885,961	1,780,841	-343%	100%
BULK MAINS BISHO & KWT INFRASTRUCTUREC/O		465,331	0	0%	0%
BISHO KWT & ZWELITSHA BULK REG SEWER SCHEME	30,000,000	0	0	0%	0%
BISHO KWT & ZWELITSHA BULK REG SEWER SCHEME	0	30,000,000	0	0%	0%

Capital Programme by Project: 2020/2021R' 000					
Capital Project	Original Budget	Adjustme nt Budget	Actual	Variance (Act- Adj)%	Variance (Act - OB)%
E/L SEWER DIVERSION : CENTRAL TO REESTON	170,800,142	0	0	0%	0%
E/L SEWER DIVERSION : CENTRAL TO REESTON	0	170,800,142	3,079,040	-5447%	100%
HOOD POINT MARINE OUTF SEWER & AUXILLIARY WORKS	5,000,000	0	0	100%	0%
HOOD POINT MARINE OUTF SEWER & AUXILLIARY WORKS	0	4,764,021	4,764,021	0%	100%
HOOD POINT MARINE OUTF SEWER & AUXILLIARY WORKS C/O	0	2,009,873	962,852	-109%	100%
EXTENSION OF SANITATION SERVICES MZAMOMHLE C/O	0	1,269,015	820,553	-55%	100%
MDANTSANE WASTEWATER TREATMENT WORKS	4,000,000	4,000,000	3,780,424	-6%	-6%
EAST BEACH GRAVITY SEWER UPGRADE c/o	0	2,190,211	2,123,503	-3%	100%
RETICULATION c/o	0	0	0	0%	0%
RETICULATION c/o	0	4,393,162	4,103,886	-7%	100%
WASTEWATER TREATMENT WORKS c/o	0	5,907,655	5,411,428	-9%	100%
WASTEWATER TREATMENT WORKS c/o	0	0	0	0%	0%
UPGRADING OF LABORATORY c/o	0	0	0	0%	0%
UPGRADING OF LABORATORY c/o	0	0	0	0%	0%
UPGRADING OF LABORATORY c/o		2,031,535	1,344,486	-51%	100%
WASTEWATER	272,800,142	287,841,177	80,295,301	-258%	-240%
WATER DEPT					
BULK MAINS-KWT & BHISHO INFRASTRUCTURE	30,000,000	30,000,000	0	0%	0%
UPGRADE WATER NETWORKS	10,291,420	15,993,895	15,993,894	0%	36%
WATER BACKLOGS	30,000,000	31,114,071	31,114,070	0%	4%
PIPE AND WATER METER REPLACEMENT IN BISHO, KWT & DIMBAZA	8,400,000	8,400,000	7,248,032	-16%	-16%
PUMP STATION-PIPE AND WATER METER REPLACEMENT IN BISHO, KWT & DIMBAZA c/o	0	1,190,526	1,034,588	-15%	100%
ALTERNATIVE W/SUPPLY- BULK MAINS c/o	0	1,751,952	1,751,951	0%	100%
PIPE AND WATER METER REPLACEMENT IN EL	5,500,000	5,500,000	5,087,544	-8%	-8%

Capital Programme by Project: 2020/2021R' 000					
Capital Project	Original Budget	Adjustme nt Budget	Actual	Variance (Act- Adj)%	Variance (Act - OB)%
PIPE AND WATER METER REPLACEMENT IN MDANTSANE	5,000,000	5,000,000	4,999,718	0%	0%
DISTRIBUTION- AMAHLEKE WATER SUPPLY	3,000,000	0	0	100%	0%
DISTRIBUTION- AMAHLEKE WATER SUPPLY	0	2,507,794	2,507,793	0%	100%
ALTERNATIVE W/SUPPLY- BULK MAINS	2,000,000	1,873,721	1,873,720	0%	-7%
DAMS AND WEIRS-KWT & BISHO INFRASTRUCTURE	3,000,000	3,326,196	3,326,196	0%	10%
RESERVOIRS-UPGRADE WATER NETWORK C/O	0	403,865	351,963	-15%	100%
UMZONYANA DAM UPGRADE	5,000,000	6,608,150	6,608,150	0%	24%
W/DEMAND MANGM - WATER CONSERV - PRV STA	2,000,000	2,268,402	2,268,401	0%	12%
WATER	104,191,420	115,938,572	84,166,020	-38%	-24%
FLEET					
BCM FLEET PLANT SPEC	35,000,	35,000,			
EQUIP & S/WASTE VEH	000	000	34,467,251	-2%	-2%
TOTAL:					
INFRASTRUCTURE SERVICES	928,514,788	1,034,602,677	707,047040	-46%	-31%
DIRECTORATE OF FINANCIAL SERVICES					
OFFICE FURN & EQUIPMENT (DIRECTORATE)	500,000	500,000	443,155	-13%	-13%
SMART METERING	51,393,	51,393,			
SOLUTIONS	518	518	48,032,173	-7%	-7%
SMART METERING WATER SOLUTIONS	15,000,000	0	0	0%	0%
SMART METERING		15,000,			
WATER SOLUTIONS	0	000	14,251,476	-5%	100%
ACQUIRE ERP SYSTEM (ASSET MANAGEMENT SYSTEM, PROCUREMENT SYSTEM, etc)	2,000,000	2,000,000	0	0%	0%
CONSTRUCTION OF OFFICE ACCOMODATION-CUSTOMER CARE OFFICE-MIDLAND	700,000	0	0	0%	0%
CONSTRUCTION OF OFFICE ACCOMODATION-CUSTOMER CARE OFFICE-MIDLAND	0	700,000	272,227	-157%	100%
COST REFFECTIVE TARIFF STRUCTURE	3,500,000	0	0	0%	0%

Capital Programme by Project: 2020/2021R' 000					
Capital Project	Original Budget	Adjustme nt Budget	Actual	Variance (Act- Adj)%	Variance (Act - OB)%
COST REFFECTIVE TARIFF STRUCTURE	0	3,500,000	0	0%	0%
BACK-UP GENERATORS	5,000,000	5,000,000	0	0%	0%
INDIGENT MANagementsystem c/o	0	2,500,000	0	0%	0%
CONSTRUCTION OF					
OFFICE ACCOMODATION				-	
-CUSTOMER CARE OFFICE-MIDLAND c/o	0	2,932,315	3,013	97221%	100%
REPLACEMENT DEVICE - METER READING SYSTEM	0	33,237	0	0%	0%
REHABILITATION OF CASH OFFICES	0	7,350,000	6,137,897	-20%	100%
SMART METERING SOLUTIONS C/O	0	21,332,693	20,956,172	-2%	100%
ACQUIRE ERP SYSTEM (ASSET MANAGEMENT	0	22,097,585	13,372,061	-65%	100%
SYSTEM, PROCUREMENTSYSTEM, etc) c/o					
MUNIFIN PAYMENT HALL UPGRADING c/o	0	578,410	447,410	-29%	100%
SECURITY SYSTEM & CCTV CAMERAS FORSCM c/o	0	81,221	71,771	-13%	100%
TOTAL: FINANCIAL SERVICES	78,093,518	134,998,979	103,987,356	-30%	25%
DIRECTORATE OF CORPORATE SERVICES					
OFFICE FURN AND EQUIPMENT (DIRECTORATE)	500,000	500,000	161,685	-209%	-209%
FURNITURE FOR INTERNS	150,000	0	0	0%	0%
FURNITURE FOR INTERNS	0	150,000	88,540	-69%	100%
FIBRE NETWORK	3,000,000	3,000,000	2,923,336	-3%	-3%
LTE INFRASTRUCTURE	2,848,851	2,848,851	2,137,680	-33%	-33%
DISASTER RECOVERY ENHANCEMENT	1,000,000	1,000,000	63,243	-1481%	-1481%
PROCUREMENT OF ICT EQUIPMENT	2,000,000	2,400,000	2,261,224	-6%	12%
NETWORK EQUIPMENT REFRESH (KWT, MDA,BISHO)	2,000,000	2,000,000	1,245,531	-61%	-61%
INTELLIGENT OPERATING CENTRE HARDWARE & SOFTWARE (OLD)	2,000,000	0	0	0%	0%
INTELLIGENT OPERATING CENTRE HARDWARE & SOFTWARE (NEW)	0	2,000,000	0	0%	0%
CALL BUDGETING SYSTEM SOFTWARE	0	244,036	0	0%	0%
EMPLOYEE PERFORMANCE MANAGEMENT SYSTEMc/o	0	2,989,875	0	0%	0%
OFFICE FURN AND EQUIPMENT (DIRECTORATE) c/o	0	351,821	236,658	-49%	100%

Capital Programme by Project: 2020/2021R' 000					
Capital Project	Original Budget	Adjustme nt Budget	Actual	Variance (Act- Adj)%	Variance (Act - OB)%
SCANNERS c/o (NEW)	0	1,600,000	1,231,375	-30%	100%
LTE INFRASTRUCTURE - CONSTRUCTION AND EXTENSION OF MICROWAVE COMMUNICATION MAST STRUCTURE- DIMBAZA- RFQ/ICT/2019-20/281 c/o	0	195,000	105,000	0%	0%
LTE INFRASTRUCTURE - CONSTRUCTION AND EXTENSION OF MICROWAVE COMMUNICATION MAST STRUCTURE- GONUBIE- RFQ/ICT/2019-20/261 c/o	0	195,000	195,000	0%	100%
TOTAL: CORPORATE SERVICES	13,498,851	19,474,583	10,649,272	-83%	-27%
DIRECTORATE OF HUMAN SETTLEMENT					
POTSDAM IKHWEZI BLOCK 1	10,000,000	3,303,285	3,303,285	0%	-203%
POTSDAM IKHWEZI BLOCK 2	1,000,000	0	0	0%	0%
POTSDAM NORTH KANANA	5,000,000	2,174,359	2,174,358	0%	-130%
ILITHA NORTH 177 UNITS	9,950,000	24,090,894	24,090,893	0%	59%
DUNCAN VILLAGE PROPER	5,000,000	1,952,103	1,952,103	0%	-156%
MDANTSANE Z 18 CC PHASE 2	25,000,000	31,293,822	31,293,819	0%	20%
AMALINDA CO- OP	5,000,000	8,586,545	8,586,542	0%	42%
CLUSTER 1	15,000,000	36,596,835	36 596 832	0%	59%
CLUSTER 2	20,000,000	36,633,989	36 548 767	0%	45%
DUNCAN VILLAGE COMP/SITE	2,000,000	0	0	0%	0%
BLOCK YARD TRA	1,500,000	1 250 000	0	0%	0%
BRAELYN EXTENTION 10	2,000,000	3 793 296	3 793 294	0%	47%
TYUTYU PHASE 3	8,770,800	15 252492	15 252 489	0%	42%
WESTBANK RESTITUTION	30,550,000	2 000 000	764 930	-161%	-3894%
C SECTION & TRIANGULAR SITE	12,000,000	386 957	386 957	0%	-3001%
D HOSTEL	10,000,000	1 014 107	1 014 106	0%	-886%
FORD MSIMANGO	7,000,000	3 131 633	3 131 633	0%	-124%
N2 ROAD RESERVE	5,000,000	3 388 690	3 388 689	0%	-48%
XHWITINJA - WATER	5,000,000	0	0	0%	0%
XHWITINJA C/O - ISUPG	0	300 000	0	0%	0%
HANI PARK - WATER - ISUPG	500,000	0	0	0%	0%
HLALANI - WATER - ISUPG	500,000	0	0	0%	0%
PHOLA PARK - WATER- ISUPG	500,000	0	0	0%	0%
BERLIN LINGELITSHA - PHASE 1 - WATER- ISUPG	500,000	0	0	0%	0%

Capital Programme by Project: 2020/2021R' 000					
Capital Project	Original Budget	Adjustme nt Budget	Actual	Variance (Act- Adj)%	Variance (Act - OB)%
ILITHA SPORTSFIELD - WATER- ISUPG	500,000	0	0	0%	0%
EMPILISWENI - WATER - ISUPG	500,000	0	0	0%	0%
MATSHENI PARK - WATER - ISUPG	500,000	0	0	0%	0%
KHAYELITSHA - WATER - ISUPG	500,000	0	0	0%	0%
KWATSHATSHU - WATER- ISUPG	500,000	0	0	0%	0%
GINSBERG - WATER - ISUPG	500,000	475,486	475,486	0%	-5%
SLOVO PARK - WATER- ISUPG	500,000	0	0	0%	0%
EKUPHUMLENI - WATER - ISUPG	500,000	0	0	0%	0%
ETHEMBENI - WATER - ISUPG	500,000	0	0	0%	0%
EAST BANK RESTITUTION- WATER - ISUPG	500,000	0	0	0%	0%
REESTON PHASE 3STAGE 2	5,000,000	22 621625	22 621 624	0%	78%
REESTON PHASE 3STAGE 2	20,000,000	6 442 605	6 442 604	0%	-210%
NELSON MANDELA 102 PROJECT-WATER	500,000	0	0	0%	0%
BREIDBACH SERVICES PROJECT-WATER	3,000,000	3 000 000	3 000 000	0%	0%
NONDULA-WATER	500,000	0	0	0%	0%
NONDULA C/O	0	100 000	100 000	0%	0%
MAJARANTYENI C/O	0	200 000	0	0%	0%
MAJARANTYENI-WATER	6,722,530	0	0	0%	0%
BOXWOOD PROJECT	20,000,000	16 304106	16 304 105	0%	-23%
CNIP VICTIMS PROJECT: CAMBRIDGE WEST	10,050,000	0	0	0%	0%
CNIP VICTIMS PROJECT: CAMBRIDGE WEST - ROADS - ISUPG	3,500,000	0	0	0%	0%
CNIP VICTIMS PROJECT: CAMBRIDGE WEST - SANITATION - ISUPG	3,000,000	0	0	0%	0%
CNIP VICTIMS PROJECT: CAMBRIDGE WEST - WATER- ISUPG	2,500,000	0	0	0%	0%
REESTON PHASE 3STAGE 3	500,000	200,000	0	0%	0%
PHAKAMISA SOUTH	11,500,000	20 642624	20 642 623	0%	44%
ILITHA 49 SITES	2,000,000	0	0	0%	0%
DIMBAZA SHUTER HOUSES: DETAILED INFRASTRUCTURE INVESTIGATION	2,000,000	2 663 730	2 644 824	-1%	24%
DIMBAZA BLIND DETAILED INVESTIGATION OF INFRASTRUCTURE	5,000,000	3 625 760	3 625 758	0%	-38%

Capital Programme by Project: 2020/2021R' 000					
Capital Project	Original Budget	Adjustme nt Budget	Actual	Variance (Act- Adj)%	Variance (Act - OB)%
MZAMOMHLE: PEOPLES HOUSING PROCESS	2,000,000	0	0	0%	0%
MZAMOMHLE: (ROADS) PEOPLES HOUSING PROCESS C/O	0	23 992498	23 992 498	0%	100%
COVID 19 SPECIAL CLINICS (PARKHOMES)	3,000,000	6 794 659	6 794 659	0%	56%
DUNCAN VILLAGE MILITARY VETERANS	5,000,000	0	0	0%	0%
ERF 271 SUMMERPRIDEc/o	0	805,000	0	0%	0%
MZAMOMHLE: PEOPLES HOUSING PROCESS	3,000,000	0	0	0%	0%
PHAKAMISA SEWERS	3,000,000	1 764 801	1 764 800	0%	-70%
MZAMOMHLE ROADS	5,000,000	0	0	0%	0%
LILYVALE ROADS	5,000,000	3 465 684	3 465 683	0%	-44%
SUNNYRIDGE ERF 271	3,000,000	0	0	0%	0%
SUMMERPRIDE ERF 271		0	0	0%	0%
ZIPHUNZANA BYPASS RELOCATION SITE (TRAs)	3,200,000	0	0	100%	0%
ZIPHUNZANA BYPASS RELOCATION SITE (TRAs)C/O	0	34 410662	34 410 661	0%	100%
MDANTSANE ERF 81,87 &88 RELOCATION AREA	0	37 804437	37 804 437	0%	100%
MDANTSANE ERF 81,87 &88 RELOCATION SITE	4,750,000	75 656053	75 656 052	0%	94%
MDANTSANE ERF 81,87 &88 RELOCATION SITE UNITS C/O	0	2 187 995	2 187 994	0%	100%
CLUSTER 3 FYNBOSS NDANCAMA C/O - ISUPG	0	9 271 341	3 639 062	-155%	100%
FYNBOSS C/O	0	17 983554	17 983 554	0%	100%
FYNBOSS RELOCATION SITE UNITS	1,500,000	0	0	0%	0%
PURCHASE OF LAND PARCELS - HAVEN HILLS	0	12 254263	12 254 263	0%	100%
TOTAL : HUMAN SETTLEMENTS	312,493,330	478 315890	468 582846	-2%	33%
DIRECTORATE OF SPATIAL PLANNING AND DEVELOPMENT					
OFFICE FURN & EQUIPMENT (DIRECTORATE)	500,000	500 000	194 641	-157%	-157%
DEVELOPMENT PLANNING	6,200,000	5 793 191	1 944 528	-198%	-219%

Capital Programme by Project: 2020/2021R' 000					
Capital Project	Original Budget	Adjustme nt Budget	Actual	Variance (Act- Adj)%	Variance (Act - OB)%
UPGRADING OF KWT PAYMENTS HALL	5,000,000	3 000 000	0	0%	0%
SCM INVENTORY WAREHOUSING AND FENCING	1,200,000	1 200 000	913 040	-31%	-31%
UPGRADING OF LIFTS FOR BCMM BUILDINGSc/o	0	783 109	697 524	-12%	100%
UPGRADING OF KWT PAYMENTS HALL c/o	0	310 082	0	0%	0%
PROCUREMENT OF PLOTTER c/o	0	200 000	98 770	-102%	100%
SOFTWARE FOR SURVEY EQUIPMENT	0	300 000	235 194	-28%	100%
PROPERTY MANAGEMENT	5,700,000	19 040496	12 410 108	-53%	54%
BUXTON AND ELECTRICITY HOUSE REFURBISHMENT	2,000,000	0	0	0%	0%
BUXTON AND ELECTRICITY HOUSE REFURBISHMENT		1 000 000	997 871	0%	100%
NEW A/CON PLANT - MUNIFIN (ONE PLANT)	1,700,000	182 160	182 160	0%	-833%
ORIENT THEATRE REFURBISHMENT	2,000,000	2 000 000	670 958	-198%	-198%
ORIENT THEATRE REFURBISHMENT c/o	0	829 889	739 289	-12%	100%
MDANTSANE ZONE 6 REFURBISHMENTc/o	0	165 217	97 520	-69%	100%
REFURBISHMENT OF ACQUIRED BUILDING c/o	0	1 700 000	450 460	-277%	100%
FLEET STREET FIRE STATION REFURBISHMENT c/o	0	500 820	489 757	-2%	100%
EAST LONDON MECHANICAL WORKSHOPS REFURBISHMENT c/o	0	437 993	437 993	0%	100%
FENCING OF ACQUIRED LAND	0	1 485 570	217 366	-583%	100%
FENCING OF ACQUIRED LAND	0	2 517 840	0	0%	0%
ALTERATIONS TO NEWLY PURCHASED BUILDINGc/o	0	2 000 000	1 905 729	-5%	100%
LAND ACQUISITION	0	723 529	723 529	0%	100%
UPGRADING OF DUNCAN VILLAGE B HOSTEL	0	5 497 477	5 497 477	0%	100%
TRANSPORT PLANNING AND OPERATIONS	145,800,000	154 556501	145 906031	-6%	0%
BRIDGE DESIGNS & IMPLEMENTATION	10,000,000	3 971 653	3 971 652	0%	-152%
GUARDRAILS	500,000,	192 004	191 580	0%	-161%
SLEEPER SITE ROAD	32,200,000	41 598223	41 598 621	0%	23%
SLEEPER SITE ROAD	1,300,000	0	0	0%	0%

Capital Programme by Project: 2020/2021R' 000					
Capital Project	Original Budget	Adjustme nt Budget	Actual	Variance (Act- Adj)%	Variance (Act - OB)%
GUIDANCE SIGNAGE- COASTAL	300,000	159 230	159 230	0%	-88%
SIDEWALKS	3,000,000	1 074 201	1 074 200	0%	-179%
TRAFFIC CALMING	3,000,000	0	0	0%	0%
TRAFFIC SIGNALS- COASTAL	1,500,000	1 502 493	1 502 493	0%	0%
MDANTSANE ACCESS ROAD C/O	30,000,000	0	0	0%	0%
MDANTSANE ACCESS ROAD C/O		34 319849	34 319 848	0%	100%
QUMZA HIGHWAY PHASE 7 - PHASE 1 & 2 C/O	56,000,000	0	0	100%	0%
QUMZA HIGHWAY PHASE 7 - PHASE 1 & 2 C/O	0	43 164797	43 164 797	0%	100%
TAXI RANK INFRAST (ROADS & ABLUTION FAC)-INLAND	3,000,000	0	0	0%	0%
TAXI RANK INFRAST (ROADS & ABLUTION FAC)-INLAND	0	3 300 000	3 238 093	-2%	100%
TAXI RANK INFRAST (ROADS & ABLUTION FAC)- INLAND	500,000	1 914 100	1 914 099	0%	74%
TAXI/BUS EMBAYMENTS- INLAND	1,500,000	335 460	335 460	0%	-347%
NORTH WEST CORRIDOR- COASTAL	0	4 000 000	0	0%	0%
NORTH WEST CORRIDOR	0	6 539 670	6 539 669	0%	100%
SLEEPER SITE ROAD c/o	0	667 496	566 218	-18%	100%
CITY TO SEA BOULEVARD c/o	0	123 896	123 896	0%	0%
TAXI RANK INFRAST (ROADS & ABLUTION FAC)- COASTAL c/o	0	148 425	0	0%	0%
TAXI RANK INFRAST (ROADS & ABLUTION FAC)- INLAND c/o	0	2 190 815	1 105 613	-98%	100%
TRAFFIC SIGNALS c/o	0	1 252 568	761 697	-64%	100%
TRAFFIC SIGNALS -BCMET c/o	0	541 862	0	0%	0%
MARKET SQUARE TAXIRANK c/o	0	1 645 263	1 484 629	-11%	100%
NORTH WEST CORRIDORc/o	0	261 179	261 179	0%	100%
BRIDGE DESIGNS & IMPLEMENTATION - COASTAL C/O	0	534 294	533 806	0%	100%
BRIDGE DESIGNS & IMPLEMENTATION - INLANDS C/O	0	322 118	322 117	0%	100%
TAXI / BUS EMBAYMENTS COASTAL C/O	0	131 625	131 625	0%	100%
TAXI / BUS EMBAYMENTS MIDLAND C/O	0	540 500	540 500	0%	100%
TRAFFIC CALMING MIDLAND C/O	0	1 035 651	0	0%	0%
TRAFFIC SIGNALS COASTAL C/O	0	6 909	0	0%	0%

Capital Programme by Project: 2020/2021R' 000					
Capital Project	Original Budget	Adjustme nt Budget	Actual	Variance (Act- Adj)%	Variance (Act - OB)%
TRAFFIC SIGNALS INLAND C/O	0	348 059	0	0%	0%
SIDEWALKS MIDLANDC/O	0	107 012	0	0%	0%
SIDEWALKS INLAND C/O	0	2 296 369	2 065 009	-11%	100%
GUIDANCE SIGNAGE C/O	0	62 000	0	0%	0%
GUARDRAILS COASTALC/O	0	20 758	0	0%	0%
GUARDRAILS MIDLANDC/O	0	48 022	0	0%	0%
GUARDRAILS INLAND C/O	0	200 000	0	0%	0%
TOTAL: SPATIAL PLANNING & DEVELOPMENT	158,200,000	179 890187	160 455308	-12%	1%
DIRECTORATE OF ECONOMIC DEVELOPMENT AND AGENCIES					
BUILDING OF MEMORIAL STONES	1,000,000	1 000 000	7 885	- 12583%	-12583%
EXTENSION OF MDANTSANE ART CENTRE	3,000,000	3 000 000	41 383	-7149%	-7149%
HYDROPONICS AND PACKHOUSE - WARD 22	3,475,155	3 475 155	3 000 570	-16%	-16%
IMPROVE ACCESS ROAD AND ROAD SIGNAGE	3,000,000	0	0	0%	0%
IMPROVE ACCESS ROAD AND ROAD SIGNAGE	0	5 000 000	249 976	-1900%	100%
INFORMAL TRADE (HAWKER STALLS)	3,500,000	3 500 000	2 982 579	-17%	-17%
INFORMAL TRADE (HAWKER STALLS) c/o	0	1 130 435	1 130 435	0%	100%
INSTALLATION OF KIDDIES PLAY AREA	1,000,000	0	0	0%	0%
INSTALLATION OF RECREATIONAL FACILITIES	1,000,000	500 000	158 601	-215%	-531%
KWT ART CENTRE	4,000,000	4 000 000	876 362	-356%	-356%
OFFICE FURN & EQUIPMENT - SMME INCUBATOR	300,000	0	0	0%	0%
OFFICE FURN & EQUIPMENT - SMME INCUBATOR	0	300 000	188 247	-59%	100%
OFFICE FURN & EQUIPMENT (DIRECTORATE)	200,000	200 000	173 607	-15%	-15%
RESTORATION OF CATTLE KILLING HERITAGE IN KWT	500,000	0	0	0%	0%
REVITALISATION OF INDUSTRIAL AREA	2,000,000	0	0	0%	0%
REVITALISATION OF INDUSTRIAL AREA	0	2 000 000	1 739 130	-15%	100%
TOURISM HUB	2,000,000	2 000 000	1 475 602	-36%	-36%
UPGRADING OF BUILDINGS	2,000,000	2 000 000	1 678 803	-19%	-19%
UPGRADING OF MARKET HALL	5,000,000	5 000 000	4 650 472	-8%	-8%

Capital Programme by Project: 2020/2021R' 000					
Capital Project	Original Budget	Adjustme nt Budget	Actual	Variance (Act- Adj)%	Variance (Act - OB)%
PLANT AND EQUIPMENTc/o	0	421 064	153 945	-174%	100%
UPGRADING OF BUILDINGS c/o	0	456 320	456 234	0%	100%
PAVING & PALLISADE FENCING - PALLET ZONEc/o	0	837 538	826 045	-1%	100%
INSTALLATION OF FIRE HYDRANTS c/o	0	664 395	575 000	-16%	100%
COLD ROOMS c/o	0	163 701	125 836	-30%	100%
EXPANSION OF GUARD HOUSE AND GATE c/o	0	4 335 493	3 200 373	-35%	100%
CONSTRUCTION OF WASTE AREA c/o	0	461 465	217 634	-112%	100%
HYDROPONICS AND PACKHOUSE C/O	0	1 614 683	1 614 683	0%	100%
HYDROPONICS AND PACKHOUSE - WARD 43	0	5 811 190	5 811 189	0%	100%
HYDROPONICS AND PACKHOUSE - WARD 39	0	5 040 196	5 040 196	0%	100%
INFORMAL TRADE (HAWKER STALLS) WARD41 c/o	0	85 291	85 291	0%	100%
INFORMAL TRADE (HAWKER STALLS) WARD25 c/o	0	329 936	329 936	0%	100%
OFFICE FURN & EQUIPMENT - SMME INCUBATOR c/o	0	158 031	104 702	-51%	100%
FENCING OF WORLD WAR 1 C/O	0	350 000	151 916	-130%	100%
RESTORATION OF CATTLE KILLING HERITAGE IN KWT c/o	0	1 000 000	0	0%	0%
EXTENSION OF MDANTSANE ARTCENTRE c/o	0	1 997 060	0	0%	0%
RESTORAT WORK - SETTLERS WAY C/O	0	1 025 084	0	0%	0%
RESTORAT WORK DESMOND TUTU MONUMENT C/O	0	600 000	0	0%	0%
KWT ART CENTRE c/o	0	1 920 000	0	0%	0%
TOURISM HUB c/o	0	2 397 146	1 247 070	-92%	100%
OFFICE FURN & EQUIPMENT (DIRECTORATE) c/o	0	47 210	0	0%	0%
ECONOMIC INFRASTRUCTURE DUNCAN VILLAGE C/O	0	5 931 248	5 931 247	0%	100%
ECONOMIC INFRASTRUCTURE DIMBAZA C/O	0	4 390 774	4 390 774	0%	100%
ECONOMIC INFRASTRUCTURE SCENERY PARK C/O	0	600 000	600 000	0%	100%
TOTAL: ECONOMIC DEVELOPMENT & AGENCIES	31,975,155	73 743416	49 215 721	-50%	35%

Capital Programme by Project: 2020/2021R' 000					
Capital Project	Original Budget	Adjustme nt Budget	Actual	Variance (Act- Adj)%	Variance (Act - OB)%
DIRECTORATE OF HEALTH AND PUBLIC SAFETY					
OFFICE FURN & EQUIPMENT (DIRECTORATE)	500,000	720 000	536 342	-34%	7%
DISASTER MANAGEMENT: EVENT SAFETY EQUIPMENT	100,000	200 000	140 180	-43%	29%
FIRE ENGINES PROCURED	7,000,000	7 380 000	641 653	-1050%	-991%
REFURBISH & REHAB - FIRE INFRASTRUCTURE	1,600,000	1 600 000	1 156 530	-38%	-38%
AIR MONITORING STATION	500,000	0	0	0%	0%
AIR MONITORING STATION	0	500 000	301 612	-66%	100%
CLOSED CIRCUIT TELEVISION NETWORK - CCTV	2,000,000	2 000 000	1 042 816	-92%	-92%
TRAFFIC AND LAW ENFORCEMENT EQUIPMENT	1,000,000	1 000 000	193 586	-417%	-417%
TACTICAL RADIO NETWORK	2,193,218	2 193 218	710 911	-209%	-209%
FIRE EQUIPMENT	500,000	500 000	173 894	-188%	-188%
NEW FIRE STATION - BERLIN WARD 45	3,500,000	0	0	0%	0%
NEW FIRE STATION - BERLIN WARD 46	0	3 500 000	0	0%	0%
REFURBISHMENT OF DISASTER MANAGEMENT CENTRE	1,000,000	300 000	270 901	-11%	-269%
REFURBISHMENT OF FIRE STATIONS	80,000	0	0	0%	0%
REFURBISHMENT OF FIRE STATIONS	0	80 000	75 715	-6%	100%
BACK-UP GENERATORS	1,000,000	1 000 000	0	0%	0%
OFFICE FURN & EQUIPMENT (DIRECTORATE) c/o	0	28 780	7 748	-271%	100%
OFFICE FURN & EQUIPMENT (DIRECTORATE) c/o	0	42 180	19 440	-117%	100%
CLOSED CIRCUIT TELEVISION NETWORK -CCTV c/o	0	1 022 689	965 520	-6%	100%
TRAFFIC AND LAW ENFORCEMENT EQUIPMENT c/o	0	118 544	105 782	-12%	100%
AIR MONITORING STATION c/o	0	107 985	78 435	-38%	100%
TACTICAL RADIO NETWORK c/o	0	4 250 000	4 250 000	0%	100%
REFURBISH & REHAB - FIRE INFRASTRUCTUREc/o	0	847 928	752 134	-13%	100%
FIRE EQUIPMENT c/o	0	449 915	337 735	-33%	100%
NEW FIRE STATION - BERLIN WARD 45 c/o	0	300 000	7 800	-3746%	100%
REFURBISHMENT OF FIRE STATIONS c/o	0	631 342	615 663	-3%	100%

Capital Programme by Project: 2020/2021R' 000					
Capital Project	Original Budget	Adjustme nt Budget	Actual	Variance (Act- Adj)%	Variance (Act - OB)%
ABLUTION FACILITIES FOR MDANTSANE TRAFFIC CENTRE c/o	0	700 000	0	0%	0%
FIRE ENGINES PROCURED c/o	0	8 820 000	8 820 000	0%	100%
CATTLE/ANIMAL TRUCKc/o	0	1 000 000	1 000 000	0%	100%
DOUBLE CAB 4X4 AND JETSKI FOR FIRE AND RESCUE DIVE UNIT c/o	0	1 180 000	727 550	-62%	100%
TOTAL: HEALTH,PUBLIC SAFETY & EMERGENCY SERVICES	20,973,218	40 472581	22 931 946	-76%	9%
DIRECTORATE OF MUNICIPAL SERVICES					
OFFICE FURN & EQUIPMENT (DIRECTORATE)	250,000	250 000	197 719	-26%	-26%
DEVELOPMENT, UPGRADE & REFURBISHMENT OF COMMUNITY HALLS	6,600,000	6 600 000	6 392 340	-3%	-3%
DEVELOPMENT OF C/HALLS & FACILITIES	1,000,000	2 300 000	2 216 889	-4%	55%
HALLS-TOOLS AND EQUIPMENT	100,000	100 000	42 683	-134%	-134%
UPGR & REFURB EXIST C/HALLS & FACILITIES	1,000,000	1 000 000	998 036	0%	0%
CONSTRUCTION OF GESINI HALL	1,500,000	200 000	199 749	0%	-651%
CONSTRUCTION OF NU 3 HALL WARD 14	1,500,000	1 500 000	1 499 085	0%	0%
FINALISATION OF NOMPUMELELO HALL	1,000,000	1 000 000	938 140	-7%	-7%
CONSTRUCTION OF CARETAKERS COTTAGE NU10	500,000	500 000	497 760	0%	0%
UPGR & REFURB EXIST C/HALLS & FACILITIES c/o	0	778 579	774 250	-1%	100%
DEVELOPMENT OF CITY HALLS AND FACILITIES	0	2 269 538	2 247 844	-1%	100%
NOMPUMELELO HALL c/o	0	1 503 343	1 436 146	-5%	100%
UPGRADING OF RESORTS	850,000	850 000	351 160	-142%	-142%
INSTALLATION OF FLOODLIGHTS AT GONUBIE RESORTS	100,000	0	0	0%	0%
PAVING AROUND CAMPING SITES AND CHALETS	100,000	0	0	0%	0%
INSTALLATION OF CCTV CAMERAS AT GONUBIE RESORT	200,000	0	0	0%	0%
INSTALLATION OF SECURITY ALARMS IN 20 CHALETS	100,000	0	0	0%	0%
PURCHASE OF FURNITURE FOR CHALETS	100,000	100 000	0	0%	0%


Capital Programme by Project: 2020/2021R' 000					
Capital Project	Original Budget	Adjustme nt Budget	Actual	Variance (Act- Adj)%	Variance (Act - OB)%
PURCHASE OF OFFICE FURNITURE AND EQUIPMENT	100,000	100 000	55 142	-81%	-81%
REVAMPING OF JUMPING CASTLE AT RESORTS	50,000	50 000	49 000	-2%	-2%
REFUBISHMENT OF ABLUTION BLOCKS AT RESORTS	100,000	0	0	0%	0%
REFUBISHMENT OF ABLUTION BLOCKS AT RESORTS	0	100 000	97 017	-3%	100%
CONSTRUCTION OF SWIMMING POOL AT GONUBIE RESORTS	0	500 000	150 000	-233%	100%
CONSTRUCTION OF OFFICE AND GUARD HOUSE NAHOON CARAVAN PARK c/o	0	474 542	6 400	-7315%	100%
DEMOLISHING AND CONSTRUCTION OF OFFICE AND GUARD HOUSE AT NAHOON CARAVAN PARK c/o	0	1 949 117	356 940	-446%	100%
PURCHASE OF FURNITURE FOR CHALETS c/o	0	37 558	0	0%	0%
PURCHASE OF OFFICE FURNITURE AND EQUIPMENT c/o	0	114 945	15 112	-661%	100%
PURCHASE OF OFFICE FURNITURE AND EQUIPMENT c/o	0	163 066	62 300	-162%	100%
BUILDING OF SWIMMING POOLS AT GONUBIE RESORTS c/o	0	436 625	191 480	-128%	100%
DEMOLISHING AND CONSTRUCTION OF DINNING HALL AT GONUBIE RESORTS c/o	0	140 536	0	0%	0%
CONSTRUCTION OF BRAAI STANDS AT NAHOON CARAVAN PARKc/o	0	517 987	204 182	-154%	100%
SECURITY SYSTEMS c/o	0	680 205	624 431	-9%	100%
2 X CONTAINER LIBRARIES	0	0	0	0%	0%
3 X CONTAINER LIBRARIES	0	457 320	456 479	0%	100%
REDEVELOPMENT OF MDANTSANE SPORT PRECINT - NU2 SWIMMING POOL	10,000000	5 198 387	0	0%	0%
REDV. OF MDANTS SPORT PRECINT - NU2 SWIMNG POOL c/o	0	16 716813	10 127 771	-65%	100%
DEVELOPMENT, UPGRADE & REFURBISHMENT OF SPORTSFIELDS	3,050,000	3 050 000	3 014 899	-1%	-1%

Capital Programme by Project: 2020/2021R' 000					
Capital Project	Original Budget	Adjustme nt Budget	Actual	Variance (Act- Adj)%	Variance (Act - OB)%
DEVELOPMENT, UPGRADE AND REFURBISHMENT OF SPORTS FIELDS AND STADIUMS	3,000,000	3 000 000	2 966 391	-1%	-1%
PLANT - SPORTS	50,000	0	0	0%	0%
PLANT - SPORTS	0	50 000	48 508	-3%	100%
UPGRADING OF ZOO	1,000,000	1 619 301	857 144	-89%	-17%
REFURBISMENT OF AQUARIUM	200,000	385 971	378 562	-2%	47%
REFURBISMENT OF NATURE RESERVES	0	200 000		0%	0%
REFURBISMENT OF NATURE RESERVE(BOARDWALKS)	200,000	200 000	199 220	0%	0%
BEACHES	200,000	200 000	198 093	-1%	-1%
SWIMMING POOLS	200,000	200 000	0	0%	0%
NURSERY JAMES PEARS PARKS	100,000	100 000	85 640	-17%	-17%
UPGRADING OF DEPOTS	400,000	400 000	113 276	-253%	-253%
NU 6 MDANTSANE DEPOT	100,000	400 000	113 276	-253%	12%
BERLIN DEPOT	200,000	0	0	0%	0%
ZWELITSHA BLOCKYARD DEPOT	100,000	0	0	0%	0%
GRASS CUTTING EQUIPMENT	400,000	400 000	305 443	-31%	-31%
GRASS CUTTING EQUIPMENT c/o	0	116 149	0	0%	0%
DEVELOPMENT OF CEMETRIES	4,100,000	4 100 000	3 986 363	-3%	-3%
PLANT AND EQUIPMENT (CEMETRIES)	200,000	0	0	0%	0%
PLANT AND EQUIPMENT (CEMETRIES)		200 000	169 216	-18%	100%
COAST CEMETRIE (CAMBRIDGE CREMATORIUM) 2	100,000	100 000	95 028	-5%	-5%
COAST CEMETRIES (CAMBRIDGE CREMATORIUM)	100,000	100 000	91 877	-9%	-9%
DEVELOPMENT OF CEMETERIES-COASTAL	700,000	1 700 000	1 696 751	0%	59%
DEVELOPMENT OF CEMETERIES-INLAND	700,000	700 000	666 807	-5%	-5%
DEVELOPMENT OF CEMETERIES-MIDLAND	700,000	812 284	812 259	0%	14%
INLAND CEMETRIES (PHAKAMISA)	200,000	200 000	183 928	-9%	-9%
INLAND CEMETRIES (ZWELITSHA)	200,000	200 000	182 781	-9%	-9%
MIDLANDS CEMETRIES (FORT JACKSON)	200,000	87 716	87 715	0%	-128%
MIDLANDS CEMETRIES (MTSOTSO CEMETERY)	1,000,000	0		0%	0%

Capital Programme by Project: 2020/2021R' 000					
Capital Project	Original Budget	Adjustme nt Budget	Actual	Variance (Act- Adj)%	Variance (Act - OB)%
UPGRADING OF COMMUNITY PARKS	1,500,000	1 500 000	141 265	-962%	-962%
UPGRADING AND DEVELOPMENT OF COMMUNITY PARKS - COASTAL	500,000	500 000	0	0%	0%
UPGRADING AND DEVELOPMENT OF COMMUNITY PARKS - MIDLAND	500,000	500 000	0	0%	0%
UPGRADING AND DEVELOPMENT OF COMMUNITY PARKS - INLAND	500,000	500 000	141 265	-254%	-254%
UPGRADE AND DEVEL OF COMM PARKS -KWT 2 c/o	0	100 000	78 533	-27%	100%
UPGRADE AND DEVEL OF COMM PARKS -KWT 3 c/o	0	100 000	0	0%	0%
BCM FLEET - SOLID WASTE FLEET AND PLANT	10,860,371	24 437014	24 437 013	0%	56%
PURCHASE OF BULK CONTAINERS WITH REMOVAL VEHICLES	3,000,000	0	0	0%	0%
PURCHASE OF BULK CONTAINERS WITH REMOVAL VEHICLES	0	224 970	224 969	0%	100%
BCM FLEET - SOLID WASTE FLEET ANDPLANT c/o	0	9 261 758	4 628 908	-100%	100%
GALVANISED STREET LITTER BINS (CBDS) c/o	0	2 930 964	2 720 555	-8%	100%
METAL SKIPS c/o	0	5 000 000	488 710	-923%	100%
TRANSFER STATION	6,400,000	19 606935	11 548 128	-70%	45%
GUARD HOUSE ABLUTION FACILIT & OFFICES	400,000	400 000	186 000	-115%	-115%

Capital Programme by Project: 2020/2021R' 000					
Capital Project	Original Budget	Adjustme nt Budget	Actual	Variance (Act- Adj)%	Variance (Act - OB)%
TRANSFER STATION C/O	0	19 206935	11 362 128	-69%	100%
INSTALLAT OF LINERS ON CELL 3 AND CELL 4	6,000,000	0	0	0%	0%
TOTAL : MUNICIPAL SERVICES	49,310,371	113 071624	76 851 276	-47%	36%
ASSET REPLACEMENTS - INSURANCE	5,000,000	10 681236	8 076 225	-32%	38%
ASSET REPLACEMENTS - INSURANCE	5,000,000	5 000 000	2 537 894	-97%	-97%
ASSET REPLACEMENTS - INSURANCE c/o - FLEET	0	5 681 236	5 538 331	-3%	100%
TOTAL - BCMM CAPITAL PROJECTS	1,607,728597	2 093 831945	1 608 365812	-70	0%
BCMDA PROJECTS					
EAST LONDON BEACHFRONT AND WATERWORLD (BCMDA)	50,000,000	50 000000	49 349 880	-1%	-1%
EAST LONDON BEACHFRONT AND WATERWORLD (BCMDA)c/o	0	43 935399	31 148 244	-41%	100%
COMPUTER SOFTWARE	1,014,200	825 000	197 904	-317%	-412%
OFFICE FURN & EQUIPMENT (DIRECTORATE)	1,265,000	400 000	372 655	-7%	-239%
COMPUTERS	230,800	753,109	645,254	-17%	64%
TOTAL - BCMDA	52,510,000	95,913,508	81,713,936	-17%	36%
TOTAL CAPITAL PROGRAMME	1,660,238,597	2,189,745,453	1,690,079,749	-30%	2%

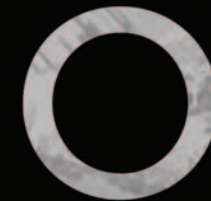




BUFFALO CITY METROPOLITAN MUNICIPALITY

ANNUAL REPORT

APPENDIX



CAPITAL PROGRAMME
BY PROJECT BY WARD CURRENT YEAR

APPENDIX O - CAPITAL PROJECTS BY PROGRAMME

Capital Programme by Project by Ward: Year 2019/20R' 000		
Capital Project	Ward(s) affected	Works completed (Yes/No)
SANITATION / SEWERAGE		
ABLUTION FACILITIES	1, 2, 6, 7, 9, 10, 16,28,29	No
BERLIN SEWERS	45	No
BISHO KWT & ZWELITSHA BULK REG SEWER SCHEME	25, 35, 37, 41 , 44	No
BISHO KWT & ZWELITSHA BULK REG SEWER SCHEME	25, 35, 37, 41 , 44	No
E/L SEWER DIVERSION : CENTRAL TO REESTON	5, 10, 16	No
EAST BEACH GRAVITY SEWER UPGRADE	1, 2, 3, 4, 6, 7, 8, 9, 16,18, 19, 28, 47	No
HOOD POINT MARINE OUTF SEWER & AUXILLIARY WORKS	19, 31, 46	No
MDANTSANE SANITATION	11, 12, 14, 20, 21, 22,23, 24, 30	No
MDANTSANE WASTEWATER TREATMENT WORKS	11, 12, 14, 20, 21, 22,23, 24, 30	No
WASTEWATER TREATMENT WORKS	9, 11, 13, 18, 23, 29,36, 37, 39, 41, 43, 45	No
WATER		
AMAHLEKE WATER SUPPLY	36	No
WATER BACKLOGS	26,31,32,33,36,37,38,40,50	No
UPGRADE WATER NETWORKRS	26,31,32,33,36,37,38	No
PIPE AND WATER METER REPLACEMENT IN MDANTSANE	11,12,13,14,42,48,50,17,20,23	No
PIPE AND WATER METER REPLACEMENT IN BISHO,KWT & DIMBAZA	34,35,36,37,38,39,40,41,43,4 4,49	No
KWT & BISHO INFRASTRUCTURE	34,37,38,39,40,41,43,44,49,35	No
PIPE AND WATER METER REPLACEMENT IN EL	1-10,15,16,18,27,28,29,31,32,3 3,46,47,50	No
UMZONYANA DAM UPGRADE	1-10,15,16,18,27,28,29,31,32,3 3,46,47,50	No
W/DEMAND MANGM - WATER CONSERV - PRV STA	1-50	No
WESTBANK RESTITUTION	31,46	No
ALTERNATIVE WATER/SUPPLY - BULK MAINS	ALL WARDS	No
ELECTRICITY		
BULK ELECTRICITY PROVISION	7,9,8,10,13,1415,17,22,27,37,4 2,45,46,	No
USDG ELECTRIFICATION PROGRAMME	ALL WARDS	No

Capital Programme by Project by Ward: Year 2019/20R' 000		
Capital Project	Ward(s) affected	Works completed (Yes/No)
ELECTRIFICATION OF INFORMAL DWELLING AREAS- BCMM	ALL WARDS	No
STREET LIGHT & HIGHASTS - BCMM AREAS OF SUPPLY	ALL WARDS	No
TOOLS AND EQUIPMENT (SPECIALISED VEHICLES)	ALL WARDS	No
BUILDING ALTERATIONS - BEACON BAY CIVIC CENTRE & OPER DEPOT	28	No
ENERGY EFFICIENCY DEMAND SIDE MANAGEMENT PROGRAMME	ALL WARDS	No
HIGHMAST STREETLIGHTING - WARD 12	12	No
ROADS		
BOWLS ROAD REHABILITATIONN - WARD 3	3	No
CONSTRUCTION OF ROAD INFRASTRUCTURE	14	No
INTEGRATED CITY DEVELOPMENT GRANT	47	No
REHABILIT OF BCMM BRIDGES AND STORMWATER	ALL WARDS	No
ROADS PROVISION	16,45,26,25,41,39,29	No
RURAL ROADS	31,32,33,34,35,36,38,40,43,4 9,50	No
UPGR - MDANTSANE RDS - CLUST 3	21, 23, 24	No
UPGR OF MDANTSANE RDS - CLUST 1	11, 12, 14, 17, 42	No
UPGR OF MDANTSANE RDS - CLUST 2	17, 20,30,48	No
URBAN ROADS - WARD 35	35	No
SETTLERS WAY	46	No
UPGRADE OF NORTH EAST EXPRESSWAY	35	No
WARD 37-KWT ROADS	37	No
WARD 39-KWT ROADS	39	No
WARD 41-KWT ROADS	41	No
WARD 43-KWT ROADS	43	No
HOUSING		
POTSDAM IKHWEZI BL 1	24	No
POTSDAM IKHWEZI BL 2	24	No
POTSDAM NORTH KANANA	24	No
ILITHA NORTH 177 UNITS	45	No
DUNCAN VILLAGE PROPER	1	No

Capital Programme by Project by Ward: Year 2019/20R' 000		
Capital Project	Ward(s) affected	Works completed (Yes/No)
MDANTSANE Z 18 CC PH 2	23	No
AMALINDA CO- OP	16	No
CLUSTER 1	12,14,17	No
CLUSTER 2	11,17,20,21,30,48	No
DUNCAN VILL COMP/SITE	1	No
BLOCK YARD TRA	6	No
BRAELYN EXT 10	11	No
TYUTYU PHASE 3	37	No
WESTBANK RESTITUTION	19	No
C SECTION AND TRIANGULAR SITE	13	No
D HOSTEL	7	No
FORD MSIMANGO	6	No
N2 ROAD RESERVE	8	No
XHWITINJA - WATER	36	No
HANI PARK - WATER - ISUPG	11	No
HLALANI - WATER - ISUPG	11	No
PHOLA PARK - WATER- ISUPG	34	No
BERLIN LINGELITSHA - PHASE 1 - WATER- ISUPG	45	No
ILITHA SPORTSFIELD - WATER- ISUPG	45	No
EMPILISWENI - WATER - ISUPG	20	No
MATSHENI PARK - WATER - ISUPG	29	No
KHAYELITSHA - WATER - ISUPG	20	No
KWATSHATUSHU - WATER - ISUPG	44	No
GINSBERG - WATER - ISUPG	39	No
SLOVO PARK - WATER- ISUPG	42	No
EKUPHUMLENI - WATER - ISUPG	42	No
ETHEMBENI - WATER - ISUPG	11	No
EAST BANK RESTITUTION - WATER - ISUPG	16	No
REESTON PHASE 3 STAGE 2	13	No
REESTON PHASE 3 STAGE 2	13	No
NELSON MANDELA 102 PROJECT-WATER	16	No
BREIDBACH SERVICES PROJECT-WATER	44	No
NONDULA-WATER	12	No
MAJARANTIYENI-WATER	45	No
BOXWOOD PROJECT	31	No

Capital Programme by Project by Ward: Year 2019/20R' 000		
Capital Project	Ward(s) affected	Works completed (Yes/No)
CNIP VICTIMS PROJECT: CAMBRIDGE WEST	13	No
REESTON PHASE 3 STAGE 3	13	No
PHAKAMISA SOUTH	25	No
ILITHA 49 SITES	45	No
DIMBAZA SHUTER HOUSES: DETAILED INFRASTRUCTURE INVESTIGATION	34	No
DIMBAZA BLIND DETAILED INVESTIGATION OF INFRASTRUCTURE	34	No
DIMBAZA BLIND SEWER C/O	34	No
MZAMOMHLE: PEOPLES HOUSING PROCESS	27	No
COVID 19 SPECIAL CLINICS (PARKHOMES)	ALL WARDS	No
DUNCAN VILLAGE MILITARY VETERANS	1	No
PURCHASE OF LAND	ALL WARDS	No
MZAMOMHLE: PEOPLES HOUSING PROCESS	27	No
PHAKAMISA SEWERS	25	No
MZAMOMHLE ROADS	27	No
LILYVALE ROADS	32	No
SUNNYRIDGE ERF 271	46	No
ZIPHUNZANA BYPASS RELOCATION SITE (TRAs)	1	No
MDANTSANE ERF 81,87 &88 RELOCATION SITE UNITS	23	No
CLUSTER 3 FYNBOSS NDANCAMA C/O		No
FYNBOSS C/O	10	No
FYNBOSS RELOCATION SITE UNITS	10	No
ECONOMIC DEVELOPMENT		
BUILDING OF MEMORIAL STONES	32	No
CONSTRUCTION OF BRAAI OUTDOOR LOUNGES	31	No
CONSTRUCTION OF CABIN ACCOMMODATION	31	No
EXTENSION OF MDANTSANE ART CENTRE	42	No
HYDROPONICS AND PACKHOUSE - WARD 22	22	No
IMPROVE ACCESS ROAD AND ROAD SIGNAGE	31	No
INFORMAL TRADE (HAWKER STALLS)	45, 47	No
INSTALLATION OF ADVENTURE ACTIVITIES	31	No
INSTALLATION OF KIDDIES PLAY AREA	31	No
INSTALLATION OF RECREATIONAL FACILITIES	31	No
KWT ART CENTRE	37	No
OFFICE FURN & EQUIPMENT - SMME INCUBATOR	37	No

Capital Programme by Project by Ward: Year 2019/20R' 000		
Capital Project	Ward(s) affected	Works completed (Yes/No)
OFFICE FURN & EQUIPMENT (DIRECTORATE)	ALL WARDS	No
RESTORATION OF CATTLE KILLING HERITAGE IN KWT	47	No
REVITALISATION OF INDUSTRIAL AREA	36, 24,5	No
TOURISM HUB	32	No
UPGRADING OF BUILDINGS	41	No
UPGRADING OF MARKET HALL	5	No
WATER LEISURE ACTIVITIES	31	No
SPATIAL & DEVELOPMENT PLANNING		
AERIAL PHOTOGRAPHY AND MAPPING	47	No
BUXTON AND ELECTRICITY HOUSE REFURBISHMENT	47	No
NEW A/CON PLANT - MUNIFIN (ONE PLANT)	47	No
ORIENT THEATRE REFURBISHMENT	47	No
SLEEPER SITE REFURBISHMENT	47	No
EAST LONDON MECHANICAL WORKSHOPS REFURBISHMENT	47	No
UPGRADING OF ELECTRICAL - OLD MUTUAL	47	No
UPGRADING OF KWT PAYMENTS HALL	37	No
SCM INVENTORY WAREHOUSING AND FENCING	47	No
LAND ACQUISITION	ALL WARDS	No
OFFICE FURN & EQUIPMENT (DIRECTORATE)	ALL WARDS	No
SLEEPER SITE ROAD	47	No
CITY TO SEA BOULEVARD	47	No
MARY STREET	37	No
BRIDGE DESIGNS & IMPLEMENTATION	5,6,814,19,38,48,49	No
GUARDRAILS	23,6,34,46,9,20,33,41,37	No
SLEEPER SITE ROAD	47	No
GUIDANCE SIGNAGE	24, 43	No
SIDEWALKS	11,34, 22,41,44,45,46	No
TRAFFIC CALMING	22,23,37,7,30,15,6,46,9,20,37,5, 33,45,18,12,21,43	No
TRAFFIC SIGNALS	5, 9	No
MDANTSANE ACCESS ROAD	5,9,10,12,13,16	No
QUMZA HIGHWAY PHASE 7 - PHASE 1 & 2	21, 20,48	No
TAXI RANK INFRAST (ROADS & ABLUTION FAC)	5,27,37,39,47	No
TAXI RANK INFRAST (ROADS & ABLUTION FAC)	5,27,37,39,47	No
TAXI/BUS EMBAYMENTS	ALL WARDS	No

Capital Programme by Project by Ward: Year 2019/20R' 000		
Capital Project	Ward(s) affected	Works completed (Yes/No)
NORTH WEST CORRIDOR	16	No
TOWNSHIP REGENERATION ENABLING INFRASTRUCTURE	47	No
SPORT ARTS & CULTURE		
DEVELOPMENT, UPGRADE AND REFURBISHMENT OF SPORTS FIELDS AND STADIUMS	ALL WARDS	No
PLANT - SPORTS	ALL WARDS	No
UPGRADING OF ZOO	47	No
PLANT - ZOO	47	No
REFURBISMENT OF AQUARIUM	47	No
PLANT - AQUARIUM	47	No
REFURBISMENT OF NATURE RESERVE (BOARDWALKS)	47	No
PLANT - NATURE RESERVE	47	No
UPGRADING OF CEMETRIES		
PLANT AND EQUIPMENT (CEMETRIES)	ALL WARDS	No
PLANT AND EQUIPMENT (CEMETRIES)	ALL WARDS	No
COAST CEMETRIE (CAMBRIDGE CREMATORIUM) 2	4	No
COAST CEMETRIES (CAMBRIDGE CREMATORIUM)	4	No
DEVELOPMENT OF CEMETERIES-COASTAL	5,10 ,13,19	No
DEVELOPMENT OF CEMETERIES-INLAND	43, 44	No
DEVELOPMENT OF CEMETERIES-MIDLAND	24, 13	No
INLAND CEMETRIES (PHAKAMISA)	25	No
INLAND CEMETRIES (ZWELITSHA)	41	No
MIDLANDS CEMETRIES (FORT JACKSON)	24	No
MIDLANDS CEMETRIES (MTSOTSO CEMETERY)	11	No
SWIMMING POOLS		
REDEVELOPMENT OF MDANTSANE SPORT PRECINT - NU2 SWIMMING POOL	42	No
SWIMMING POOLS	47	No
COMMUNITY HALLS		
DEVELOPMENT OF C/HALLS & FACILITIES	15	No
HALLS-TOOLS AND EQUIPMENT	1,2,4,5,9,12,16,19,20,21,22,24,2 6,27,29,47,48	No

Capital Programme by Project by Ward: Year 2019/20R' 000		
Capital Project	Ward(s) affected	Works completed (Yes/No)
UPGR & REFURB EXIST C/HALLS & FACILITIES	ALL WARDS	No
CONSTRUCTION OF GESINI HALL	8	Yes
CONSTRUCTION OF NU 3 HALL WARD 14	14	No
FINALISATION OF NOMPUMELELO HALL	15	No
CONSTRUCTION OF CARETAKERS COTTAGE NU10	48	Yes
UPGRADING OF DEPOTS		
NU 6 MDANTSANE DEPOT	20	No
BERLIN DEPOT	45	No
GRASS CUTTING EQUIPMENT	ALL WARDS	No
HEALTH		
AIR MONITORING STATION	1-50	No
SAFETY & SECURITY		
OFFICE FURN & EQUIPMENT (DIRECTORATE)	ALL WARDS	No
DISASTER MANAGEMENT: EVENT SAFETY EQUIPMENT	ALL WARDS	No
FIRE ENGINES PROCURED	ALL WARDS	No
REFURBISH & REHAB - FIRE INFRASTRUCTURE	ALL WARDS	No
AIR MONITORING STATION	ALL WARDS	No
MOBILE - AIR QUALITY MONITORING STATION	ALL WARDS	No
CLOSED CIRCUIT TELEVISION NETWORK - CCTV	43,37,25,41,44,34,36 &39	No
REFURBISHMENT OF LAW ENFORCEMENT OFFICES TAYLOR STREET KWT	47	No
MOBILE SURVEILANCE PROGRAMME - NEW	ALL WARDS	No
TRAFFIC AND LAW ENFORCEMENT EQUIPMENT	ALL WARDS	No
TACTICAL RADIO NETWORK	ALL WARDS	No
FIRE EQUIPMENT	ALL WARDS	No
NEW FIRE STATION - BERLIN WARD 45	45	No
REFURBISHMENT OF DISASTER MANAGEMENT CENTRE	47	No
REFURBISHMENT OF FIRE STATIONS	47	No
LAW ENFORCEMENT VEHICLES	ALL WARDS	No
BACK-UP GENERATORS		No
SOLID WASTER PROGRAMME		
BCM FLEET - SOLID WASTE FLEET AND PLANT	ALL WARDS	No
PURCHASE OF BULK CONTAINERS WITH REMOVAL VEHICLES	ALL WARDS	No
BCM FLEET - SOLID WASTE FLEET AND PLANT c/o	ALL WARDS	No
GALVANISED STREET LITTER BINS (CBDs) c/o	ALL WARDS	No
METAL SKIPS c/o	ALL WARDS	No
TRANSFER STATION	45	No
GUARD HOUSE ABLUTION FACILIT & OFFICES	27 & 28	No
INSTALLAT OF LINERS ON CELL 3 AND CELL 4	45	No
TRANSFER STATION C/O	45	No
CITY MANAGER'S OFFICE		
OFFICE FURN AND EQUIPMENT (DIRECTORATE)	ALL WARDS	Yes
OFFICE FURNITURE AND EQUIPMENT-EPMO	ALL WARDS	Yes

Capital Programme by Project by Ward: Year 2019/20R' 000		
Capital Project	Ward(s) affected	Works completed (Yes/No)
COASTAL MUNICIPAL COURT	ALL WARDS	No
INLAND MUNICIPAL COURT	ALL WARDS	No
FINANCE		
OFFICE FURN & EQUIPMENT (DIRECTORATE)	ALL WARDS	No
SMART METERING SOLUTIONS	ALL WARDS	No
SMART METERING WATER SOLUTIONS	ALL WARDS	No
ASSET REPLACEMENTS - INSURANCE	ALL WARDS	No
ACQUIRE ERP SYSTEM (ASSET MANAGEMENT SYSTEM,PROCUREMENT SYSTEM, etc)	ALL WARDS	No
CONSTRUCTION OF OFFICE ACCOMODATION - CUSTOMER CARE OFFICE-MIDLAND	11, 12, 13, 14, 20, 42,48, 50, 17, 23, 47, 46,33	No
COST REFFECTIVE TARIFF STRUCTURE	ALL WARDS	No
BACK-UP GENERATORS	ALL WARDS	No
CORPORATE SERVICES		
OFFICE FURN AND EQUIPMENT (DIRECTORATE)	ALLWARDS	Yes
EMPLOYEE PERFORMANCE MANAGEMENT SYSTEM	ALLWARDS	No
FURNITURE FOR INTERNS	ALL WARDS	Yes
ICT SERVICES		
FIBRE NETWORK	ALL WARDS	No
LTE INFRASTRUCTURE	ALL WARDS	No
DISASTER RECOVERY ENHANCEMENT	ALL WARDS	No
PROCUREMENT OF ICT EQUIPMENT	ALL WARDS	No
NETWORK EQUIPMENT REFRESH(KWT,MDA,BISHO)	ALL WARDS	No
INTELLIGENT OPERATING CENTRE HARDWARE & SOFTWARE	ALL WARDS	No
SCANNERS	ALL WARDS	No
EXECUTIVE SUPPORT		
OFFICE FURN AND EQUIPMENT (DIRECTORATE)	ALL WARDS	Yes
KWT COUNCIL CHAMBER CHAIRS	ALL WARDS	No
BHISHO COUNCIL CHAMBER CHAIRS	ALL WARDS	No
KWT MAYOR'S PARLOUR OFFICE FURNITURE	ALL WARDS	No
CITY HALL STAGE CURTAINING	ALL WARDS	No
NEW COUNCIL CHAMBER HORSESHOE CHAIRS - CITY HALL	ALL WARDS	No
CITY HALL AUDITORIUM RECORDING SYSTEM	ALL WARDS	
COUNCILLORS AND TRADITIONAL LEADER'S FURNITURE AND EQUIPMENT FOR A NEW TERM OF COUNCILLORS	ALL WARDS	
FLEET		
BCM FLEET PLANT SPECIALISED EQUIPMENT & SOLID WASTE VEHICLES	ALL WARDS	No
T O		



BUFFALO CITY METROPOLITAN MUNICIPALITY

ANNUAL REPORT




APPENDIX P

SERVICE CONNECTION BACKLOGS
AT SCHOOLS AND CLINICS

APPENDIX P: SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

NB. The information required on this Appendix is not applicable for BCMM





BUFFALO CITY METROPOLITAN MUNICIPALITY

ANNUAL REPORT

APPENDIX

Q

SERVICE BACKLOGS EXPERIENCED
BY THE COMMUNITY WHERE ANOTHER SPHERE OF
GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

APPENDIX Q:
SERVICE
BACKLOGS
EXPERIENCED BY
THE COMMUNITY
WHERE
ANOTHER
SPHERE OF
GOVERNMENT
IS RESPONSIBLE
FOR SERVICE
PROVISION

NB. The information required on this Appendix is not applicable for BCMM





BUFFALO CITY METROPOLITAN MUNICIPALITY

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APPENDIX


R

DECLARATION OF LOANS AND GRANTS
MADE BY THE MUNICIPALITY

APPENDIX R: DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

BCMM did not take loans during the year under review





BUFFALO CITY METROPOLITAN MUNICIPALITY

ANNUAL REPORT



APPENDIX S

DECLARATION OF RETURNS NOT MADE IN
DUE TIME UNDER MFMA S71

APPENDIX S: DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71

NB. The information required on this Appendix is not applicable for BCMM





BUFFALO CITY METROPOLITAN MUNICIPALITY

ANNUAL REPORT



APPENDIX



NATIONAL AND PROVINCIAL OUTCOME
FOR LOCAL GOVERNMENT

APPENDIX T: NATIONAL AND PROVINCIAL OUTCOME FOR LOCAL GOVERNMENT

NB. The information required on this Appendix is not applicable for BCMM





BUFFALO CITY METROPOLITAN DEVELOPMENT AGENCY (BCMDA)

ANNUAL REPORT

20/21



BCMDA
BUFFALO CITY METROPOLITAN
DEVELOPMENT AGENCY

BUFFALO CITY METROPOLITAN DEVELOPMENT AGENCY (BCMDA)

ANNUAL PERFORMANCE REPORT

20/21



BCMDA
BUFFALO CITY METROPOLITAN
DEVELOPMENT AGENCY

GOAL: ONE

A FINANCIALLY VIABLE & FULLY CAPACITATED AGENCY DELIVERING ITS MANDATE EFFICIENTLY & EFFECTIVELY

Performance Indicator	Unit	Baseline	Annual Target for FY 2020 / 21	Progress	Achieved /not achieved	Comments (Challenges/ explanations on variance)
Strategic Objective 1.1: Financial sustainability						
1. Implementation of a Financial Sustainability Strategy	%	Board & Council Approved Financial Sustainability Strategy	Implementation and Monitoring of Financial Sustainability Strategy	Lease agreements for Waterworld and Seaview Terrace signed, lodged and registered. As a panelist in the transactional advisors, Pamoja has been appointed for the provision of property financial advisory services for bringing the development of the 4 land parcels to financial close.	Achieved	The lease agreement for Sleeper Site is not yet signed. As the appointed developer for the Marina Glen A land parcel, the HDA has failed to deliver on its mandate and as a result a process of cancellation of their appointment is underway. The development of this land parcel will be referred to the market.
2. % Collection of Project Management Fees by 30 June 2021	%	Nil	2% return on investment	Achieved 1.9% rounded off to 2%	Achieved	Not applicable
	%	8% Collection of Project Management Fees on existing capital projects	8% Collection of Project Management Fees on existing capital projects	8 % of the certified work-in-progress collected.	Achieved	Not applicable
Strategic Objective 1.2 Organisational alignment to mandate						
3. Implementation of a revised organisational structure	#	Approved Organogram	100% Implementation of Revised Structure based on approved budget	The interviews for the position of Programme Manager: Building & Civil Engineering have been held and HR is finalising the recruitment process.	Not Achieved	There were delays in finalising the job specification and the requirements of the position.
Strategic Objective 1.3: Efficient and effective Information Technology and Knowledge Management service						
4. Implementation of Enterprise Architecture/ Master Systems Plan (Paperless Board Solution)	#	Approved Enterprise Architecture/ Master Systems Plan	Implementation of 3 systems or solutions from MSP (Paperless Board)	The paperless board solution has been implemented as planned.	Achieved	Not Applicable

Performance Indicator	Unit	Baseline	Annual Target for FY 2020 / 21	Progress	Achieved /not achieved	Comments (Challenges/ explanations on variance)
5. Implementation of Enterprise Architecture/ Master Systems Plan (Laptop Backup Solution))	#	Approved Enterprise Architecture/ Master Systems Plan	Implementation of 4 systems or solutions from MSP (Laptop Backup Solution)	The cloud-based laptop backup has been implemented as planned.	Achieved	Not Applicable
6. Development of Smart City Strategy	#	NIL	Approved Smart City Strategy	The draft smart city strategy has been developed and submitted to various committees for input and the Agency is working on the input received.	Not Achieved	The extensive research and survey that was not anticipated at planning the development were delayed. The engagements with different stakeholders got delayed due to the impact of Covid-19.
7. Development of ICT Digital Strategy	#	Approved Master Systems	Approved ICT Digital Strategy	The draft ICT digital strategy has been developed and submitted to various committees for input and the Agency is working on the input received.	Not Achieved	The extensive research and survey that was not anticipated at planning the development were delayed. The engagements with different stakeholders got delayed due to the impact of Covid-19.
8. Upgrading of Server Infrastructure	#	Old Server Infrastructure	Upgraded Server Infrastructure	The Agency's Server Infrastructure has been upgraded as planned in the financial year.	Achieved	Not Applicable
9. Implementation of ICT Governance Framework (Review Governance Framework)	#	Approved Governance Framework	Implementation ICT Governance Framework	The reviewed ICT governance framework has been tabled on various committees for input and comments.	Not Achieved	The engagements with different stakeholders got delayed due to the impact of Covid-19.
10. Implementation of Boardroom Video Equipment System	#	NIL	Installed Boardroom Video Equipment System	The Agency's implemented Boardroom Video Equipment System as planned in the financial year.	Achieved	Not Applicable
Strategic Objective 1.4: Sound Governance, Oversight and Legislative Compliance						

Performance Indicator	Unit	Baseline	Annual Target for FY 2020 / 21	Progress	Achieved /not achieved	Comments (Challenges/ explanations on variance)
11. Maximum Spending of Operational Grant received from the Metro	%	97%	97% Spending of Operational Grant received from the Metro	At least 97% spent of grant from the City	Achieved	Not Applicable
12. Improved Audit Outcome	n/a	Unqualified Audit Opinion	Unqualified Audit Report without findings	Unqualified Audit Opinion	Achieved	Not Applicable
13. Implementation of audit recommendations from audit reports (External Audit)	%	90%	90%	At least 90% YTD successful implementation of external audit action plan.	Achieved	Not Applicable
14. Percentage Implementation of audit recommendations from Internal audit reports	%	90%	90%	At least 90% YTD successful implementation of internal audit action plan.	Achieved.	Not Applicable
15. Number of policies developed, implemented, and reviewed	#	Policies and a strategy were developed, reviewed, and approved including the review of the standard operating procedures.	Review previously approved policies and procedures.	The following policies reviewed, tabled in the Board Policy Workshop and are awaiting Board approval: 1.SCM Policy 2. Asset and Disposal Management policy3. Delegations of Authority Manual	Achieved	Not Applicable
16. Develop an Annual Performance Report	No	2019-20 Annual Report	1 Annual Performance Report	Annual performance report was accordingly developed	Achieved	Not Applicable
17. Number of BCMDA input BCMM Annual Report	No	2019-20 BCMM annual report	1 set of BCMDA inputs into BCMM Annual Report	BCMDA input was accordingly provided to BCMM Annual Report	Achieved	Not Applicable
18. Develop an Integrated Annual Report	No	IAR 2019-20	1 Integrated Annual Report	1 Integrated Annual Report was developed	Achieved	Not Applicable
Strategic Objective 1.5: Sound Financial Planning, Administration and Reporting						

Performance Indicator	Unit	Baseline	Annual Target for FY 2020 / 21	Progress	Achieved /not achieved	Comments (Challenges/ explanations on variance)
19. Number of financial and performance reports prepared and submitted (with supporting portfolio of evidence)	#	4 Quarterly report	4 Quarterly reports	Quarterly financial and performance reports prepared and submitted by the 20th working day after the end of each quarter.	Achieved.	Not Applicable
20. Prepare and submit half year 2020/21 financial statements.	#	Half year financial statements submitted by end February 2020 and mid-year assessment reports by 20 January 2020	Submission of 2020/21 half year financial statements by 28 February 2021 and mid-year assessment reports by 20 January 2021.	Half Yearly FS Mid-year assessment report was submitted on 20 January 2021.	Not Achieved	AFS could not be done without concluding those of 2019/2020 in case there were audit journals to be affected. Focus was on the 2019/20 Audit, 2021/22 draft budget and 2020/21 adjustments budget and other Q4 operational requirements.
21. % of creditors paid within 30 days from the date of receiving an invoice by Finance Division	%	100%	100%	100% Payment of Monthly Creditors within 30 days of invoice receipt.	Achieved	Not Applicable
22. Number of monthly budget statements prepared and submitted by the 7th working day of each month following	#	12 monthly Budget Statements	12 Monthly Budget Statements	12 monthly budget statements prepared and submitted by 7 th working day of each following month.	Achieved	Not Applicable
23. Timeous reconciliation of all revenue, expenditure, assets, and liabilities (by the 10 th working day of the following month).	#	12 Monthly reconciliations	12 Monthly reconciliations	12 monthly reconciliations performed and reviewed by the 10th working day of each month.	Achieved	Not Applicable
24. Submission of EMP 201 returns within 7 days after every month-end	#	12 submitted for 2020/21	12 returns to be submitted for 2020/21	12 EMP 201 returns prepared and submitted within 7 days after every month end.	Achieved.	The EMP 201 for February 2021 was submitted on the 5th of March 2021 and payment was made on the 6th of March 2021 which resulted in penalties being levied. The Agency is currently in engagement with SARS as payment was done before the legislated 7th of March 2021.

Performance Indicator	Unit	Baseline	Annual Target for FY 2020 / 21	Progress	Achieved /not achieved	Comments (Challenges/ explanations on variance)
25. Submission of VAT 201 returns by the last working day of the month following after a one-month VAT period	#	6 returns submitted for 2020/21	12 returns to be submitted for 2020/21	12 VAT 201 returns submitted by the last working day after one-month period.	Achieved.	Not Applicable
26. Submission of EMP 501 returns by October and May	#	2 submitted for 2020/21	2 returns to be submitted in 2020/21	2 EMP 501 returns submitted by October and May	Achieved.	Not Applicable
27. Accurate fixed asset register that reconciles with the general ledger	#	2019/20 Fixed Asset register	2020/21 Fixed asset register	4 Quarterly Physical verification of assets performed. 12 monthly reconciliations of fixed asset register to accounting system performed.	Achieved.	Not Applicable
28. % expenditure of conditional grants received by June 2020	%	60%	60%	Spent 100% YTD on conditional grants received.	Achieved.	Not Applicable
29. Prepare and submit 2021/22 annual budget for approval by 31 May 2021.	#	Approved 2020/21 Budget by 31 May 2020.	Approved 2021/22 budget by 31 May 2021	2021/22 Annual budget approved by the Board by 31 May 2021.	Achieved.	Not Applicable
30. Monitor mSCOA compliance	%	100% implementation	100% MSCO compliance	100% Transacting live on the MSCOA system & Integration to BCM system for reporting purposes.	Achieved	Not Applicable
31. % implementation of the Supply Chain Management Policy	%	Approved Supply Chain Management Policy 100%	100% Implemented Supply Chain Management Policy	100% Reporting on Implementation of Supply Chain Management Policy.	Achieved	Not Applicable

Performance Indicator	Unit	Baseline	Annual Target for FY 2020 / 21	Progress	Achieved /not achieved	Comments (Challenges/ explanations on variance)
32. Develop and approve annual procurement plan.	#	2019/2020 Approved procurement plan	2020/2021 Approved procurement plan	2020/2021 procurement plan approved and implemented.	Achieved	Not Applicable
33. Monthly evaluation of supplier performance and maintenance of contracts register.	#	Supplier Performance Evaluation and Contract register	Supplier Performance Evaluation Contract register	12 Monthly supplier performance evaluations conducted, and 12 monthly contracts registers updated.	Achieved	Not Applicable
34. % LEVEL ONE BBBEE expenditure on procurement of goods and services	%	83% Expenditure on BEE Level 1 Suppliers	75% Expenditure on BEE Level 1 Suppliers	97% YTD Expenditure on BEE Level 1.	Achieved	Not Applicable
Strategic Objective 1.6: Effective and Efficient Corporate Services to advance Agency Performance.						
35. Ensure Performance contracts and work plans for all divisional staff are developed and signed.	#	100%	100% Compliance with PMDS Policy	The Agency has complied with the PMDS policy. All employees have Performance Agreements and Workplans. The Quarterly, Mid-Yearly, and Annual performance reviews have been conducted.	Achieved	Not Applicable
36. Vacancy rate on funded posts.	%	10%	10% Vacancy Rate on Funded Posts	The vacancy rate has been at 4.8% throughout the financial year and didn't exceed the threshold of 10%.	Achieved	Not Applicable
37. Percentage of women employed by the agency	%	63%	50 % Women Employed	The Agency has 61% of its employees as woman.	Achieved	Not Applicable
38. Staff Turnover Rate	%	5.8%	12% Staff Turnover Rate	The has been no resignation of employees in the Agency on 2020/21 financial year which meant 0% of staff turnover rate.	Achieved	Not Applicable

Performance Indicator	Unit	Baseline	Annual Target for FY 2020 / 21	Progress	Achieved /not achieved	Comments (Challenges/ explanations on variance)
39. Talent management (Learning & Growth)	%	55%	97% spent on approved training budget.	97% has been spent on the training budget as planned.	Achieved	Not Applicable
40. Implementation of Payroll	%	SAGE 300 Payroll System	100% Implementation of Payroll	Payroll has been prepared and processed timely throughout the financial year.	Achieved	Not Applicable
Strategic Objective 1.7: Effective Board Secretariat and legal support						
41. Number of Board meetings organized.	#	All Board and Committee meetings properly organised	4 Board Meetings	8 Board Meetings	Achieved	4 Special Meetings held to consider statutory requirements, projects update, and staff related matters.
42. Number of committee meetings organized.	No	All Committee meetings properly organized	16 Committee Meetings organized	23 Committee Meetings organized	Achieved	6 Special Meetings held to consider statutory requirements and staff related matters
43. Number of committee reports prepared	No	All Board reports developed.	16 Committee reports developed	23 Committee reports developed	Achieved	6 Special Meetings held to consider statutory requirements and staff related matters
44. Implementation of board resolutions	%	All Board and Committee meetings resolutions implemented	100%	All Board and Committee meetings resolutions implemented	Achieved	Not applicable
45. Board Secretariat functions and legal support matters dealt with as per legislated timeframes.	%	Effective Board Secretariat function	100%	All secretariate functions were accordingly executed	Achieved	Not applicable
46. Implementation of litigation matters attended to within timeframes.	%	Attending to litigation matters within the legal timeframe	100%	No litigation matters by and against the Agency	Achieved	Not applicable

Performance Indicator	Unit	Baseline	Annual Target for FY 2020 / 21	Progress	Achieved /not achieved	Comments (Challenges/ explanations on variance)
47. Draft and review contract documents of the Agency	%	Effective legal support	100%	All necessary drafts and contracts were accordingly reviews	Achieved	Not applicable
48. Ensure all negotiations with developers are within the prescribed legal framework	%	Effective legal support	100%	No negotiations with Developers held.	Achieved	Not applicable
49. Develop and review commercial lease agreements and related agreements for various land parcels	%	Effective legal support	100%	No new lease agreements to develop or review.	Achieved	Not applicable
50. Review Service Delivery Agreement	%	Effective legal support and signed Service Delivery Agreement	100%	Service level agreement was reviewed	Achieved	AGM held after the review date. Additional land parcels still to be considered by Council. No new additions or alterations yet.
51. Facilitate quarterly meetings between Executive Mayor and Board Chairperson	#	Informal unrecorded meetings held	4	3 meetings held instead of four meeting	Not Achieved	Covid 19 restrictions and unforeseen circumstances make it difficult to arrange physical meetings.
52. Facilitate quarterly meetings between City Manager and Chief Executive Officer	#	Informal unrecorded meetings held	4	4 meetings held between City Manager and Chief Executive Officer	Achieved	Not Applicable
Strategic Objective 1.8: Conductive working environment						
53. Compliance with Health and Safety Standards	#	Approved H&S Procedures/ Appointed H&S reps, Covid Compliance	Compliance with Health and Safety Standards	The Draft Health and Safety Policy has been developed and presented to various committees.	Not Achieved	The policy needed to shift from being internally focussed to also cater for the land parcels the Agency is developing. That has resulted into delays in completing the policy.

Performance Indicator	Unit	Baseline	Annual Target for FY 2020 / 21	Progress	Achieved /not achieved	Comments (Challenges/ explanations on variance)
		Officer & H&S Committee				
54. EAP (Wellness) Program developed	#	Appointed EAP Service Provider	Implementation of Wellness Programmes	The Wellness Programme has been implemented as planned and employees are utilising the programme.	Achieved	Not Applicable

GOAL: TWO

A DYNAMIC TOURIST ATTRACTION DESTINATION THROUGH INFRASTRUCTURE INVESTMENT AND PROMOTION

Performance Indicator	Unit	Baseline	Annual Target for FY 2020 / 21	Progress	Achieved /not achieved	Comments (Challenges/ explanations on variance)
Strategic Objective 2.1: Tourism opportunities exploited in high value products						
55. Implementation Tourism Infrastructure Masterplan (TIM) phase II: number of interpretive boards developed Esplanade	#	TIM Implementation plan	10 Interpretive boards developed Esplanade	The project has been completed	Achieved	Not applicable
56. (TIM phase II) Number of interpretive boards developed for CBD	#	TIM Implementation plan	15 Interpretive boards developed for CBD	The project has been completed	Achieved	Not applicable
57. (TIM phase II) number Public Art Strategies developed	#	TIM Implementation plan	1 Public Art Strategy developed	The draft Public Art Strategy has been developed	Not achieved	Internal capacity in the unit was limited during Q2 which resulted in a significant slowdown in procurement
58. (TIM phase II) number of interpretive boards designed	#	TIM Implementation plan	1 interpretive board design completed	1 service provider has been appointed	Not achieved	Internal capacity in the unit was limited during Q2 which resulted in a significant slowdown in procurement
59. Number of Tourism Routes developed	#	TIM Implementation Plan	4 Business Cases on Duncan Village Route Development	The project has been completed	Achieved	Not applicable
Strategic Objective 2.3: Global promotion of tourist attractions						
60. Number of Marketing and Communication services procured	No	Communication strategy	1 service provider to render Communication and Marketing Services	Service provider appointed to render marketing and communication services	Achieved	Not applicable

Performance Indicator	Unit	Baseline	Annual Target for FY 2020 / 21	Progress	Achieved /not achieved	Comments (Challenges/ explanations on variance)
61. Number of responses/ media stories developed	No	Communication strategy	8 media stories responded to/ developed	Over 8 media stories were responded to during the year under review	Achieved	The has been significant interest in the work of the Agency especially its capital projects.
62. Number of stakeholder engagements held	No.	Stakeholder Management Policy	4 stakeholder engagements	Over 4 stakeholder engagements took place over the year under review.	Achieved	The profile of the Agency and its work has increased this has necessitated more engagements with stakeholders.
63. Number of stakeholder engagement reports developed	No.	Stakeholder Management Policy	4 stakeholder engagement reports developed	4 stakeholders engagement reports developed	Achieved	

GOAL: THREE
ACQUIRE, PLAN,
DEVELOP AND MANAGE
LAND AND BUILDINGS

Performance Indicator	Unit	Baseline	Annual Target for FY 2020/ 21	Progress	Achieved /not achieved	Comments (Challenges/ explanations on variance)
Strategic Objective 3.1: Inner City Regeneration						
64. Implementation of a BCMDA Business Improvement District Strategy (Phase 2)	Reports	BCMDA BIDS Strategy	Implementation Phase 2 of the BIDS	Bhisho precinct in implementation in progress.	Achieved	Completion of project in Bhisho Q1 of 21/22 FY.
65. Facilitate the Planning and Execution of Sleeper Site Development Program	Reports	Development Proposal and Lease Agreement	Projects Packaged for Development	Notarial Lease in review. Consortium appointed and the town planning process has started. Public process not yet started.	Not Achieved	Munani, the appointed developer has confirmed continued interest in the development after a lull caused by a break in communication.
66. Facilitate the Planning and execution of Victoria Grounds Development Program	Reports	Council Resolution	Project Packaging	BCMDA had to re-tender after non-compliance of all tenders. BEC and BAC recommended that Compliant tenders undergo independent technical evaluation prior finalising appointment	Not Achieved	Tender was re-advertised on 7 March 2021 with closing on 14 May 2021. BEC and BAC assessed tenders and appointment will be affected by end of Q1 in 2021/22 FY.
67. Implementation of Integrated Beachfront Programme (IBP) Phase 2	Reports	IBP Phase 1	IBP Phase 2 (Kidd's Beach)	Implementation in Kidd's Beach completed and handed over to BCMMM on 18 June 2021.	Achieved	Stakeholders in Kidds Beach approved the upgrades. Contractor committed repairs to any defaults of various items.
68. Facilitate the Planning and execution of Marina Glen A Development Program	Reports	Development Proposal and Lease Agreement	Project Packaging	Housing Development Agency did not confirm further interest in developing the land parcel. Board requested BCMDA start open tender process.	Not Achieved	Specifications completed and with SCM to start tender process. Advertisement to be made in Q1 of 2021/22 FY.
69. Facilitate the maintenance and cleaning of Marina Glen B Phase 2 Development Program	Reports	Marina Glen B Phase 1	Implementation of Marina Glen Phase 2	Infrastructure improvements to ablutions and pergola completed. A deep cleaning process also completed at Ebulhanti and adjacent sites.	Achieved	Service provider to be appointed to rebuild braai stands and also for continued cleaning services in 2021/22 FY.

Performance Indicator	Unit	Baseline	Annual Target for FY 2020/ 21	Progress	Achieved /not achieved	Comments (Challenges/ explanations on variance)
70. Facilitate the Planning and execution of Sea View Terrace Development Program	Reports	Development Proposal and Lease Agreement	Project Packaging	Various Town Planning matters became a pre-requisite for Notarial Lease registration at Deeds Office. This subsequently delayed both the Development Agreement and Financial Agreement finalisation.	Not Achieved	BCMDA, BCMMM and Consultants in process to finalise all conditions relating to SG Diagrams and Title Deeds to fast-track registration process. This will be completed in Q1 of the 2021/22 FY
71. Facilitate the Planning and execution of Water World Development Program	Reports	Development Proposal and Lease Agreement	Project Packaging	Various Town Planning matters became a pre-requisite for Notarial Lease registration at Deeds Office. This subsequently delayed both the Development Agreement and Financial Agreement finalisation.	Not Achieved	BCMDA, BCMMM and Consultants in process to finalise all conditions relating to SG Diagrams and Title Deeds to fast-track registration process. This will be completed in Q1 of the 2021/22 FY
72. Commencement of project implementation (upgrade and expansion) at Water World	Reports	Water World Concept	Phase 1: upgrading completion at Water World	Construction of all features in progress despite various legitimate delays.	Achieved	Contractor currently putting in place measures to fast-track progress because of delays due to covid, SMME appointments and late delivery of materials.
73. Commencement of project implementation at Court Crescent	Reports	Court Crescent Concept	Phase 1: upgrading completion at Court Crescent	Programme changed to accommodate road construction, so general civil works of actual park delayed. Various bulk services discovered and not on BCMMM plans and drawings and required additional and new drawings and approvals.	Not Achieved	Delays experienced such that program lagged behind already reviewed programme. In addition delays of drawing impacted on SMME appointments and work packages as well as materials to be ordered. A concerted effort is being made to increase pace of implementation.

GOAL: FOUR

THE FACILITATION & DELIVERY OF SOCIO-ECONOMIC DEVELOPMENT PROGRAMMES

Performance Indicator	Unit	Baseline	Annual Target for FY 2020/21	Progress	Achieved /not achieved	Comments (Challenges/ explanations on variance)
Strategic Objective 4.1: Job Creation & Economic Development						
1. Implementation of an Inner-City Safety Programme	Reports	Implementation of Inner-City Safety Programme Phase 1	Phase 2 Implementation of Inner-City Safety Programme	The safety and security service continued irrespective of level of lockdown.	Achieved	Performance to be improved with new patrol vehicles and work schedule to be implemented. Marked improvements in reduction in social and contact crimes in 3 designated areas.
2. Implementation of a Waste Management Programme with DEA	Reports	Nil	Completion of DEFF Waste Management Programme	Programme extended work of 3 Clerical workers to 22 June 2021. Other participant contracts expired on 22 April 2021	Achieved	All documents submitted to DFFE as part of administrative closure by 30 June 2021 and includes General ledger, Trial balance, Bank statements and Monthly expenditure analysis as part of close-out process.
3. Implementation of Duncan Village Buy Back Center and Integrated Waste Management Systems	Reports	EU Funding Proposal	Implementation of DV BBC and WMS	pSP for Project management services appointed in April due to previous non-compliance of service providers. pSP for design only appointed at end of June.	Not Achieved	The soft projects are in implementation and infrastructure services will only commence once town planning, designs and EIA are approved.
4. Implementation of a Corporate Social Investment (CSI) Programme / Community Development Projects	Reports	CSI Programme	3 NPO's trained and funded	3 NPO's received their relevant tranche payments and 3 additional NPO's added due to savings at budget adjustment period which will be concluded in Q1 of the 2021/22 FY.	Achieved	Project monitoring to continue and next tranches paid subject to compliance
Strategic Objective 4.2: Enterprise and Sector Development Support						
5. Number of rural develop initiatives supported under Industrial Cluster Development Programme (ICDP)	No.	Metro Growth Strategy	1 rural development initiative supported	BCMMDA has provided support to the Shushu B Village. The support provided is directed towards the broader project of developing agro production cluster.	Achieved	Critical success factors for the project will be the realise of land by the community

6. SMME Strategy developed	-	Metro Growth Strategy	1 SMME Strategy	Situational analysis completed and the strategy framework was developed.	Not achieved	The consultation process towards the development of a situational analysis has require more in-depth consultation then anticipated.
7. Implementation of a Corporate Social Investment (CSI) Programme	No.	CSI Policy	3 initiatives supported	The BCMDA has identified the SMMEs to be supported and cost analysis was completed.	Not achieved	Capacity challenges in the unit prevented the realisation of this objective.
8. Number of socio-economic platforms attended	No	Metro Growth Strategy	3 socio-economic platforms attended	The BCMDA participated in a number of Socio-Economic Platforms these include amongst others: National Treasury City ED Managers' Forum Informal Sector Engagement, Cities Network Platform as well as the Boarder Kie Chamber Tourism Committee.	Achieved	COVID 19 Continues to create a challenge for the organisation to be as effective as possible its stakeholder engagement work.

GOAL: FIVE
HIGH GROWTH
INDUSTRIAL ECONOMY
THROUGH PROJECT
PREPARATION,
PACKAGING, AND
INVESTMENT
FACILITATION

Performance Indicator	Unit	Baseline	Annual Target for FY 2020 / 21	Progress	Achieved /not achieved	Comments (Challenges/ explanations on variance)
Strategic Objective 5.1: Facilitation and promotion of investment activities within BCMM						
9. Number of BCMM Investment conferences held	No.	Investment Conference 2019-2020	1 Investment Conference held ¹	This target was revised to be "Concept developed and Terms of Reference for the appointment of a service provider", these deliverables accordingly met.	Achieved	Due to COVID 19 the management and board took a decision that the event should not be held in this year and that rather a concept for a conference be developed. The concept should consider COVID 19
10. Investor Support Programme Developed	No.	BCMDA Financial Sustainability Strategy	1 investment support program developed.	Service provider had need appointed near the end of the financial year.	Not achieved	Internal capacity in the unit was limited during Q2 which resulted in a significant slowdown in procurement
11. Number of investors initiatives implemented.	No	Metro Growth and Development Plan	1 Investors initiative implemented. (4 Wi-Fi sites established)	The agency was successful in negotiating for 1 site to be set up at Hemmingways	Not achieved	Due to delays in the issuing out of permission for Think Wi fi to piggyback on city infrastructure and mount its equipment on.
12. Property Finance Advisory Services	%	MFMA	100% support provided for lease agreement	Facilitation support provided towards the conclusion of the notarial lease for Water World and Seaview Terrace. Draft lease agreements developed for Marina Glan A and Sleeper site.	Achieved	Not applicable
13. Number of Market Research indices developed	No.	eBuhlanti Market Research Index	1 Market Research Index developed (Esplanade end user satisfaction study)	At the close of the year the service provider had been appointment	Not achieved	Internal capacity in the unit was limited during Q2 which resulted in a significant slowdown in procurement processes.
Strategic Objective 5.2: Resource Mobilisation						
14. Number of funding proposals developed and submitted	No.	BCMD Financial Sustainability Strategy	2 funding proposals developed	Funding proposal developed for the Public Employment Programme. Funding proposal developed for Duncan Village Museum.	Achieved	Not applicable

¹ This target was revised to be "Concept developed and Terms of Reference for the appointment of a service provider", these deliverables accordingly met.





Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2021

General Information

Legal form of entity	Municipal Entity
Nature of business and principal activities	Municipal entity established to be a key implementation instrument in delivering on the Buffalo City Metropolitan Municipality's local economic development agenda.
Board of Directors	<p>Mr T Bonakele (Chairperson)</p> <p>Mr C Sangqu</p> <p>Ms M Pango</p> <p>Mr B Canning</p> <p>Mr L Njezula</p> <p>Ms T Buswana</p> <p>Ms S Booi</p> <p>Mrs T Godongwana</p> <p>Mrs L Simon - Ndzele (Council Representative)</p> <p>Mr B Nelana (CEO)</p>
Audit and Risk Committee	<p>Mr S Ngqwala (Chairperson)</p> <p>Ms Y Roboji</p> <p>Mrs T Maqwathi-Naku</p> <p>Mr S Maharaj</p>
Registered office	<p>10th Floor</p> <p>Trust Centre</p> <p>Oxford Street</p> <p>East London</p> <p>5201</p>
Business address	<p>Buffalo City Metropolitan Development Agency</p> <p>12 Esplanade Road</p> <p>Quigney</p> <p>East London</p> <p>5200</p>
Postal address	<p>PO Box 134</p> <p>East London</p> <p>5201</p>
Controlling entity	Buffalo City Metropolitan Municipality
Bankers	First National Bank Ltd
Auditors	Auditor General SA
Company Secretary	N Mpongoshe

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2021

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The reports and statements set out below comprise the annual financial statements presented to the BCMM Council:

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BCMM	Buffalo City Metropolitan Municipality
BCMDA	Buffalo City Metropolitan Development Agency
DEFF	Department of Environmental Forestry and Fisheries
GRAP	Generally Recognised Accounting Practice
IFRS	International Financial Reporting Standards
SDA	Service Delivery Agreement
DFFE	Department of Forestry, Fisheries and Environment
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2021

Directors Responsibilities and Approval

The Directors are required by the Municipal Finance Management Act (Act 56 of 2003) and the Companies Act 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Directors to ensure that the annual 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 external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual 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 as the prescribed accounting framework by National Treasury.

The annual 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 sets standards for internal control 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Directors have reviewed the entity's cash flow forecast for the year to 30 June 2022 and, in the light of this review and the current financial position, they are satisfied that the entity has access to adequate resources to continue in operational existence for the foreseeable future.

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

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements.

The annual financial statements set out on pages 4 to 54, which have been prepared on the going concern basis, were approved by the Board on 15 December 2021 and were signed on its behalf by:



B Nelana
Chief Executive Officer

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2021

Directors' Report

The Directors submit their report for the year ended 30 June 2021.

1. Incorporation

Buffalo City Metropolitan Development Agency (BCMDA) has been operating since its incorporation on 20 April 2016. BCMM has for the past four financial years, supported the Agency financially as stipulated in the signed Service Delivery Agreement (SDA) which was reviewed in July 2019. BCMM has, in the current financial year (2020/21) transferred the Agency's operational budget allocation in two half yearly tranches totalling R46.1 million.

2. Review of activities

Main business and operations

During the year, the mandate of the Agency as approved by Council remained that of conceptualising, planning and executing catalytic socio- economic development projects; serving as tourism agency of the parent municipality to acquire, own and manage land and buildings and / or rights to land and buildings necessary to enable it to achieve its aims and objectives.

3. Going concern

We draw attention to the fact that at 30 June 2021, the entity has an accumulated surplus of R 14 045 345 (2020: R11,487,943) and that the entity's total assets exceed its liabilities by R 14 045 345 (2020:R 11,487,943).

The annual 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.

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the Directors continue to procure funding for the ongoing operations of the entity and that the service delivery agreement was reviewed and signed with the Municipality on 01 July 2019 and remains effective for the future operations of the Agency.

4. Subsequent events

The Directors are not aware of any material matter or circumstance arising since the end of the financial year.

5. Directors' interest in contracts

The Directors have declared that they do not have any interests in the contracts of the agency.

6. Accounting policies

The annual financial statements were prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

7. Share capital / contributed capital

There were no changes in the authorised or issued share capital of the entity during the year under review. The entity is wholly owned by the parent municipality, it is authorised to issue hundred (100) ordinary shares with no nominal or par value.

8. Board

The Directors of the entity during the year, and to the date of this report are as listed below. The Board was appointed by Council, with effect from 01 September 2019.

T Bonakele (Chairperson)	Re Appointed	Re Appointed - 01 September 2019
C Sangqu	Re - appointed	Re-Appointed - 01 September 2019
T Godongwana	Appointed	Appointed 01 September 2019
M Pango	Re - Appointed	Re-Appointed - 01 September 2019
B Nelana (CEO)	Ex-Officio	
B Canning	Appointed	Appointed - 01 September 2019
L Njezula	Appointed	Appointed - 01 September 2019
T Buswana	Appointed	Appointed - 01 September 2019
S Booi	Appointed	Appointed - 01 September 2019

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)
Annual Financial Statements for the year ended 30 June 2021

Directors' Report

L Simon - Ndzele (Observer on behalf of Shareholder)

9. Company Secretary

Ms N Mpongoshe (Company Secretary and Legal Services Manager) was employed by the Agency with effect from 01 July 2018.

Business address Buffalo City Metropolitan Development Agency
12 Esplanade Road
Quigney
East London
5200

10. Corporate governance

General

The Board is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the Board supports the highest standards of corporate governance and the ongoing development of best practice.

The entity confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002. The Board discuss the responsibilities of management in this respect, at Board meetings and monitor the entity's compliance with the code on a three monthly basis.

The salient features of the entity's adoption of the Code is outlined below:

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 as defined in the Code; and
 - executive directors.
 - has established a Board directorship continuity programme.

Chair person and chief executive

The Chairperson is a non-executive and independent director (as defined by the Code).

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

Executive meetings

The Executive Committee has met on seventeen17 separate occasions including nine (9) Special Exco meetings during the financial year. The Executive Committee schedules to meet at least 12 times per annum.

Non-executive directors have access to all members of management of the entity.

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)
Annual Financial Statements for the year ended 30 June 2021

Directors' Report

Audit and risk committee

The chairperson of the audit committee is Mr S Ngqwala, who is an independent audit committee member. The committee met 7 times during the financial year to review matters necessary to fulfil its role.

In terms of Section 166 of the Municipal Finance Management Act, Buffalo City Metropolitan Municipality (BCMM), as a parent municipality, must appoint members of the Audit Committee. Notwithstanding that non-executive directors appointed by the parent municipality constituted the municipal entities' Audit Committees, National Treasury policy requires that parent municipalities should appoint further members of the municipality's audit committees who are not directors of the municipal entity onto the audit committee.

Internal audit

The entity has outsourced its internal audit function to Lunika Chartered Accountants who has fulfilled this functions since the re-establishment of the entity.This is in compliance with the Municipal Finance Management Act, 2003.

11. Controlling entity

The Agency's controlling entity is Buffalo City Metropolitan Municipality.

12. Bankers

All the entity's bank accounts are held at First National Bank.

13. Auditors

The Auditor General of South Africa will continue in office for the next financial period.

14. Meetings

There were seven (7) Board meetings including three(3) Special Board meetings that were held during the period 01 July 2020 to 30 June 2021. In addition, the Board had established sub committees to assist in discharging its governance responsibilities. The subcommittees are the Organisational Committee(OC), Governance Committee (GC), the Project Development and Investment Committee (PDIC) and the Audit and Risk Committee which is shared with the parent municipality.

The Organisational Committee met nine (9) times including five(5) Special OC meetings, Governance Committee five (5) times including one (1) Special GC meeting, Project Development and Investment Committee met four (4) times and the Audit and Risk Committee met seven (7) times including two(2) Special ARC meetings, during the period under review.

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2021

Company Secretary's Certification

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

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.



Ms N Mpongoshe
Company Secretary

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Position as at 30 June 2021

Figures in Rand	Note(s)	2021	2020 Restated*
Assets			
Current Assets			
Inventories	7	47 969	60 706
Receivables from exchange transactions	8	9 434 305	5 813 342
VAT receivable	9	702 688	498 066
Prepayments	31	97 604	-
Cash and cash equivalents	10	19 328 830	16 132 727
		29 611 396	22 504 841
Non-Current Assets			
Property, plant and equipment	3	1 810 340	1 384 122
Intangible assets	4	1 038 733	1 411 356
		2 849 073	2 795 478
Total Assets		32 460 469	25 300 319
Liabilities			
Current Liabilities			
Operating lease liability	5	99 404	51 545
Payables from exchange transactions	12	7 273 878	7 597 039
Unspent conditional grants and receipts	11	2 151 564	3 893 366
Provisions	34	2 392 276	1 437 692
		11 917 122	12 979 642
Non-Current Liabilities			
Provisions	34	6 498 002	832 733
Total Liabilities		18 415 124	13 812 375
Net Assets		14 045 345	11 487 944
Share capital / contributed capital	32	-	-
Accumulated surplus		14 045 345	11 487 944
Total Net Assets		14 045 345	11 487 944

* See Note 39

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020 Restated*
Revenue			
Revenue from exchange transactions			
Fees earned	13	6 798 546	1 751 975
Other income		189 402	89 766
Interest received - investment	36	488 136	519 620
Gain on disposal of assets		-	23 619
Inventories reversal		-	25 288
Total revenue from exchange transactions		7 476 084	2 410 268
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	14	46 175 912	47 114 189
Total revenue	35	53 651 996	49 524 457
Expenditure			
Employee related costs	15	(26 475 174)	(24 249 348)
Remuneration of Directors	23	(1 936 260)	(1 635 244)
Depreciation and amortisation	37	(1 181 400)	(935 879)
Impairment Loss		-	(51 531)
Finance costs		(48)	-
Contracted services	38	(14 082 113)	(5 181 999)
Loss on disposal of assets		(2 819)	-
Inventories losses/write-downs		(12 737)	-
General Expenses	16	(7 404 043)	(8 050 674)
Total expenditure		(51 094 594)	(40 104 675)
Surplus for the year		2 557 402	9 419 782

* See Note 39

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2021

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2019	2 068 162	2 068 162
Changes in net assets		
Surplus for the year	9 419 782	9 419 782
Total changes	9 419 782	9 419 782
Balance at 01 July 2020	11 487 943	11 487 943
Changes in net assets		
Surplus for the year	2 557 402	2 557 402
Total changes	2 557 402	2 557 402
Balance at 30 June 2021	14 045 345	14 045 345
Note(s)		

* See Note 39

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2021

Cash Flow Statement

Figures in Rand	Note(s)	2021	2020 Restated*
Cash flows from operating activities			
Receipts			
Grants		44 434 110	48 054 022
Interest income		488 136	519 620
Other Income		3 366 985	(2 594 946)
		<u>48 289 231</u>	<u>45 978 696</u>
Payments			
Employee costs		(25 778 868)	(22 918 404)
Suppliers		(16 140 138)	(7 628 272)
Finance costs		(48)	-
Remuneration of Directors		(1 936 260)	(1 635 244)
		<u>(43 855 314)</u>	<u>(32 181 920)</u>
Net cash flows from operating activities	18	4 433 917	13 796 776
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(850 309)	(1 270 680)
Proceeds from sale of property, plant and equipment	3	(1)	23 969
Purchase of other intangible assets	4	(387 504)	(404 741)
Net cash flows from investing activities		(1 237 814)	(1 651 452)
Net increase in cash and cash equivalents		3 196 103	12 145 324
Cash and cash equivalents at the beginning of the year		16 132 727	3 987 403
Cash and cash equivalents at the end of the year	10	19 328 830	16 132 727

The accounting policies on pages 16 to 33 and the notes on pages 34 to 54 form an integral part of the annual financial statements.

* See Note 39

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis	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						
Fees earned	2 896 007	5 031 325	7 927 332	6 798 546	(1 128 786)	N1
Other income	12 407 508	(12 407 508)	-	189 402	189 402	N2
Interest received - investment	854 338	(370 642)	483 696	488 136	4 440	
Total revenue from exchange transactions	16 157 853	(7 746 825)	8 411 028	7 476 084	(934 944)	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	88 314 194	57 971 256	146 285 450	46 175 912	(100 109 538)	N3
Total revenue	104 472 047	50 224 431	154 696 478	53 651 996	(101 044 482)	
Expenditure						
Personnel	(25 929 258)	(1 242 814)	(27 172 072)	(26 475 174)	696 898	
Remuneration of Directors	(1 959 300)	72 864	(1 886 436)	(1 936 260)	(49 824)	N4
Depreciation and amortisation	(1 296 779)	(82 365)	(1 379 144)	(1 181 400)	197 744	N5
Finance costs	(4 160)	-	(4 160)	(48)	4 112	N6
Contracted Services	(47 976 942)	(66 539 874)	(114 516 816)	(14 082 113)	100 434 703	N7
General Expenses	(27 305 608)	17 567 758	(9 737 850)	(7 404 043)	2 333 807	N8
Total expenditure	(104 472 047)	(50 224 431)	(154 696 478)	(51 079 038)	103 617 440	
Operating surplus	-	-	-	2 572 958	2 572 958	
Loss on disposal of assets and liabilities	-	-	-	(2 819)	(2 819)	N5
Inventories losses/write-downs	-	-	-	(12 737)	(12 737)	N9
	-	-	-	(15 556)	(15 556)	
Surplus before taxation	-	-	-	2 557 402	2 557 402	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	2 557 402	2 557 402	

Buffalo City Metropolitan Development Agency

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Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on an Accrual Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference

Figures in Rand

Statement of Financial Position

Assets

Current Assets

Inventories	35 418	-	35 418	47 969	12 551	N9
Receivables from exchange transactions	1 376 655	-	1 376 655	9 434 305	8 057 650	N10
VAT receivable	-	-	-	702 688	702 688	N11
Prepayments	-	-	-	97 604	97 604	N17
Cash and cash equivalents	1 469 128	113 896	1 583 024	19 328 830	17 745 806	N12
	2 881 201	113 896	2 995 097	29 611 396	26 616 299	

Non-Current Assets

Property, plant and equipment	1 994 000	(342 910)	1 651 090	1 810 340	159 250	N5
Intangible assets	1 449 000	(188 763)	1 260 237	1 038 733	(221 504)	N5
	3 443 000	(531 673)	2 911 327	2 849 073	(62 254)	

Total Assets	6 324 201	(417 777)	5 906 424	32 460 469	26 554 045	
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Liabilities

Current Liabilities

Operating lease liability	1 272 000	(113 436)	1 158 564	99 404	(1 059 160)	N13
Payables from exchange transactions	2 086 262	-	2 086 262	7 273 877	5 187 615	N14
Unspent conditional grants and receipts	-	-	-	2 151 564	2 151 564	N15
Provisions	1 819 000	-	1 819 000	2 392 276	573 276	N16
	5 177 262	(113 436)	5 063 826	11 917 121	6 853 295	

Non-Current Liabilities

Provisions	-	-	-	6 498 002	6 498 002	N16
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Total Liabilities	5 177 262	(113 436)	5 063 826	18 415 123	13 351 297	
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Net Assets	1 146 939	(304 341)	842 598	14 045 346	13 202 748	
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Net Assets

Net Assets Attributable to Owners of Controlling Entity

Reserves

Accumulated surplus	1 146 939	(304 341)	842 598	14 045 346	13 202 748	
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Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on an Accrual Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference

Figures in Rand

Cash Flow Statement

Cash flows from operating activities

Receipts

Grants	90 574 000	57 689 559	148 263 559	44 434 110	(103 829 449)	N3
Interest income	854 000	(370 000)	484 000	488 136	4 136	
Other income	15 304 000	(7 370 777)	7 933 223	3 366 985	(4 566 238)	N2
	106 732 000	49 948 782	156 680 782	48 289 231	(108 391 551)	

Payments

Employee costs	(25 929 258)	(1 242 814)	(27 172 072)	(25 778 868)	1 393 204	
Suppliers	(76 579 442)	(47 674 903)	(124 254 345)	(16 140 138)	108 114 207	N7/N8& N14
Finance costs	-	(4 160)	(4 160)	(48)	4 112	N6
Remuneration of Directors	(1 959 300)	72 864	(1 886 436)	(1 936 260)	(49 824)	N4
	(104 468 000)	(48 849 013)	(153 317 013)	(43 855 314)	109 461 699	

Net cash flows from operating activities	2 264 000	1 099 769	3 363 769	4 433 917	1 070 148	
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Cash flows from investing activities

Purchase of property, plant and equipment	(2 260 000)	281 891	(1 978 109)	(850 309)	1 127 800	N5
Proceeds from sale of property, plant and equipment	-	-	-	(1)	(1)	N5
Purchase of other intangible assets	-	-	-	(387 504)	(387 504)	N5

Net cash flows from investing activities	(2 260 000)	281 891	(1 978 109)	(1 237 814)	740 295	
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Cash flows from financing activities

Repayment of Borrowings	(1 271 960)	-	(1 271 960)	-	1 271 960	N18
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Net increase/(decrease) in cash and cash equivalents	(1 267 960)	1 381 660	113 700	3 196 103	3 082 403	
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Cash and cash equivalents at the beginning of the year	-	1 469 300	1 469 300	16 132 727	14 663 427	
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Cash and cash equivalents at the end of the year	(1 267 960)	2 850 960	1 583 000	19 328 830	17 745 830	
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The explained variances are those when compared to the final budgeted amount exceed 10%.

N1 - There is a 14% variance on fees earned. Revenue on this line item is dependent on work done by the contractors and invoices received and billed to the City. The anticipated project management fee was therefore not achieved.

N2 - There is 100% variance on other income as this was not anticipated. This is made up of tender sales, which was an error not to have been budgeted for. There is also R176 760 relating to a receivable of the grant payment processed by error through BCMMDA's primary account instead of the NDPG bank account.

N3 - There is variance of 68%% on Government Grants. As disclosed in note 14, this line item is made of the operational grant from the City, which was received in full during the financial year. Further there's a grant for the two recreational projects, which is included in the operational budget, however it is not recognised in revenue in the statement of financial performance.

N4 - There is an over expenditure on Remuneration of Directors. This was caused by the Special sittings of both Board and its committees which were not initially planned for and thus not catered for in the budget. Refer to Directors Report on page 5 for the detail.

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)
Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on an Accrual Basis

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

N5 - Depreciation and amortisation were based on planned acquisitions that would have taken place during the year. Additions were less than anticipated and therefore has an impact on depreciation and amortisation and the related carrying amounts at the end of the year. Further to this computer equipment was lost through office break in, hence the loss on disposal of asset.

N6 - There's 98% variance on finance costs, which shows that the Agency pays amounts due to creditors within the required 30 days from date of receipt of invoice. It further depicts that the Agency is compliant with its legislative prescripts and avoids any fruitless and wasteful expenditure.

N7 - Contracted services line item has a variance of 87%. As mentioned in preceding sections, this is due to contractors invoices that were not received as anticipated. Linked to this line item are other costs relating to advisory services, wherein expenditure was not as anticipated. Covid 19 had an impact as the suppliers took longer to deliver items procured. Further variance is huge due to expenditure on the recreational projects that is included in the operational budget, however not recognised as such in the Statement of Financial Performance.

N8 - The variance of 24% is as a result of the delayed implementation of procurement in certain project related items, where expenditure was more than 25% expected norm in a quarter. Even though the Agency attempted to catch up, it was further impacted by the delays caused by the imposed lockdown regulations.

N9 - This is as a result of year-end stock count.

N10 - The variance on receivables from exchange is as a result of invoices relating to construction projects and project management fees that were billed to the City for the month of June. These invoices were settled in the subsequent month.

N11 - This is Vat receivable at 30 June 2021. It is not budgeted for separately. Please refer to notes to the Annual Financial Statements for the detail.

N12 - These are cash balances at 30 June 2021. The variance is as a result of monies that were unspent on both the operational grant and NDPG conditional grant.

N13 - There is a variance due to straightlining of lease liability. Please see note 5, for detailed explanation.

N14 - Payables from exchange transactions is made up of invoices received from contractors of both Water World and Court Crescent. Included as well as staff related payables.

N15 - There is a 100% variance because the Agency did not anticipate that the funds would be unspent by the end of the financial year. Further a tender that initially issued for the Duncan Village Buy Back center and Integrated Waste management project had to be re-advertised due to its non-responsiveness. This therefore had an impact on this line item.

N16 - The provisions balance is more than budgeted due to the provision recognised on costs of defects of the previous office space that was rented by the Agency from EL IDZ. The provision was recognised in line with the rental agreement. In addition, there is a provision included under non current liabilities that relates to 5% retention withheld on contractor invoices. These monies will be due after the satisfactory completion of the projects (Water World and Court Crescent). In addition, the provision under current liabilities relates to staff performance bonuses. The performance bonuses for the 2019/20 performance have not yet been processed by the Board, therefore includes the provision for the 2020/21 performance which is budgeted for in the 2021/22 financial year.

N17 Prepayments are as a result of a rental invoice that was paid in June, relating to July 2021. The error was made mainly due to the fact that we process all payments on the last day of the month and since rent was due on 01 July, it was therefore paid. However the entry was reversed hence the prepayment.

N18 - This is a misclassification in the budget. This relates to repayment of lease liabilities.

Buffalo City Metropolitan Development Agency

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Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1. Presentation of Annual Financial Statements

The annual 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 annual financial statements have been prepared on the 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.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

The amounts herein are therefore rounded off to the nearest Rand.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual 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 annual financial statements. Significant judgements include:

Receivables

The entity assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 34 - Provisions.

Buffalo City Metropolitan Development Agency

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Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

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 has in accordance with paragraph 8 of Directive 5, GRAP Reporting Framework, adopted International Financial Reporting Standards (IFRS) IAS 12- Income Taxes. This is as a result of the absence of a GRAP standard dealing with taxation.

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.

Useful lives of property, plant and equipment and other assets

The entity's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and other assets. This estimate is based on industry norm.

1.4 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 municipality; 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.

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.

Buffalo City Metropolitan Development Agency

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Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.4 Property, plant and equipment (continued)

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

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

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	Average useful life
Furniture and fixtures	Straight line	6 years
Office equipment	Straight line	5 years
IT equipment	Straight line	3 years

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.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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.

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.

1.5 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.

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.

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

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1.5 Intangible assets (continued)

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.

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

Item	Useful life
Computer software	3 years

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

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1.6 Financial instruments (continued)

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity has the following types of financial assets (classes and categories) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at fair value
Receivables	Financial asset measured at fair value

The entity has the following types of financial liabilities (classes and categories) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at fair value

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1.6 Financial instruments (continued)

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value.

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

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1.6 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

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1.6 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.7 Statutory receivables

Identification

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1.7 Statutory receivables (continued)

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

The entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Derecognition

The entity derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

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1.8 Tax

Current tax assets and liabilities

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).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable surplus will be available against which the unused tax losses and unused STC credits can be utilised.

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.

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.

1.9 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.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

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1.9 Leases (continued)

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.

1.10 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 first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

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.

1.11 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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 used 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.

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1.11 Impairment of cash-generating assets (continued)

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:

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

1.12 Share capital / contributed capital

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

1.13 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.

1.14 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.

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.

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1.14 Provisions and contingencies (continued)

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

Provisions are not recognised for future operating surplus.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 21.

1.15 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.16 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 entity 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.

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1.16 Revenue from exchange transactions (continued)

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 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 the proportion that costs incurred to date bear to the total estimated costs of the transaction.

Interest

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.17 Value Added Tax

Buffalo City Metropolitan Development Agency is a registered Vat vendor in terms of the VAT Act with effect from 01 July 2016. Revenue, expenses and assets are recognised net of the amount of Value Added Tax except where VAT incurred on a purchase of assets or services is not recoverable from taxation authority, in which case VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

The agency accounts for VAT on an invoice or accrual basis.

1.18 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.

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.

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

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.

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1.18 Revenue from non-exchange transactions (continued)

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.

1.19 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.20 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

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Accounting Policies

1.20 Accounting by principals and agents (continued)

Assessing which entity benefits from the transactions with third parties

When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not the agent, then it is the principal in the transactions.

The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.21 Comparative figures

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

1.22 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.

1.23 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA in relation to a municipality or municipal entity means:

- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170 of the MFMA;
- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- any provincial legislation providing for procurement procedures in that provincial government.
- expenditure incurred in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or municipal entity which has not been condoned in terms of the such policy,

but excludes expenditure by a municipality which falls within the definition of unauthorised expenditure.

Upon discovery or identification of irregular expenditure that was incurred the Board of Directors have a responsibility to report in writing to the mayor and Municipal Manager of the parent municipality and the Auditor General particulars of the expenditure and steps taken to recover and prevent recurrence of the expenditure.

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Accounting Policies

1.23 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register. Irregular expenditure when recovered, is accounted for as revenue in the Statement of Financial Performance.

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.

1.24 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

Even though the standard is applicable in the current financial year, the required disclosure requirements are not applicable to the Agency. Management will continue to assess its applicability in future financial years.

1.25 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.26 Presentation of Budget information

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of Comparison of Budget and Actual Amounts.

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Accounting Policies

1.26 Presentation of Budget information (continued)

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 01 July 2020 to 30 June 2021. the budget information is therefore on a comparable basis to the actual amounts.

The comparative information includes actual amounts and final budget amounts. Explanation of differences between the final budget amounts and actual amounts that are above 10% are included in the Statement of Comparison of Budget and Actual Amounts.

1.27 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.28 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

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2. New standards and interpretations

2.1 Standards and interpretations not yet effective or relevant

GRAP 34: Separate Financial Statements

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

It furthermore covers Definitions, Preparation of separate financial statements, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020.

The entity does not envisage the adoption of the standard until such time as it becomes applicable to the entity's operations.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

Guideline: Guideline on the Application of Materiality to Financial Statements

The objective of this guideline: The objective of this Guideline is to provide guidance that will assist entities to apply the concept of materiality when preparing financial statements in accordance with Standards of GRAP. The Guideline aims to assist entities in achieving the overall financial reporting objective. The Guideline outlines a process that may be considered by entities when applying materiality to the preparation of financial statements. The process was developed based on concepts outlined in Discussion Paper 9 on Materiality – Reducing Complexity and Improving Reporting, while also clarifying existing principles from the Conceptual Framework for General Purpose Financial Reporting and other relevant Standards of GRAP. The Guideline includes examples and case studies to illustrate how an entity may apply the principles in the Guideline, based on specific facts presented.

It covers: Definition and characteristics of materiality, Role of materiality in the financial statements, Identifying the users of financial statements and their information needs, Assessing whether information is material, Applying materiality in preparing the financial statements, and Appendixes with References to the Conceptual Framework for General Purpose Financial Reporting and the Standards of GRAP & References to pronouncements used in the Guideline.

The guideline is encouraged to be used by entities.

The entity is unable to reliably estimate the impact of the standard on the annual financial statements.

IGRAP 20: Accounting for Adjustments to Revenue

As per the background to this Interpretation of the Standards of GRAP, there are a number of legislative and regulatory processes that govern how entities levy, charge or calculate revenue, in the public sector. Adjustments to revenue already recognised in terms of legislation or similar means arise from the completion of an internal review process within the entity, and/or the outcome of an external appeal or objection process undertaken in terms of legislation or similar means. Adjustments to revenue include any refunds that become payable as a result of the completion of a review, appeal or objection process. The adjustments to revenue already recognised following the outcome of a review, appeal or objection process can either result in a change in an accounting estimate, or a correction of an error.

As per the scope, this Interpretation of the Standards of GRAP clarifies the accounting for adjustments to exchange and non-exchange revenue charged in terms of legislation or similar means, and interest and penalties that arise from revenue already recognised as a result of the completion of a review, appeal or objection process. Changes to the measurement of receivables and payables, other than those changes arising from applying this Interpretation, are dealt with in accordance with the applicable Standards of GRAP. The principles in this Interpretation may be applied, by analogy, to the accounting for adjustments to exchange or non-exchange revenue that arises from contractual arrangements where the fact patterns are similar to those in the Interpretation.

The interpretation sets out the issues and relating consensus with accounting for adjustments to revenue.

The effective date of the interpretation is for years beginning on or after 01 April 2020.

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2. New standards and interpretations (continued)

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

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3. Property, plant and equipment

	2021				2020			
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value		
Furniture and fixtures	1 541 815	(344 621)	1 197 194	1 308 312	(117 102)	1 191 210		
IT equipment	1 347 664	(734 518)	613 146	761 509	(568 597)	192 912		
Total	2 889 479	(1 079 139)	1 810 340	2 069 821	(685 699)	1 384 122		

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	1 191 210	238 654	(580)	(232 090)	1 197 194
IT equipment	192 912	611 655	(2 238)	(189 183)	613 146
	1 384 122	850 309	(2 818)	(421 273)	1 810 340

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	71 904	1 194 439	-	(75 133)	1 191 210
IT equipment	235 732	76 241	(350)	(118 711)	192 912
	307 636	1 270 680	(350)	(193 844)	1 384 122

Pledged as security

None of the above property, plant and equipment has been pledged as security.

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3. Property, plant and equipment (continued)

Depreciation rates

The depreciation methods and average useful lives of property, plant and equipment have been assessed as stated below. IT equipment have upon conditional assessmentt, been revised to 5 years where the assets reach the end of the useful lives in line with the BCMDA's Asset Management Policy. The change in estimate was effected and accounted for in the 2019/20 financial year. In the 2020/21 financial assets, there were no assets that had reached the end of their useful lives.

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight-line	6 years
Office equipment	Straight-line	5 years
IT equipment	Straight-line	3 years

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4. Intangible assets

2021		2020	
Cost / Valuation	Accumulated amortisation and impairment	Carrying value	Cost / Valuation
4 402 296	(3 363 563)	1 038 733	4 014 792
			Accumulated amortisation and impairment
			(2 603 436)
			1 411 356

Reconciliation of intangible assets - 2021

Opening balance	Additions	Amortisation	Total
1 411 356	387 504	(760 127)	1 038 733

Reconciliation of intangible assets - 2020

Opening balance	Additions	Amortisation	Impairment loss	Total
1 800 182	404 741	(742 036)	(51 531)	1 411 356

Pledged as security

None of the above intangible assets are pledged as security.

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5. Operating lease accrual

Non-current assets	-	-
Current liabilities	(99 404)	(51 545)
	(99 404)	(51 545)

The Agency entered into lease agreements for its two multifunctional printers and office space. GRAP 13 requires straightlining of lease payments over the duration of the lease term. The lease for the office space has an escalating clause of 7% per annum. The above lease accrual is therefore as a result of adhering with the standard.

6. Employee benefit obligations

Defined contribution plan

It is the policy of the entity to provide retirement benefits to all its employees. BCMDA has during the financial year made contributions to a Defined Contribution Plan, wherein the fixed contributions are paid on a monthly basis. The entity is under no obligation to cover any unfunded benefits. Kindly refer to note 30 for the amounts paid to the fund.

The amount recognised as an expense for defined contribution plans is	1 747 649	1 590 464
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7. Inventories

Consumable stores	47 969	60 706
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Inventory Reconciliation

Opening Balance	60 706	35 418
Procured during the year	139 242	150 470
Consumed during the year	(151 979)	(125 182)
	47 969	60 706

Included in inventory are items that were held in stock at the financial year end.

8. Receivables from exchange transactions

Project Management Fee Receivable	685 745	485 922
Sundry Debtors	176 760	909
BCMM Receivables - Construction	8 571 800	5 326 511
	9 434 305	5 813 342

Receivables from exchange transactions are made up of Project management fees of R685 745 in relation of Water World and Court Crescent projects. Further there are BCMM Receivables of R8.5 million relating to invoices billed to the BCMM based on invoices received from contractors on both Water World and Court Crescent. Both the project management fees and BCMM receivables were subsequently paid by the BCMM. In addition, during the year, the Agency received funding from the City of R2.5 million in relation to the Duncan Village Buy Back Centre and the Integrated Waste Management Programme funded through BCMM by National Treasury. Invoices received were paid in error from the BCMDA's primary account instead of the ring-fenced funds for the project. The Agency has therefore recognised a receivable of R176 760 in this regard, which is included in the balances shown above.

9. VAT receivable

VAT	702 688	498 066
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The Agency is a registered VAT vendor and accounts for VAT on an accrual basis. The Agency has, for the current financial year submitted all VAT returns to SARS. All amounts that were due to SARS were paid. There are however some refunds that are due to the Agency that were outstanding from SARS, which were paid subsequent to year end.

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10. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 637	1 489
Bank balances	19 327 193	16 131 238
	19 328 830	16 132 727

The agency had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
First National Bank - Public Sector Cheque Account - 620-9871-7899	6 659 766	1 434 349	6 659 766	1 434 348
First National Bank - Commercial Money Market Account - 620-9871-9358	10 029 466	10 804 827	10 029 466	10 804 827
First National Bank - DEA Waste Management Public Sector Cheque Account - 627-4180-3177	68 586	3 892 062	68 586	3 892 062
First National Bank - Public Sector Cheque Account - 629-0192-1983	2 569 375	-	2 569 375	-
Cash on hand	-	-	1 637	1 489
Total	19 327 193	16 131 238	19 328 830	16 132 726

The difference between the Bank Statement balances and Cash Book balances is as a result of cash on hand at the end of each of the financial years.

11. Unspent conditional grants and receipts

BCMDA was appointed by the Department of Environment Forestry and Fisheries (now DFFE), as an implementing agent of the Waste Management Project in November 2017. The approved funding is R14 million and R8.6 million was received during the 2019/20 financial year. The project progressed was concluded in June 2021. The Agency further received in the current financial year funding of R2.5 million for the project of the implementation of the Duncan Village Buy Back centre and Integrated Waste Management on behalf of the BCMM. Since this fund is received through BCMM, it is deemed a taxable supply for Vat purposes. The amount disclosed therefore is net of Vat. Refer to note 15 for the reconciliation.

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

DEFF Waste Management Project	71 030	3 893 366
NDPG - Integrated Waste Management Grant	2 080 534	-
	2 151 564	3 893 366

12. Payables from exchange transactions

Trade payables	5 663 371	5 728 254
Staff Related Payables	1 610 507	1 868 785
	7 273 878	7 597 039

The amount is made up of service providers that were not paid by 30 June 2021 and staff related payables such as statutory deductions, leave accrual and staff claims.

13. Other revenue

Fees earned	6 798 546	1 751 975
Other Income	189 402	89 766
	6 987 948	1 841 741

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13. Other revenue (continued)

Other revenue is made up of fees earned through project management fees and tender fees.

14. Government grants and subsidies

Operating grants

Buffalo City Metropolitan Municipality	40 139 557	39 352 507
LG SETA Grant	41 662	31 802
DEFF - Waste Management Conditional Grant (now DFFE)	5 840 989	7 729 880
NDPG Grant	153 704	-
	46 175 912	47 114 189

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	5 994 693	7 729 880
Unconditional grants received	40 181 219	39 384 309
	46 175 912	47 114 189

DEFF - GMC Conditional Grant

Balance unspent at beginning of year	-	3 585
Conditions met - transferred to revenue	-	(3 585)
	-	-

DEFF Conditional Grants

Balance unspent at beginning of year	3 893 366	2 953 533
Current-year receipts	2 078 453	8 609 913
Conditions met - transferred to revenue	(5 900 789)	(7 729 880)
Other	-	59 800
	71 030	3 893 366

Conditions still to be met - remain liabilities (see note 11).

DEFF, now DFFE appointed BCMDA to implement the Waste Management project. The appointment was made in November 2017. In instances where conditions have been met, the amount equivalent to the expenditure incurred was transferred to revenue. The project came to an end in June 2021, with the remaining funds as shown above.

NDPG Grant

Current-year receipts	2 234 239	-
Conditions met - transferred to revenue	(153 704)	-
	2 080 535	-

Conditions still to be met - remain liabilities (see note 11).

This grant is for the Duncan Village buy back centre and integrated waste management programme. It is funded by National Treasury through BCMM. BCMDA is assisting with the implementation thereof. It is for a three year period, however additional funding is received upon expenditure of 70% of the tranche received. The first tranche of R2.5 million was received in October 2020, however delays were experienced in the procurement of a suitable service provider. The tender was advertised twice before it could be finalised, which was during quarter 3 of the financial year. This is the reason for having spent only R176 760 in the current financial year. The amounts disclosed above are net of Vat as these transfers are deemed a taxable supply in terms of the Vat Act.

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15. Employee related costs

Other employees

Basic	15 221 572	13 566 400
Bonus	544 024	445 458
UIF	87 008	79 543
SDL	187 352	170 365
Car allowance	120 000	120 000
Housing benefits and allowances	48 000	48 000
Pension contributions	1 032 000	887 751
Leave pay provision	604 388	737 293
	17 844 344	16 054 810

Remuneration of Executive Management

Remuneration of Chief Executive Officer - Appointed 01 October 2017

Annual Remuneration	2 297 299	2 187 904
Performance Bonuses	126 225	134 820
Contributions to UIF, Medical and Pension Funds	229 018	218 171
	2 652 542	2 540 895

Remuneration of Chief Financial Officer- Appointed 20 April 2016

Annual Remuneration	1 543 201	1 445 882
Performance Bonuses	83 416	74 247
Contributions to UIF, Medical and Pension Funds	126 937	144 784
	1 753 554	1 664 913

Remuneration of Company Secretary/Legal Advisor- Appointed July 2018

Annual Remuneration	996 792	938 157
Performance Bonuses	54 769	38 540
Contributions to UIF, Medical and Pension Funds	100 397	94 569
	1 151 958	1 071 266

Corporate and human resources (corporate services)- Appointed 01 June 2016

Annual Remuneration	1 311 740	1 239 064
Performance Bonuses	71 484	63 627
Contributions to UIF, Medical and Pension Funds	119 762	124 329
	1 502 986	1 427 020

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15. Employee related costs Other employees (continued)

Development Facilitation - Appointed 01 July 2016

Annual Remuneration	1 358 913	1 294 203
Performance Bonuses	74 666	66 458
Contributions to UIF, Medical and Pension Funds	136 211	129 783
	1 569 790	1 490 444

Total- Employee Related Costs

26 475 174	24 249 348
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The employment contracts of the three Executives, except the Chief Executive Officer came to an end during the current financial year. The Agency embarked in an organisational design process, which the conclusion date is anticipated to be December 2021. In the process, for the purposes of business continuity, the Board resolved to extend the contracts of the three (3) Executives for a period of 12 months. Upon expiry of the contracts the Chief Financial Officer and Corporate Services Executive, withdrew their membership from the Provident Fund, hence the decrease in contributions of the two respectively when compared to the previous financial year.

16. General expenses

Advertising	87 137	130 615
Auditors remuneration	804 048	715 479
Bank charges	11 665	23 569
Consumable Materials and Supplies	514 897	1 188 107
Delivery expenses	926	1 646
Bursaries	110 426	77 340
Fines and penalties	47 286	-
Insurance	26 063	26 192
Catering	29 789	127 144
Workmen's Compensation Fund	118 632	94 680
Software expenses - Licences	993 854	412 158
Branding	15 633	15 800
Promotions and sponsorships	246 247	261 610
Medical expenses	203 355	69 305
Printing	39 748	74 671
Protective clothing	420 125	426 545
Project Management Costs	412 500	990 000
Repairs and maintenance	1 349 627	303 062
Employee Wellness	91 808	220
Subscriptions and membership fees	16 421	13 210
Telephone and fax	287 787	237 801
Transport Expenses	30 699	41 302
Training & Conferences	421 561	415 874
Travel, Accommodation & Subsistence- local	471 460	1 279 481
Refuse Removal	-	18 600
Utilities	44 751	106 204
Audit Committee Remuneration	393 060	376 799
Placement Fees	13 000	33 230
Refreshments	41 558	50 146
Corporate Activities	-	14 041
Venue expenses	159 980	525 843
	7 404 043	8 050 674

General Expenses when compared to the prior have decreased by 8%. This is attributable to the following:

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16. General expenses (continued)

Consumable expenses have decreased by almost 50%, due to the working arrangements BCMDA had with the employees. Majority of the time in 2020/21 employees were working from home, therefore issuing of stationery and other consumables were reduced. Venue hire and travel and accommodation costs have also decreased due to limited travel caused by the COVID 19 pandemic. The majority of the engagements with stakeholders are held virtually.

17. Auditors' remuneration

Fees	804 048	715 479
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18. Cash generated from operations

Surplus	2 557 402	9 419 782
Adjustments for:		
Depreciation and amortisation	1 181 400	935 879
Gain/(Loss) on sale of assets	2 819	(23 619)
Impairment deficit	-	51 531
Movements in operating lease assets and accruals	47 859	51 545
Movements in provisions	6 619 853	1 241 453
Changes in working capital:		
Inventories	12 737	(25 288)
Receivables from exchange transactions	(3 620 963)	(4 436 687)
Prepayments	(97 604)	-
Payables from exchange transactions	(323 162)	5 834 087
VAT	(204 622)	(191 740)
Unspent conditional grants and receipts	(1 741 802)	939 833
	4 433 917	13 796 776

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19. Financial instruments disclosure		
Categories of financial instruments		
2021		
Financial assets		
	At fair value	Total
Trade and other receivables from exchange transactions	9 434 305	9 434 305
Cash and cash equivalents	19 328 830	19 328 830
	28 763 135	28 763 135
Financial liabilities		
	At fair value	Total
Trade and other payables from exchange transactions	7 273 876	7 273 876
2020		
Financial assets		
	At fair value	Total
Trade and other receivables from exchange transactions	5 813 342	5 813 342
Cash and cash equivalents	16 132 727	16 132 727
	21 946 069	21 946 069
Financial liabilities		
	At fair value	Total
Trade and other payables from exchange transactions	7 597 042	7 597 042
20. Commitments		
Authorised operational expenditure		
Already contracted for but not provided for		
• Operating lease- Premises	1 950 350	3 081 925
• Operating lease- IT Equipment	79 425	149 009
• Supply and Development of Electronic/Paperless Board Solution	79 350	-
• Provision of Security Services EL Beachfront	1 542 022	1 459 778
• System Upgrade on mSCOA compliance	718 782	1 160 290
• Basic Infrastructure Provision to 4 Material Recovery Facilities for DEFF Waste Management Programme	24 006	-
• Court Crescent Construction - Project Management Fees	1 353 051	4 703 841
• Supply and delivery of cloud based backup and recovery services	7 354	139 852
• Water World Construction - Project Management Fees	638 887	3 292 591
• Provision of Internal Audit Services	35 784	325 149
• Provision of Unified Communication - Transversal Contract	3 139	30 574
• Provision of Pre and Post Medical Examination DEFF Participants	-	112 465
• Supply and Implementation of Microsoft 365	412 167	654 903
• Website hosting and maintenance	98 900	124 200
• Provision of Strategy Consulting Services	-	15 721
• Proposed East London Beachfront Precinct Project - Court Crescent	48 031 805	82 560 038
• Proposed Upgrade of Water World	43 664 254	95 704 369
• Business Case for Development of Duncan Village	-	920 000

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Figures in Rand	2021	2020
20. Commitments (continued)		
• Urban and Environmental Upgrading, Landscaping and Maintenance of Leaches Bay - Civil Engineering	-	231 300
• Urban and Environmental Upgrading, Landscaping and Maintenance of Leaches Bay- GB	-	315 057
• Urban and Environmental Upgrading, Landscaping and Maintenance in Marina Glen B (Ebuhlanti)	-	629 728
• Supply and delivery of Computer Equipment	-	112 603
• Accredited Fundraising Training for 10 NPOs	-	49 980
• Office Disinfections and Sanitising Services	-	230 230
• Supply and Delivery of Personal Protective Equipment	-	207 027
• Provision of MFMP (CPMD)	-	116 000
• Provision of Samtrac TRaining	18 990	54 960
• ITIL Foundation Exam	-	9 085
• Bookkeeping Training for CSI NPOs	-	17 250
• Supply and delivery of Stationery	-	24 274
• Printing of Annual Report	10 005	7 786
• Supply and delivery of branding and marketing material	-	17 900
• Provision of Office Signage	-	8 787
• Provision of data for employees	-	10 540
• Provision of group pictures	-	7 500
• Printing of BCMDA Investment Booklet	-	13 067
• Provision of signage for CSI Projects	-	7 992
• Branded Notice Boards	-	29 967
Remuneration Specialist Services	256 007	-
Property Finance Advisory Services	6 992 000	-
Minor Upgrade of Bisho CBD as part of BIDS	493 702	-
Development of Public Art Strategy and Implementation plan for BCMDA	240 000	-
Supply and Development of Cloud Based Laptop Backup Solution	342 476	-
Duncan Village Buy-back Centre and Integrated Waste Management Services	4 821 025	-
Marina Glen B (Ebuhlanti) Little Mauritius and Esplanade	30 498	-
Organisational Development and Design Services	287 960	-
Planning and Design of Interpretative Boars for the Esplanade Area	115 000	-
Assessment of Stakeholder Opinion on Development of Beachfront and Quigney Area	181 700	-
Decontamination and Microfogging of the BCMDA Office	258 228	-
Investigation of Irregular Expenditure	104 900	-
Provision of Integrated Marketing and Communication Servcies	2 165 536	-
Duncan Village Buy Back Centre and Implementation Services	2 302 170	-
Supply and Delivery of docking station	3 513	-
Repairs of water dispensers	3 432	-
Repairs of hard drive	1 000	-
Services of a Chairperson for Disciplinary Hearing	11 960	-
Supply and Delivery fo Eight Laptops	290 315	-
Tourism Infrastructure Master Plan	250 000	-
Industrial Cluster Development Programme	219 659	-
SMME Development Strategy	80 000	-
	118 119 352	196 535 738
Total operational commitments		
Already contracted for but not provided for	118 119 352	196 535 738

This committed expenditure relates to expenditure as outlined above and will be financed by available bank facilities arising from funding received from Buffalo City Metropolitan Municipality. Further included in the commitments, are the commitments in relation to the Water World and Court Crescent recreational projects, which are financed by the City on a claim basis.

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	1 225 749	1 243 463

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Figures in Rand	2021	2020
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20. Commitments (continued)

- in second to fifth year inclusive	695 904	1 921 654
	1 921 653	3 165 117

Operating lease payments represent rentals payable by the entity in relation to office accommodation and two multipurpose printer/copier. Office accommodation lease is for a period three years with an escalation clause of 7% per annum. Printers/copiers rental agreement is for a period of three years with no escalation clause.

21. Contingencies

The Accounting Officer is not aware of any contingent liabilities as at 30 June 2021.

22. Related parties

Relationships	
Directors	Refer to Directors report note 23
Controlling entity	Buffalo City Metropolitan Municipality
Economic Entity	East London IDZ SOC Ltd
Members of key management	Mr B Nelana
	Mrs V Ntsodo-Boyce
	Mr X Jikela
	Dr E Uithaler
	Ms N Mpongoshe

Kindly refer to Note 16 for payments made to key management and Note 23 for payments made to Board members.

Related party balances

Amounts included in Trade receivable (Trade Payable) regarding related parties

Buffalo City Metropolitan Municipality (Receivable)	9 257 343	5 752 632
East London IDZ SOC Ltd	(255 754)	(255 754)
Buffalo City Metropolitan Municipality (NDPG)- Net of Vat	(2 080 534)	-

Related party transactions

Grants Received from related parties

Buffalo City Metropolitan Municipality (Vat Inclusive)	46 160 491	45 255 556
Buffalo City Metropolitan Municipality (NDPG)- Vat Inclusive	2 569 375	-

Project Management Fees from related parties

Buffalo City Metropolitan Municipality (Vat Inclusive)	7 405 827	1 270 628
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Key management information

Class	Description	Number
Non-executive board members	Board of Directors	8
Audit and Risk Committee	Shared with parent municipality	4
Executive management	Agency Management	4
Councillors	Shareholder Representative	1

23. Remuneration of Directors

Non- Executive Directors

2021

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23. Remuneration of Directors (continued)

	Re-imbursive Costs	Board Remuneration	Total
C Sangqu	2 388	228 500	230 888
M Pango	429	251 500	251 929
T Bonakele	-	238 500	238 500
L Njezula	605	246 500	247 105
T Buswana	5 693	291 500	297 193
S Booie	145	251 500	251 645
T Godongwana	-	241 500	241 500
B H Canning	-	177 500	177 500
	9 260	1 927 000	1 936 260

2020

	Re-imbursive Costs	Board Remuneration	Total
S Kondlo	-	49 500	49 500
C Sangqu	5 196	229 500	234 696
J Badenhorst	437	47 500	47 937
N Petela-Ngcanga	3 668	50 500	54 168
M Pango	2 687	232 500	235 187
T Bonakele	9 867	187 500	197 367
L Njezula	1 881	162 500	164 381
T Buswana	1 160	204 000	205 160
S Booie	758	172 000	172 758
T Godongwana	1 437	137 000	138 437
B Canning	5 154	130 500	135 654
	32 245	1 603 000	1 635 245

24. Comparative figures

The comparative figures were not restated because management has not identified any errors occurred in the past and preceding financial years.

25. Risk management

Financial risk management

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

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.

Credit risk

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

Financial assets exposed to credit risk at year end were as follows:

	2021	2020
Financial instrument	19 328 830	16 132 727
Cash and Cash Equivalents		

Buffalo City Metropolitan Development Agency

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25. Risk management (continued)

Market risk

Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

26. Going concern

We draw attention to the fact that at 30 June 2021, the entity had an accumulated surplus of R 14 045 345 (2020: R11,487,943) and that the entity's total assets exceed its liabilities by R 14 045 345 (2020: R11,487,943).

The annual 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.

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the Accounting Officer continues to procure funding for the ongoing operations for the entity and that the Service Delivery Agreement referred to in preceding sections of these annual financial statements will remain in force for so long as it takes to maintain the solvency of the entity.

27. Events after the reporting date

There were no material events taking place after the reporting date that would affect the Annual Financial Statements.

28. Fruitless and wasteful expenditure

Opening balance as previously reported	75 472	74 563
Opening balance as restated	75 472	74 563
Add: Expenditure identified - current	58 973	909
Less: Amount recovered - current period	(13 290)	-
Closing balance	121 155	75 472

Fruitless and Wasteful Expenditure is made up expenditure incurred through travelling and accommodation costs and fines penalties that were charged by SARS during 2017/18 financial year and the Department of Labour in the 2018/19 financial year. Engagements are still in progress with SARS on expenditure that was incurred in 2017/18 financial year. Expenditure incurred in the current year relates to travel and accommodation arrangements wherein Board members incurred the costs, which were recovered as detailed above. Agency further incurred SARS penalties and interest on an EMP201 return assessment and that was submitted and paid for on the 6 March 2021. SARS considered the payment to have been made on 8 March. Engagements are in progress with SARS to reverse the penalties and interest paid.

29. Deviation from supply chain management regulations

Section 12(1)(d)(i) of Municipal Supply Chain Regulations 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 regulations states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the Board and includes a note to the annual financial statements.

In response to COVID 19 that was declared by the President as disaster in terms of the Disaster Management Act, Personal Protective Equipment and disinfection of office services were procured during the 2019/20 financial year and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the subsequent Board meeting that was held in August 2020, which considered the deviations and noted the deviation from the normal supply chain management regulations, as stipulated by the MFMA Supply Chain Regulations. There was expenditure incurred through deviations in the current financial year.

Buffalo City Metropolitan Development Agency

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29. Deviation from supply chain management regulations (continued)

Supplier Details

Emsengeni Construction	-	251 160
Masalamahle Trading	-	207 027
Lisakhanya Skills Development	-	63 045
	-	521 232

30. Additional disclosure in terms of Municipal Finance Management Act

Provident Fund Contributions

Opening balance	122 146	101 909
Current year contributions	1 747 649	1 591 266
Amount paid - current year	(1 752 001)	(1 571 029)
	117 794	122 146

PAYE and UIF

Opening balance	530 657	-
Current year subscription / fee	5 617 555	5 198 191
Amount paid - current year	(5 545 023)	(4 667 534)
	603 189	530 657

Supply chain management regulations

In terms of section 45 of the Municipal Supply Chain Management Regulations, the notes to the annual financial statements of a municipal entity must disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months. As disclosed in the previous financial year's annual financial statements, an award was made to a spouse of a person in the service of the state. The Agency awarded a contract to SMS ICT Choice (Pty) Ltd, whose director has a spouse in the service of the state. There were contracts awarded to spouses of those in the service of the state in the current financial year.

Supplier Details

SMS ICT Choice (Pty) Ltd	-	3 756
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31. Prepayments

The prepayment relates to office space rental invoice dated 01 July 2021, that was mistakenly paid on 30 June as the date of paying outstanding invoices.

32. Share capital / contributed capital

Authorised

100 Ordinary shares of R1 each or par value of R1	100	100
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The Agency is authorised to issue no more than 100 (one hundred) ordinary shares with no nominal or par value.

33. Deferred tax

As indicated in the Accounting Policy notes, deferred tax is accounted for in line with IAS 12. Management made an annual assessment and judgement on the recognition of deferred tax in the current year. The decision was that since BCMMDA is still heavily dependent on grant income, which is exempt income for Income Tax purposes, with an assessed loss balance, therefore the recognition of deferred tax in the current period would not necessarily be in line with the Accounting Standard. IAS 12 requires that there should be probability of the agency deriving taxable income which would reduce the deferred tax in future. Disclosed below therefore its unrecognised deferred tax asset in respect of both deductible temporary differences and tax losses. The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

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33. Deferred tax (continued)

Unrecognised deferred tax asset

Deductible temporary differences not recognised as deferred tax assets	241 491	628 330
Unused tax losses not recognised as deferred tax assets, with expiry date [date]	42 206 047	15 450 631
	42 447 538	16 078 961

34. Provisions

Reconciliation of provisions - 2021

	Opening Balance	Additions	Total
Provisions - Retentions	832 733	5 665 269	6 498 002
Provision -EL IDZ Defects	255 754	-	255 754
Staff bonus	1 181 938	954 584	2 136 522
	2 270 425	6 619 853	8 890 278

Reconciliation of provisions - 2020

	Opening Balance	Additions	Utilised during the year	Total
Provisions - Retentions	-	832 733	-	832 733
Provision - Website and Mailbox services	-	255 754	-	255 754
Staff bonus	1 028 972	823 150	(670 184)	1 181 938
	1 028 972	1 911 637	(670 184)	2 270 425

Non-current liabilities	6 498 002	832 733
Current liabilities	2 392 276	1 437 692
	8 890 278	2 270 425

The performance bonus provision represents management's best estimate of the entity's constructive obligation at year end. In the previous years, the Board had resolved to pay performance bonus to staff who have met the requirements as agreed upon in the signed performance agreements in relation to the 2019/20 financial year.

The provision is based on an estimate made by management in its 2020/21 and 2021/22 budgets respectively. There is however uncertainty in terms of the amount of the liability and the timing thereof as this awaits Board's decision after all performance assessments have been concluded and gone through all quality control processes. Performance bonus payouts for the 2019/20 financial year that were to be paid in 2020/21 financial year, are yet to be processed by Board. This is mainly because the audit for the 2019/20 financial year was only concluded in March 2021. A decision therefore is still pending in this regard.

The entity moved from its previous leased premises. The lease agreement had a clause that stated that upon vacation of the premises, the condition thereof should be in the state it was on commencement of the lease. This is management's best estimate based on the quotation received from EL IDZ on the repairs to be made on the premises. As at 30 June 2020, the engagements between the two parties were still in progress and therefore the Agency has a contractual obligation, however the amount and timing of settlement are still uncertain.

35. Revenue

Fees earned	6 798 546	1 751 975
Other income	189 402	89 766
Interest received - investment	488 136	519 620
Transfer revenue: Government grants & subsidies	46 175 912	47 114 189
	53 651 996	49 475 550

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

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Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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35. Revenue (continued)

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

Fees earned	6 798 546	1 751 975
Other income	189 402	89 766
Interest received - investment	488 136	519 620
	7 476 084	2 361 361

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

Taxation revenue		
Transfer revenue		
Transfer revenue: Government grants & subsidies	46 175 912	47 114 189

36. Investment revenue

Interest revenue		
Bank	488 136	519 620

37. Depreciation and amortisation

Property, plant and equipment	421 273	193 843
Intangible assets	760 127	742 036
	1 181 400	935 879

38. Contracted services

Presented previously		
Information Technology Services	172 162	81 468
Security Services	2 610 261	1 582 051
Operating Leases	1 080 552	834 006
Specialist Services	374 268	266 937
Construction Costs Retention	4 926 322	724 115

Consultants and Professional Services

Business and Advisory	4 830 548	1 693 422
Legal Cost	88 000	-
	14 082 113	5 181 999

Construction Costs above relate to costs incurred at both Water World and Court Crescent recreational projects. there is 488% increase in these costs when compared to the previous financial year. The variance is as a result of delays on the commencement of implementation of the projects that were experienced in the 2019 and was further impacted by the lockdown regulations imposed due to COVID 19. There were major delays in the current year, hence the budget was almost spent in full.

39. Prior period errors

The Agency incorrectly recognised revenue and expenditure arising from principal agent relationship with the parent municipality (BCMM) in both current and prior period. The error was identified through the audit process and was subsequently corrected through adjustments on both revenue and expenditure. It means that revenue of R80.4 million (2020: R13.8 million) and expenditure of the same amount was derecognised from the annual financial statements in line with GRAP 109. The impact is as follows in the financial statements.

The correction of the error(s) results in adjustments as follows:

Statement of financial performance		
Government grants and subsidies	-	(13 811 170)

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
39. Prior period errors (continued)		
Contracted Services - Construction Costs	-	(13 811 170)
Cash flow statement		
Cash flow from operating activities		
Grants	-	(13 811 170)
Suppliers	-	(13 811 170)
	-	(27 622 340)
40. Irregular expenditure		
Opening balance as previously reported	2 155 529	-
Opening balance	2 155 529	13 353 048
Add: Irregular Expenditure - current	90 110 168	17 880 634
Less: Amount written off - current	(91 866 967)	(29 078 153)
Closing balance	398 730	2 155 529

The opening balance of the Irregular Expenditure disclosed above was as a result of the non compliance with the Supply Chain Regulations in so far as it related to the composition of the Bid Adjudication Committee. Processes were followed in the 2019/20 financial year as outlined in the MFMA section 102, to address the irregular expenditure that was reported in the 2018/19 financial year, which led to the write off that was approved by Board of R29 million in the 2019/20 financial year. In addition to the opening balance, expenditure amounting to R89.7 million was incurred on the contracts that were deemed irregular, hence the balance of R91.8 million at the end of the financial year. The Agency followed a process of investigation as outlined in section 102 of the MFMA. The process was concluded in August 2021, with the recommendation of the write off of R91.8 million. The Board met on 30 August and approved the write off of irregular expenditure. Further, as required by the Act, The Board through a written report informed the Council through the Executive Mayor of its decision.

In addition to the irregular expenditure described above and written off by Board, the audit identified further irregular expenditure amounting to R398 730, relating to procurement that was undertaken without following compliant procurement processes. This is as a result of the Agency prematurely applying the gazetted changes to the Municipal Supply Chain Regulations, which unfortunately were not approved for application rather the regulations were gazetted for commentary from the users.

41. Accounting by principals and agents

The entity is a party to a principal-agent arrangement(s).

Details of the arrangement is as follows:

BCMDA is a development agency of the BCMM and has a responsibility to ensure economic development is achieved through its existence to expedite development of the City and also participate in job creation through its mandate areas as approved by Council. Through the signed Service Delivery Agreement (SDA), the Agency was allocated recreational projects to implement on behalf of the City. In this arrangement, the BCMDA appointed contractors to commence with the construction at both Water World and Court Crescent. The City retains control of the assets are thus not recorded in BCMDA's accounting records rather the City. Invoices received from the contractors are recorded as payables and a BCMM receivable is recognised in the Statement of Financial Positions, since the funds to settle contractors are claimed from the City as and when invoices are received. In total R80.4 million (2019/20: R13.8 million) are invoices that were received and claimed from BCMM in relation to the two projects. BCMDA further bills the City the project management fees of 8% of the invoices received from the service providers at above-mentioned recreational sites. This is the only real transaction recorded by the BCMDA in relation to the arrangement.

The entity is therefore an agent in this arrangement with the City.

Entity as agent

Revenue recognised

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

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Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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41. Accounting by principals and agents (continued)

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R6 439 894 (2020: R1 270 628).

Liabilities and corresponding rights of reimbursement recognised as assets

Liabilities incurred on behalf of the principal that have been recognised by the entity are invoices received from the contractors for the month of June 2021 amounting to R5 million. These are included under trade and other payables in the Statement of Financial Position.

Corresponding rights of reimbursement that have been recognised as assets are the invoices billed to the City amounting to R9.2 million. The receivable was subsequently paid by the City.

BUFFALO CITY METROPOLITAN DEVELOPMENT AGENCY

Audit Report

For the year ended 30 June 2021



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL LEGISLATURE AND COUNCIL ON THE BUFFALO CITY METROPOLITAN DEVELOPMENT AGENCY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. I have audited the financial statements of the Buffalo City Metropolitan Development Agency set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Buffalo City Metropolitan Development Agency as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Companies Act 71 of 2008 (Companies Act).

BASIS FOR OPINION

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the municipal entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

EMPHASIS OF MATTER

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

PRIOR PERIOD ERROR

7. As disclosed in note 39 to the financial statements, the corresponding figures for 30 June 2020 were restated as a result of an error in the financial statements of the municipal entity at, and for the year ended, 30 June 2021.

OTHER MATTER

8. I draw attention to the matter below. My opinion is not modified in respect of this matter.

UNAUDITED DISCLOSURE NOTES

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

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

10. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the MFMA and the Companies Act, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, the accounting authority is responsible for assessing the municipal entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipal entity or to cease operations, or has no realistic alternative but to do so.

AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

12. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

INTRODUCTION AND SCOPE

14. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected development priority presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
15. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipal entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipal entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priority presented in the municipal entity's annual performance report for the year ended 30 June 2021:

DEVELOPMENT PRIORITIES	PAGES IN THE ANNUAL PERFORMANCE REPORT
STRATEGIC GOAL 3 - ACQUIRE, PLAN, DEVELOP AND MANAGE LAND AND BUILDINGS	X-X

17. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

STRATEGIC GOAL 3 - ACQUIRE, PLAN, DEVELOP AND MANAGE LAND AND BUILDINGS

18. I did not identify any material findings on the usefulness and reliability of the reported performance information for this development priority.

OTHER MATTERS

19. I draw attention to the matters below.

ACHIEVEMENT OF PLANNED TARGETS

- 20.** Refer to the annual performance report on pages xx to xx for information on the achievement of planned targets for the year.

ADJUSTMENT OF MATERIAL MISSTATEMENT

- 21.** I identified a material misstatement in the annual performance report submitted for auditing. This material misstatement was on the reported performance information of strategic goal 3 - acquire, plan, develop and manage land and buildings. As management subsequently corrected the misstatement, I did not raise any material findings on the usefulness and reliability of the reported performance information.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

- 22.** In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipal entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
- 23.** The material findings on compliance with specific matters in key legislation are as follows:

EXPENDITURE MANAGEMENT

- 24.** Reasonable steps were not taken to prevent irregular expenditure of R90,1 million disclosed in note 40 to the annual financial statements, as required by section 95(d) of the MFMA. The majority of the disclosed irregular expenditure was caused by non-compliance with supply chain management (SCM) regulations.
- 25.** Reasonable steps were not taken to prevent fruitless and wasteful expenditure of R58 973 disclosed in note 28 to the annual financial statements, in contravention of section 95(d) of the MFMA.

PROCUREMENT AND CONTRACT MANAGEMENT

- 26.** Some goods and services with a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a).

OTHER INFORMATION

- 27.** The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act 71 of 2008 . The other information does not include the financial statements, the auditor's report and the selected development priority presented in the annual performance report that has been specifically reported in this auditor's report.
- 28.** My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
- 29.** In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priority presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
- 30.** The other information I obtained prior to the date of this auditor's report is the director's report, the audit committee's report and company secretary's certificate as required by the Companies Act.
- 31.** If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.

INTERNAL CONTROL DEFICIENCIES

32. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
33. The municipal entity continued to recognise and disclose irregular expenditure relating to non compliance with inappropriate application of SCM regulations in the prior financial years. Further to this, management did not undertake competitive bidding processes where applicable due to inappropriate application of draft procurement thresholds in the current year.

Auditor-General

East London

15 December 2021



AUDITOR - GENERAL SOUTH AFRICA

Auditing to build public confidence

ANNEXURE - AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected strategic objective and on the municipal entity's compliance with respect to the selected subject matters.

FINANCIAL STATEMENTS

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
 - obtain an understanding of internal control relevant to the audit 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 municipal entity's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting authority
 - conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Buffalo City Metropolitan Development Agency to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipal entity to cease operating as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

